2006

HOUSE APPROPRIATIONS

COMMITTEE MINUTES

HOUSE
APPROPRIATIONS COMMITTEE

2006 SESSION

CHAIRS

Representative Debbie Clary
Representative Jim Crawford
Representative Beverly Earle
Representative Edd Nye
Representative Bill Owens
Representative Wilma Sherrill
Representative Douglas Yongue

VICE CHAIRS

Representative Alma Adams
Representative Becky Carney
Representative Lorene Coates
Representative Nelson Cole
Representative Phil Haire
Representative Howard Hunter
Representative Verla Insko
Representative Maggie Jeffus
Representative Mary McAllister
Representative Mickey Michaux
Representative Drew Saunders
Representative Joe Tolson
Representative Edith Warren
Representative Thomas Wright

STAFF
Karen Hammonds-Blanks
Marilyn Chism

COMMITTEE ASSISTANTS
Jo Bobbitt
Linda A. Johnson
Rosa Kelley
Ann Raeford
Katie Stanley
Linda Winstead
Shirley Winstead

NORTH CAROLINA GENERAL ASSEMBLY
HOUSE APPROPRIATIONS
2005-2006 SESSION

Committee Chairs



Rep. Debbie Clary



Rep. Jim Crawford



Rep. Beverly Earle



Rep. Edd Nye



Rep. Bill Owens



Rep. Wilma Sherrill



Rep. Doug Yongue

NORTH CAROLINA GENERAL ASSEMBLY
APPROPRIATIONS
2005-2006 SESSION

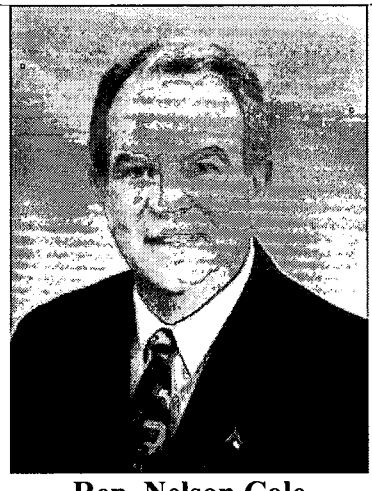
Committee Vice Chairs



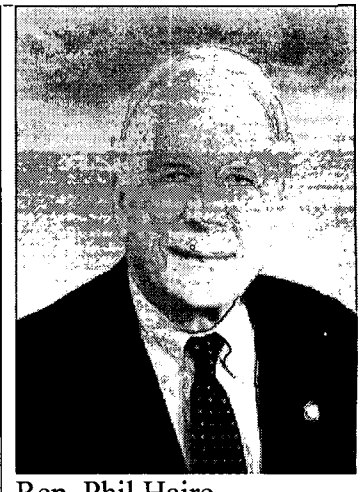
Rep. Alma Adams



Rep. Lorene Coates



Rep. Nelson Cole



Rep. Phil Haire



Rep. Howard Hunter



Rep. Verla Insko



Rep. Maggie Jeffus



Rep. Mickey Michaux



Rep. Joe Tolson



Rep. Edith Warren



Rep. Thomas Wright

NORTH CAROLINA GENERAL ASSEMBLY
HOUSE APPROPRIATIONS
COMMITTEE MEMBERS


Rep. Bernard Allen

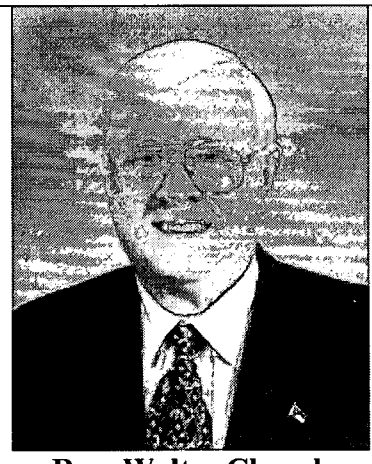

Rep. Lucy Allen


Rep. David Almond


Rep. Jeff Barnhart


Rep. Larry Bell

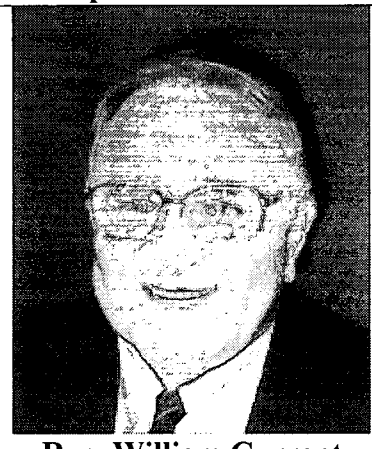

Rep. Larry Brown

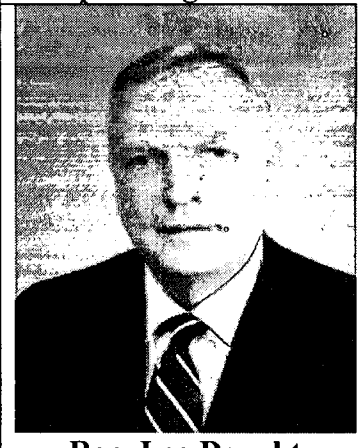

Rep. Walter Church


Rep. George Cleveland


Rep. Linda Coleman


Rep. Arlie Culp


Rep. William Current


Rep. Leo Daughtry


Rep. Margaret Dickson


Rep. Bob England


Rep. Farmer-Butterfield


Rep. Susan Fisher



Rep. Phillip Frye



Rep. Bruce Goforth



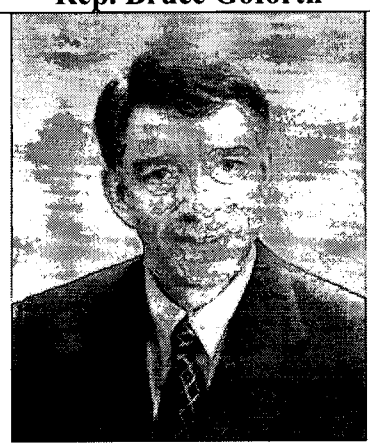
Rep. Melanie Goodwin



Rep. Robert Grady



Rep. Jim Gulley



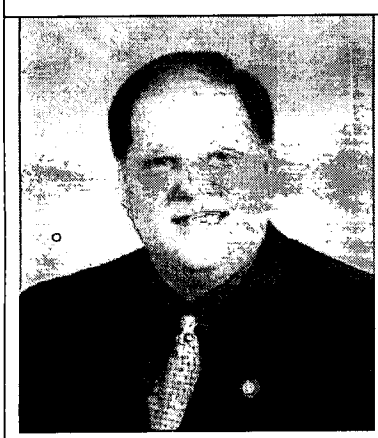
Rep. Joe Hackney



Rep. Larry Hall



Rep. Price Harrison



Rep. Mark Hilton



Rep. Mark Hollo



Rep. George Holmes



Rep. Linda Johnson



Rep. Carolyn Justice



Rep. Carolyn Justus



Rep. Joe Kiser



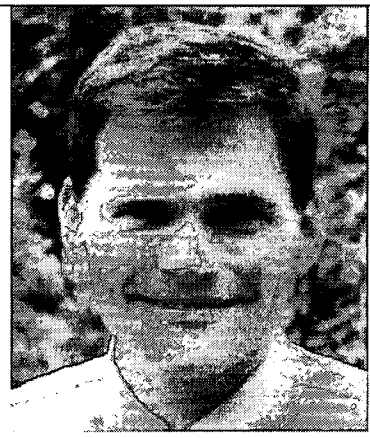
Rep. James Langdon



Rep. Stephen LaRoque



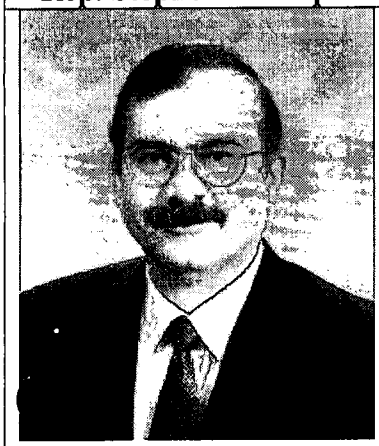
Rep. Martin Lucas



Rep. Grier Martin



Rep. Mary McAllister



Rep. Danny McComas



Rep. Marian McLawhorn



Rep. Ed McMahan



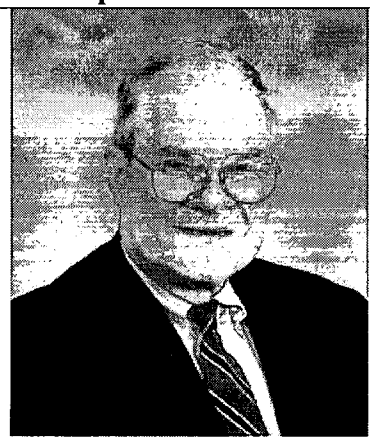
Rep. Paul Miller



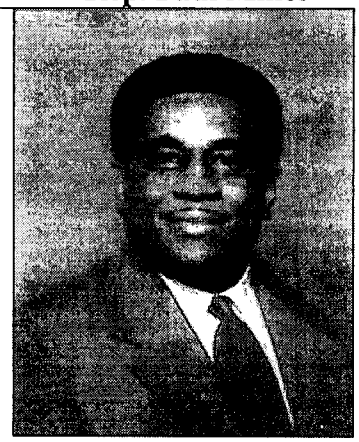
Rep. Tim Moore



Rep. Earline Parmon



Rep. Louis Pate



Rep. Garland Pierce



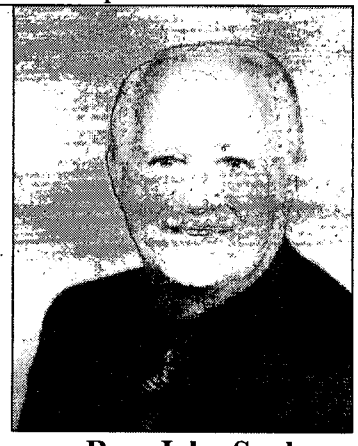
Rep. Jean Preston



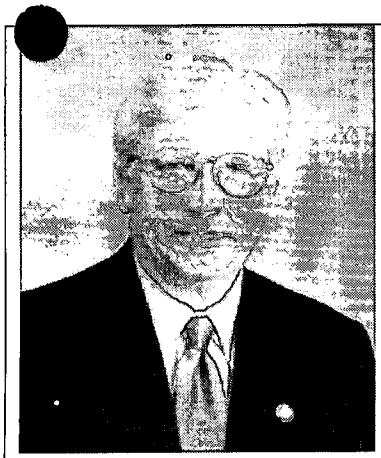
Rep. Ray Rapp



Rep. Karen Ray



Rep. John Sauls



Rep. Drew Saunders



Rep. Mitchell Setzer



Rep. Paul Stam



Rep. Edgar Starnes



Rep. Fred Steen



Rep. Bonner Stiller



Rep. Ronnie Sutton



Rep. Russell Tucker



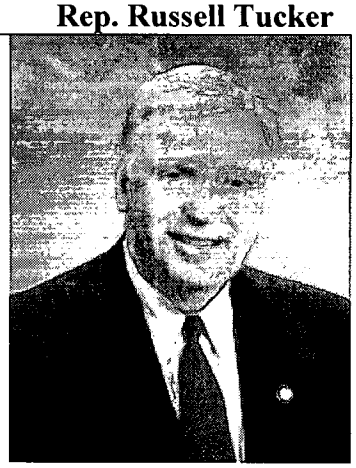
Rep. Tracey Walker



Rep. Roger West



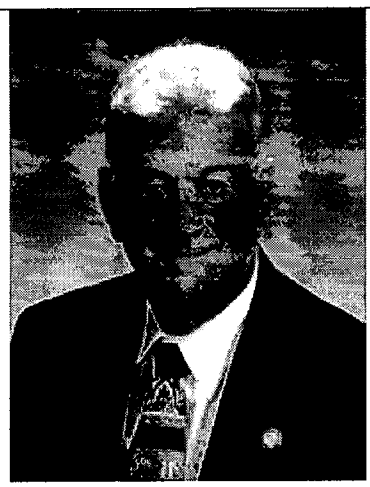
Rep. "Winkie" Wilkins



Rep. Arthur Williams



Rep. Timothy Spears



Rep. Gene Wilson



Rep. Michael Wray



Rep. Beckey Carney



Rep. Ed Jones

House Members & Respective Legislative Assistants

2006 Session

Member	Room	Phone	Legislative Assistant(s)
Rep. Alma Adams	417A LOB	919-733-5902	John White
Rep. Bernard Allen	1325 LB	919-733-5772	Barbara McMillan
Rep. Lucy T. Allen	1307 LB	919-733-5860	Melissa Riddle
Rep. David Almond	1315 LB	919-733-5908	Alice Falcone
Rep. Jeff Barnhart	608 LOB	919-715-2009	Pamela Ahlin
Rep. Larry M. Bell	538 LOB	919-733-5863	Carolyn Edwards
Rep. Larry R. Brown	609 LOB	919-733-5607	Delores Ledford
Rep. Becky Carney	1221 LB	919-733-5827	Joyce Langdon
Rep. Walter G. Church, Sr.	1311 LB	919-733-5805	Joyce Fuller
Rep. George G. Cleveland	504 LOB	919-715-6707	Susan West
Rep. Lorene Coates	633 LOB	919-733-5784	Melissa Lennon
Rep. Nelson Cole	1218 LB	919-733-5779	Suzanne Smith
Rep. Linda Coleman	1013 LB	919-733-5934	Asheena McMillan
Rep. James W. Crawford, Jr.	2301 LB	919-733-5824	Linda Winstead
Rep. Arlie F. Culp	607 LOB	919-733-5865	Waneta Lord
Rep. Pete Cunningham	541 LOB	919-733-5778	Valerie Rustin
Rep. William A. Current, Sr.	418A LOB	919-733-5809	Wendy Miller
Rep. N. Leo Daughtry	1209 LB	919-733-5605	Bernice Bullard
Rep. Margaret Highsmith Dickson	1219 LB	919-733-5776	Sue Buehlmann
Rep. Rick Eddins	1002 LB	919-733-5749	Susan Phillips
Rep. Bob England, M.D.	2219 LB	919-733-5749	Lisa Brown
Rep. Jean Farmer-Butterfield	611 LOB	919-733-5898	Ruth Merkle
Rep. Susan C. Fisher	420 LOB	919-715-2013	Meredith Woodlief
Rep. Phillip Frye	1019 LB	919-733-5661	Mary Hayes
Rep. Bruce Goforth	1220 LB	919-733-5746	Ann Jordan
Rep. Melanie Wade Goodwin	1305 LB	919-733-5823	Jane McMillan
Rep. W. Robert Grady	302 LOB	919-715-9644	Neta Grady
Rep. Jim Gulley	1319 LB	919-733-5800	Alan Teitleman
Rep. Joe Hackney	2207 LB	919-733-5752	Emily Reynolds
Rep. R. Phillip Haire	419B LOB	919-715-3005	Sara Jane Morris
Rep. Larry D. Hall	417B LOB	919-733-5872	Marjorie Conner
Rep. Pricey Harrison	2119 LB	919-733-5771	Anne Wilson
Rep. Mark K. Hilton	1021 LB	919-733-5988	Carol Wilson
Rep. Mark W. Hollo	418B LOB	919-715-3009	Martha Hoover
Rep. George M. Holmes	1211 LB	919-733-5654	Glenda Jacobs
Rep. Howard J. Hunter, Jr.	613 LOB	919-733-2962	Barbara Phillips
Rep. Verla Insko	2121 LB	919-733-7208	Pamela Evans

Rep. Maggie Jeffus	2204 LB	919-733-5191	Mary Lee Robinson
Rep. Linda P. Johnson	1006 LB	919-733-5861	Rachel Faison
Rep. Edward Jones	542 LOB	919-733-5878	Joan Peacock
Rep. Carolyn H. Justice	301C LOB	919-715-9664	Vivian Sherrell
Rep. Carolyn K. Justus	1023 LB	919-733-5956	Glenda Jones
Rep. Joe L. Kiser	1326 LB	919-733-5782	Marilyn Holder
Rep. James H. Langdon, Jr.	610 LOB	919-733-5849	Jackson Stancil
Rep. Stephen A. LaRoque	304A LOB	919-715-3017	Patricia Freije
Rep. Marvin W. Lucas	1323 LB	919-733-5775	Thelma Utley
Rep. Grier Martin	2123 LB	919-733-5758	Mary Ann Norwood
Rep. Mary E. McAllister	638 LOB	919-733-5959	Johnna Smith
Rep. Daniel F. McComas	506 LOB	919-733-5786	Judy Lowe
Rep. Marian N. McLawhorn	1217 LB	919-733-5757	Susan Burleson
Rep. W. Edwin McMahan	1426 LB	919-733-5602	Helen Long
Rep. Henry M. Michaux, Jr.	1227 LB	919-715-2528	Anita Wilder
Rep. Tim Moore	604 LOB	919-733-4838	Nancy Garriss
Rep. Earline W. Parmon	632 LOB	919-733-5829	Pat Christmas
Rep. Louis M. Pate, Jr.	503 LOB	919-733-5755	Edna Pearce
Rep. Garland E. Pierce	1313 LB	919-733-5803	Mildred Alston
Rep. Jean R. Preston	603 LOB	919-733-5706	Suzanne Castleberry
Rep. Ray Rapp	2213 LB	919-733-5732	Dot Barber
Rep. Karen B. Ray	1025 LB	919-733-5741	Linda Neal
Rep. John Sauls	418C LOB	919-715-3012	Shara Graham
Rep. Drew Saunders	2217 LB	919-733-5606	Ruth Fish
Rep. Mitchell S. Setzer	1204 LB	919-733-4948	Joanna Mills
Rep. Timothy L. Spear	403 LOB	919-715-3029	Lona Hallissy
Rep. Paul Stam	502 LOB	919-733-5780	Jana Stam Estes
Rep. Edgar V. Starnes	602 LOB	919-733-5931	Pattie Fleming
Rep. Fred F. Steen, II	514 LOB	919-733-5881	Chris Floyd
Rep. Bonner L. Stiller	301B LOB	919-733-5974	Carla Farmer
Rep. Ronnie Sutton	1321 LB	919-715-0875	Juanita Coley
Rep. Joe P. Tolson	402 LOB	919-715-3024	Shirley Phillips
Rep. Russell E. Tucker	416B LOB	919-715-3021	Sally Gillis
Rep. R. Tracy Walker	1111 LB	919-733-5935	Barbara Powell
Rep. Edith D. Warren	416A LOB	919-715-3023	Nancy Willis
Rep. Roger West	1004 LB	919-733-5859	Linda C. Johnson
Rep. W. A. (Winkie) Wilkins	1301 LB	919-715-0850	Nancy Brantley
Rep. Arthur Williams	637 LOB	919-733-5906	Linda Uzzle
Rep. W. Eugene Wilson	1109 LB	919-733-7727	Rebecca Jones-Cooper
Rep. Michael H. Wray	533 LOB	919-733-5662	Mary Capps
Rep. Thomas E. Wright	528 LOB	919-733-5754	Clarestene Stewart
Rep. Douglas Y. Yongue	1303 LB	919-733-5821	Katie Stanley

Appropriations Committee
2006

Chairman	Rep. Clary
Chairman	Rep. Crawford
Chairman	Rep. Earle
Chairman	Rep. Nye
Chairman	Rep. Owens
Chairman	Rep. Sherrill
Chairman	Rep. Yongue
Vice Chairman	Rep. Adams
Vice Chairman	Rep. Carney
Vice Chairman	Rep. Coates
Vice Chairman	Rep. Cole
Vice Chairman	Rep. Haire
Vice Chairman	Rep. Hunter
Vice Chairman	Rep. Insko
Vice Chairman	Rep. Jeffus
Vice Chairman	Rep. McAllister
Vice Chairman	Rep. Michaux
Vice Chairman	Rep. Saunders
Vice Chairman	Rep. Tolson
Vice Chairman	Rep. Warren
Vice Chairman	Rep. Wright
Members	Rep. B. Allen, Rep. L. Allen, Rep. Almond, Rep. Barnhart, Rep. Bell, Rep. Brown, Rep. Church, Rep. Cleveland, Rep. Coleman, Rep. Culp, Rep. Current, Rep. Daughtry, Rep. Dickson, Rep. England, Rep. Farmer-Butterfield, Rep. Fisher, Rep. Frye, Rep. Goforth, Rep. Goodwin, Rep. Grady, Rep. Gulley, Rep. Hackney, Rep. L. Hall, Rep. Harrison, Rep. Hilton, Rep. Hollo, Rep. Holmes, Rep. Johnson, Rep. Ed Jones, Rep. Justice, Rep. Justus, Rep. Kiser, Rep. Langdon, Rep. LaRoque, Rep. Lucas, Rep. Martin, Rep. McComas, Rep. McLawhorn, Rep. McMahan, Rep. Moore, Rep. Parmon, Rep. Pate, Rep. Pierce, Rep. Preston, Rep. Rapp, Rep. Ray, Rep. Sauls, Rep. Setzer, Rep. Spear, Rep. Stam, Rep. Starnes, Rep. Steen, Rep. Stiller, Rep. Sutton, Rep. Tucker, Rep. Walker, Rep. West, Rep. Wilkins, Rep. Williams, Rep. Wilson, Rep. Wray

North Carolina House of Representatives
Appropriations Committee

RULES FOR COMMITTEE PROCEDURE

June 13, 2006

The following rules govern the eligibility of amendments to House Proposed Committee Substitute for SB 1741 (3rd Ed.):

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

2. Amendments can only affect appropriations within the departments, agencies, or programs within the jurisdiction of the subcommittee.

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

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

5. Amendments cannot spend reversions.

6. Amendments cannot make nonrecurring reductions to fund recurring items.

7. Amendments cannot change substantive policy or law.

8. Amendments cannot propose to include material not directly related to the budget.

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.

11. To be considered, a proposed amendment (a) must have been requested from drafting staff by 12 noon and (b) must have been logged in at the podium by committee staff by 1:30 PM.

12. 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.

North Carolina House of Representatives
Appropriations Committee

RULES FOR SUBCOMMITTEE PROCEDURE

June 8, 2006

The following rules govern the eligibility of amendments to subcommittee reports:

1. Amendments must be offered by formal amendments.
2. Amendments cannot increase total spending within the draft subcommittee report presented by the subcommittee chairs.
3. Amendments can only affect appropriations within the departments, agencies, or programs within the jurisdiction of the subcommittee.
4. Amendments cannot spend reversions.
5. Nonrecurring reductions cannot be used to fund recurring items.
6. Amendments cannot change substantive policy or law.

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2005

SENATE BILL 1741
RATIFIED BILL

AN ACT TO MODIFY THE CURRENT OPERATIONS AND CAPITAL APPROPRIATIONS ACT OF 2005, TO INCREASE TEACHER AND STATE EMPLOYEE PAY, TO REDUCE THE SALES TAX RATE AND THE INCOME TAX RATE APPLICABLE TO MOST SMALL BUSINESSES, TO CAP THE VARIABLE WHOLESALE COMPONENT OF THE MOTOR FUEL TAX RATE AT ITS CURRENT RATE, TO ENACT OTHER TAX REDUCTIONS, AND TO PROVIDE FOR THE FINANCING OF HIGHER EDUCATION FACILITIES AND PSYCHIATRIC HOSPITALS AND OTHER CAPITAL PROJECTS.

The General Assembly of North Carolina enacts:

PART I. INTRODUCTION AND TITLE OF ACT

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.

TITLE OF ACT

SECTION 1.2. This act shall be known as "The Current Operations and Capital Improvements Appropriations Act of 2006."

PART II. CURRENT OPERATIONS AND EXPANSION/GENERAL FUND

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 adjusted for the fiscal year ending June 30, 2007, according to the schedule that follows. Amounts set out in brackets are reductions from General Fund appropriations for the 2006-2007 fiscal year.

Current Operations – General Fund	**FY 2006-2007**
EDUCATION	
Community Colleges System Office	$ 64,160,027
Department of Public Instruction	139,944,021
University of North Carolina – Board of Governors	
Appalachian State University	2,189
East Carolina University	

Academic Affairs	(1,589,622)
Health Affairs	0
Elizabeth City State University	(28,887)
Fayetteville State University	42,675
NC Agricultural and Technical University	(223,690)
North Carolina Central University	(312)
North Carolina School of the Arts	29,159
North Carolina State University	
Academic Affairs	(3,908,353)
Agricultural Extension	65,287
Agricultural Research	0
University of North Carolina at Asheville	(569,398)
University of North Carolina at Chapel Hill	
Academic Affairs	(846,370)
Health Affairs	(795,501)
Area Health Education Centers	0
University of North Carolina at Charlotte	(471,439)
University of North Carolina at Greensboro	(1,138)
University of North Carolina at Pembroke	(299,992)
University of North Carolina at Wilmington	(100,910)
Western Carolina University	(735,491)
Winston-Salem State University	0
General Administration	0
University Institutional Programs	138,037,440
Related Educational Programs	0
North Carolina School of Science and Mathematics	52,250
UNC Hospitals at Chapel Hill	0
Total	**$ 128,657,897**

HEALTH AND HUMAN SERVICES

Department of Health and Human Services	
Office of the Secretary	$ (55,163,236)
Division of Aging	5,535,886
Division of Blind Services/Deaf/HH	75,000
Division of Child Development	29,061,908
Division of Education Services	996,783
Division of Facility Services	200,000
Division of Medical Assistance	(107,550,000)
Division of Mental Health	60,238,357
NC Health Choice	0
Division of Public Health	18,135,242
Division of Social Services	15,682,564
Division of Vocation Rehabilitation	0
Total	$ (32,787,496)

NATURAL AND ECONOMIC RESOURCES

Department of Agriculture and Consumer Services	$ 3,583,562
Department of Commerce	
Commerce	36,367,483
Commerce State-Aid	7,203,138
NC Biotechnology Center	2,500,000
Rural Economic Development Center	(500,000)

Bill	Introducer	Short Title		Latest Action	In Date	Out Date
$ H0008	**Howard**	**COOLEEMEE HISTORIC SITE & INITIATIVE FUNDS.**	**H**	**Ref To Com On Appropriations**	**01-27-05**	
$ H0010	**LaRoque**	**REGISTER OUT-OF-STATE SEX OFFENDERS.**	**H**	**Re-ref Com On Appropriations**	**06-22-05**	
H0023	Howard	FIRE AND RESCUE PENSION ELECTION.	*H	Ref To Com On Pensions & Retirement and Aging	03-24-05	04-13-05
$ H0025=	**Ross**	**WAKE COUNTY FAMILY COURT FUNDS.**	**H**	**Ref To Com On Appropriations**	**02-01-05**	
H0028	Glazier	STUDY OF SCHOOL TRANSPORTATION FUNDING.	*H	Re-ref Com On Appropriations	03-29-05	
$ H0042=	**Nye**	**TEACCH PROGRAM FUNDS.**	**H**	**Ref To Com On Appropriations**	**02-03-05**	
$ H0043=	**Nye**	**HCCBG FUNDS.**	**H**	**Ref To Com On Appropriations**	**02-03-05**	
$ H0044	**Nye**	**CAP/DA AUDIT FUNDS.**	***H**	**Re-ref Com On Appropriations**	**04-05-05**	
H0050=	Michaux	STREET GANG PREVENTION ACT.	*H	Ref To Com On Appropriations/ Base Budget	03-29-05	08-15-05
H0056	Womble	UPDATE LEGISLATIVE MILEAGE.	*H	Re-ref Com On Appropriations	03-22-05	
H0059	McLawhorn	RETIRED SCHOOL PROFESSIONALS RETURN TO WORK.	*H	Re-ref Com On Appropriations	06-01-05	
$ H0063	**Culpepper**	**FUNDS FOR HYDE COUNTY DEPUTY CLERK OF COURT.**	**H**	**Ref To Com On Appropriations**	**02-07-05**	
H0083=	Nye	REINVESTMENT OF SAVINGS REALIZED/ COMM. CARE.	H	Re-ref Com On Appropriations	03-01-05	
H0087	Miller	STATE EMPLOYEES/PAY PERIODS.	*H	Re-ref Com On Appropriations	04-27-05	
H0106=	Nye	EXPAND MEDICAID ELIGIBILITY TO CHILDREN/200%.	H	Re-ref Com On Appropriations	03-01-05	
$ H0107=	**Nye**	**FUNDS TO EXPAND COMMUNITY CARE PROGRAM.**	**H**	**Ref To Com On Appropriations**	**02-08-05**	
$ H0108=	**Haire**	**HURRICANE RECOVERY ACT OF 2005.**	**H**	**Ref To Com On Appropriations**	**02-08-05**	
$ H0117	**Clary**	**SENIOR GAMES/FUNDS.**	**H**	**Ref To Com On Appropriations**	**02-09-05**	
$ H0119	**Clary**	**WAGE ENHANCEMENT/ FUNDS.**	**H**	**Re-ref Com On Appropriations**	**04-05-05**	
H0129	Wright	STATE AND LOCAL RETIREMENT COLAS.	H	Re-ref Com On Appropriations	03-23-05	
$ H0130=	**Glazier**	**CHILDREN'S ADVOCACY CTR. FUNDS.**	**H**	**Ref To Com On Appropriations**	**02-09-05**	
$ H0133=	**Nye**	**AUTISM SOCIETY FUNDS.**	**H**	**Ref To Com On Appropriations**	**02-09-05**	
$ H0134=	**Nye**	**AUTISM FOUNDATION CAPITAL FUNDS.**	**H**	**Ref To Com On Appropriations**	**02-09-05**	
H0144=	Williams	INCREASE FIRE AND	H	Re-ref Com On	03-23-05	

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Bill	Introducer	Short Title		Latest Action	In Date	Out Date
		RESCUE SQUAD PENSION.		Appropriations		
H0150	Gulley	LMT GEN. FUND SPENDING/PRIOR YR'S SPENDING.	H	Ref To Com On Appropriations	02-09-05	
H0151	Gulley	ZERO-BASED BUDGETING.	H	Ref To Com On Appropriations	02-09-05	
$ H0175=	**Clary**	**HOME CARE CHANGES.**	***H**	**Re-ref Com On Appropriations**	**03-16-05**	
$ H0181	**Johnson**	**INCREASE SALARY FOR BEGINNING TEACHERS.**	**H**	**Ref To Com On Appropriations**	**02-10-05**	
$ H0187	**McLawhorn**	**PITT COUNTY SR. CENTER FUNDS.**	**H**	**Ref To Com On Appropriations**	**02-10-05**	
$ H0221=	**Yongue**	**EXPAND TEACHING FELLOWS PROGRAM.**	**H**	**Ref To Com On Appropriations**	**02-15-05**	
$ H0224=	**Yongue**	**LOW-WEALTH SCHOOL SUPPLEMENTAL FUNDING.**	**H**	**Ref To Com On Appropriations**	**02-15-05**	
$ H0232=	**Tolson**	**FUNDS FOR NC REAL.**	**H**	**Ref To Com On Appropriations**	**02-15-05**	
$ H0235	**Sherrill**	**ASHEVILLE ART MUSEUM FUNDS.**	**H**	**Ref To Com On Appropriations**	**02-15-05**	
$ H0244	**Sutton**	**INDIAN ECONOMIC DEVELOPMENT INITIATIVE FUNDS.**	**H**	**Ref To Com On Appropriations**	**02-16-05**	
$ H0245	**Sutton**	**COMMISSION OF INDIAN AFFAIRS FUNDS.**	**H**	**Ref To Com On Appropriations**	**02-16-05**	
$ H0246	**Preston**	**ADD'L FUNDS/DISABLED & GIFTED CHILDREN.**	**H**	**Ref To Com On Appropriations**	**02-16-05**	
$ H0256	**Tolson**	**AHEC CAPITAL FUNDS.**	**H**	**Ref To Com On Appropriations**	**02-16-05**	
$ H0257	**Ross**	**HERTFORD/CHATHAM FUNDS.**	***H**	**Re-ref Com On Appropriations**	**07-28-05**	
H0315	Clary	PHASE OUT COUNTY SHARE/SPECIAL ASSISTANCE.	H	Ref To Com On Appropriations	02-21-05	
H0316	Clary	PHASE OUT COUNTY SHARE/MEDICAID.	H	Ref To Com On Appropriations	02-21-05	
H0321=	Nye	STATE PUBLIC HEALTH LAB/CONSTRUCTION PROJECT.	H	Ref To Com On Appropriations	02-21-05	
$ H0334=	**Hill**	**SE COMM. COLLEGE FACILITIES/FUNDS.**	**H**	**Ref To Com On Appropriations**	**02-22-05**	
$ H0354=	**Wiley**	**INTERNATIONAL HOME FURNISHINGS MARKET FUNDS.**	**H**	**Ref To Com On Appropriations**	**02-23-05**	
$ H0364=	**Weiss**	**HEALTHY CAROLINIANS FUNDS.**	**H**	**Ref To Com On Appropriations**	**02-24-05**	
$ H0365=	**Insko**	**JOBS FOR ALL ACT.**	**H**	**Ref To Com On Appropriations**	**02-24-05**	
$ H0366=	**Insko**	**FUNDS FOR MH/DD/SA CHILDRENS' SERVICES.**	**H**	**Ref To Com On Appropriations**	**02-24-05**	
$ H0367=	**Insko**	**FUNDS FOR MH TRUST FUND.**	**H**	**Ref To Com On Appropriations**	**02-24-05**	
$ H0368=	**Insko**	**FUNDS FOR MH RESIDENTIAL SERVICES.**	**H**	**Ref To Com On Appropriations**	**02-24-05**	
$ H0369=	**Insko**	**FUNDS FOR MH/DD/SA SPECIALTY SERVICES.**	**H**	**Ref To Com On Appropriations**	**02-24-05**	

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Bill	Introducer	Short Title		Latest Action	In Date	Out Date
$ H0374	**Faison**	**CASWELL DEPUTY AND ASSISTANT CLERK FUNDS.**	**H**	**Ref To Com On Appropriations**	**02-24-05**	
$ H0386	**Goodwin**	**DIVIDE DISTRICT 20.**	***H**	**Re-ref Com On Appropriations**	**05-31-05**	
$ H0390	**Tucker**	**LONGEVITY PAY/CLERKS OF SUPERIOR COURT.**	**H**	**Ref To Com On Appropriations**	**02-28-05**	
$ H0400	**Moore**	**KINGS MT. HISTORICAL MUSEUM FUNDS.**	**H**	**Ref To Com On Appropriations**	**03-01-05**	
$ H0401=	**Howard**	**SINGLE SISTERS HOUSE FUNDS.**	**H**	**Ref To Com On Appropriations**	**03-01-05**	
H0402	Glazier	PURCHASE MILITARY SERVICE/RETIREMENT.	H	Re-ref Com On Appropriations	04-20-05	
$ H0405=	**Wright**	**FUNDS TO ADDRESS AIDS PUBLIC HEALTH CRISIS.**	**H**	**Ref To Com On Appropriations**	**03-01-05**	
$ H0406=	**Wright**	**FUNDS FOR AMERICORPS.**	**H**	**Ref To Com On Appropriations**	**03-01-05**	
$ H0407=	**Wright**	**FUNDS FOR ASTHMA EDUCATION.**	**H**	**Ref To Com On Appropriations**	**03-01-05**	
$ H0408=	**Wright**	**FUNDS FOR HEALTH DISPARITIES INITIATIVE.**	**H**	**Ref To Com On Appropriations**	**03-01-05**	
$ H0409	**Wright**	**FUNDS FOR INTERPRETER SERVICES.**	**H**	**Ref To Com On Appropriations**	**03-01-05**	
$ H0410=	**Wright**	**FUNDS FOR DIABETES PREVENTION.**	**H**	**Ref To Com On Appropriations**	**03-01-05**	
$ H0411	**Wright**	**FUNDS FOR CLEAN SYRINGE PROGRAM.**	**H**	**Ref To Com On Appropriations**	**03-01-05**	
$ H0412	**Wright**	**FUNDS FOR ADAP.**	**H**	**Ref To Com On Appropriations**	**03-01-05**	
$ H0414=	**Tolson**	**STUDY OF PROPRIETARY SCHOOLS.**	**H**	**Ref To Com On Appropriations**	**03-01-05**	
$ H0416=	**Hill**	**ASST. CO. RANGER POSITION IN COLUMBUS/ FUNDS.**	**H**	**Ref To Com On Appropriations**	**03-01-05**	
H0423	Moore	HABITUAL MISDEMEANOR LARCENY/FELONY.	*H	Re-ref Com On Appropriations	05-03-05	
$ H0434=	**McLawhorn**	**FUNDS FOR STATE AID FOR LIBRARIES.**	**H**	**Ref To Com On Appropriations**	**03-02-05**	
$ H0435=	**Ross**	**INCREASE NC HOUSING TRUST FUND.**	**H**	**Ref To Com On Appropriations**	**03-02-05**	
H0454=	Tolson	WATER/UTILITIES SAVINGS IN GOVT. FACILITIES.	H	Re-ref Com On Appropriations	05-04-05	
$ H0455=	**Tolson**	**FUNDS FOR CENTER FOR INT'L UNDERSTANDING.**	**H**	**Ref To Com On Appropriations**	**03-03-05**	
$ H0461=	**Adams**	**CHARLOTTE HAWKINS BROWN MUSEUM/FUNDS.**	**H**	**Ref To Com On Appropriations**	**03-03-05**	
$ H0463=	**Church**	**ALLIED HEALTH & SCIENCE CTR. FUNDS.**	**H**	**Ref To Com On Appropriations**	**03-03-05**	
H0471	Walend	BUDGET DEADLINES ENHANCED.	H	Ref To Com On Appropriations	03-07-05	
$ H0486=	**Weiss**	**CHILD WELFARE COLLABORATIVE FUNDS.**	**H**	**Ref To Com On Appropriations**	**03-07-05**	
$ H0487=	**Weiss**	**FUNDS FOR STRIKE OUT STROKE.**	**H**	**Ref To Com On Appropriations**	**03-07-05**	
$ H0495	**McLawhorn**	**PITT COUNTY FAMILY**	**H**	**Ref To Com On**	**03-07-05**	

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Bill	Introducer	Short Title		Latest Action	In Date	Out Date
		COURT FUNDS.		Appropriations		
$ [redacted]513= Cleveland		**VIETNAM VETERANS MEMORIAL FUNDS.**	**H**	**Ref To Com On Appropriations**	**03-07-05**	
H0529	Hackney	STUDY DEATH PENALTY (NEW).	*H	Re-ref Com On Judiciary I	06-01-05	06-30-05
$ H0530	**Brown**	**HISTORIC OAK GROVE SCHOOL FUNDS.**	**H**	**Re-ref Com On Finance**	**03-09-05**	**08-02-05**
$ H0531	**Nye**	**FUNDS/RECRUIT MINORITY PHARMACY STUDENTS.**	**H**	**Ref To Com On Appropriations**	**03-09-05**	
$ H0534=	**Weiss**	**FUNDS FOR DEFIBRILLATORS/PUBLIC BUILDINGS.**	**H**	**Ref To Com On Appropriations**	**03-09-05**	
H0535=	Jeffus	TEACHERS CONVERT PERSONAL LEAVE TO SICK LEAVE.	*H	Ref To Com On Education/Higher Education	04-06-05	08-22-05
$ H0536	**Wright**	**NURSING SCHOOL AT UNC-W.**	**H**	**Ref To Com On Appropriations**	**03-09-05**	
$ H0547	**Tolson**	**EDGECOMBE SCHOOL SUSPENSION FUNDS.**	**H**	**Ref To Com On Appropriations**	**03-10-05**	
$ H0549=	**Tolson**	**SCIENCE MUSEUMS OF WILSON FUNDS.**	**H**	**Ref To Com On Appropriations**	**03-10-05**	
$ H0551	**Tolson**	**FUNDS FOR COMM. COLL. DISTANCE LEARNING.**	**H**	**Ref To Com On Appropriations**	**03-10-05**	
$ H0552	**Tolson**	**CUSTOMIZED INDUSTRY TRAINING PROGRAM.**	***H**	**Re-ref Com On Appropriations**	**03-28-05**	
$ H0553	**Tolson**	**INCREASE FUNDING FOR SMALL BUSINESS CENTERS.**	**H**	**Ref To Com On Appropriations**	**03-10-05**	
$ [redacted]554	**Tolson**	**INCREASE COMMUNITY COLLEGE EQUIPMENT FUNDS.**	**H**	**Ref To Com On Appropriations**	**03-10-05**	
$ H0562=	**Walend**	**SOUTHERN APPALACHIAN SCIENCE & TECH. FUNDS.**	**H**	**Ref To Com On Appropriations**	**03-10-05**	
$ H0564=	**Tolson**	**COMM. COLL. ENROLLMENT RESERVE.**	**H**	**Ref To Com On Appropriations**	**03-10-05**	
$ H0565	**Tolson**	**FUNDS FOR STATE SCHOOL TECHNOLOGY FUND.**	**H**	**Ref To Com On Appropriations**	**03-10-05**	
$ H0569	**Sherrill**	**DV RECOMMENDATIONS.**	***HR**	**Ch. SL 2005-356**	**03-29-05**	**05-11-05**
$ H0573	**Tolson**	**FUNDS FOR HIGH-COST COMM. COLL. PROGRAMS.**	**H**	**Ref To Com On Appropriations**	**03-10-05**	
$ H0574=	**Sherrill**	**COMM. COLL. ENROLLMENT RESERVE.**	**H**	**Ref To Com On Appropriations**	**03-10-05**	
$ H0575	**Tolson**	**LUMP-SUM BONUSES FOR CERTAIN STATE EMPLOYEES**	***H**	**Ref To Com On Appropriations/ Base Budget**	**03-10-05**	**08-29-05**
H0579	McMahan	LIMIT TRANSFERS FROM HIGHWAY TRUST FUND.	H	Ref To Com On Appropriations	03-10-05	
$ H0588	**Tolson**	**FUNDS FOR COMM. COLL. BIOTECHNOLOGY CENTERS.**	**H**	**Ref To Com On Appropriations**	**03-10-05**	
$ H0589	**Sherrill**	**EBLEN CHARITIES FUNDS.**	**H**	**Ref To Com On Appropriations**	**03-10-05**	
$ H0591	**Howard**	**PIEDMONT TRIAD HERITAGE OFFICER FUNDS.**	**H**	**Ref To Com On Appropriations**	**03-10-05**	

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2005-2006 Biennium

Bill	Introducer	Short Title		Latest Action	In Date	Out Date
$ H0594=	**Harrison**	**ACC HALL OF CHAMPIONS FUNDS.**	**H**	**Ref To Com On Appropriations**	**03-14-05**	
H0595=	Wainwright	DECREASE TEACHERS' COST FOR PERSONAL LEAVE.	H	Re-ref Com On Appropriations	06-01-05	
$ H0602	**Yongue**	**CHILD NUTRITION PERSONNEL BONUS FUNDS.**	**H**	**Ref To Com On Appropriations**	**03-14-05**	
H0609=	England	EXTEND SUNSET ON WORKER TRAINING FUNDS.	H	Ref To Com On Appropriations	03-14-05	
$ H0610	**Haire**	**FUNDS TO RELOCATE FORESTRY BUILDING.**	**H**	**Ref To Com On Appropriations**	**03-14-05**	
$ H0645=	**Holliman**	**AMEND WARRANTY/ SERVICE AGMT LAWS/ STUDY**	***H**	**Re-ref Com On Appropriations**	**05-12-05**	
H0651	Wainwright	BEREAVEMENT LEAVE FOR SCHOOL EMPLOYEES.	*H	Re-ref Com On Appropriations	04-20-05	
H0685=	Gibson	ANIMAL SHELTERS/ UNIFORM REGULATION.	*H	Re-ref Com On Appropriations	04-05-05	
H0687	Gibson	PIRATING MOVIES.	*HR	Ch. SL 2005-301	05-02-05	06-21-05
H0695=	Insko	REDUCED TUITION/UNC EMPLOYEES.-AB	*H	Re-ref Com On Appropriations	04-04-05	
$ H0697	**Insko**	**FUNDS FOR MH CRISIS CENTERS.**	**H**	**Ref To Com On Appropriations**	**03-17-05**	
H0701	Faison	RETIRED SCHOOL PROFESSIONALS RETURN TO WORK.	*H	Re-ref Com On Appropriations	06-23-05	
H0704=	Crawford	UNC PROFESSORS ENDOWMENT FUND.-AB	H	Ref To Com On Appropriations	03-17-05	
$ H0708=	**Insko**	**FUNDS TO EXPAND MH COMMUNITY CAPACITY.**	**H**	**Ref To Com On Appropriations**	**03-17-05**	
H0711=	Bell	RETIREMENT SYSTEM COLAS.-AB	H	Re-ref Com On Appropriations	03-23-05	
H0716	Coleman	STUDY EMP'EE MEDIATION/OAHTIME FRAME.	*H	Ref To Com On Judiciary II	06-07-05	08-23-05
$ H0719=	**Crawford**	**2005 GOVERNOR'S BUDGET.**	**H**	**Ref To Com On Appropriations**	**03-17-05**	
$ H0720	**Sutton**	**RIVERSIDE GOLF COURSE FUNDS.**	**H**	**Ref To Com On Appropriations**	**03-17-05**	
$ H0721	**Sutton**	**"STRIKE AT THE WIND" FUNDS.**	**H**	**Ref To Com On Appropriations**	**03-17-05**	
$ H0722	**Sutton**	**N.C. INDIAN CULTURAL CENTER FUNDS.**	**H**	**Ref To Com On Appropriations**	**03-17-05**	
$ H0728	**Holliman**	**ENSURE PEO LICENSING OVERSIGHT.-AB**	**H**	**Ref To Com On Appropriations**	**03-17-05**	
$ H0732	**L. Allen**	**WATER RESOURCES MANAGEMENT/FUNDS.**	**H**	**Ref To Com On Appropriations**	**03-17-05**	
H0741	Coates	DEPARTMENT OF VETERANS AFFAIRS.	*H	Re-ref Com On Appropriations	04-19-05	
$ H0742=	**Coates**	**NORTH CAROLINA TRANSPORTATION MUSEUM FUNDS.**	**H**	**Ref To Com On Appropriations**	**03-17-05**	
H0763=	Culpepper	FIRE AND RESCUE WORKERS' RETIREMENT.	*H	Re-ref Com On Appropriations	05-04-05	
H0769=	McLawhorn	ENROLLMENT FUNDING IN CONT. BUDGET.-AB	H	Ref To Com On Appropriations	03-17-05	

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H0784	Wright	CREDITABLE SERVICE/ WORKERS' COMPENSATION.	*H	Re-ref Com On Appropriations	04-25-05	
$ H0788	**Eddins**	**CRIME VICTIMS RESTITUTION IMPROVEMENT ACT.**	***H**	**Re-ref Com On Appropriations**	**07-27-05**	
$ H0789=	**Walend**	**DUPONT STATE FOREST CAPITAL FUNDS.**	**H**	**Ref To Com On Appropriations**	**03-17-05**	
$ H0791	**Nye**	**COUNTY VETERANS SERVICE OFFICES FUNDS.**	**H**	**Re-ref Com On Appropriations**	**05-04-05**	
$ H0792=	**Sherrill**	**UNC-ASHEVILLE/RETAIN SALE PROCEEDS.-AB**	**H**	**Re-ref Com On Appropriations**	**03-29-05**	
$ H0796=	**Grady**	**TANF BLOCK GRANT FUNDS/BOYS & GIRLS CLUB.**	**H**	**Ref To Com On Appropriations**	**03-17-05**	
H0799	Adams	LAPSED SALARIES/EEO.	*H	Re-ref Com On Appropriations	05-18-05	
$ H0809=	**Crawford**	**CAROLINA BALLET FUNDS.**	**H**	**Ref To Com On Appropriations**	**03-21-05**	
$ H0823	**Jeffus**	**RESTORE JOHN H. RACE ADMIN. BLDG./FUNDS.**	**H**	**Ref To Com On Appropriations**	**03-21-05**	
H0824	Tucker	EMERGENCY MED. SERVICE AVAIL. FEE/ DUPLIN CO.	*H	Re-ref Com On Finance	03-21-05	05-24-05
$ H0830=	**Tolson**	**E-NC VOTING MEMBERS/ JOB CREATION FUNDS.**	***H**	**Re-ref Com On Appropriations**	**04-27-05**	
$ H0831=	**Adams**	**JOHN COLTRANE MUSIC HALL FUNDS.**	**H**	**Ref To Com On Appropriations**	**03-22-05**	
H0832	Dollar	COMMUTER THOROUGHFARE ACT OF 2005.	H	Ref To Com On Appropriations	03-22-05	
$ H0837	**Harrison**	**FUNDS FOR "WE THE PEOPLE" SCHOOL COMPETITION.**	**H**	**Ref To Com On Appropriations**	**03-22-05**	
$ H0842	**Tucker**	**MUSCADINE FUNDS.**	***H**	**Re-ref Com On Appropriations**	**03-22-05**	**05-24-05**
$ H0842	**Tucker**	**MUSCADINE FUNDS.**	***H**	**Re-ref Com On Appropriations**	**05-31-05**	
$ H0851=	**Ross**	**SAME DAY REG. AT ONE-STOP SITES.**	***H**	**Re-ref Com On Appropriations**	**07-21-05**	
$ H0854	**Insko**	**FUNDS FOR SPECIAL OLYMPICS.**	**H**	**Ref To Com On Appropriations**	**03-22-05**	
$ H0858=	**Hill**	**DAIRY STABILIZATION AND GROWTH ACT.**	***H**	**Re-ref Com On Appropriations**	**06-01-05**	
$ H0868=	**Tolson**	**TANF BLOCK GRANT FUNDS/WORK CENTRAL, INC.**	**H**	**Ref To Com On Appropriations**	**03-23-05**	
$ H0873=	**Dickson**	**STATE CAPITOL FUNDS.**	**H**	**Ref To Com On Appropriations**	**03-24-05**	
H0879=	Justus	AMEND CLERKS' LONGEVITY.	H	Ref To Com On Appropriations	03-24-05	
H0883=	Insko	RATE AND INFLATIONARY INCREASES/MH PROVIDERS.	H	Ref To Com On Appropriations	03-24-05	
H0892=	Alexander	REGULATE SALE OF MALT BEVERAGE KEGS.	*H	Re-ref Com On Rules, Calendar, and Operations of the House	06-08-05	06-08-05

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$ H0895=	**Jeffus**	**KIDS VOTING FUNDS.**	**H**	**Ref To Com On Appropriations**	**03-24-05**	
H0897=	Owens	NCNGUARD-TUITION ASSISTANCE PROGRAM CHANGES.	*H	Re-ref Com On Rules, Calendar, and Operations of the House	04-06-05	08-15-05
H0898=	Owens	NCNG - DEPENDENTS PAY IN-STATE TUITION.	H	Re-ref Com On Appropriations	04-06-05	
$ H0899=	**Owens**	**ONE NORTH CAROLINA SMALL BUSINESS FUND.**	**H**	**Ref To Com On Appropriations**	**03-24-05**	
$ H0906=	**Preston**	**CORE SOUND WATERFOWL MUSEUM FUNDS.**	**H**	**Ref To Com On Appropriations**	**03-28-05**	
$ H0910=	**Glazier**	**DEFENSE TECHNOLOGY INNOVATION CENTER.**	**H**	**Ref To Com On Appropriations**	**03-28-05**	
$ H0912=	**Warren**	**FARMVILLE/GREENE COUNTY WATER FUNDS.**	**H**	**Ref To Com On Appropriations**	**03-28-05**	
H0914	Crawford	STATE BUDGET ACT.	*HR	Ch. SL 2006-203	03-28-05	04-20-05
$ H0924	**Nye**	**BLADEN CC LAW ENFORCEMENT TRAINING CTR FUNDS.**	**H**	**Ref To Com On Appropriations**	**03-28-05**	
$ H0925=	**Preston**	**MARITIME MUSEUM FUNDS.**	**H**	**Ref To Com On Appropriations**	**03-28-05**	
$ H0927=	**Yongue**	**ADDITIONAL TEACHER SCHOLARSHIP LOANS.**	**H**	**Ref To Com On Appropriations**	**03-28-05**	
$ H0928=	**Ross**	**STATE GOV'T FAIR WAGE FUNDS/STUDY FAIR PAY.**	***H**	**Re-ref Com On Appropriations**	**05-18-05**	
H0935	Goforth	EXPAND FELONY FOR CONSTRUCTION SITE THEFT	*H	Re-ref Com On Appropriations	05-09-05	
$ H0942=	**Glazier**	**2005 MILITARY SUPPORT ACT.**	***H**	**Re-ref Com On Finance**	**03-28-05**	**06-14-05**
$ H0968=	**Nye**	**FUNDS FOR CHILD-CARING INSTITUTIONS.**	**H**	**Ref To Com On Appropriations**	**03-29-05**	
$ H0969	**Nye**	**TEACCH AUTISM FUNDS.**	**H**	**Ref To Com On Appropriations**	**03-29-05**	
$ H0970=	**Nye**	**SPECIAL OLYMPICS FUNDS.**	**H**	**Ref To Com On Appropriations**	**03-29-05**	
$ H0971	**Nye**	**FUNDS FOR WOMEN'S CENTER.**	**H**	**Ref To Com On Appropriations**	**03-29-05**	
$ H0974=	**Weiss**	**PRAIRIE RIDGE ECOSTATION CAPITAL FUNDS.**	**H**	**Ref To Com On Appropriations**	**03-29-05**	
$ H0983	**Haire**	**JACKSON COUNTY SR. CENTER FUNDS.**	**H**	**Ref To Com On Appropriations**	**03-30-05**	
$ H1001	**LaRoque**	**NEUSE REGIONAL WATER & SEWER FUNDS.**	**H**	**Ref To Com On Appropriations**	**03-31-05**	
$ H1002	**LaRoque**	**CSS NEUSE FUNDS.**	**H**	**Ref To Com On Appropriations**	**03-31-05**	
$ H1003	**LaRoque**	**COMMUNITY ARTS COUNCIL FUNDS.**	**H**	**Ref To Com On Appropriations**	**03-31-05**	
$ H1009	**Dickson**	**FORT BRAGG/POPE AIR FORCE LAND COMN. FUNDS.**	**H**	**Ref To Com On Appropriations**	**03-31-05**	
H1011	Gillespie	INMATE BITING FELONY.	*H	Re-ref Com On Appropriations	04-13-05	
H1022	Ross	FAIR PAY IN STATE	*H	Re-ref Com On	05-02-05	

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Bill	Introducer	Short Title		Latest Action	In Date	Out Date
		GOV'T/MANAGERS ACCOUNTABLE.		Appropriations		
$ H1027	**Nye**	**UNC INSTITUTE OF MEDICINE FUNDS.**	**H**	**Ref To Com On Appropriations**	**03-31-05**	
$ H1033	**Wright**	**SMART START FUNDS.**	**H**	**Ref To Com On Appropriations**	**03-31-05**	
$ H1035=	**McComas**	**MARINE TECHNOLOGY RESEARCH VESSEL FUNDS.**	**H**	**Ref To Com On Appropriations**	**03-31-05**	
H1048	Hackney	GOVERNOR'S DWI TASK FORCE RECOMMENDATIONS.	*H	Pres. To Gov. 7/ 27/2006	06-08-05	07-19-05
H1057	Wright	REGIONAL EMS NETWORK PILOT PROGRAM.	H	Ref To Com On Appropriations	03-31-05	
H1073	Rapp	EXTEND SUNSET/RETIRED TEACHERS RETURN TO WORK.	H	Re-ref Com On Appropriations	04-27-05	
$ H1081	**Walend**	**BLUE RIDGE CC-TRANSYLVANIA CTR. FUNDS.**	**H**	**Ref To Com On Appropriations**	**04-04-05**	
$ H1082=	**Weiss**	**FUNDS FOR WAKE INPATIENT PSYCH. FACILITY.**	**H**	**Ref To Com On Appropriations**	**04-04-05**	
$ H1088	**Culp**	**ASHEBORO BOYS & GIRLS CLUB FUNDS.**	**H**	**Ref To Com On Appropriations**	**04-04-05**	
$ H1091=	**McLawhorn**	**FAMILY MED CENTER AT ECU/FUNDS.**	**H**	**Ref To Com On Appropriations**	**04-04-05**	
$ H1098	**Daughtridge**	**FINANCE NC MUSEUM OF ART EXPANSION.**	***H**	**Re-ref Com On Rules, Calendar, and Operations of the House**	**04-04-05**	**08-03-05**
H1105=	West	IN-STATE TUITION/ PARAMEDIC-TO-BSN PROGRAM.	H	Re-ref Com On Appropriations	05-26-05	
H1107=	Warren	BRODY SCHOOL OF MED AT ECU/MEDICARE RECEIPTS.	H	Ref To Com On Appropriations	04-05-05	
H1108=	Warren	BRODY SCHOOL OF MED AT ECU/MEDICARE RECEIPTS.	H	Ref To Com On Appropriations	04-05-05	
$ H1109	**Langdon**	**JOHNSTON COMMUNITY COLLEGE ARBORETUM FUNDS.**	**H**	**Ref To Com On Appropriations**	**04-05-05**	
$ H1110	**Adams**	**NC A&T STATE UNIV. RESEARCH/EXTENSION FUNDS.**	**H**	**Ref To Com On Appropriations**	**04-05-05**	
$ H1111	**Adams**	**NC A&T LAND FUNDS.**	**H**	**Ref To Com On Appropriations**	**04-05-05**	
H1112=	Justus	CENTRAL LISTING/MH BEDS/INVOL.COMM	*HR	Ch. SL 2005-371	08-09-05	08-10-05
$ H1116	**Tolson**	**STUDY TEACHER ASSISTANT SALARY SCHEDULE.**	***H**	**Re-ref Com On Appropriations**	**06-08-05**	
$ H1119=	**Fisher**	**ASHEVILLE TUBERCULOSIS EXHIBIT FUNDS.**	**H**	**Ref To Com On Appropriations**	**04-06-05**	
$ H1126	**Nye**	**OBESITY PREVENTION INITIATIVES.**	**H**	**Ref To Com On Appropriations**	**04-06-05**	

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Bill	Introducer	Short Title		Latest Action	In Date	Out Date
$ H1127	**Nye**	**MEDICAID PERSONAL NEEDS ALLOWANCE INCR.**	**H**	**Ref To Com On Appropriations**	**04-06-05**	
$ H1132	**Warren**	**EASTERN REGIONAL SCIENCE CTR.**	**H**	**Ref To Com On Appropriations**	**04-06-05**	
H1136	Culpepper	MERCURY SWITCH REMOVAL-2.	*HR	Ch. SL 2005-384	05-18-05	05-18-05
$ H1139	**Crawford**	**VANCE VISITOR CENTER MUSEUM.**	**H**	**Ref To Com On Appropriations**	**04-07-05**	
$ H1140	**Tolson**	**TOBACCO FARM LIFE MUSEUM FUNDS.**	**H**	**Ref To Com On Appropriations**	**04-07-05**	
$ H1141	**Tolson**	**NC BASEBALL MUSEUM FUNDS.**	**H**	**Ref To Com On Appropriations**	**04-07-05**	
$ H1143=	**Michaux**	**MUSEUM OF LIFE AND SCIENCE FUNDS.**	**H**	**Ref To Com On Appropriations**	**04-07-05**	
$ H1148=	**Weiss**	**STATE EMPLOYEES/ TEACHERS PAY INCREASES.**	**H**	**Ref To Com On Appropriations**	**04-07-05**	
$ H1149=	**Weiss**	**STATE EMPLOYEES/ TEACHERS PAY INCREASES.**	**H**	**Ref To Com On Appropriations**	**04-07-05**	
$ H1152	**Yongue**	**ADD STEPS TO TEACHER SALARY SCHEDULE.**	**H**	**Ref To Com On Appropriations**	**04-07-05**	
$ H1153	**Crawford**	**DRAG RACING HALL OF FAME MUSEUM FUNDS.**	**H**	**Ref To Com On Appropriations**	**04-07-05**	
$ H1154	**Nye**	**FUNDS/STUDY DEAF/HARD OF HEARING PROGRAMS.**	**H**	**Ref To Com On Appropriations**	**04-07-05**	
$ H1156=	**Hackney**	**JUDICIAL COLLEGE FUNDS.**	**H**	**Ref To Com On Appropriations**	**04-07-05**	
$ H1158	**Hollo**	**CATAWBA VALLEY SALT BLOCK FUNDS.**	**H**	**Ref To Com On Appropriations**	**04-07-05**	
$ H1164	**Adams**	**CAROLINA THEATER FUNDS.**	**H**	**Ref To Com On Appropriations**	**04-11-05**	
$ H1165	**Adams**	**GREENSBORO UNITED ARTS COUNCIL FUNDS.**	**H**	**Ref To Com On Appropriations**	**04-11-05**	
$ H1166	**Wainwright**	**GREATER ENRICHMENT PROGRAM FUNDS.**	**H**	**Ref To Com On Appropriations**	**04-11-05**	
$ H1167	**Wainwright**	**CRAVEN COUNTY/YOUTH VISION FUNDS.**	**H**	**Ref To Com On Appropriations**	**04-11-05**	
$ H1170=	**Hunter**	**NC COMMUNITY DEVELOPMENT INITIATIVE FUNDS.**	**H**	**Ref To Com On Appropriations**	**04-11-05**	
$ H1171	**McComas**	**STATE PORTS AUTHORITY FUNDS.**	**H**	**Ref To Com On Appropriations**	**04-11-05**	
$ H1173	**Owens**	**PORT DISCOVER/HANDS-ON-SCIENCE CTR FUNDS.**	**H**	**Ref To Com On Appropriations**	**04-11-05**	
$ H1177	**Warren**	**MARTIN COMMUNITY COLLEGE FUNDS.**	**H**	**Ref To Com On Appropriations**	**04-12-05**	
$ H1179	**Glazier**	**FAYETTEVILLE WOMEN'S CTR. FUNDS.**	**H**	**Ref To Com On Appropriations**	**04-12-05**	
$ H1192	**Fisher**	**THE HEALTH ADVENTURE CAPITAL FUNDS.**	**H**	**Ref To Com On Appropriations**	**04-12-05**	
$ H1193=	**Weiss**	**REAL-TIME MONITORING/ RESERVOIRS & BLUE CRABS.**	**H**	**Ref To Com On Appropriations**	**04-12-05**	
$ H1195	**Goforth**	**WESTERN NORTH CAROLINA COMMUNITIES**	**H**	**Ref To Com On Appropriations**	**04-13-05**	

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Bill	Introducer	Short Title		Latest Action	In Date	Out Date
		FUNDS.				
[redacted]204	Jones	INTERNATIONAL CIVIL RIGHTS MUSEUM FUNDS.	H	Ref To Com On Appropriations	04-13-05	
$ H1205	Jones	AFRICAN AMERICAN ATELIER FUNDS.	H	Ref To Com On Appropriations	04-13-05	
$ H1210=	Goodwin	DNA CRIME LAB INVESTIGATORS/FUNDS.	H	Ref To Com On Appropriations	04-13-05	
$ H1218=	Earle	FOOD BANK FUNDS.	H	Ref To Com On Appropriations	04-13-05	
$ H1219	Underhill	TRYON PALACE/HISTORY EDUCATION CTR. FUNDS.	H	Ref To Com On Appropriations	04-14-05	
$ H1220	Howard	FUNDS/TRUCKING PROG/ DAVIE CAMPUS/DAVIDSON CC.	H	Ref To Com On Appropriations	04-14-05	
$ H1222	Yongue	DISADVANTAGED STUDENT SUPPLEMENTAL FUNDS.	H	Ref To Com On Appropriations	04-14-05	
$ H1224	Harrell	ALLEGHANY ECONOMIC DEVELOPMENT FUNDS.	H	Ref To Com On Appropriations	04-14-05	
$ H1232	Jeffus	FUNDS FOR TEACHERS' INSTITUTE.	H	Ref To Com On Appropriations	04-14-05	
$ H1233	Warren	TIMBER SALES/ AGRICULTURAL RESEARCH STATIONS.	H	Ref To Com On Appropriations	04-14-05	
$ H1238	Nye	BLADEN AG. & EXPO. CENTER FUND.	H	Ref To Com On Appropriations	04-18-05	
$ H1239	Hunter	REGIONAL ECONOMIC DEVELOPMENT COMM/ FUNDS.	H	Ref To Com On Appropriations	04-18-05	
$ [redacted]246	Tucker	NC MILITARY RESEARCH CENTER FUNDS.	H	Ref To Com On Appropriations	04-18-05	
$ H1247=	Luebke	NORTH CAROLINA MINORITY SUPPORT CENTER.	H	Ref To Com On Appropriations	04-18-05	
$ H1249	Insko	NORTHERN ORANGE COUNTY ARTS STUDIO FUNDS.	H	Ref To Com On Appropriations	04-18-05	
$ H1252	Wray	HALIWA-SAPONI/ COMMUNITY CTR. FUNDS.	H	Ref To Com On Appropriations	04-18-05	
$ H1253	Nye	ADULT CARE HOMES/COST REPORT/$ TO IMPROVE.	H	Ref To Com On Appropriations	04-18-05	
$ H1254	Tucker	NATIONAL GUARD ARMORY FUNDS.	H	Ref To Com On Appropriations	04-18-05	
$ H1255	Pierce	REGIONAL MULTICULTURAL CENTER/ FUNDS.	H	Ref To Com On Appropriations	04-18-05	
H1258	Moore	MEDICAID/EXCLUDE CERTAIN VA INCOME.	H	Ref To Com On Appropriations	04-18-05	
H1272	Yongue	EDUCATION FACILITY FINANCING STUDY.	H	Re-ref Com On Appropriations	06-08-05	
$ H1282	Tolson	PILOT PROGRAM/FUNDS FOR MORTALITIES DISPOSAL.	H	Ref To Com On Appropriations	04-19-05	
$ H1300	Tucker	WALLACE REGIONAL WASTEWATER FUNDS.	H	Ref To Com On Appropriations	04-20-05	
H1323=	Glazier	ESTABLISH NC INNOCENCE INQUIRY	*HR	Ch. SL 2006-184	08-11-05	08-11-05

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Bill	Introducer	Short Title		Latest Action	In Date	Out Date
		COMMISSION.				
H1326	**Goforth**	**FRIENDS OF MOUNTAIN HISTORY FUNDS.**	**H**	**Ref To Com On Appropriations**	**04-20-05**	
$ H1329	**Bell**	**FUNDS FOR TESTING FACILITATORS.**	**H**	**Ref To Com On Appropriations**	**04-20-05**	
$ H1337	**Tolson**	**EDGECOMBE VETERANS MUSEUM FUND.**	**H**	**Ref To Com On Appropriations**	**04-21-05**	
$ H1338	**Tolson**	**BLACK CREEK SR. CITIZENS CTR. FUNDS.**	**H**	**Ref To Com On Appropriations**	**04-21-05**	
H1340	Faison	REESTABLISH BOXING COMMISSION.	*H	Re-ref Com On Appropriations	06-08-05	
$ H1341	**Lewis**	**JOHN A. MCKAY HOUSE FUNDS.**	**H**	**Ref To Com On Appropriations**	**04-21-05**	
$ H1350	**Lewis**	**CENTRAL CAROLINA COMM. COLLEGE LIBRARY FUNDS.**	**H**	**Ref To Com On Appropriations**	**04-21-05**	
H1364	Dollar	PEDIATRIC VACCINES/NO THIMEROSAL.	*H	Re-ref Com On Appropriations	08-09-05	
$ H1384	**Gibson**	**EXPAND WADE PROGRAM FUNDS.**	**H**	**Ref To Com On Appropriations**	**04-21-05**	
$ H1387=	**Gibson**	**FUND STREAM MAPPING.**	**H**	**Ref To Com On Appropriations**	**04-21-05**	
$ H1393	**Goodwin**	**RICHMOND ARTS & AGRICULTURE ENTERPRISE FUNDS.**	**H**	**Ref To Com On Appropriations**	**04-21-05**	
$ H1398	**Sutton**	**PEMBROKE-PROSPECT DRAINAGE DISTRICT FUNDS.**	**H**	**Ref To Com On Appropriations**	**04-21-05**	
H1399	L. Allen	VARIOUS TRANSPORTATION/M.V. LAW CHANGES.	*HR	Ch. SL 2006-135	04-21-05	06-26-06
$ H1403	**Bordsen**	**GLENCOE MILL VILLAGE FUNDS.**	**H**	**Ref To Com On Appropriations**	**04-21-05**	
H1414	Pierce	HELP TEACHER ASSISTANTS BECOME TEACHERS.	*HR	Ch. SL 2005-302	06-01-05	06-01-05
H1415	Sutton	REPORT DENIAL OF SOME PISTOL PERMITS.	*H	Ref to Judiciary I. If fav, re-ref to Appropriations/ Base Budget	05-19-05	08-15-05
$ H1418	**Jones**	**LIFESKILLS CENTER FUNDS.**	**H**	**Ref To Com On Appropriations**	**04-21-05**	
$ H1419	**Jones**	**MEMORIAL BRANCH YMCA FUNDS.**	**H**	**Ref To Com On Appropriations**	**04-21-05**	
$ H1420	**Jones**	**BLACK CHILD DEVELOPMENT INSTITUTE FUNDS.**	**H**	**Ref To Com On Appropriations**	**04-21-05**	
$ H1422	**Adams**	**NCA&T ARTS CENTER PLANNING FUNDS.**	**H**	**Ref To Com On Appropriations**	**04-21-05**	
$ H1423	**Adams**	**GUILFORD NAA CULTURAL FUNDS.**	**H**	**Ref To Com On Appropriations**	**04-21-05**	
$ H1424	**Adams**	**FAITH MATTERS/SAFETY NET FUNDS.**	**H**	**Ref To Com On Appropriations**	**04-21-05**	
$ H1431	**Martin**	**MILITARY CONSUMER PROTECTION SPECIALIST.**	**H**	**Re-ref Com On Rules, Calendar,**	**04-21-05**	**08-10-05**

Bill	Introducer	Short Title		Latest Action	In Date	Out Date
				and Operations of the House		
H1449	Blust	SALARY FUNDS/SPEND ONLY FOR SALARIES.	H	Ref To Com On Appropriations	04-21-05	
H1452	Blust	GOLDEN L.E.A.F. FUNDS FOR HEALTH.	H	Ref To Com On Appropriations	04-21-05	
H1457	Blust	ZERO-BASED BUDGETING.	H	Ref To Com On Appropriations	04-21-05	
H1463	Sutton	ASSAULT/RAPE OF CHILD BY PARENT OR GUARDIAN.	H	Re-ref Com On Appropriations	05-05-05	
H1486	Culpepper	FELONY DEATH BY VEHICLE.	*H	Re-ref Com On Appropriations	05-26-05	
H1487	Dickson	LICENSE PLATE DESIGN CONTEST.	H	Re-ref Com On Appropriations	06-01-05	
H1508	Blust	NORTH CAROLINA HIGHWAY TRUST FUND CHANGES.	H	Ref To Com On Appropriations	04-21-05	
$ H1513=	**Weiss**	**CHILD PROTECTIVE SERVICES WORKER FUNDS.**	**H**	**Ref To Com On Appropriations**	**04-21-05**	
$ H1530	**Weiss**	**EST. CHILD MALTREATMENT PREVENTION COUNCIL.**	**H**	**Ref To Com On Appropriations**	**04-21-05**	
$ H1550	**Farmer-Butterfie**	**GUARDIANSHIP STUDY.**	***H**	**Re-ref Com On Appropriations**	**05-12-05**	
$ H1556	**Tolson**	**GREENHOUSE GAS EMISSIONS FUNDS.**	**H**	**Ref To Com On Appropriations**	**04-25-05**	
$ H1557	**Williams**	**WASHINGTON COMMUNITY PARK FUNDS.**	**H**	**Ref To Com On Appropriations**	**04-25-05**	
$ H1558	**Williams**	**WILKINSON COMMUNITY CENTER FUNDS.**	**H**	**Ref To Com On Appropriations**	**04-25-05**	
$ H1559	**Coleman**	**DEREK'S RENAISSANCE HOUSE FUNDS.**	**H**	**Ref To Com On Appropriations**	**04-26-05**	
$ H1560	**Insko**	**FUNDS FOR TRANSITION SERVICES/MHDDSAS.**	**H**	**Ref To Com On Appropriations**	**04-26-05**	
$ H1561	**L. Allen**	**NE MUSIC/ ENTERTAINMENT DISTRICT FUNDS.**	**H**	**Ref To Com On Appropriations**	**04-26-05**	
$ H1564	**Nye**	**MEDICAID/WIRELESS MANAGEMENT PROGRAM.**	**H**	**Ref To Com On Appropriations**	**04-27-05**	
$ H1565	**Miller**	**FUNDS TO LOCATE SEX OFFENDERS.**	**H**	**Ref To Com On Appropriations**	**04-28-05**	
$ H1566=	**Womble**	**CENTER FOR DESIGN INNOVATION FUNDS.**	**H**	**Ref To Com On Appropriations**	**04-28-05**	
$ H1567	**Sutton**	**SE AGRICULTURAL CTR & FARMERS MARKET FUNDS.**	**H**	**Ref To Com On Appropriations**	**04-28-05**	
$ H1568	**Harrell**	**STUDY & EVALUATE GREEN INDUSTRY/FUNDS.**	**H**	**Ref To Com On Appropriations**	**05-02-05**	
$ H1569	**Culpepper**	**OYSTER RESTORATION & PROTECTION ACT.**	**H**	**Ref To Com On Appropriations**	**05-02-05**	
$ H1570	**Insko**	**FUNDS FOR CHILD HEALTH SURVEY (CHAMP).**	**H**	**Ref To Com On Appropriations**	**05-02-05**	
$ H1571	**Insko**	**AUDITORY LEARNING CENTER FUNDS.**	**H**	**Ref To Com On Appropriations**	**05-02-05**	
$ H1572	**Tucker**	**DUPLIN FOOD BANK WAREHOUSE FUNDS.**	**H**	**Ref To Com On Appropriations**	**05-02-05**	
$ H1573	**Tucker**	**DUPLIN COMMUNITY**	**H**	**Ref To Com On**	**05-02-05**	

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Bill	Introducer	Short Title		Latest Action	In Date	Out Date
		LIBRARY FUNDS.		Appropriations		
H1574	Goodwin	MONTGOMERY OLD COUNTY CEMETERY FUNDS.	H	Ref To Com On Appropriations	05-02-05	
$ H1576	Weiss	FUNDS FOR EARLY INTERVENTION SERVICES.	H	Ref To Com On Appropriations	05-02-05	
$ H1577	Goodwin	CENTRAL PARK OF NORTH CAROLINA FUNDS.	H	Ref To Com On Appropriations	05-02-05	
$ H1578	Harrell	NC VITICULTURE/ ENOLOGY CENTER FUNDS.	H	Ref To Com On Appropriations	05-03-05	
$ H1581	Justice	MURRAY FARM PRESERVATION FUNDS.	H	Ref To Com On Appropriations	05-04-05	
$ H1583	Bell	DILLARD ALUMNI COMMUNITY CENTER FUNDS.	H	Ref To Com On Appropriations	05-04-05	
$ H1584	Bell	SAMPSON COUNTY HISTORY MUSEUM FUNDS.	H	Ref To Com On Appropriations	05-04-05	
$ H1585	Bell	IVANHOE OUTREACH CENTER FUNDS.	H	Ref To Com On Appropriations	05-04-05	
$ H1587	Miller	DURHAM MEDIATION CENTER FUNDS.	H	Ref To Com On Appropriations	05-05-05	
$ H1588	Underhill	NEW BERN'S 300TH ANNIVERSARY FUNDS.	H	Ref To Com On Appropriations	05-05-05	
$ H1589	Lucas	SANDHILLS FAMILY HERITAGE ASSOC. FUNDS.	H	Ref To Com On Appropriations	05-05-05	
$ H1590	Rapp	YANCEY CONSTRUCTION JOB TRAINING FUNDS.	H	Ref To Com On Appropriations	05-05-05	
$ H1591	Rapp	YANCEY PUBLIC LIBRARY FUNDS.	H	Ref To Com On Appropriations	05-05-05	
H1592	Warren	CASH RENT SURVEYS/ FUNDS.	H	Ref To Com On Appropriations	05-05-05	
$ H1593=	McLawhorn	FFA CENTER FUNDS.	H	Ref To Com On Appropriations	05-05-05	
H1594=	McLawhorn	AG. CURRICULUM DEVELOPMENT COORDINATOR FUNDS.	H	Ref To Com On Appropriations	05-05-05	
$ H1596	Williams	BATH COMMUNITY LIBRARY FUNDS.	H	Ref To Com On Appropriations	05-05-05	
$ H1597	Wright	HISTORIC BURGAW DEPOT FUNDS.	H	Ref To Com On Appropriations	05-05-05	
$ H1598	Faison	BARTLETT YANCEY HS BUS PARKING LOT FUNDS.	H	Ref To Com On Appropriations	05-05-05	
$ H1599	Faison	CASWELL INDUSTRIAL PARK/WATER & SEWER FUNDS.	H	Ref To Com On Appropriations	05-05-05	
$ H1600	Harrison	CLIMATE CHANGE/STATE AGENCY REPORTS/FUNDS.	H	Ref To Com On Appropriations	05-05-05	
$ H1601	Goforth	RURAL LIFE MUSEUM FUNDS.	H	Ref To Com On Appropriations	05-05-05	
$ H1602	Bell	REBUILDING BROKEN PLACES/FUNDS.	H	Ref To Com On Appropriations	05-05-05	
$ H1603	Farmer-Butterfie	EDGECOMBE BUSINESS INCUBATOR FUNDS.	H	Ref To Com On Appropriations	05-05-05	
$ H1606	LaRoque	LENOIR CO. COUNCIL ON AGING FUNDS.	H	Ref To Com On Appropriations	05-09-05	
$ H1607	Womble	STERILIZATION COMPENSATION.	H	Ref To Com On Appropriations	05-09-05	

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$ H1608	Weiss	PROJECT ENLIGHTENMENT FUNDS.	H	Ref To Com On Appropriations	05-09-05	
$ H1610	Wilkins	INCORPORATE ROUGEMONT	*H	Re-ref Com On Rules and Operations of the Senate	05-09-05	07-14-05
$ H1611	Wilkins	PERSON MUSEUM OF HISTORY FUNDS.	H	Ref To Com On Appropriations	05-09-05	
$ H1612	Wilkins	LITTLE RIVER COMM. COMPLEX FUNDS.	H	Ref To Com On Appropriations	05-09-05	
$ H1617	Glazier	NORTH CAROLINA SCIENCE OLYMPIAD FUNDS.	H	Ref To Com On Appropriations	05-10-05	
$ H1624	Sutton	SADDLETREE DRAINAGE DISTRICT FUNDS.	H	Ref To Com On Appropriations	05-11-05	
$ H1625	Williams	TURNAGE THEATERS FUNDS.	H	Ref To Com On Appropriations	05-11-05	
$ H1626	Rapp	CANTON SENIOR CENTER FUNDS.	H	Ref To Com On Appropriations	05-11-05	
$ H1627	Rapp	FOLKMOOT USA FUNDS.	H	Ref To Com On Appropriations	05-11-05	
$ H1628	Rapp	DOMESTIC VIOLENCE/ SEXUAL ASSAULT ALLIANCE FUNDS.	H	Ref To Com On Appropriations	05-11-05	
$ H1629	Hill	AGRICULTURE SURVEY FUNDS.	H	Ref To Com On Appropriations	05-11-05	
$ H1636=	Warren	FIRST FLIGHT VENTURE CENTER RENOVATION FUNDS.	H	Ref To Com On Appropriations	05-11-05	
$ H1637=	Warren	FIRST FLIGHT VENTURE OPERATING FUNDS.	H	Ref To Com On Appropriations	05-11-05	
$ H1639	Crawford	HENDERSON-VANCE CLEANUP FUNDS.	H	Ref To Com On Appropriations	05-11-05	
$ H1640	Crawford	VANCE-GRANVILLE CC PUBLIC SAFETY FUNDS.	H	Ref To Com On Appropriations	05-11-05	
$ H1641	Underhill	NC FARMLAND PRESERVATION COMMITTEE FUNDS.	H	Ref To Com On Appropriations	05-11-05	
$ H1645	Crawford	MODEL TEACHER CONSORTIUM EXPANSION FUNDS.	H	Ref To Com On Appropriations	05-11-05	
$ H1647	Hill	BOLTON TOWN HALL FUNDS.	H	Ref To Com On Appropriations	05-12-05	
$ H1648	Jeffus	GREENSBORO SYMPHONY SOCIETY FUNDS.	H	Ref To Com On Appropriations	05-12-05	
$ H1651	Jeffus	NATURAL SCIENCE CENTER FUNDS.	H	Ref To Com On Appropriations	05-12-05	
$ H1652	B. Allen	FUNDS/WAKE SMILES/ INDIGENT DENTAL PROGRAM.	H	Ref To Com On Appropriations	05-12-05	
$ H1654	McLawhorn	CHAMBERS OF COMMERCE PILOT FUNDS.	H	Ref To Com On Appropriations	05-12-05	
$ H1655	Faison	ORANGE FIRE TRAINING FACILITY FUNDS.	H	Ref To Com On Appropriations	05-12-05	
$ H1656	Faison	HISTORIC BURWELL SCHOOL REPAIR FUNDS.	H	Ref To Com On Appropriations	05-12-05	

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Bill	Introducer	Short Title		Latest Action	In Date	Out Date
$ H1657	Faison	DEEDS FUNDS.	H	Ref To Com On Appropriations	05-12-05	
$ H1658	Faison	HILLSBOROUGH HISTORIC DIST. COMM. FUNDS.	H	Ref To Com On Appropriations	05-12-05	
$ H1659	Faison	OCIM FUNDS.	H	Ref To Com On Appropriations	05-12-05	
$ H1660	Faison	HILLSBOROUGH EXCHANGE CLUB CTR FUNDS.	H	Ref To Com On Appropriations	05-12-05	
$ H1661	Faison	YANCEYVILLE/MAUD GATEWOOD PARK FUNDS.	H	Ref To Com On Appropriations	05-12-05	
$ H1662	Faison	CASWELL COUNTY BROADBAND FUNDS.	H	Ref To Com On Appropriations	05-12-05	
$ H1663	Faison	CASWELL 21ST CENTURY DEVELOPMENT FUNDS.	H	Ref To Com On Appropriations	05-12-05	
$ H1665	Insko	FUNDS FOR ORANGE/ PERSON/CHATHAM MH.	H	Ref To Com On Appropriations	05-12-05	
$ H1666	Jeffus	TRIAD STAGE FUNDS.	H	Ref To Com On Appropriations	05-12-05	
$ H1667	Gibson	DEPT. OF REV. POSITIONS/ENHANCE COLLECTIONS.	H	Ref To Com On Appropriations	05-12-05	
$ H1669	Gibson	BADIN HISTORIC MUSEUM FUNDS.	H	Ref To Com On Appropriations	05-12-05	
$ H1670	Gibson	WINGATE VOLUNTEER FIRE DEPARTMENT FUNDS.	H	Ref To Com On Appropriations	05-12-05	
$ H1671	Gibson	TURNING POINT FUNDS.	H	Ref To Com On Appropriations	05-12-05	
$ H1672	Gibson	MONROE/UNION CIVIC CTR. FUNDS.	H	Ref To Com On Appropriations	05-12-05	
$ H1673	Gibson	SANDHILLS PLANETARIUM FUNDS.	H	Ref To Com On Appropriations	05-12-05	
$ H1674	Gibson	ANSONVILLE HISTORICAL SOCIETY FUNDS.	H	Ref To Com On Appropriations	05-12-05	
$ H1675	Gibson	ANSON/UNION/ HISTORICAL/ARTS/VFD FUNDS.	H	Ref To Com On Appropriations	05-12-05	
$ H1676	Faison	CASWELL SOCCER COMPLEX FUNDS.	H	Ref To Com On Appropriations	05-12-05	
$ H1677	Lucas	CUMBERLAND COUNTY FUNDS	*H	Re-ref Com On Appropriations	05-12-05	05-24-05
$ H1677	Lucas	CUMBERLAND COUNTY FUNDS	*H	Re-ref Com On Appropriations	05-31-05	
$ H1679	Culpepper	ROANOKE RIVER LIGHTHOUSE RESTORATION FUNDS.	H	Ref To Com On Appropriations	05-12-05	
$ H1680	Culpepper	EDENTON SIGNERS MEMORIAL FUNDS.	H	Ref To Com On Appropriations	05-12-05	
$ H1681	Hackney	CHATHAM INDUSTRIAL PARK FUNDS.	H	Ref To Com On Appropriations	05-12-05	
$ H1684	L. Allen	HALL OF FAME STUDY FUNDS.	H	Ref To Com On Appropriations	05-12-05	
$ H1686	Wainwright	NORTH CAROLINA D.A.R.E. FUNDS.	H	Ref To Com On Appropriations	05-12-05	
$ H1688	McLawhorn	STATE ENERGY OFFICE FUNDS.	H	Ref To Com On Appropriations	05-12-05	
$ H1689	McLawhorn	EAST CAROLINA U./	H	Ref To Com On	05-12-05	

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Bill	Introducer	Short Title		Latest Action	In Date	Out Date
		AUDITORY LEARNING CTR FUNDS.		Appropriations		
$ H1690	**Cole**	**ROCKINGHAM EQUESTRIAN CENTER FUNDS.**	**H**	**Ref To Com On Appropriations**	**05-12-05**	
$ H1691	**Wray**	**HENDERSON-VANCE DDC/ FUNDS.**	**H**	**Ref To Com On Appropriations**	**05-12-05**	
$ H1692	**Wray**	**WARRENTON RURAL FIRE FUNDS.**	**H**	**Ref To Com On Appropriations**	**05-12-05**	
$ H1693	**Wray**	**WARREN COUNTY RESCUE SQUAD FUNDS.**	**H**	**Ref To Com On Appropriations**	**05-12-05**	
$ H1694	**Wray**	**VANCE COUNTY PUBLIC SCHOOL FOUNDATION.**	**H**	**Ref To Com On Appropriations**	**05-12-05**	
$ H1695	**Wray**	**NORTHAMPTON RECREATION/ARTS FUNDS.**	**H**	**Ref To Com On Appropriations**	**05-12-05**	
$ H1696	**Wray**	**NORTHAMPTON EDUCATION FOUNDATION FUNDS.**	**H**	**Ref To Com On Appropriations**	**05-12-05**	
$ H1697	**Wray**	**MUD CASTLE CDC FUNDS.**	**H**	**Ref To Com On Appropriations**	**05-12-05**	
$ H1698	**Tolson**	**WILSON COUNTY FEASIBILITY STUDY FUNDS.**	**H**	**Ref To Com On Appropriations**	**05-12-05**	
$ H1700	**Wainwright**	**AREA DAY REPORTING YOUTH PROGRAM FUNDS.**	**H**	**Ref To Com On Appropriations**	**05-12-05**	
$ H1702	**Preston**	**OYSTER RESEARCH INITIATIVE.**	**H**	**Ref To Com On Appropriations**	**05-12-05**	
$ H1703	**Preston**	**MARITIME AREA HERITAGE TOURISM OFFICER FUNDS.**	**H**	**Ref To Com On Appropriations**	**05-12-05**	
$ H1705	**Hollo**	**ALEXANDER COUNTY BRANCH LIBRARY FUNDS.**	**H**	**Ref To Com On Appropriations**	**05-12-05**	
$ H1707	**Yongue**	**FUTURES FOR KIDS FUNDS.**	**H**	**Ref To Com On Appropriations**	**05-12-05**	
$ H1710	**Miller**	**FUNDS/BRITE/DNA DATABASE/NCCU.**	**H**	**Ref To Com On Appropriations**	**05-12-05**	
$ H1712	**Hackney**	**CHATHAM COUNTY ARTS COUNCIL FUNDS.**	**H**	**Ref To Com On Appropriations**	**05-12-05**	
$ H1713	**Weiss**	**CAPITAL AREA VISITORS CENTER FUNDS.**	**H**	**Ref To Com On Appropriations**	**05-12-05**	
$ H1714	**Weiss**	**NC COUNCIL ON THE HOLOCAUST FUNDS.**	**H**	**Ref To Com On Appropriations**	**05-12-05**	
$ H1717	**Carney**	**NORTH CAROLINA ARTS COUNCIL FUNDS.**	**H**	**Ref To Com On Appropriations**	**05-12-05**	
$ H1719	**Alexander**	**OPERA COMPANY OF NC FUNDS.**	**H**	**Ref To Com On Appropriations**	**05-12-05**	
$ H1720	**Daughtridge**	**ECONOMIC DEVELOPMENT BOARD FUNDS.**	**H**	**Ref To Com On Appropriations**	**05-12-05**	
H1721	Daughtridge	FUNDS TO AID COUNTIES WITH MEDICAID PAYMENTS.	H	Ref To Com On Appropriations	05-12-05	
$ H1723	**Crawford**	**THE STUDIES ACT OF 2006**	***H**	**Pres. To Gov. 7/ 28/2006**	**05-12-05**	**06-22-05**
$ H1724	**Earle**	**FUNDS FOR NASCAR HALL OF FAME.**	**H**	**Ref To Com On Appropriations**	**05-12-05**	
H1725	Earle	RATE & INFLATIONARY INCR./KIDNEY DIALYSIS.	H	Ref To Com On Appropriations	05-12-05	
$ H1726	**Earle**	**NC RADIO READING**	**H**	**Ref To Com On**	**05-12-05**	

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		SERVICES FUNDS.		Appropriations		
$ [redacted]727	Earle	NORTH CAROLINA EDUCATIONAL DEVELOPMENT FUNDS.	H	Ref To Com On Appropriations	05-12-05	
$ H1728	Earle	AFRICAN-AMERICAN SPORTS MUSEUM FUNDS.	H	Ref To Com On Appropriations	05-12-05	
$ H1732	Stiller	BRUNSWICK AQUATIC & YOUTH CENTERS/FUNDS.	H	Ref To Com On Appropriations	05-12-05	
$ H1733	Pierce	RAEFORD-HOKE MUSEUM FUNDS.	H	Ref To Com On Appropriations	05-12-05	
$ H1734	Pierce	SOUTHSIDE SCHOOL ALUMNI FUNDS.	H	Ref To Com On Appropriations	05-12-05	
$ H1735	Pierce	MAXTON SOUTHEASTERN VFD FUNDS.	H	Ref To Com On Appropriations	05-12-05	
$ H1736	Pierce	MAXTON YOUTH PROGRAMS FUNDS.	H	Ref To Com On Appropriations	05-12-05	
$ H1737	Pierce	FAIRMONT FARMERS FESTIVAL FUNDS.	H	Ref To Com On Appropriations	05-12-05	
$ H1738	Pierce	AFRICAN AMERICAN CULTURAL CENTER FUNDS.	H	Ref To Com On Appropriations	05-12-05	
$ H1739	Pierce	AFRICAN AMERICAN HERITAGE COMMITTEE FUNDS.	H	Ref To Com On Appropriations	05-12-05	
$ H1740	Pierce	ROWLAND RESCUE SQUAD FUNDS.	H	Ref To Com On Appropriations	05-12-05	
$ H1741	Pierce	LUMBEE RIVER YOUTH PROJECT FUNDS.	H	Ref To Com On Appropriations	05-12-05	
$ H1742	Pierce	ROWLAND AREA COMMUNITY DEV. CORP. FUNDS.	H	Ref To Com On Appropriations	05-12-05	
$ H1743	Pierce	SCOTLAND COUNTY/ WAGRAM VFD FUNDS.	H	Ref To Com On Appropriations	05-12-05	
$ H1744	Pierce	HORIZON POINT CHILD ADVOCACY CTR. FUNDS.	H	Ref To Com On Appropriations	05-12-05	
$ H1745	Glazier	SOUND BASIC EDUCATION ACT OF 2005.	H	Ref To Com On Appropriations	05-12-05	
$ H1748	Pierce	HOKE COUNTY YOUTH & FAMILY SERVICES FUNDS.	H	Ref To Com On Appropriations	05-12-05	
$ H1749	Faison	CEDAR GROVE ASSOCIATION FUNDS.	H	Ref To Com On Appropriations	05-12-05	
$ H1750	Faison	CASWELL WATER EXTENSION FUNDS.	H	Ref To Com On Appropriations	05-12-05	
$ H1751	Faison	CASWELL AGRICULTURAL PROCESS CENTER FUNDS.	H	Ref To Com On Appropriations	05-12-05	
$ H1753	Harrell	SALARY INCREASE FOR SCHOOL EMPLOYEES.	H	Ref To Com On Appropriations	05-12-05	
$ H1754=	Harrell	COLLEGE OF EDUCATION AT ASU/FUNDS.	H	Ref To Com On Appropriations	05-12-05	
$ H1755=	Harrell	EQUITY FUNDING FOR ASU.	H	Ref To Com On Appropriations	05-12-05	
$ H1756	Harrell	SALARY INCREASE FOR STATE EMPLOYEES.	H	Ref To Com On Appropriations	05-12-05	
$ H1757	McComas	FUND SHELLFISH LABORATORY.	H	Ref To Com On Appropriations	05-12-05	
$ H1760	Cunningham	ANITA STROUD FOUNDATION FUNDS.	H	Ref To Com On Appropriations	05-12-05	

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Bill	Introducer	Short Title		Latest Action	In Date	Out Date
$ H1762	**Justice**	**RESOURCE CONSERVATION & DEV. COUNCILS FUNDS.**	**H**	**Ref To Com On Appropriations**	**05-12-05**	
$ H1763	**Jeffus**	**SALARY INCREASE FOR SCHOOL EMPLOYEES.**	**H**	**Ref To Com On Appropriations**	**05-12-05**	
$ H1770	**Luebke**	**RETAIN EXCELLENT TEACHERS IN LEANDRO COUNTIES.**	**H**	**Ref To Com On Appropriations**	**05-12-05**	
$ H1771	**Culpepper**	**MACHAPUNGO PARK FUNDS.**	**H**	**Ref To Com On Appropriations**	**05-12-05**	
$ H1772	**Culpepper**	**ESTABLISH SANDHILLS AG. CTR/FUNDS.**	**H**	**Ref To Com On Appropriations**	**05-12-05**	
$ H1773	**Culpepper**	**OCRACOKE ISLAND EMS FUNDS.**	**H**	**Ref To Com On Appropriations**	**05-12-05**	
$ H1774	**Culpepper**	**HISTORIC BANDON BLDG. RESTORATION FUNDS.**	**H**	**Ref To Com On Appropriations**	**05-12-05**	
H1775	McComas	UNC NONAPPROPRIATED CAPITAL PROJECTS.	*HR	Ch. SL 2005-324	07-07-05	07-19-05
$ H1780	**Wilkins**	**INSTRUCTIONAL TECH. INTEGRATION PILOT FUNDS.**	**H**	**Ref To Com On Appropriations**	**05-12-05**	
$ H1804	**Owens**	**NCDC WINNIE E. WOOD MODEL LEARNING CTR FUNDS.**	**H**	**Ref To Com On Appropriations**	**05-09-06**	
$ H1805=	**Owens**	**NC PADDLE TRAILS ASSOCIATION FUNDS.**	**H**	**Ref To Com On Appropriations**	**05-09-06**	
$ H1810	**Owens**	**ELIZABETH CITY/ PASQUOTANK COUNTY AIRPORT.**	**H**	**Ref To Com On Appropriations**	**05-09-06**	
$ H1812=	**Coleman**	**RAISE STATE EMPLOYEE/ TEACHER PAY 7%.**	**H**	**Ref To Com On Appropriations**	**05-09-06**	
$ H1813=	**Coleman**	**RAISE STATE EMPLOYEE/ TEACHER PAY 7%.**	**H**	**Ref To Com On Appropriations**	**05-09-06**	
$ H1814=	**Coleman**	**RAISE STATE EMPLOYEE/ TEACHER PAY 7%.**	**H**	**Ref To Com On Appropriations**	**05-09-06**	
$ H1815=	**Coleman**	**RAISE STATE EMPLOYEE/ TEACHER PAY 7%.**	**H**	**Ref To Com On Appropriations**	**05-09-06**	
$ H1816	**Howard**	**IREDELL CATTLE EXPO FUNDS.**	**H**	**Ref To Com On Appropriations**	**05-09-06**	
$ H1817	**Howard**	**FORT DOBBS RECONSTRUCTION FUNDS.**	**H**	**Ref To Com On Appropriations**	**05-09-06**	
$ H1821	**Yongue**	**7% RAISE/SCHOOL, COMM. COLL. & STATE EMP'EES.**	**H**	**Ref To Com On Appropriations**	**05-10-06**	
$ H1829	**Goforth**	**BUNCOMBE FORESTRY OFFICE FUNDS.**	**H**	**Ref To Com On Appropriations**	**05-10-06**	
$ H1831	**Weiss**	**DISTRICT 10 JUDGE/ADA FUNDS.**	**H**	**Ref To Com On Appropriations**	**05-10-06**	
$ H1833	**Howard**	**IREDELL MUSEUMS FUNDS.**	**H**	**Ref To Com On Appropriations**	**05-10-06**	
H1837	Womble	UPDATE LEGISLATIVE MILEAGE.	H	Ref To Com On Appropriations	05-10-06	
$ H1856=	**Sherrill**	**ASHEVILLE ART MUSEUM FUNDS.**	**H**	**Ref To Com On Appropriations**	**05-10-06**	
$ H1857	**Nye**	**FUNDS FOR TEACCH.**	**H**	**Ref To Com On Appropriations**	**05-10-06**	
$ H1858	**Nye**	**FUNDS FOR RURAL**	**H**	**Ref To Com On**	**05-10-06**	

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		HOSPITAL OPERATIONS/ MAINT.		Appropriations		
$ H1859	**Nye**	**FUNDS/JIM BERNSTEIN RURAL HEALTH CENTER.**	**H**	**Ref To Com On Appropriations**	**05-10-06**	
$ H1861	**Fisher**	**STONELEAF FESTIVAL FUNDS.**	**H**	**Ref To Com On Appropriations**	**05-10-06**	
$ H1862	**McLawhorn**	**ECU AUDITORY LEARNING CENTER FUNDS.**	**H**	**Ref To Com On Appropriations**	**05-11-06**	
$ H1866	**Glazier**	**EDUCATIONAL OUTREACH DIRECTOR POSITION FUNDS.**	**H**	**Ref To Com On Appropriations**	**05-11-06**	
$ H1867	**Glazier**	**CHILDREN'S ADVOCACY CTR. FUNDS.**	**H**	**Ref To Com On Appropriations**	**05-11-06**	
$ H1868	**Haire**	**DOC EMERGENCY FUNDING.**	**HR**	**Ch. SL 2006-2**	**05-10-06**	**05-10-06**
$ H1869	**Preston**	**NEWPORT DEVELOPMENT CENTER FUNDS.**	**H**	**Ref To Com On Appropriations**	**05-11-06**	
H1871	Goforth	SEX OFFENDER/OUT OF STATE REGISTRY/DMV CHECK.	*H	Ref To Com On Judiciary I	06-07-06	07-06-06
$ H1873	**Glazier**	**FAYETTEVILLE WOMEN'S CTR. FUNDS.**	**H**	**Ref To Com On Appropriations**	**05-11-06**	
$ H1874	**Glazier**	**TEXFI CLEANUP FUNDS.**	**H**	**Ref To Com On Appropriations**	**05-11-06**	
$ H1875	**Tolson**	**EAST CAROLINA LIVESTOCK ARENA FUNDS.**	**H**	**Ref To Com On Appropriations**	**05-11-06**	
$ H1876	**Tolson**	**HEALTH EDUCATION COMPLEX/EDGECOMBE COMM. COLL.**	**H**	**Ref To Com On Appropriations**	**05-11-06**	
$ H1878	**McLawhorn**	**FUNDS/INCREASE AID TO PUBLIC LIBRARIES FUND.**	**H**	**Ref To Com On Appropriations**	**05-11-06**	
$ H1879	**Glazier**	**NORTH CAROLINA SCIENCE OLYMPIAD FUNDS.**	**H**	**Ref To Com On Appropriations**	**05-11-06**	
$ H1883	**Adams**	**LEADERSHIP CONNECTION FUNDS.**	**H**	**Ref To Com On Appropriations**	**05-11-06**	
$ H1884	**Adams**	**"WISE GUYS" PROGRAM FUNDING.**	**H**	**Ref To Com On Appropriations**	**05-11-06**	
$ H1885	**Adams**	**PIEDMONT SICKLE CELL FUNDS.**	**H**	**Ref To Com On Appropriations**	**05-11-06**	
$ H1886	**Adams**	**GUILFORD NAA CULTURAL FUNDS.**	**H**	**Ref To Com On Appropriations**	**05-11-06**	
$ H1887	**Adams**	**MALACHI HOUSE FUNDS.**	**H**	**Ref To Com On Appropriations**	**05-11-06**	
$ H1888	**Adams**	**FAITH MATTERS PROGRAM FUNDING.**	**H**	**Ref To Com On Appropriations**	**05-11-06**	
H1889=	Howard	INCREASE FIRE AND RESCUE PENSIONS.	H	Re-ref Com On Appropriations	06-08-06	
$ H1895=	**Insko**	**ESTABLISH HIGH-RISK POOL.**	***H**	**Ref to Health Care. If fav, re-ref to Appropriations/ Base Budget**	**06-12-06**	**06-14-06**
$ H1899	**Bordsen**	**MINE & QUARRY BUREAU FUNDS.**	**H**	**Ref To Com On Appropriations**	**05-11-06**	
H1902	Ray	GPS MONITORING OF SOME SEX OFFENDERS/	*H	Re-ref Com On Appropriations	06-07-06	

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Bill	Introducer	Short Title		Latest Action	In Date	Out Date
		FUNDS.				
[redacted]1903	Ray	INCREASE PROTECTION FROM SEX OFFENDERS/ FUNDS.	H	Re-ref Com On Appropriations	05-31-06	
$ H1905	Glazier	CUMBERLAND MAGISTRATE FUNDS.	H	Ref To Com On Appropriations	05-11-06	
$ H1909	Glazier	NEW FOREIGN LANG. IN SCHOOLS/PILOT PROGRAM.	H	Ref To Com On Appropriations	05-15-06	
H1910=	Glazier	RETIREES RETURNING TO WORK.	*H	Re-ref Com On Appropriations	06-22-06	
$ H1911	Ross	WAKE COUNTY FAMILY COURT FUNDS.	H	Ref To Com On Appropriations	05-15-06	
$ H1912	Wray	DOMESTIC VIOLENCE OFFENDER PROGRAM FUNDS.	H	Ref To Com On Appropriations	05-15-06	
$ H1916	Rapp	FUNDS FOR LAKE JUNALUSKA CENTER.	H	Ref To Com On Appropriations	05-15-06	
$ H1917	Jeffus	INTERNATIONAL HOME FURNISHINGS MARKET FUNDS.	H	Ref To Com On Appropriations	05-15-06	
$ H1918	Jeffus	MUSIC ACADEMY FUNDS.	H	Ref To Com On Appropriations	05-15-06	
$ H1919=	Jeffus	KIDS VOTING FUNDS.	H	Ref To Com On Appropriations	05-15-06	
$ H1920	Sherrill	PACK SQUARE PARK FUNDS.	H	Ref To Com On Appropriations	05-15-06	
$ H1926	Yongue	SCI/MATH TEACHER PREP. PROGRAMS.	H	Re-ref Com On Appropriations	05-23-06	
[redacted]1927	Yongue	FIRE PROTECTION FUNDS FOR UNC PEMBROKE.	H	Ref To Com On Appropriations	05-15-06	
$ H1928=	Yongue	TUIT. & CONTRACT. GRANTS FOR TEACHING/ NURSING.	H	Re-ref Com On Appropriations	05-23-06	
$ H1929=	Yongue	AMEND FUTURE TEACHERS' SCHOLARSHIP LOAN.	H	Re-ref Com On Appropriations	05-23-06	
$ H1930=	Haire	LEGAL EDUCATION ASSISTANCE (NC LEAF) FUNDS.	H	Ref To Com On Appropriations	05-15-06	
$ H1932	Sherrill	WOMEN AT RISK FUNDS.	H	Ref To Com On Appropriations	05-15-06	
$ H1933	Sherrill	INCREASE CHILD CARE MARKET RATES.	H	Ref To Com On Appropriations	05-15-06	
$ H1935	Ed Jones	SYLVAN-HEIGHTS WATERFOWL PARK FUNDS.	H	Ref To Com On Appropriations	05-15-06	
$ H1936	Ed Jones	HALIFAX-NORTHAMPTON AIRPORT FUNDS.	H	Ref To Com On Appropriations	05-15-06	
$ H1937=	Ed Jones	DISTRICT 6A DISTRICT COURT JUDGE FUNDS.	H	Ref To Com On Appropriations	05-15-06	
$ H1939	Wainwright	TRYON PALACE/HISTORY EDUCATION CTR FUNDS.	H	Ref To Com On Appropriations	05-15-06	
$ H1940	Wainwright	CRAVEN REGIONAL AIRPORT FUNDS.	H	Ref To Com On Appropriations	05-15-06	
$ H1942	Cleveland	VERIFY PUBLIC EMPLOYEE LEGAL STATUS/ FUNDS.	*H	Ref To Com On State and Local Government	06-20-06	07-06-06

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$ H1944	Weiss	FUNDS FOR EARLY INTERVENTION.	H	Ref To Com On Appropriations	05-15-06	
$ H1945	Weiss	FUNDS FOR WAKE COUNTY PSYCH. HOSPITAL.	H	Ref To Com On Appropriations	05-15-06	
$ H1946=	Adams	INTERNATIONAL CIVIL RIGHTS MUSEUM FUNDS.	H	Ref To Com On Appropriations	05-15-06	
$ H1947	Adams	PMI/CHARLOTTE HAWKINS BROWN MUSEUM/FUNDS.	H	Ref To Com On Appropriations	05-15-06	
$ H1948	Jeffus	GUILFORD TECH CLASSROOM CONSTRUCTION FUNDS.	H	Ref To Com On Appropriations	05-15-06	
$ H1950=	Goodwin	FUNDS FOR DRAG STRIP RACING TRACK.	H	Ref To Com On Appropriations	05-15-06	
$ H1953	Womble	FUNDS FOR THE CENTER FOR DESIGN INNOVATION.	H	Ref To Com On Appropriations	05-15-06	
$ H1954	L. Allen	SPICE FUNDS.	H	Ref To Com On Appropriations	05-15-06	
$ H1955	Yongue	LOW-WEALTH SCHOOL SUPPLEMENTAL FUNDING.	H	Ref To Com On Appropriations	05-15-06	
$ H1957	Tolson	FUNDS FOR COMMUNITY IN SCHOOLS PROGRAM.	H	Ref To Com On Appropriations	05-15-06	
$ H1958	Tolson	FEDERAL BLOCK GRANT FUNDS FOR WORK CENTRAL.	H	Ref To Com On Appropriations	05-15-06	
$ H1959	Tolson	WILSON COUNTY BIOSCIENCE FUNDS.	H	Ref To Com On Appropriations	05-15-06	
$ H1960	Tolson	INCREASE COMMUNITY COLLEGE FACULTY SALARIES.	H	Ref To Com On Appropriations	05-15-06	
$ H1964	Goforth	EMERGENCY VEHICLE DRIVING FACILITY.	H	Ref To Com On Appropriations	05-15-06	
$ H1966	Glazier	EXTRA FUNDS FOR CHILDREN WITH DISABILITIES.	H	Ref To Com On Appropriations	05-15-06	
$ H1967	Wright	MARINE TECH. RESEARCH VESSEL FUNDS.	H	Ref To Com On Appropriations	05-15-06	
$ H1968	Nye	CAP MEDICAID COUNTY SHARE.	*H	Re-ref Com On Appropriations	05-16-06	
$ H1969	Hilton	HICKORY CTR. FOR ENGINEERING TECH./ FUNDS.	H	Ref To Com On Appropriations	05-15-06	
$ H1970	Williams	BATH COMMUNITY LIBRARY FUNDS.	H	Ref To Com On Appropriations	05-16-06	
$ H1971	Williams	TURNAGE THEATERS FOUNDATION FUNDS.	H	Ref To Com On Appropriations	05-16-06	
$ H1972	Williams	WILKINSON COMMUNITY CENTER FUNDS.	H	Ref To Com On Appropriations	05-16-06	
$ H1973=	Tolson	FUNDS FOR GREEN BLDG/ WILSON TECH. COMM. COLL.	H	Ref To Com On Appropriations	05-16-06	
$ H1975	Tolson	COMM. COLL. SYSTEM OFFICE STAFF SALARY FUNDS.	H	Ref To Com On Appropriations	05-16-06	
$ H1979	Tolson	SALARY SCHEDULE FOR COMM. COLL. PRESIDENTS.	H	Ref To Com On Appropriations	05-16-06	

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Bill	Introducer	Short Title		Latest Action	In Date	Out Date
$ H1980=	**Tolson**	**E-NC INTERNET CONNECTIVITY/JOBS FUNDING.**	***H**	**Re-ref Com On Appropriations**	**06-12-06**	
$ H1981	**Tolson**	**TEACHERS' IT FUNDING INITIATIVE.**	**H**	**Ref To Com On Appropriations**	**05-16-06**	
H1983	Wainwright	DISTRICT 3B ADA/VWA FUNDS.	H	Ref To Com On Appropriations	05-16-06	
$ H1984	**Glazier**	**FUNDS FOR ARTS/DANCE PROG. IN CUMBERLAND CO.**	**H**	**Ref To Com On Appropriations**	**05-16-06**	
$ H1985	**Glazier**	**BETTER HEALTH OF CUMBERLAND CO. FUNDS.**	**H**	**Ref To Com On Appropriations**	**05-16-06**	
$ H1986=	**Holliman**	**DISTRICT 22 ADA FUNDS.**	**H**	**Ref To Com On Appropriations**	**05-16-06**	
$ H1988	**Wilkins**	**ROXBORO RETAIL RECRUITMENT PROGRAM FUNDS.**	**H**	**Ref To Com On Appropriations**	**05-16-06**	
H1991=	Yongue	TAX ON LOTTERY WINNINGS/COMM. COLL. EQUIP.	H	Re-ref Com On Appropriations	07-06-06	
$ H1994	**Cole**	**ROCKINGHAM EQUESTRIAN CENTER FUNDS.**	**H**	**Ref To Com On Appropriations**	**05-16-06**	
$ H1995	**Sutton**	**RED SPRINGS HISTORICAL MUSEUM FUNDS.**	**H**	**Ref To Com On Appropriations**	**05-16-06**	
$ H1996	**Sutton**	**RED SPRINGS & NORTHERN RAILROAD FUNDS.**	**H**	**Ref To Com On Appropriations**	**05-16-06**	
$ H1997	**Sutton**	**HISTORIC ROBESON FUNDS.**	**H**	**Ref To Com On Appropriations**	**05-16-06**	
$ H1998	**Sutton**	**ROBESON COMMUNITY COLLEGE CAPITAL FUNDS.**	**H**	**Ref To Com On Appropriations**	**05-16-06**	
$ H2002	**Wray**	**ADVANCED VEHICLE RESEARCH FUNDS.**	**H**	**Ref To Com On Appropriations**	**05-16-06**	
$ H2003	**Carney**	**NURSING FACULTY FELLOWS PROGRAM/FUNDS.**	***H**	**Re-ref Com On Appropriations**	**05-24-06**	
$ H2004=	**Fisher**	**SEARCH AND RESCUE AIR OPERATIONS FUNDS.**	**H**	**Ref To Com On Appropriations**	**05-16-06**	
$ H2006	**Goodwin**	**ELLERBE WATER FUNDS.**	**H**	**Ref To Com On Appropriations**	**05-16-06**	
$ H2007	**Goodwin**	**MONTGOMERY COMM. COLL. BUILDING FUNDS.**	**H**	**Ref To Com On Appropriations**	**05-16-06**	
$ H2009=	**Haire**	**DISTRICT 30 JUDGE/ADA FUNDS.**	**H**	**Ref To Com On Appropriations**	**05-16-06**	
$ H2010	**Nye**	**AUTISM RECOMMENDATIONS.**	**H**	**Re-ref Com On Appropriations**	**05-23-06**	
$ H2013	**Church**	**WESTERN PIEDMONT COMM. COLL. BLDG. FUNDS.**	**H**	**Ref To Com On Appropriations**	**05-17-06**	
$ H2014	**Glazier**	**DISTRICT 12 ADAS/ CLERKS.**	**H**	**Ref To Com On Appropriations**	**05-17-06**	
$ H2016	**Williams**	**NCSU VETERINARY HOSPITAL FUNDS.**	**H**	**Ref To Com On Appropriations**	**05-17-06**	
$ H2019	**Setzer**	**DISTRICT 25 ADA FUNDS.**	**H**	**Ref To Com On Appropriations**	**05-17-06**	
$ H2020=	**L. Allen**	**LEG. TUITION GRANT**	**H**	**Ref To Com On**	**05-17-06**	

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Bill	Introducer	Short Title		Latest Action	In Date	Out Date
		INCREASED.		Appropriations		
[redacted]2022	**L. Allen**	**INTERNATIONAL AFFAIRS COUNCIL FUNDS.**	**H**	**Ref To Com On Appropriations**	**05-17-06**	
$ H2023	**Sutton**	**INDIAN HEALTH INITIATIVE FUNDS.**	**H**	**Ref To Com On Appropriations**	**05-17-06**	
$ H2024	**Sutton**	**INDIAN CULTURAL CENTER FUNDS.**	**H**	**Ref To Com On Appropriations**	**05-17-06**	
$ H2025	**Sutton**	**INDIAN ECONOMIC DEVELOPMENT INITIATIVE FUNDS.**	**H**	**Ref To Com On Appropriations**	**05-17-06**	
$ H2028=	**Farmer-Butterfie**	**WHIRLIGIG COMPLEX FUNDS.**	**H**	**Ref To Com On Appropriations**	**05-17-06**	
$ H2029	**Sutton**	**"STRIKE AT THE WIND" FUNDS.**	**H**	**Ref To Com On Appropriations**	**05-17-06**	
$ H2030	**Sutton**	**BORDERBELT AIDS RESOURCES TEAM FUNDS.**	**H**	**Ref To Com On Appropriations**	**05-17-06**	
$ H2031	**Sutton**	**INDIAN TRIBAL LEADERS SUMMIT FUNDS.**	**H**	**Ref To Com On Appropriations**	**05-17-06**	
$ H2036	**Stiller**	**OAH POSITION FUNDS.**	**H**	**Ref To Com On Appropriations**	**05-17-06**	
H2037	Stiller	MEDICAID REIMBURSE. FOR OCULAR PROSTHETISTS.	*HR	Ch. SL 2006-198	05-24-06	07-10-06
$ H2039	**Dickson**	**NCMBC FUNDS.**	**H**	**Ref To Com On Appropriations**	**05-17-06**	
$ H2042	**Wright**	**FUNDS FOR STATEWIDE TRAUMA SYSTEM.**	**H**	**Ref To Com On Appropriations**	**05-17-06**	
$ H2044=	**Nye**	**FUNDS FOR ADULT CARE HOME RATE INCR.**	**H**	**Ref To Com On Appropriations**	**05-18-06**	
$ [redacted]2045	**Nye**	**FUNDS FOR LME TRAINING.**	**H**	**Ref To Com On Appropriations**	**05-18-06**	
$ H2046	**Justus**	**LARRY T. JUSTUS WEST. JUSTICE ACADEMY FUNDS.**	**H**	**Ref To Com On Appropriations**	**05-18-06**	
$ H2050=	**Earle**	**HEALTH CARE PERSONNEL REGISTRY EXPANSION.**	**H**	**Re-ref Com On Appropriations**	**06-07-06**	
$ H2051=	**Earle**	**FUNDS FOR NC HOUSING TRUST FUND.**	**H**	**Ref To Com On Appropriations**	**05-18-06**	
H2055=	Earle	CAP/DA REVIEW AND REPORT.	H	Ref To Com On Appropriations	05-18-06	
$ H2056	**Earle**	**ADD'L FUNDS FOR HOME & COMM. CARE BLOCK GRANT.**	**H**	**Ref To Com On Appropriations**	**05-18-06**	
$ H2057	**Earle**	**LTC OMBUDSMAN POSITION FUNDS.**	**H**	**Ref To Com On Appropriations**	**05-18-06**	
$ H2058	**Earle**	**ADULT DAY CARE RATE INCREASE.**	**H**	**Ref To Com On Appropriations**	**05-18-06**	
H2061	B. Allen	LEGISLATIVE RETIREE REPAYMENT AND TRANSFER.	H	Re-ref Com On Appropriations	06-22-06	
$ H2062	**Weiss**	**FUNDS TO PREVENT CHILD MALTREATMENT.**	**H**	**Ref To Com On Appropriations**	**05-18-06**	
$ H2063	**Insko**	**FUNDS FOR COMMUNITY HEALTH CENTERS.**	**H**	**Ref To Com On Appropriations**	**05-18-06**	
$ H2064	**McGee**	**REPAY RETIREMENT SYSTEMS.**	**H**	**Ref To Com On Appropriations**	**05-18-06**	
$ H2065	**Wright**	**FUND HEALTH**	**H**	**Ref To Com On**	**05-18-06**	

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2005-2006 Biennium

Bill	Introducer	Short Title		Latest Action	In Date	Out Date
		DISPARITIES INITIATIVES.		Appropriations		
H2067	Johnson	REDUCE CDL LICENSE FEE FOR SCHOOL BUS DRIVERS.	*H	Re-ref Com On Finance	06-08-06	07-11-06
$ H2069	**Bordsen**	**DIST. 15A MAGISTRATE/ JUDICIAL ASSIST. FUNDS.**	**H**	**Ref To Com On Appropriations**	**05-18-06**	
$ H2071	**Harrison**	**LAND LOSS PROTECTION PROJECT FUNDS.**	**H**	**Ref To Com On Appropriations**	**05-18-06**	
$ H2078	**Insko**	**INCREASE STATE FUNDING FOR MH/DD/SA SERVICES.**	**H**	**Ref To Com On Appropriations**	**05-18-06**	
$ H2079	**Insko**	**MH/DD/SA COMMUNITY CAPACITY/FINANCING REFORM.**	**H**	**Ref To Com On Appropriations**	**05-18-06**	
$ H2082	**Insko**	**INCREASE MH/DD/SA CRISIS SERVICES.**	***H**	**Re-ref Com On Appropriations**	**06-05-06**	
H2083	Insko	CONSUMER AND FAMILY ADVISORY COMMITTEES.	*H	Re-ref Com On Appropriations Subcommittee on Health and Human Services	06-05-06	06-21-06
$ H2084	**Clary**	**GASTON BIODIESEL FUNDS.**	**H**	**Ref To Com On Appropriations**	**05-18-06**	
$ H2085=	**Clary**	**GASTON HIGH SCHOOL COMPUTER FUNDS.**	**H**	**Ref To Com On Appropriations**	**05-18-06**	
$ H2086=	**Clary**	**GASTON LITERARY COUNCIL FUNDS.**	**H**	**Ref To Com On Appropriations**	**05-18-06**	
$ H2087=	**Clary**	**GASTON MUSEUMS FUNDS.**	**H**	**Ref To Com On Appropriations**	**05-18-06**	
$ H2088=	**Clary**	**GASTON COLLEGE CAPITAL FUNDS.**	**H**	**Ref To Com On Appropriations**	**05-18-06**	
$ H2089=	**McLawhorn**	**RECOMMENDATIONS/JOINT COMMITTEE ON DV/FUNDS.**	**H**	**Ref To Com On Appropriations**	**05-18-06**	
$ H2090	**McLawhorn**	**RESOURCE CONSERVATION & DEV. COUNCILS FUNDS.**	**H**	**Ref To Com On Appropriations**	**05-18-06**	
$ H2092=	**Cleveland**	**VIETNAM VETERAN MEMORIAL FUNDS.**	**H**	**Ref To Com On Appropriations**	**05-18-06**	
$ H2096	**Goforth**	**DISTRICT 28 ADA FUNDS.**	**H**	**Ref To Com On Appropriations**	**05-18-06**	
$ H2100	**Parmon**	**FORSYTH COUNTY FAMILY COURT FUNDS.**	**H**	**Ref To Com On Appropriations**	**05-18-06**	
$ H2101	**Earle**	**CENTRAL PIEDMONT COMM. COLL. HEALTH BLDG.**	**H**	**Ref To Com On Appropriations**	**05-18-06**	
$ H2104	**Frye**	**DISTRICT 24 ADA/VWA FUNDS.**	**H**	**Ref To Com On Appropriations**	**05-18-06**	
$ H2105	**Frye**	**MITCHELL DEPUTY CLERK FUNDS.**	**H**	**Ref To Com On Appropriations**	**05-18-06**	
$ H2106	**Sutton**	**INDIAN RESOURCE DIRECTORY FUNDS.**	**H**	**Ref To Com On Appropriations**	**05-18-06**	
$ H2107	**Howard**	**DAVIE CAMPUS OF DCCC FUNDS.**	**H**	**Ref To Com On Appropriations**	**05-18-06**	
$ H2108	**Williams**	**PITT & BEAUFORT COUNTY CC CAPITAL**	**H**	**Ref To Com On Appropriations**	**05-18-06**	

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Bill	Introducer	Short Title		Latest Action	In Date	Out Date
		FUNDS.				
[redacted]2109	Goforth	NC HOUSING TRUST FUNDS.	H	Ref To Com On Appropriations	05-18-06	
$ H2111	Church	FUND LEGAL SERVICES IN FORECLOSURE CASES.	H	Ref To Com On Appropriations	05-18-06	
$ H2112	Church	DOJ POSITION FUNDS.	H	Ref To Com On Appropriations	05-18-06	
H2113	Holliman	INCREASE MAXIMUM NATIONAL GUARD PENSION.	H	Re-ref Com On Appropriations	06-08-06	
$ H2116	Hill	NC MUSEUM OF FORESTRY FUNDS.	H	Ref To Com On Appropriations	05-18-06	
$ H2117	Hill	COLUMBUS ARTS COUNCIL FUNDS.	H	Ref To Com On Appropriations	05-18-06	
$ H2118	Hill	CHADBOURN DEPOT FUNDS.	H	Ref To Com On Appropriations	05-18-06	
$ H2119	Hill	BRUNSWICK FAMILY RESOURCE CENTER FUNDS.	H	Ref To Com On Appropriations	05-18-06	
$ H2121=	Hill	AGRICULTURAL EDUCATION FUNDS.	H	Ref To Com On Appropriations	05-18-06	
$ H2122=	Hill	NCSU AGRICULTURAL LEADERSHIP FUNDS.	H	Ref To Com On Appropriations	05-18-06	
$ H2123	Underhill	CRAVEN-CHERRY POINT CHILD CENTER FUNDS.	H	Ref To Com On Appropriations	05-18-06	
$ H2128	Justice	EXPAND LEA ISLAND STATE NATURAL AREA FUNDS.	H	Ref To Com On Appropriations	05-18-06	
$ H2130	Justice	TOPSAIL BEACH/BEACH RENOURISHMENT FUNDS.	H	Ref To Com On Appropriations	05-18-06	
[redacted]2131	Brown	WALLBURG COMMUNITY CENTER FUNDING.	H	Ref To Com On Appropriations	05-18-06	
$ H2132	McLawhorn	GREENVILLE THEATER RESTORATION FUNDS.	H	Ref To Com On Appropriations	05-18-06	
$ H2133	Spear	VISITOR'S CENTER IN WASHINGTON COUNTY.	H	Ref To Com On Appropriations	05-18-06	
$ H2134	Holliman	CONFERENCE OF INSURANCE LEGISLATORS FUNDS.	H	Ref To Com On Appropriations	05-18-06	
$ H2139=	Wright	FUNDS FOR SCHOOL OF NURSING AT UNC-W.	H	Ref To Com On Appropriations	05-18-06	
$ H2140	Wright	FUNDS/NEW HANOVER LIBRARY FOUNDATION.	H	Ref To Com On Appropriations	05-18-06	
$ H2141=	Wright	FUNDS FOR UNC-W SCIENCE LAB.	H	Ref To Com On Appropriations	05-18-06	
$ H2142	Goodwin	HOFFMAN SEWER FEASIBILITY STUDY FUNDS.	H	Ref To Com On Appropriations	05-18-06	
$ H2144	Moore	FUNDS TO COMPLETE SHELBY LOOP.	H	Ref To Com On Appropriations	05-18-06	
$ H2145	Moore	SECRET COMPARTMENTS IN MOTOR VEHICLES.	*H	Re-ref Com On Judiciary II	06-08-06	06-15-06
$ H2150	Nye	FUNDS FOR NC INSTITUTE OF MEDICINE.	H	Ref To Com On Appropriations	05-18-06	
$ H2153	Howard	DAVIE CO. HANDICAPPED WORKSHOP FUNDS.	H	Ref To Com On Appropriations	05-18-06	
[redacted]H2154	Gibson	MOUNTAINS TO SEA	H	Ref To Com On	05-18-06	

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Bill	Introducer	Short Title		Latest Action	In Date	Out Date
		STATE PARK TRAIL FUNDS.		Appropriations		
$ H2155	Gibson	ROTARY PLANETARIUM & SCIENCE CENTER FUNDS.	H	Ref To Com On Appropriations	05-18-06	
$ H2159=	Gibson	ONE NC SMALL BUSINESS PROGRAM/FUNDS.	H	Ref To Com On Appropriations	05-18-06	
$ H2170	Harrell	BILL LEE CHANGES.	*H	Pres. To Gov. 7/ 27/2006	06-20-06	07-06-06
$ H2171	Harrell	NORTH CAROLINA BIG SWEEP FUNDS.	H	Ref To Com On Appropriations	05-18-06	
$ H2176	Glazier	EASTOVER CIVIC FUNDS.	H	Ref To Com On Appropriations	05-18-06	
$ H2177	Glazier	CUMBERLAND SHERIFF DEPARTMENT FUNDS.	H	Ref To Com On Appropriations	05-18-06	
$ H2178	Glazier	HOPE MILLS PARKS, REC. & ENVIRONMENT FUNDS.	H	Ref To Com On Appropriations	05-18-06	
$ H2179	Glazier	VANDER CIVIC ASSOCIATION FUNDS.	H	Ref To Com On Appropriations	05-18-06	
$ H2180	Glazier	CUMBERLAND COUNTY LIBRARY FUNDS.	H	Ref To Com On Appropriations	05-18-06	
H2181	Crawford	REVISE CAPITAL IMPROVEMENT PLAN.	H	Ref To Com On Finance	06-08-06	07-06-06
$ H2182	Crawford	FUNDS FOR CAPITAL IMPROVEMENT RESERVE ACCOUNT.	H	Ref To Com On Appropriations	05-18-06	
H2183	Crawford	CAPITAL IMPROVEMENTS RESERVE ACCOUNT.	H	Ref To Com On Appropriations/ Base Budget	06-08-06	07-06-06
2190	Weiss	DIX STUDY COMMISSION/ FUNDS FOR APPRAISAL.	H	Ref To Com On Appropriations	05-18-06	
$ H2191	Crawford	HENDERSON-VANCE CLEANUP FUNDS.	H	Ref To Com On Appropriations	05-18-06	
$ H2194=	Cunningham	ENERGY EMERGENCIES PREPAREDNESS.	H	Ref To Com On Appropriations	05-18-06	
$ H2196=	Cunningham	FUNDS FOR PURCHASE OF VACCINES AND ANTIVIRALS.	H	Ref To Com On Appropriations	05-18-06	
$ H2197=	Cunningham	FUNDS FOR STATE LAB. OF PUBLIC HEALTH/OCME.	H	Ref To Com On Appropriations	05-18-06	
$ H2198=	Cunningham	FUND REGIONAL ADVISORY COMMITTEES.	H	Ref To Com On Appropriations	05-18-06	
$ H2199=	Cunningham	FUNDS FOR NC DEPT. OF AGR. AND CONS. SERVICES.	H	Ref To Com On Appropriations	05-18-06	
$ H2201=	Cunningham	STATE EMERGENCY RESPONSE FUND.	H	Ref To Com On Appropriations	05-18-06	
$ H2202=	Cunningham	NEW EMERGENCY OPERATIONS CENTER/ FUNDS.	H	Ref To Com On Appropriations	05-18-06	
$ H2203	Owens	FUNDS FOR TARHEEL CHALLENGE.	H	Ref To Com On Appropriations	05-18-06	
$ H2204	Hilton	DISTRICT 25 ADA FUNDS.	H	Ref To Com On Appropriations	05-18-06	
$ H2210	Bell	AMMONIA REFRIGERATION PROG/SAMPSON COMM.	H	Ref To Com On Appropriations	05-18-06	

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Bill	Introducer	Short Title		Latest Action	In Date	Out Date
		COLL.				
[redacted]2212	B. Allen	LOTTERY OVERSIGHT COMMITTEE.	*H	Pres. To Gov. 7/ 28/2006	06-28-06	07-06-06
$ H2214	Faison	ORANGE DEPUTY CLERK FUNDS.	H	Ref To Com On Appropriations	05-18-06	
$ H2215	Faison	CASWELL SOCCER COMPLEX FUNDS.	H	Ref To Com On Appropriations	05-18-06	
$ H2216	Allred	DISTRICT 15A ADDITIONAL ADAS/FUNDS.	H	Ref To Com On Appropriations	05-18-06	
$ H2217	Weiss	PRAIRIE RIDGE ECOSTATION FUNDS.	H	Ref To Com On Appropriations	05-18-06	
$ H2218	Jeffus	RESTORE FUNDING FOR ASSISTANT PRINCIPALS.	H	Ref To Com On Appropriations	05-18-06	
H2219	Haire	JUDICIAL SYSTEM LONGEVITY PAY.	H	Re-ref Com On Appropriations	07-12-06	
$ H2220	Haire	SOUTHWESTERN CC TECHNOLOGY CTR. FUNDS.	H	Ref To Com On Appropriations	05-18-06	
$ H2222	Alexander	OPERA COMPANY OF NC FUNDS.	H	Ref To Com On Appropriations	05-22-06	
$ H2225	Tucker	FUNDS FOR TRANSPORTATION IMPROVEMENT.	H	Ref To Com On Appropriations	05-22-06	
$ H2226	Tucker	DUPLIN AGRIBUSINESS CTR. FUNDS.	H	Ref To Com On Appropriations	05-22-06	
$ H2227	Tucker	DISTRICT 4 ADA FUNDS.	H	Ref To Com On Appropriations	05-22-06	
$ H2228	Tucker	CHINQUAPIN ASBESTOS FUNDS.	H	Ref To Com On Appropriations	05-22-06	
[redacted]2229	Tucker	WALLACE AND RICHLANDS PUBLIC FUNDS.	H	Ref To Com On Appropriations	05-22-06	
$ H2230	Coleman	PUBLIC SAFETY TRAINING SAFETY CENTER FUNDS.	H	Ref To Com On Appropriations	05-22-06	
$ H2231	Yongue	RESTORE CIVIL PENALTY FUNDS TO THE SCHOOLS.	H	Ref To Com On Appropriations	05-22-06	
$ H2232	Yongue	ADDITIONAL FUNDS FOR SCHOOL TECHNOLOGY.	H	Ref To Com On Appropriations	05-22-06	
$ H2233	Yongue	DISADVANTAGED STUDENT SUPPLEMENTAL FUNDS.	H	Ref To Com On Appropriations	05-22-06	
$ H2234	Yongue	EXPAND TEACHING FELLOWS PROGRAM.	H	Ref To Com On Appropriations	05-22-06	
$ H2235	Yongue	RICHMOND COMM. COLL. SCOTLAND CENTER PROJECT.	H	Ref To Com On Appropriations	05-22-06	
$ H2236	Wainwright	HAVELOCK SENIOR FITNESS FUNDS.	H	Ref To Com On Appropriations	05-22-06	
$ H2237=	Wainwright	LENOIR CC/JONES COUNTY FACILITY FUNDS.	H	Ref To Com On Appropriations	05-22-06	
$ H2238	Wainwright	LENOIR COUNCIL ON AGING FUNDS.	H	Ref To Com On Appropriations	05-22-06	
$ H2240	Glazier	FUNDS FOR FOSTER CARE SERVICES.	H	Ref To Com On Appropriations	05-22-06	
$ H2242	Ed Jones	WELDON-HALIFAX COMM. CTR. FUNDS.	H	Ref To Com On Appropriations	05-22-06	
$ H2243	Ed Jones	DISTRICT 6A ADA FUNDS.	H	Ref To Com On Appropriations	05-22-06	

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$ H2244	Cole	DISTRICT 17A DISTRICT COURT JUDGE FUNDS.	H	Ref To Com On Appropriations	05-22-06	
$ H2246=	Glazier	COMMUNITY-BASED CORRECTIONS FUNDS.	H	Ref To Com On Appropriations	05-22-06	
$ H2247=	Dickson	MILITARY SERVICES SUPPORT ACT.	H	Ref To Com On Appropriations	05-22-06	
$ H2248	Dickson	FUNDS FOR ARTS/DANCE PROG. IN CUMBERLAND CO.	H	Ref To Com On Appropriations	05-22-06	
$ H2249	Dickson	SAFE HAVENS FUNDS.	H	Ref To Com On Appropriations	05-22-06	
$ H2252	Jeffus	CAROLINA THEATRE OF GREENSBORO FUNDS.	H	Ref To Com On Appropriations	05-22-06	
$ H2253	Coates	NORTH CAROLINA TRANSPORTATION MUSEUM FUNDS.	H	Ref To Com On Appropriations	05-22-06	
$ H2254	Farmer-Butterfie	ROCKY MOUNT CHILDREN'S MUSEUM FUNDS.	H	Ref To Com On Appropriations	05-22-06	
$ H2255=	Hill	NCSU FUNDS/ WILLIAMSDALE FARM & AG. PROGRAMS.	H	Ref To Com On Appropriations	05-22-06	
$ H2256	Hill	BRUNSWICK COUNTY EXPOSITION CENTER FUNDS.	H	Ref To Com On Appropriations	05-22-06	
$ H2257	Hollo	CATAWBA VALLEY SALT BLOCK FUNDS.	H	Ref To Com On Appropriations	05-22-06	
$ H2258	Parmon	ADDITIONAL FUNDS FOR DROPOUT PREVENTION.	H	Ref To Com On Appropriations	05-22-06	
$ H2260	Steen	DISTRICT 19C ADA FUNDS.	H	Ref To Com On Appropriations	05-22-06	
$ H2262	Wray	NORTHAMPTON CTY/ COMMERCE FUNDS.	H	Ref To Com On Appropriations	05-22-06	
$ H2263	Wray	NORTHAMPTON CTY/ EDUCATION FUNDS.	H	Ref To Com On Appropriations	05-22-06	
$ H2264	Tucker	ALBERTSON AND ROSE HILL LIBRARY FUNDS.	H	Ref To Com On Appropriations	05-22-06	
$ H2266	Tucker	NC MILITARY RESEARCH CENTER FUNDS.	H	Ref To Com On Appropriations	05-22-06	
$ H2267	Tucker	HISTORIC PICKLE SHED FUNDS.	H	Ref To Com On Appropriations	05-22-06	
$ H2268	Nye	FUNDS/INCREASE MEDICAID PMTS OUTPATIENT.	H	Ref To Com On Appropriations	05-22-06	
$ H2269	Crawford	FUNDS FOR THE COMMISSION ON STATE PROPERTY.	H	Ref To Com On Appropriations	05-22-06	
$ H2270	Haire	JACKSON GREEN ENERGY PARK FUNDS.	H	Ref To Com On Appropriations	05-22-06	
$ H2271	Haire	MARIANNA BLACK LIBRARY FUNDS.	H	Ref To Com On Appropriations	05-22-06	
$ H2272	Justice	SHELLFISH RESEARCH POSITIONS/UNC-W FUNDS.	H	Ref To Com On Appropriations	05-22-06	
$ H2275	Spear	ROANOKE RIVER LIGHTHOUSE FUNDS.	H	Ref To Com On Appropriations	05-22-06	
$ H2276	Glazier	FAYETTEVILLE POLICE	H	Ref To Com On	05-22-06	

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Bill	Introducer	Short Title		Latest Action	In Date	Out Date
		DEPARTMENT FUNDS.		Appropriations		
$ H2277	Glazier	SMART START FUNDS.	H	Ref To Com On Appropriations	05-22-06	
$ H2278	Glazier	METHODIST COLL. ENTREPRENEURSHIP FUNDS.	H	Ref To Com On Appropriations	05-22-06	
$ H2279	Glazier	HOPE MILLS SUNSHINE CENTER FUNDS.	H	Ref To Com On Appropriations	05-22-06	
$ H2280	Womble	STERILIZATION COMPENSATION.	H	Ref To Com On Appropriations	05-22-06	
$ H2281	Justus	MEDIATION NETWORK FUNDS.	H	Ref To Com On Appropriations	05-22-06	
$ H2282	McLawhorn	QUEEN ANNE'S REVENGE FUNDS.	H	Ref To Com On Appropriations	05-22-06	
$ H2283	Dickson	MUSEUM OF THE CAPE FEAR FUNDS.	H	Ref To Com On Appropriations	05-22-06	
$ H2284	Faison	YANCEYVILLE/MAUD GATEWOOD PARK FUNDS.	H	Ref To Com On Appropriations	05-22-06	
$ H2285	Faison	CEDAR GROVE ASSOCIATION FUNDS.	H	Ref To Com On Appropriations	05-22-06	
$ H2286	Faison	CASWELL DEPUTY AND ASSISTANT CLERK FUNDS.	H	Ref To Com On Appropriations	05-22-06	
$ H2287	Faison	CASWELL WATER EXTENSION FUNDS.	H	Ref To Com On Appropriations	05-22-06	
$ H2288	Faison	DEEDS FUNDS.	H	Ref To Com On Appropriations	05-22-06	
$ H2290	Dickson	FAYETTEVILLE INFRASTRUCTURE FUNDS.	H	Ref To Com On Appropriations	05-22-06	
$ H2291	Saunders	FUNDS FOR JOHNSON & WALES.	H	Ref To Com On Appropriations	05-22-06	
$ H2295	McLawhorn	DISTRICT 3A DISTRICT COURT JUDGE FUNDS.	H	Ref To Com On Appropriations	05-22-06	
$ H2296	McLawhorn	FLEMING HOUSE RENOVATION FUNDS.	H	Ref To Com On Appropriations	05-22-06	
$ H2297=	McLawhorn	ECU & UNC-CH DENTAL SCHOOL FUNDS.	H	Ref To Com On Appropriations	05-22-06	
$ H2298	Sutton	EVERGREEN REHAB. CENTER FUNDS.	H	Ref To Com On Appropriations	05-22-06	
$ H2300	Johnson	DISTRICT 19A ADA FUNDS.	H	Ref To Com On Appropriations	05-22-06	
$ H2301	L. Allen	FUNDS FOR "EAT SMART....MOVE MORE" INITIATIVE.	H	Ref To Com On Appropriations	05-22-06	
$ H2302	Wright	CAMERON ART MUSEUM FUNDS.	H	Ref To Com On Appropriations	05-22-06	
$ H2303	Wright	AIRLIE GARDENS WELCOME PAVILION FUNDS.	H	Ref To Com On Appropriations	05-22-06	
$ H2304	Wright	FUNDS/SICKLE CELL.	H	Ref To Com On Appropriations	05-22-06	
$ H2306=	Tolson	FUNDS FOR SPOUSE-TO-TEACHER PROGRAM.	H	Ref To Com On Appropriations	05-22-06	
$ H2307	Tolson	INCREASE STATE CONTRACTUAL SCHOLAR FUND.	H	Ref To Com On Appropriations	05-22-06	
$ H2308	Williams	GREATER VISIONS	H	Ref To Com On	05-22-06	

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Bill	Introducer	Short Title		Latest Action	In Date	Out Date
		FAMILY CTR. FUNDS.		Appropriations		
$ [redacted]309	Weiss	FIRST FLIGHT VENTURE FUNDS.	H	Ref To Com On Appropriations	05-22-06	
$ H2310	Wray	WARREN COUNTY VWA FUNDS.	H	Ref To Com On Appropriations	05-22-06	
$ H2312	Owens	TYRRELL COUNTY JAIL FUNDS.	H	Ref To Com On Appropriations	05-22-06	
$ H2313	Farmer-Butterfie	T.E.A.C.H. FUNDS.	H	Ref To Com On Appropriations	05-22-06	
$ H2314	Farmer-Butterfie	SCIENCE MUSEUMS OF WILSON FUNDS.	H	Ref To Com On Appropriations	05-22-06	
$ H2315=	Weiss	HEALTHY CAROLINIANS FUNDS.	H	Ref To Com On Appropriations	05-22-06	
$ H2316=	Carney	RESTORE DISCRETIONARY CUTS IN SCHOOLS.	H	Ref To Com On Appropriations	05-22-06	
$ H2318	Warren	SENATOR BOB MARTIN EASTERN AG. CTR. FUNDS.	H	Ref To Com On Appropriations	05-23-06	
$ H2319	Insko	INCREASE STATE FIRE PROTECTION GRANT FUNDS.	H	Ref To Com On Appropriations	05-23-06	
$ H2320	Insko	PRESCRIPTION DRUG ASSISTANCE FUNDS.	H	Ref To Com On Appropriations	05-23-06	
$ H2323	Jeffus	AFRICAN AMERICAN ATELIER FUNDS.	H	Ref To Com On Appropriations	05-23-06	
$ H2325	Parmon	DISTRICT 21 ADA FUNDS.	H	Ref To Com On Appropriations	05-23-06	
$ H2327	Glazier	CAPE FEAR RIVER TRAIL FUNDS.	H	Ref To Com On Appropriations	05-23-06	
$ [redacted]2328	Preston	OLD JAIL OF CARTERET COUNTY FUNDS.	H	Ref To Com On Appropriations	05-23-06	
$ H2329	Preston	CORE SOUND WATERFOWL MUSEUM FUNDS.	H	Ref To Com On Appropriations	05-23-06	
$ H2331	Tolson	FUNDS FOR EXPLORNET.	H	Ref To Com On Appropriations	05-23-06	
$ H2333	Yongue	FUNDS FOR HOKE INDUSTRIAL MEGA-SITE.	H	Ref To Com On Appropriations	05-23-06	
$ H2334	Owens	EQUIPMENT FUNDS/ COLLEGE OF THE ALBEMARLE.	H	Ref To Com On Appropriations	05-23-06	
$ H2335	Farmer-Butterfie	COMMUNITY DEVELOPMENT CORPORATIONS/FUNDS.	H	Ref To Com On Appropriations	05-23-06	
$ H2336	Luebke	YOUTH ADVOCACY AND INVOLVEMENT FUNDS.	H	Ref To Com On Appropriations	05-23-06	
$ H2337	L. Allen	COUNCIL OF GOVERNMENT FUNDS.	H	Ref To Com On Appropriations	05-23-06	
$ H2338	Frye	NORTH CAROLINA 4-H FUNDS.	H	Ref To Com On Appropriations	05-23-06	
$ H2340=	Goforth	$ VETERANS AFFAIRS NURSING HOMES.	H	Ref To Com On Appropriations	05-23-06	
$ H2342	Crawford	OXFORD EMPLOYMENT & TRAINING FUNDS.	H	Ref To Com On Appropriations	05-23-06	
$ H2345	Church	WESTERN PIEDMONT COMM. COLL. BLDG. FUNDS.	H	Ref To Com On Appropriations	05-23-06	
$ [redacted]347	Harrell	NC VITICULTURE/	H	Ref To Com On	05-23-06	

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Bill	Introducer	Short Title		Latest Action	In Date	Out Date
		ENOLOGY CENTER FUNDS.		Appropriations		
$ H2348	Harrell	FUNDS FOR MARKETING ASSN. REHAB.	H	Ref To Com On Appropriations	05-23-06	
$ H2349	Brubaker	NURSING PROG. FUNDS/ RANDOLPH COMM. COLL.	H	Ref To Com On Appropriations	05-23-06	
$ H2350	Brubaker	FUNDS FOR RANDOLPH COUNTY.	H	Ref To Com On Appropriations	05-23-06	
$ H2351=	Crawford	CONTINUING APPROPRIATIONS.	*HR	Ch. SL 2006-52	05-23-06	06-29-06
$ H2352=	Nye	2006 GOVERNOR'S BUDGET.	H	Ref To Com On Appropriations	05-23-06	
$ H2353	Goodwin	ALLIANCE FOR LANGUAGE LEARNING FUNDS.	H	Ref To Com On Appropriations	05-23-06	
$ H2354	Goodwin	AUTISM SOCIETY FUNDS.	H	Ref To Com On Appropriations	05-23-06	
$ H2355	Tolson	PILOT PROF. DEVELOPMENT CENTER IN EASTERN NC.	H	Ref To Com On Appropriations	05-23-06	
$ H2356	Tolson	FUNDS FOR REPLICA OF A ROSENWALD SCHOOL.	H	Ref To Com On Appropriations	05-23-06	
$ H2357	Rapp	FUNDS FOR HAYWOOD COMM. COLL.	H	Ref To Com On Appropriations	05-23-06	
$ H2359	Justus	DISTRICT 29B ADA FUNDS.	H	Ref To Com On Appropriations	05-23-06	
$ H2360	Tucker	ROSE HILL WASTEWATER FUNDS.	H	Ref To Com On Appropriations	05-23-06	
$ H2361	Tucker	DUPLIN FOOD BANK WAREHOUSE FUNDS.	H	Ref To Com On Appropriations	05-23-06	
$ H2362	Yongue	FUNDS FOR PROJECT ENLIGHTENMENT IN WAKE CO.	H	Ref To Com On Appropriations	05-23-06	
$ H2363=	Yongue	UNC/TEACHING & K-12 ED. FUNDS.	H	Ref To Com On Appropriations	05-23-06	
$ H2364	Ed Jones	DISTRICT 6A JUDGES/ FUNDS.	H	Ref To Com On Appropriations	05-23-06	
$ H2365	Insko	FUNDS/STEP-UP.	H	Ref To Com On Appropriations	05-23-06	
$ H2366	Nye	SOUTHEASTERN REGIONAL ECON. DEV. COMM./ FUNDS.	H	Ref To Com On Appropriations	05-23-06	
$ H2367	Nye	SOUTHEASTERN ECONOMIC DEV. COMM. FUNDS.	H	Ref To Com On Appropriations	05-23-06	
$ H2368	Nye	SOUTHEASTERN ECONOMIC DEV. COMM. FUNDS.	H	Ref To Com On Appropriations	05-23-06	
$ H2369	Nye	$ PH RECRUITMENT.	H	Ref To Com On Appropriations	05-23-06	
$ H2370	Nye	FUNDS FOR MEDICAID PRESC. MANAGEMENT.	H	Ref To Com On Appropriations	05-23-06	
$ H2371	Nye	ADULT CARE HOME PCS HOURS.	H	Ref To Com On Appropriations	05-23-06	
$ H2372	Nye	FUNDS FOR DMA STAFF OPERATIONS.	H	Ref To Com On Appropriations	05-23-06	
$ H2373	Nye	FUNDS/MINORITY PHARMACY RECRUITMENT.	H	Ref To Com On Appropriations	05-23-06	
$ H2374	Nye	FUNDS/INFLATIONARY INCREASES ALL	H	Ref To Com On Appropriations	05-23-06	

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Bill	Introducer	Short Title		Latest Action	In Date	Out Date
		PROVIDERS.				
$ H2375	Nye	FUNDS FOR HEALTH PLANNING.	H	Ref To Com On Appropriations	05-23-06	
$ H2376	Miller	FUNDS FOR TROSA.	H	Ref To Com On Appropriations	05-23-06	
$ H2377	Brown	WSSU GRANDPARENTING PROGRAM.	H	Ref To Com On Appropriations	05-23-06	
$ H2378	Faison	CASWELL 21ST CENTURY DEVELOPMENT FUNDS.	H	Ref To Com On Appropriations	05-23-06	
$ H2379	Faison	OCIM FUNDS.	H	Ref To Com On Appropriations	05-23-06	
$ H2380	Faison	HILLSBOROUGH EXCHANGE CLUB CTR FUNDS.	H	Ref To Com On Appropriations	05-23-06	
$ H2382	Faison	DISTRICT 9A ADA.	H	Ref To Com On Appropriations	05-23-06	
$ H2383	Nye	NCSU CENTER FOR UNIVERSAL DESIGN FUNDS.	H	Ref To Com On Appropriations	05-23-06	
$ H2386	Harrison	PUBLIC HEALTH INTEGRATED AUTOMATION FUNDS.	H	Ref To Com On Appropriations	05-23-06	
$ H2387	Harrell	ASU FIRE PROTECTION FUNDS.	H	Ref To Com On Appropriations	05-23-06	
$ H2388	Harrell	ALLEGHANY TROUT STREAM FUNDS.	H	Ref To Com On Appropriations	05-23-06	
$ H2389	Harrison	FUNDS FOR ADAP.	H	Ref To Com On Appropriations	05-23-06	
$ H2390	Crawford	STOVALL WATER FUNDS.	H	Ref To Com On Appropriations	05-24-06	
$ H2391	Crawford	KERR-TAR EDC FUNDS.	H	Ref To Com On Appropriations	05-24-06	
$ H2392	Crawford	OXFORD COMMUNITY PROJECT FUNDS.	H	Ref To Com On Appropriations	05-24-06	
$ H2393	Jeffus	FUNDS FOR A+ SCHOOLS.	H	Ref To Com On Appropriations	05-24-06	
$ H2395	Warren	ALBERMARLE RIVERS HABITAT STUDY FUNDS.	H	Ref To Com On Appropriations	05-24-06	
$ H2396	Warren	PESTICIDE DISPOSAL PROGRAM FUNDS.	H	Ref To Com On Appropriations	05-24-06	
$ H2398	Warren	DISTRICT 2 ADA/VWA FUNDS.	H	Ref To Com On Appropriations	05-24-06	
$ H2399	Owens	UNC HERBARIUM FUNDS.	H	Ref To Com On Appropriations	05-24-06	
$ H2400	Coleman	FUNDS FOR BERT INITIATIVE.	H	Ref To Com On Appropriations	05-24-06	
$ H2401	Womble	REENTRY FUNDS.	H	Ref To Com On Appropriations	05-24-06	
$ H2403	Spear	FUNDS FOR GRAVEYARD OF THE ATLANTIC MUSEUM.	H	Ref To Com On Appropriations	05-24-06	
$ H2407	Cole	FOXFIRE VILLAGE PARK FUNDS.	H	Ref To Com On Appropriations	05-24-06	
$ H2408	Cole	ABERDEEN LAKE FUNDS.	H	Ref To Com On Appropriations	05-24-06	
$ H2409=	Hill	SHORT LINE RR MATCHING GRANT FUNDS.	H	Ref To Com On Appropriations	05-24-06	

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$ H2410	Insko	FUNDS FOR SPECIAL OLYMPICS NC.	H	Ref To Com On Appropriations	05-24-06	
$ H2411	Insko	FUNDS/WOMEN'S HEALTH SERVICES FUND.	H	Ref To Com On Appropriations	05-24-06	
$ H2412	Lucas	SANDHILLS FAMILY HERITAGE ASSOC. FUNDS.	H	Ref To Com On Appropriations	05-24-06	
$ H2414	Holliman	DAVIDSON MEDICAL MINISTRIES FUNDS.	H	Ref To Com On Appropriations	05-24-06	
$ H2415	Tolson	VOLUNTEER FIRE DEPARTMENT FUNDS.	H	Ref To Com On Appropriations	05-24-06	
$ H2416=	Tolson	BROADBAND CONNECTIVITY FOR PUBLIC SCHOOLS.	H	Ref To Com On Appropriations	05-24-06	
$ H2417=	Tolson	FUNDS FOR VIRTUAL LEARNING.	*H	Re-ref Com On Appropriations	06-07-06	
$ H2418=	Tolson	FUNDS FOR INVENTORY OF STATE INFRASTRUCTURE.	H	Ref To Com On Appropriations	05-24-06	
$ H2420=	Goforth	SMOKING RESTRICTION LAW/COMM. COLL. EXEMPT.	H	Re-ref Com On Appropriations	06-05-06	
$ H2422	Frye	CAROLINA THEATRE/ SPRUCE PINE FUNDS.	H	Ref To Com On Appropriations	05-24-06	
$ H2424	Frye	YANCEY SENIOR CENTER FUNDS.	H	Ref To Com On Appropriations	05-24-06	
$ H2425	Hill	FUNDS/BRUNSWICK SENIOR CITIZENS PROGRAMS.	H	Ref To Com On Appropriations	05-24-06	
$ H2426	Stiller	SOUTHPORT PARKS & REC. FUNDS.	H	Ref To Com On Appropriations	05-24-06	
$ H2427	Cunningham	CHARLOTTE URBAN LEAGUE FUNDS.	H	Ref To Com On Appropriations	05-24-06	
$ H2428	Cunningham	MCCRORY BRANCH YMCA FUNDS.	H	Ref To Com On Appropriations	05-24-06	
$ H2429	Cunningham	SOUTHERN PIEDMONT SICKLE CELL FUNDS.	H	Ref To Com On Appropriations	05-24-06	
$ H2430	Cunningham	BETHLEHEM CENTER YOUTH FUNDS.	H	Ref To Com On Appropriations	05-24-06	
$ H2431	Cunningham	ANITA STROUD FOUNDATION FUNDS.	H	Ref To Com On Appropriations	05-24-06	
$ H2432	Cunningham	JOHNSON C. SMITH UNIVERSITY FUNDS.	H	Ref To Com On Appropriations	05-24-06	
$ H2436	Luebke	ECONOMIC DEVELOPMENT LAW CHANGES - 1.	H	Ref To Com On Appropriations	05-24-06	
$ H2437	Luebke	ECONOMIC DEVELOPMENT LAW CHANGES - 2.	H	Ref To Com On Appropriations	05-24-06	
$ H2440	Moore	P.E. SERVICES FOR PUBLIC WATER SYSTEM/ FUNDS.	H	Ref To Com On Appropriations	05-24-06	
$ H2441	Holliman	DAVIDSON FAMILY SERVICES FUNDS.	H	Ref To Com On Appropriations	05-24-06	
$ H2442	Goodwin	SANDHILLS CRAFT COOPERATIVE FUNDS.	H	Ref To Com On Appropriations	05-24-06	
$ H2443	Hill	AGRIBUSINESS EDUCATION FUNDS.	H	Ref To Com On Appropriations	05-24-06	
$ H2444	Hill	BOLTON DRAINAGE	H	Ref To Com On	05-24-06	

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Bill	Introducer	Short Title		Latest Action	In Date	Out Date
		SYSTEM FUNDS.		Appropriations		
[redacted]2446	Sutton	COMMISSION OF INDIAN AFFAIRS FUNDS.	H	Ref To Com On Appropriations	05-24-06	
$ H2447	Sutton	LUMBEE TRIBE/ACCESS TO AGING FUNDS.	H	Ref To Com On Appropriations	05-24-06	
$ H2448	Sutton	FOSTER HOMES ASSISTANCE PROGRAM FUNDS.	H	Ref To Com On Appropriations	05-24-06	
$ H2449	Ross	BURNING COAL THEATRE FUNDS.	H	Ref To Com On Appropriations	05-24-06	
$ H2450	Almond	STANLY COUNTY INFRASTRUCTURE FUNDS.	H	Ref To Com On Appropriations	05-24-06	
$ H2451	Howard	DAVIE COUNTY SENIOR CENTER FUNDS.	H	Ref To Com On Appropriations	05-24-06	
$ H2452	Lucas	CUMBERLAND CO. SUMMER REMEDIATION FUNDS.	H	Ref To Com On Appropriations	05-24-06	
$ H2453	Lucas	CUMBERLAND COUNTY FUNDS.	H	Ref To Com On Appropriations	05-24-06	
$ H2455	Sherrill	WESTERN REGIONAL ECON DEV COMM/FUNDS.	H	Ref To Com On Appropriations	05-24-06	
$ H2456	Saunders	MECKLENBURG COUNTY JUVENILE DETENTION FUNDS.	H	Ref To Com On Appropriations	05-24-06	
$ H2457	England	FUNDS FOR "BEGINNINGS".	H	Ref To Com On Appropriations	05-24-06	
$ H2463	Pate	DAVID JOHN AARON MUSEUM FUNDS.	H	Ref To Com On Appropriations	05-24-06	
$ H2464	Tucker	WARSAW VETERANS MUSEUM FUNDS.	H	Ref To Com On Appropriations	05-24-06	
$ [redacted]2466	Warren	FARMVILLE/GREENE COUNTY WATER FUNDS.	H	Ref To Com On Appropriations	05-24-06	
$ H2467	Farmer-Butterfie	WILSON RESIDENTIAL SERVICES FUNDS.	H	Ref To Com On Appropriations	05-24-06	
$ H2470	Glazier	NORTH CAROLINA VETERANS PARK FUNDS.	H	Ref To Com On Appropriations	05-24-06	
$ H2471	Glazier	FUNDS FOR CUMBERLAND CO. SCHOOLS.	H	Ref To Com On Appropriations	05-24-06	
$ H2472=	Glazier	PRETRIAL SERVICES PROGRAM FUNDS.	H	Ref To Com On Appropriations	05-24-06	
$ H2473=	Glazier	FUNDS FOR LOCAL DRUG TREATMENT COURT SERVICES.	H	Ref To Com On Appropriations	05-24-06	
$ H2474	Owens	NATIONAL GUARD ARMORY MAINTENANCE.	H	Ref To Com On Appropriations	05-24-06	
$ H2475	Coates	RESTORE CAREER & TECH. EDUCATION POSITION.	H	Ref To Com On Appropriations	05-24-06	
$ H2476	Insko	FUNDS FOR WOMEN'S HEALTH RESEARCH.	H	Ref To Com On Appropriations	05-24-06	
$ H2478	Spear	4-H CAMPS & CONFERENCE CENTERS FUNDS.	H	Ref To Com On Appropriations	05-24-06	
$ H2479	McAllister	SICKLE CELL FUNDS.	H	Ref To Com On Appropriations	05-24-06	
$ H2481	McAllister	MLK PARK FUNDS.	H	Ref To Com On Appropriations	05-24-06	

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$ H2482	McAllister	FUNDS FOR LOW-PERFORMING HIGH SCHOOL.	H	Ref To Com On Appropriations	05-24-06	
$ H2483	McAllister	FUNDS FOR MINORITY HEALTH DISPARITY RESEARCH.	H	Ref To Com On Appropriations	05-24-06	
$ H2484=	McAllister	NC MINORITY SUPPORT CENTER FUNDS.	H	Ref To Com On Appropriations	05-24-06	
$ H2485=	Hill	WILDLIFE COMMISSION INDEBTEDNESS.	H	Ref To Com On Appropriations	05-24-06	
$ H2488	Wainwright	NONCERTIFIED SCHOOL PERSONNEL MINIMUM PAY.	H	Ref To Com On Appropriations	05-24-06	
$ H2489	Wainwright	GREATER ENRICHMENT FUNDS.	H	Ref To Com On Appropriations	05-24-06	
$ H2490	Haire	MACON LIBRARY FUNDS.	H	Ref To Com On Appropriations	05-24-06	
$ H2492	Parmon	LIBERTY CDC FUNDS.	H	Ref To Com On Appropriations	05-24-06	
$ H2493	Harrison	FARMLAND PRESERVATION FUNDS.	H	Ref To Com On Appropriations	05-24-06	
$ H2494	Bordsen	FUNDS FOR TASC.	H	Ref To Com On Appropriations	05-24-06	
$ H2496	Parmon	INCREASE MIN. SALARY FOR TEACHER ASSISTANTS.	H	Ref To Com On Appropriations	05-25-06	
$ H2499	Wiley	JOHN COLTRANE MUSIC HALL FUNDS.	H	Ref To Com On Appropriations	05-25-06	
$ H2500	Dollar	FUNDS FOR DEVELOPMENTAL DISABILITY SVCES.	H	Ref To Com On Appropriations	05-25-06	
$ H2501	McLawhorn	FUNDS FOR ADDITIONAL SCHOOL NURSES.	H	Ref To Com On Appropriations	05-25-06	
$ H2502	Pierce	HOKE LITERACY COUNCIL FUNDS.	H	Ref To Com On Appropriations	05-25-06	
$ H2503	Pierce	LUMBERTON COMMUNITY FUNDS.	H	Ref To Com On Appropriations	05-25-06	
$ H2504	Pierce	FAIRMONT COMMUNITY FUNDS.	H	Ref To Com On Appropriations	05-25-06	
$ H2505	Pierce	ROWLAND COMMUNITY FUNDS.	H	Ref To Com On Appropriations	05-25-06	
$ H2506	Pierce	ROBESON LOCAL COMMUNITY FUNDS.	H	Ref To Com On Appropriations	05-25-06	
$ H2507	Pierce	SOUTHEASTERN COMMUNITY ACTION FUNDS.	H	Ref To Com On Appropriations	05-25-06	
$ H2508	Pierce	SCOTLAND LITERACY COUNCIL FUNDS.	H	Ref To Com On Appropriations	05-25-06	
$ H2509	Pierce	A-A HERITAGE COMM. FUNDS.	H	Ref To Com On Appropriations	05-25-06	
$ H2510	Pierce	WAGRAM COMMUNITY FUNDS.	H	Ref To Com On Appropriations	05-25-06	
$ H2514	Wray	FUNDS/FAISON SENIOR CENTER.	H	Ref To Com On Appropriations	05-25-06	
$ H2516	Clary	FUNDS FOR CLEVELAND COMMUNITY COLLEGE.	H	Ref To Com On Appropriations	05-25-06	
$ H2520	Sutton	LUMBEE/HISTORIC SITE	H	Ref To Com On	05-25-06	

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Bill	Introducer	Short Title		Latest Action	In Date	Out Date
		FUNDS.		Appropriations		
[redacted]2521	Almond	STANFIELD INFRASTRUCTURE FUNDS.	H	Ref To Com On Appropriations	05-25-06	
$ H2522	Insko	FUNDS FOR EL FUTURO, INC.	H	Ref To Com On Appropriations	05-25-06	
$ H2523	Insko	ARTS CENTER ADVOCATES FUNDS.	H	Ref To Com On Appropriations	05-25-06	
$ H2525	Williams	BHC TRAINING PROJECT FUNDS.	H	Ref To Com On Appropriations	05-25-06	
$ H2528	Howard	CAMP MANNA CAPITAL FUNDS.	H	Ref To Com On Appropriations	05-25-06	
$ H2529	Jeffus	FUNDS FOR TEACHERS' INSTITUTE.	H	Ref To Com On Appropriations	05-25-06	
$ H2530	Adams	UNC FOCUSED GROWTH/ FUNDS.	H	Ref To Com On Appropriations	05-25-06	
$ H2531	Justice	FUNDS FOR MENTAL HEALTH SERVICES/ FACILITIES.	H	Ref To Com On Appropriations	05-25-06	
$ H2532	Dickson	CUMBERLAND LIBRARY FUNDS.	H	Ref To Com On Appropriations	05-25-06	
$ H2533	Dickson	CUMBERLAND ACADEMY OF SCHOLARS PROGRAM FUNDS.	H	Ref To Com On Appropriations	05-25-06	
$ H2534	Wright	FUNDS FOR AHEC.	H	Ref To Com On Appropriations	05-25-06	
$ H2535	B. Allen	100 BLACK MEN FUNDS.	H	Ref To Com On Appropriations	05-25-06	
$ H2536	B. Allen	MEAC FUNDS.	H	Ref To Com On Appropriations	05-25-06	
$ [redacted]2538	Cole	FUNDS FOR ROCKINGHAM COMM. COLL.	H	Ref To Com On Appropriations	05-25-06	
$ H2539	McLawhorn	NC AVID FUNDS.	H	Ref To Com On Appropriations	05-25-06	
$ H2540	McLawhorn	PITT COUNTY FAMILY COURT FUNDS.	H	Ref To Com On Appropriations	05-25-06	
$ H2541	Bell	MT. ZION DRUG AWARENESS PROGRAM FUNDS.	H	Ref To Com On Appropriations	05-25-06	
$ H2542	Bell	SAMPSON COMMUNITY THEATRE FUNDS.	H	Ref To Com On Appropriations	05-25-06	
$ H2543	Bell	FUNDS FOR COMM. COLL. BONUS LEAVE RESERVE.	H	Ref To Com On Appropriations	05-25-06	
$ H2544	Dickson	CUMBERLAND GANG FUNDS.	H	Ref To Com On Appropriations	05-25-06	
$ H2545	Dickson	FAYETTEVILLE GANG FUNDS.	H	Ref To Com On Appropriations	05-25-06	
$ H2546	Dickson	CUMBERLAND COUNTY RAPE CRISIS FUNDS.	H	Ref To Com On Appropriations	05-25-06	
$ H2547	Dickson	FAYETTEVILLE URBAN MINISTRY FUNDS.	H	Ref To Com On Appropriations	05-25-06	
$ H2548	McLawhorn	FFA CENTER FUNDS.	H	Assigned To Appropriations Subcommittee on Natural and Economic Resources	05-25-06	06-07-06
$ [redacted]2550	Hill	FARM DISASTER RELIEF	H	Ref To Com On	05-25-06	

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Bill	Introducer	Short Title		Latest Action	In Date	Out Date
		FUND.		Appropriations		
[redacted]552	Frye	YANCEY PUBLIC LIBRARY FUNDS.	H	Ref To Com On Appropriations	05-25-06	
$ H2553	Tucker	CAROLINA EAST HOSPICE CTR. FUNDS.	H	Ref To Com On Appropriations	05-25-06	
$ H2554	Tucker	JAMES SPRUNT COMMUNITY COLLEGE FUNDS.	H	Ref To Com On Appropriations	05-25-06	
$ H2556	Hill	SANDYFIELD MULTIPURPOSE CTR. FUNDS.	H	Ref To Com On Appropriations	05-25-06	
$ H2557	Womble	WINSTON-SALEM URBAN LEAGUE FUNDS.	H	Ref To Com On Appropriations	05-25-06	
$ H2558	Saunders	MECKLENBURG COMMUNITY HEALTH SERVICES FUNDS.	H	Ref To Com On Appropriations	05-25-06	
$ H2559	Culp	ASHEBORO BOYS & GIRLS CLUB FUNDS.	H	Ref To Com On Appropriations	05-25-06	
$ H2562	Wright	FUNDS/QUALITY IMPROVEMENT ADULT CARE HOMES.	H	Ref To Com On Appropriations	05-25-06	
$ H2564	Wright	WHQR PUBLIC RADIO FUNDS.	H	Ref To Com On Appropriations	05-25-06	
$ H2565	Stiller	CAROLINA SHORES DAMAGE FUNDS.	H	Ref To Com On Appropriations	05-25-06	
$ H2566	Stiller	TOWNCREEK VISION CORPORATION FUNDS.	H	Ref To Com On Appropriations	05-25-06	
$ H2567	Brown	KORNER'S FOLLY FOUNDATION FUNDS.	H	Ref To Com On Appropriations	05-25-06	
$ [redacted]568	Rapp	HAYWOOD COUNTY COURTHOUSE FUNDS.	H	Ref To Com On Appropriations	05-25-06	
$ H2569	Rapp	YANCEY ECONOMIC DEVELOPMENT FUNDS.	H	Ref To Com On Appropriations	05-25-06	
$ H2571	Warren	MARTIN COUNTY HISTORICAL SOCIETY FUNDS.	H	Ref To Com On Appropriations	05-25-06	
$ H2572	Warren	FORT BRANCH FUNDS.	H	Ref To Com On Appropriations	05-25-06	
$ H2573	Lucas	SPRING LAKE PARK FUNDS.	H	Ref To Com On Appropriations	05-25-06	
$ H2575	Clary	FUNDS FOR TELEMONITORING.	H	Ref To Com On Appropriations	05-25-06	
$ H2578	Womble	OTESHA CREATIVE ARTS ENSEMBLE FUNDS.	H	Ref To Com On Appropriations	05-25-06	
$ H2579	Womble	SCITECH SUMMER INSTITUTE FUNDS.	H	Ref To Com On Appropriations	05-25-06	
$ H2580	Womble	WINSTON-SALEM YWCA FUNDS.	H	Ref To Com On Appropriations	05-25-06	
$ H2581	Hackney	FUNDS FOR CENTRAL CAROLINA COMM. COLL. BLDG.	H	Ref To Com On Appropriations	05-25-06	
$ H2582	Hackney	FUNDS/CHATHAM COUNTY COUNCIL ON AGING.	H	Ref To Com On Appropriations	05-25-06	
$ H2583	Jeffus	GREENSBORO SYMPHONY SOCIETY FUNDS.	H	Ref To Com On Appropriations	05-25-06	
$ H2584	Jeffus	RAISE FOR NATIONALLY CERT. SCH.	H	Ref To Com On Appropriations	05-25-06	

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Bill	Introducer	Short Title		Latest Action	In Date	Out Date
		PSYCHOLOGISTS.				
$ [redacted]585	Justus	EDNEYVILLE PARK FUNDS.	H	Ref To Com On Appropriations	05-25-06	
$ H2586	Pierce	MAXTON COMMUNITY FUNDS.	H	Ref To Com On Appropriations	05-25-06	
$ H2587	Yongue	NUTRITIOUS SCHOOL FOOD SERVICES PROGRAM/ FUNDS.	H	Ref To Com On Appropriations	05-25-06	
H2588	Nye	BLADEN AGRICULTURE & EXPO CENTER FUNDS.	H	Ref To Com On Appropriations	05-25-06	
$ H2589	Nye	BLADEN CC LAW ENFORCEMENT/FIRE CTR FUNDS.	H	Ref To Com On Appropriations	05-25-06	
$ H2590	Nye	HARMONY HALL FUNDS.	H	Ref To Com On Appropriations	05-25-06	
$ H2592=	Harrell	ASU/COLL OF ED. LIVE & LEARN ACADEMIC BLDG.	H	Ref To Com On Appropriations	05-25-06	
$ H2595	Rapp	MADISON WELLNESS CTR. FUNDS.	H	Ref To Com On Appropriations	05-25-06	
$ H2596	Rapp	MARS HILL PUBLIC LIBRARY FUNDS.	H	Ref To Com On Appropriations	05-25-06	
$ H2598	L. Allen	FRANKLIN MEDICAL CLINIC FUNDS.	H	Ref To Com On Appropriations	05-25-06	
$ H2599	L. Allen	YOUNGSVILLE TOWN HALL FUNDS.	H	Ref To Com On Appropriations	05-25-06	
$ H2600	L. Allen	HALIFAX COUNTY VISITORS CENTER FUNDS.	H	Ref To Com On Appropriations	05-25-06	
$ H2602	Spear	MATCHAPUNGO PARK FUNDS.	H	Ref To Com On Appropriations	05-25-06	
$ [redacted]2605	Farmer-Butterfie	EDGECOMBE BUSINESS INCUBATOR FUNDS.	H	Ref To Com On Appropriations	05-25-06	
$ H2607	Earle	FUNDS/SICKLE CELL NETWORK.	H	Ref To Com On Appropriations	05-25-06	
$ H2608=	Earle	FUNDS TO INCREASE MEDICAID DENTAL RATES.	H	Ref To Com On Appropriations	05-25-06	
$ H2609=	Earle	COMMUNITY-BASED CORRECTIONS FUNDS.	H	Ref To Com On Appropriations	05-25-06	
$ H2610	Earle	FUNDS FOR PROJECT HEALTHSHARE, INC.	H	Ref To Com On Appropriations	05-25-06	
$ H2611	Earle	FUNDS FOR CIAA TOURNAMENT.	H	Ref To Com On Appropriations	05-25-06	
$ H2613	Earle	FUNDING FOR MOTORSPORTS IN NORTH CAROLINA.	H	Ref To Com On Appropriations	05-25-06	
$ H2614	Earle	UNIV. CENTER AT CENTRAL PIEDMONT COMM. COLL.	H	Ref To Com On Appropriations	05-25-06	
$ H2615=	Earle	UNC CAPITAL NEEDS/ FUNDS.	H	Ref To Com On Appropriations	05-25-06	
$ H2616	Earle	FOOD BANK FUNDS.	H	Ref To Com On Appropriations	05-25-06	
$ H2617	Dickson	CUMBERLAND RETIRED VOLUNTEER PROGRAM FUNDS.	H	Ref To Com On Appropriations	05-25-06	
$ H2618	Saunders	ECONOMIC DEVELOPMENT FUNDS FOR	H	Ref To Com On Appropriations	05-25-06	

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Bill	Introducer	Short Title		Latest Action	In Date	Out Date
		TRANSPORTATION.				
[redacted]619=	L. Allen	LOCAL GOVERNMENT REIMBURSEMENTS.	H	Ref To Com On Appropriations	05-25-06	
$ H2620	L. Allen	FRANKLIN BOYS AND GIRLS CLUB FUNDS.	H	Ref To Com On Appropriations	05-25-06	
$ H2621	England	FUNDS FOR WESTERN HIGHLANDS.	H	Ref To Com On Appropriations	05-25-06	
H2622=	England	PRESCRIPTION DRUG MANAGEMENT SVCES.	H	Ref To Com On Appropriations	05-25-06	
$ H2623	Warren	PITT/MARTIN INDUSTRIAL PARK FUNDS.	H	Ref To Com On Appropriations	05-25-06	
$ H2624=	Warren	UNDERGROUND STORAGE TANK PRGM. FUNDS.	H	Ref To Com On Appropriations	05-25-06	
$ H2625	Warren	MARTIN CC STORM DRAINAGE FUNDS.	H	Ref To Com On Appropriations	05-25-06	
$ H2626	Warren	FUND STREAM MAPPING.	H	Ref To Com On Appropriations	05-25-06	
$ H2627	Warren	EASTERN SCIENCE CENTER FUNDS.	H	Ref To Com On Appropriations	05-25-06	
$ H2628	Warren	ROBERSONVILLE LIBRARY FUNDS.	H	Ref To Com On Appropriations	05-25-06	
$ H2629	Lucas	CUMBERLAND COUNTY FUNDS.	H	Ref To Com On Appropriations	05-25-06	
$ H2632	Williams	HEALTH CLINIC FUNDS.	H	Ref To Com On Appropriations	05-25-06	
$ H2633	Williams	METROPOLITAN HOUSING AND CDC INC. FUNDS.	H	Ref To Com On Appropriations	05-25-06	
$ H2634	Williams	BATH COMMUNITY LIBRARY FUNDS.	H	Ref To Com On Appropriations	05-25-06	
$ [redacted]2635=	Harrell	APPALACHIAN STATE/ ALLIED HEALTH & NURSING.	H	Ref To Com On Appropriations	05-25-06	
$ H2636	Grady	TANF BLOCK GRANT FUNDS/BOYS & GIRLS CLUB.	H	Ref To Com On Appropriations	05-25-06	
$ H2637	Grady	BOYS & GIRLS CLUBS TECHNOLOGY FUNDS.	H	Ref To Com On Appropriations	05-25-06	
$ H2641	Wright	UNCW TEACHER PILOT PROGRAM FUNDS.	H	Ref To Com On Appropriations	05-25-06	
$ H2642	Wright	ST. HELENA WASTEWATER TREATMENT FUNDS.	H	Ref To Com On Appropriations	05-25-06	
$ H2646	Ed Jones	HALIFAX THEME PARK FUNDS.	H	Ref To Com On Appropriations	05-25-06	
$ H2647	Ed Jones	HOBGOOD CITIZENS GROUP FUNDS.	H	Ref To Com On Appropriations	05-25-06	
$ H2648	Ed Jones	ENFIELD COMMUNITY CENTER FUNDS.	H	Ref To Com On Appropriations	05-25-06	
$ H2649	Ed Jones	TRANSFORMING LIVES FUNDS.	H	Ref To Com On Appropriations	05-25-06	
$ H2650	Faison	HISTORIC EAGLE LODGE FOUNDATION FUNDS.	H	Ref To Com On Appropriations	05-25-06	
H2652	Bell	RETIREMENT SYSTEM COLAS.	H	Re-ref Com On Appropriations	06-08-06	
$ H2655	Wilkins	PIEDMONT CC CAPITAL FUNDS.	H	Ref To Com On Appropriations	05-25-06	
$ [redacted]2660=	Hackney	DISTRICT 15B JUDGE/	H	Ref To Com On	05-25-06	

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Bill	Introducer	Short Title		Latest Action	In Date	Out Date
		ADA FUNDS.		Appropriations		
[redacted]2661	Barnhart	FUNDS FOR UNIVERSAL VACCINE PROGRAM.	H	Ref To Com On Appropriations	05-25-06	
$ H2663	Gibson	CENTRAL PARK FUNDS.	H	Ref To Com On Appropriations	05-25-06	
$ H2664=	Gibson	DISTRICT 20/20A ADA/ FORENSIC SCIENTIST FUNDS.	H	Ref To Com On Appropriations	05-25-06	
$ H2665	Gibson	MARSHVILLE MUSEUM FUNDS.	H	Ref To Com On Appropriations	05-25-06	
$ H2666	Gibson	ANDREW JACKSON MEMORIAL FUNDS.	H	Ref To Com On Appropriations	05-25-06	
$ H2667	Gibson	ANSON COUNTY PUBLIC LIBRARY FUNDS.	H	Ref To Com On Appropriations	05-25-06	
$ H2668	Gibson	RESTORE DISCRETIONARY CUTS IN SCHOOLS.	H	Ref To Com On Appropriations	05-25-06	
$ H2669	Gibson	FUNDS FOR ALLIED HEALTH PROGRAMS.	H	Ref To Com On Appropriations	05-25-06	
$ H2670	Gibson	ENCOURAGE CONSOLIDATED SERVICES/ FUNDS.	H	Ref To Com On Appropriations	05-25-06	
$ H2671	Warren	MARTIN TELECENTER FUNDS.	H	Ref To Com On Appropriations	05-25-06	
$ H2672	Warren	BETHEL LIBRARY FUNDS.	H	Ref To Com On Appropriations	05-25-06	
$ H2673	Warren	MARTIN ARTS COUNCIL FUNDS.	H	Ref To Com On Appropriations	05-25-06	
$ H2674	Warren	MARTIN BOYS & GIRLS CLUBS FUNDS.	H	Ref To Com On Appropriations	05-25-06	
$ H2675	Warren	FARMVILLE COMMUNITY ARTS COUNCIL FUNDS.	H	Ref To Com On Appropriations	05-25-06	
$ H2677	Wiley	FREEDOM MONUMENT PROJECT FUNDS.	H	Ref To Com On Appropriations	05-25-06	
$ H2678	Wainwright	TRENTON SEWER FUNDS.	H	Ref To Com On Appropriations	05-25-06	
$ H2679	McComas	FUNDS TO TRANSFER TOURISM DEVELOPMENT AUTH.	H	Ref To Com On Appropriations	05-25-06	
$ H2680	McComas	TRUCK DRIVER PROG FUNDS/CAPE FEAR COMM. COLL.	H	Ref To Com On Appropriations	05-25-06	
$ H2691	Pierce	LUMBER RIVER YOUTH FUNDS.	H	Ref To Com On Appropriations	05-25-06	
$ H2693	Faison	FUNDS FOR A GOVERNMENT PERFORMANCE AUDIT.	H	Ref To Com On Appropriations	05-25-06	
H2694=	Ray	NC DIRECTOR OF MOTORSPORTS DEVELOPMENT.	H	Ref To Com On Appropriations	05-25-06	
$ H2695	Lucas	SPRING LAKE GANG PREVENTION FUNDS.	H	Ref To Com On Appropriations	05-25-06	
$ H2696	Lucas	FAYETTEVILLE BICYCLE MAN FUNDS.	H	Ref To Com On Appropriations	05-25-06	
$ H2698	Martin	SCIENCE OUTREACH TO PUBLIC SCHOOL FUNDS.	H	Ref To Com On Appropriations	05-25-06	
$ [redacted]2700	Coleman	GIRL SCOUTS	H	Ref To Com On	05-25-06	

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Bill	Introducer	Short Title		Latest Action	In Date	Out Date
		LEADERSHIP CENTER FUNDS.		Appropriations		
$ H2701	Almond	FUNDS FOR STANLY COMMUNITY COLLEGE.	H	Ref To Com On Appropriations	05-25-06	
$ H2702	Carney	NORTH CAROLINA ARTS COUNCIL FUNDS.	H	Ref To Com On Appropriations	05-25-06	
$ H2705	Wray	VANCE PUBLIC SCHOOL FOUNDATION FUNDS.	H	Ref To Com On Appropriations	05-25-06	
$ H2706	Wray	NORTHAMPTON CTY. WELLNESS CULTURAL CTR. FUNDS.	H	Ref To Com On Appropriations	05-25-06	
$ H2707	Wray	COMMUNITY DEVELOPMENT FUNDS.	H	Ref To Com On Appropriations	05-25-06	
$ H2708	Wray	FUNDS/WARREN EDUCATION FUND.	H	Ref To Com On Appropriations	05-25-06	
$ H2709	Wray	WARRENTON RURAL VF ASSOCIATION FUNDS.	H	Ref To Com On Appropriations	05-25-06	
$ H2710	Wray	WARREN NATIONAL GUARD ARMORY FUNDS.	H	Ref To Com On Appropriations	05-25-06	
$ H2711	Wray	GATEWAY COMM. DEV. CORP. FUNDS.	H	Ref To Com On Appropriations	05-25-06	
$ H2712	Wray	WARREN ANIMAL PROTECTION FUNDS.	H	Ref To Com On Appropriations	05-25-06	
$ H2713	Wray	VANCE CTY. ECONOMIC DEVELOPMENT FUNDS.	H	Ref To Com On Appropriations	05-25-06	
$ H2715	Holloway	7% RAISE/SCHOOL, COMM. COLL. & STATE EMP'EES.	H	Ref To Com On Appropriations	05-25-06	
$ H2717	Hill	BOLTON CAPITAL IMPROVEMENTS FUNDS.	H	Ref To Com On Appropriations	05-25-06	
$ H2719	Warren	MARTIN COURTHOUSE RESTORATION FUNDS.	H	Ref To Com On Appropriations	05-25-06	
$ H2720	Warren	BEAR GRASS FIRE DEPT. FUNDS.	H	Ref To Com On Appropriations	05-25-06	
$ H2722	Jones	CARL CHAVIS YMCA FUNDS.	H	Ref To Com On Appropriations	05-25-06	
$ H2723	Wilkins	PERSON/DURHAM/CASWELL VF DEPARTMENTS FUNDS.	H	Ref To Com On Appropriations	05-25-06	
H2727	Gibson	NC WINE AND GRAPE COUNCIL.	*H	Ref To Com On Appropriations	07-06-06	07-10-06
H2727	Gibson	NC WINE AND GRAPE COUNCIL.	*H	Ref To Com On Appropriations	07-20-06	
$ H2729	Parmon	FUNDS FOR DELTA VISIONS.	H	Ref To Com On Appropriations	05-29-06	
$ H2731=	Dickson	DEFENSE AND SECURITY TECHNOLOGY ACCELERATOR.	H	Ref To Com On Appropriations	05-29-06	
$ H2732	Jeffus	INCREASE SALARY FOR TEACHERS W/MASTERS DEG.	H	Ref To Com On Appropriations	05-29-06	
$ H2733	Jeffus	FUNDS FOR TEACHERS WITH ADVANCED TRAINING.	H	Ref To Com On Appropriations	05-29-06	
$ H2734	Adams	GREENSBORO/UNITED ARTS COUNCIL FUNDS.	H	Ref To Com On Appropriations	05-29-06	
$ H2735	Adams	OSP LEADERSHIP	H	Ref To Com On	05-29-06	

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		INSTITUTE FUNDS.		Appropriations		
[redacted]736	Adams	NC A&T VISUAL/ PERFORMING ARTS FUNDS.	H	Ref To Com On Appropriations	05-29-06	
$ H2737	Miller	STEM CELL RESEARCH FUNDS.	H	Ref To Com On Appropriations	05-29-06	
$ H2738	Farmer-Butterfie	NC SPECIAL CARE CENTER FUNDS.	H	Ref To Com On Appropriations	05-29-06	
$ H2739	Bordsen	ALAMANCE AFTER-SCHOOL ARTS PROGRAM FUNDS.	H	Ref To Com On Appropriations	05-29-06	
$ H2740	Yongue	NC SCIENCE COMPETITIONS PROGRAM CENTER FUNDS.	H	Ref To Com On Appropriations	05-29-06	
$ H2741	Hill	NC GOLF MARKETING FUNDS.	H	Ref To Com On Appropriations	05-29-06	
$ H2743	Clary	FUNDS TO REBASE MEDICAID PCS RATES.	H	Ref To Com On Appropriations	05-29-06	
$ H2744=	Owens	ECONOMIC DEVELOPMENT PROGRAM MODIFICATIONS.	*HR	Ch. SL 2006-168	06-27-06	07-06-06
$ H2745	Bell	COOPERATIVE EXT. BUILDING EQUIPMENT FUNDS.	H	Ref To Com On Appropriations	05-29-06	
$ H2747	Insko	ADOLESCENT PREGNANCY PREVENTION FUNDS.	H	Ref To Com On Appropriations	05-29-06	
$ H2748	Warren	FRIENDS OF AGRICULTURE AND FFA FUNDS.	H	Assigned To Appropriations Subcommittee on Natural and Economic Resources	05-29-06	06-07-06
[redacted]749	Warren	AG. CURRICULUM DEVELOPMENT COORDINATOR FUNDS.	H	Assigned To Appropriations Subcommittee on Natural and Economic Resources	05-29-06	06-07-06
$ H2750	Warren	EASTERN FILM FESTIVAL FUNDS.	H	Ref To Com On Appropriations	05-29-06	
$ H2752	Jones	BLACK UNITED FUND.	H	Ref To Com On Appropriations	05-29-06	
$ H2753	Jones	LIFE SKILLS FUNDS.	H	Ref To Com On Appropriations	05-29-06	
$ H2754	Daughtridge	EDGECOMBE-NASH BRASWELL LIBRARY FUNDS.	H	Ref To Com On Appropriations	05-29-06	
$ H2755	Weiss	URBAN SEARCH & RESCUE TEAMS FUNDS.	H	Ref To Com On Appropriations	05-29-06	
$ H2756	Tolson	EDGECOMBE SHERIFF FUNDS.	H	Ref To Com On Appropriations	05-29-06	
$ H2757	Frye	FUNDS FOR AIR-CONDITIONING/AVERY CO. SCHOOLS.	H	Ref To Com On Appropriations	05-29-06	
$ H2760	Wright	UNCW NURSING FUNDS.	H	Ref To Com On Appropriations	05-29-06	
$ H2763	Hill	TOBACCO TRUST FUND TRANSFER.	H	Ref To Com On Appropriations	05-29-06	
$ H2764	Michaux	ST. JOSEPH'S HISTORIC FOUNDATION FUNDS.	H	Ref To Com On Appropriations	05-29-06	
[redacted]766	Ed Jones	FUNDS FOR COMMUNITY	H	Ref To Com On	05-29-06	

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Bill	Introducer	Short Title		Latest Action	In Date	Out Date
		ACTION AGENCIES.		Appropriations		
[redacted]767	Ed Jones	ROCKY MOUNT/COMMUNITY DEV CENTER FUNDS.	H	Ref To Com On Appropriations	05-29-06	
$ H2768	Alexander	CORNELIUS-LEMLEY VFD FUNDS.	H	Ref To Com On Appropriations	05-29-06	
$ H2769	Alexander	IMAGINON EXPANSION FUNDS.	H	Ref To Com On Appropriations	05-29-06	
$ H2772	Gibson	ANSON CO. HISTORICAL FUNDS.	H	Ref To Com On Appropriations	05-29-06	
$ H2773	Gibson	DISTRICT 20B ADA FUNDS.	H	Ref To Com On Appropriations	05-29-06	
$ H2774	Gibson	FUNDS FOR IP LANDS ACQUISITION.	H	Ref To Com On Appropriations	05-29-06	
$ H2776	Dickson	STATE CAPITOL FUNDS.	H	Ref To Com On Appropriations	05-29-06	
$ H2777	Dickson	MYROVER REESE FELLOWSHIP HOME FUNDS.	H	Ref To Com On Appropriations	05-29-06	
$ H2778	Pierce	AFAM CULTURAL CENTER FUNDS.	H	Ref To Com On Appropriations	05-29-06	
$ H2779	Yongue	FUNDS FOR FUTURES FOR KIDS PROGRAM.	H	Ref To Com On Appropriations	05-29-06	
$ H2781	Yongue	ADDITIONAL STEP ON TEACHER SALARY SCHEDULES.	H	Ref To Com On Appropriations	05-29-06	
$ H2782	Harrell	BLACKMON AMPHITHEATRE FUNDS.	H	Ref To Com On Appropriations	05-29-06	
$ H2783	Harrell	MUSIC HERITAGE GALLERY FUNDS.	*H	Ref To Com On Appropriations	05-29-06	07-10-06
$ [redacted]783	Harrell	MUSIC HERITAGE GALLERY FUNDS.	*H	Ref To Com On Appropriations	07-12-06	
H2784	Justice	EXTEND MORATORIA/COST-SHARE FUNDS.	H	Ref To Com On Appropriations	05-29-06	
$ H2785	Alexander	IDLEWILD VFD FUNDS.	H	Ref To Com On Appropriations	05-29-06	
$ H2786	Alexander	CHILDREN'S HOME SOCIETY OF NC FUNDS.	H	Ref To Com On Appropriations	05-29-06	
$ H2787	Alexander	MINT HILL GANG PREVENTION FUNDS.	H	Ref To Com On Appropriations	05-29-06	
$ H2788	Alexander	DISCOVERY PLACE FUNDS.	H	Ref To Com On Appropriations	05-29-06	
$ H2789	Alexander	PINEVILLE GANG PREVENTION FUNDS.	H	Ref To Com On Appropriations	05-29-06	
$ H2790	Alexander	MATTHEWS PLAYHOUSE FUNDS.	H	Ref To Com On Appropriations	05-29-06	
$ H2791	Alexander	CAROLINAS CONCERT ASSOC. FUNDS.	H	Ref To Com On Appropriations	05-29-06	
$ H2792	Alexander	MATTHEWS GANG PREVENTION FUNDS.	H	Ref To Com On Appropriations	05-29-06	
$ H2793	Womble	ADDITIONAL SURETY FOR PUBLIC CONSTRUCTION.	*H	Re-ref Com On Judiciary II	05-29-06	07-20-06
$ H2794	Adams	WEATHERSPOON ARTS GALLERY FUNDS.	H	Ref To Com On Appropriations	05-29-06	
$ H2795	Miller	VOLUNTARY DNA DATABASE/FUNDS.	H	Ref To Com On Appropriations	05-29-06	
$ H2796	Cunningham	HUNTERSVILLE GANG PREVENTION FUNDS.	H	Ref To Com On Appropriations	05-29-06	

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Bill	Introducer	Short Title		Latest Action	In Date	Out Date
$ H2797	Alexander	CHARLOTTE JUVENILE DIABETES FUNDS.	H	Ref To Com On Appropriations	05-29-06	
$ H2798	Alexander	CHARLOTTE GANG PREVENTION FUNDS.	H	Ref To Com On Appropriations	05-29-06	
$ H2799	Alexander	HOPE HAVEN FUNDS.	H	Ref To Com On Appropriations	05-29-06	
$ H2800	Alexander	JEWISH COMMUNITY CTR. FUNDS.	H	Ref To Com On Appropriations	05-29-06	
$ H2801	Goodwin	TEACHER HOUSING PILOT PROJECT.	H	Ref To Com On Appropriations	05-29-06	
$ H2804	McComas	YR.-ROUND PILOT-TEACHER ED-UNC-W.	H	Ref To Com On Appropriations	05-29-06	
$ H2807	Rapp	MADISON COUNTY JAIL FUNDS.	H	Ref To Com On Appropriations	05-29-06	
$ H2810=	Ray	MOTORSPORTS SPECIALIZED TRAINING CENTER.	H	Ref To Com On Appropriations	05-29-06	
$ H2813	Harrison	FULL FRAME DOCUMENTARY FILM FESTIVAL FUNDS.	H	Ref To Com On Appropriations	05-29-06	
$ H2814	Harrison	SHELLFISH PROTECTION PROGRAMS/STAFF/FUNDS.	H	Ref To Com On Appropriations	05-29-06	
$ H2816	Jeffus	INDEPENDENT COLL. & UNIV/NC LIVE/FUNDS.	H	Ref To Com On Appropriations	05-29-06	
$ H2817	Insko	CARRBORO ARTS CENTER FUNDS.	H	Ref To Com On Appropriations	05-29-06	
H2819	Luebke	SCIENCE & MATH SCHOOL/ FREE TUITION IF TEACH.	H	Ref To Com On Appropriations	05-29-06	
$ H2820	Luebke	ALLOCATE TUITION GRANT INCREASE ON NEED BASIS.	H	Ref To Com On Appropriations	05-29-06	
$ H2822	Alexander	CAROLINA YOUTH RUGBY FUNDS.	H	Ref To Com On Appropriations	05-29-06	
$ H2823	Alexander	RIGHT MOVES FOR YOUTH FUNDS.	H	Ref To Com On Appropriations	05-29-06	
$ H2824	Alexander	CHARLOTTE MUSEUM OF HISTORY FUNDS.	H	Ref To Com On Appropriations	05-29-06	
$ H2825	Alexander	ALLEGRO FOUNDATION FUND.	H	Ref To Com On Appropriations	05-29-06	
$ H2826	Alexander	THOMPSON CHILD & FAMILY FUNDS.	H	Ref To Com On Appropriations	05-29-06	
$ H2831	Yongue	ADDITIONAL SCHOLARSHIP LOANS FOR TEACHERS.	H	Ref To Com On Appropriations	05-29-06	
$ H2834	Earle	CONFERENCE OF AMERICAN BUS ASSOCIATION FUNDS.	H	Ref To Com On Appropriations	05-29-06	
$ H2835	Earle	NC COMMUNITY DEVELOPMENT INITIATIVE FUNDS.	H	Ref To Com On Appropriations	05-29-06	
$ H2839	Tolson	EDGECOMBE MILITARY MUSEUM FUNDS.	H	Ref To Com On Appropriations	05-29-06	
$ H2840	Hunter	HISTORIC HOPE FOUNDATION, INC.	H	Ref To Com On Appropriations	05-29-06	
$ H2841	West	TRI-COUNTY CC/GRAHAM COUNTY CENTER FUNDS.	H	Ref To Com On Appropriations	05-29-06	

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Bill	Introducer	Short Title		Latest Action	In Date	Out Date
$ H2846	**Haire**	**PRIV. PROT. SERVICES/ ALARM SYSTEMS FUNDS.**	**H**	**Ref To Com On Appropriations**	**05-29-06**	
$ H2847	**Carney**	**UNC-C CENTER CITY CLASSROOM BUILDING FUNDS.**	**H**	**Ref To Com On Appropriations**	**05-29-06**	
$ H2848	**Alexander**	**LYNNWOOD FOUNDATION FUNDS.**	**H**	**Ref To Com On Appropriations**	**05-29-06**	
$ H2849	**Alexander**	**FLORENCE CRITTENTON FUNDS.**	**H**	**Ref To Com On Appropriations**	**05-29-06**	
$ H2850	**Alexander**	**MECKLENBURG DRUG COURT FUNDS.**	**H**	**Ref To Com On Appropriations**	**05-29-06**	
$ H2854	**Cunningham**	**AMER-I-CAN FOUNDATION FUNDS.**	**H**	**Ref To Com On Appropriations**	**05-29-06**	
$ H2855	**Cunningham**	**CHARLOTTE URBAN LEAGUE FUNDS.**	**H**	**Ref To Com On Appropriations**	**05-29-06**	
$ H2856	**Cunningham**	**CORNELIUS GANG PREVENTION FUNDS.**	**H**	**Ref To Com On Appropriations**	**05-29-06**	
$ H2857	**Tolson**	**EDGECOMBE COUNTY YOUTH FUNDS.**	**H**	**Ref To Com On Appropriations**	**05-29-06**	
$ H2858	**Saunders**	**HUNTERSVILLE VFD FUNDS.**	**H**	**Ref To Com On Appropriations**	**05-29-06**	
$ H2859	**Saunders**	**MATTHEWS VFD FUNDS.**	**H**	**Ref To Com On Appropriations**	**05-29-06**	
$ H2862	**Carney**	**MUSEUM OF NEW SOUTH FUNDS.**	**H**	**Ref To Com On Appropriations**	**05-29-06**	
$ H2863	**Yongue**	**FUNDS FOR A TURNAROUND PRINCIPALS PROGRAM.**	**H**	**Ref To Com On Appropriations**	**05-29-06**	
$ H2865	**Farmer-Butterfie**	**MLK, JR. COMMISSION FUNDS.**	**H**	**Ref To Com On Appropriations**	**05-29-06**	
$ H2866	**Spear**	**FUNDS/CONSERVE RUTHERFORD & HYDE COUNTY LAND.**	**H**	**Ref To Com On Appropriations**	**05-29-06**	
H2867	Folwell	UNC GRADUATION INCENTIVE ACT.	H	Ref To Com On Appropriations	05-29-06	
$ H2871	**Wainwright**	**TRYON PALACE/HUMAN RELATIONS COMN. FUNDS.**	**H**	**Ref To Com On Appropriations**	**05-29-06**	
$ S0007	**Martin L. Nesbit**	**HURRICANE RECOVERY ACT OF 2005.**	***HR**	**Ch. SL 2005-1**	**02-16-05**	**02-21-05**
$ S0130=	**Daniel G. Clodfe**	**CURRITUCK PROPERTY CONVEYANCE.**	***H**	**Ref To Com On Judiciary I**	**02-15-05**	**03-10-05**
$ S0148	**Doug Berger**	**DEATH BENEFIT FOR PART-TIME LAW ENFORCEMENT.**	***HR**	**Ch. SL 2005-376**	**07-13-05**	**08-22-05**
$ S0198	**Linda Garrou**	**REVISE 2006 BUDGET ACT.**	***H**	**Pres. To Gov. 7/ 28/2006**	**07-20-06**	**07-20-06**
S0223=	Eleanor Kinnaird	PUBLIC CONFIDENCE IN ELECTIONS.	*HR	Ch. SL 2005-323	08-10-05	08-11-05
S0320	Daniel G. Clodfe	JURY FEE WAIVER PROGRAM.	*H	Ref To Com On Appropriations	05-27-05	
S0383	Hamilton C. Hort	AMEND WINSTON-SALEM FIREMEN'S RETIREMENT FUND.	*HR	Ch. SL 2006-121	06-13-06	07-06-06
S0486=	Austin M. Allran	RACHEL'S LAW.	*HR	Ch. SL 2005-461	07-20-05	08-10-05
$ S0612=	**Tony Rand**	**AMEND LOBBYING LAWS.**	***HR**	**Ch. SL 2005-456**	**07-27-05**	**08-10-05**
$ S0622=	**Linda Garrou**	**2005 APPROPRIATIONS**	***HR**	**Ch. SL 2005-276**	**05-10-05**	**06-13-05**

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2005-2006 Biennium

Bill	Introducer	Short Title		Latest Action	In Date	Out Date
		ACT.				
**$ [redacted]622=	**Linda Garrou**	**2005 APPROPRIATIONS ACT.**	***HR**	**Ch. SL 2005-276**	**06-14-05**	**06-15-05**
S0671=	Fletcher L. Hart	REAL PROP. ELECTRONIC RECORDING/NOTARY ACT.	*HR	Ch. SL 2005-391	08-23-05	08-24-05
S0685	Stan Bingham	REVISE PROFESSIONAL EMPLOYER ORGANIZATION ACT.	*HR	Ch. SL 2005-124	03-30-05	05-16-05
S0724=	Scott Thomas	NCNG-DEPENDENTS PAY IN-STATE TUITION.	H	Ref To Com On Appropriations	05-31-05	
S0725=	Scott Thomas	NCNGUARD-TUITION ASSISTANCE PROGRAM CHANGES.	*HR	Ch. SL 2005-444	08-16-05	08-23-05
$ S0804	**Fletcher L. Hart**	**PUBLIC HEALTH TASK FORCE/ACCRED. RECOMMEND.**	***HR**	**Ch. SL 2005-369**	**08-23-05**	**08-23-05**
S0807	Fletcher L. Hart	GOVERNMENT PERFORMANCE AUDIT.	*H	Ref To Com On Appropriations	07-19-06	
S0868	Doug Berger	BILL LEE /EXCISE TAX REFUND.	*HR	Ch. SL 2005-406	08-16-05	08-22-05
S0967=	Walter H. Dalton	ONE NORTH CAROLINA SMALL BUSINESS FUND/ JDIG.	*H	Ref To Com On Appropriations	05-26-05	
$ S1067=	**Tony Rand**	**DEFENSE TECHNOLOGY INNOVATION CENTER.**	***H**	**Ref To Com On Appropriations**	**05-31-05**	
$ S1117=	**Tony Rand**	**2005 MILITARY SUPPORT ACT.**	***HR**	**Ch. SL 2005-445**	**08-02-05**	**08-24-05**
$ S1117=	**Tony Rand**	**2005 MILITARY SUPPORT ACT.**	***HR**	**Ch. SL 2005-445**	**08-25-05**	**08-29-05**
$ [redacted]584=	**Charles W. Alber**	**UNDERGROUND STORAGE TANK PRGM. ADM. FUNDS.**	***HR**	**Ch. SL 2006-200**	**07-11-06**	**07-19-06**
S1688	Tony Rand	REMOVE EXPENSE RESERVE CEIL'G/REAL EST. COMM.	H	Ref To Com On Appropriations	06-20-06	
$ S1741	**Linda Garrou**	**MODIFY APPROPRIATIONS ACT OF 2005.**	***HR**	**Ch. SL 2006-66**	**05-30-06**	**06-13-06**
S1840=	Walter H. Dalton	E-NC INTERNET CONNECTIVITY/PEG CHANNELS.	*H	Ref To Com On Appropriations	07-11-06	

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STATE OF NORTH CAROLINA

NORTH CAROLINA GENERAL ASSEMBLY

STATE LEGISLATIVE BUILDING
RALEIGH, NORTH CAROLINA 27601

May 24, 2006

MEMO TO: House Members

FROM: Appropriations Committee Chairs

Rep. Debbie Clary
Rep. Jim Crawford
Rep. Beverly Earle
Rep. Edd Nye
Rep. Bill Owens
Rep. Wilma Sherrill
Rep. Doug Yongue

SUBJECT: SPECIAL PROJECTS APPROPRIATIONS BILLS PRIORITIES

Thank you for your promptness in returning your special projects priorities to the Appropriations Committee chairs. Realizing that some of the information you provided was incomplete, we just ask that you continue working on them and getting bill numbers and changes to us as soon as you can.

The subcommittees will begin working on them this afternoon and continue tomorrow. Don't worry about your projects that you turn in later, they will be considered when submitted.

lw

SCHEDULE OF MEETINGS
HOUSE APPROPRIATIONS COMMITTEE
2006 SESSION

May 10, 2006 (Joint) Governor's Budget Presentation

May 10, 2006 (12:15) HB 1868 DOC Emergency Funding

June 13, 2006	SB 1741 Modify Appropriations Act of 2005
June 29, 2006	HB 2351 2006 Governor's Budget
July 6, 2006	HB 1871 Sex Offender/Out of State Registry/DMV Check HB 1942 Verify Public Employee Legal Status/Funds S B 383 Amend Winston-Salem Firemen's Retirement Fund HB 2181 Revise Capital Improvement Plan HB 2744 Economic Development Program Modifications HB 2170 Bill Lee Changes HB 2122 Lottery Oversight Committee
July 10, 2006	HB 2067 Reduce CDL License Fee for School Bus Drivers HB 2727 Restore Boxing Commission HB 2037 Medicaid Reimburse. For Ocular Prosthetists HB 1991 Tax on Lottery Winnings/Comm. Coll. Equip.
July 19, 2006	SB 1584 Underground Storage Tank Prgm. Adm. Funds HB 2793 Additional Surety for Public Construction
July 20, 2006	SB 198 Revise 2006 Budget Act

ATTENDANCE

HOUSE APPROPRIATIONS COMMITTEE

2005 - 2006

(Name of Committee)

DATES	5/10 9:30 A.M.	5/10 12:25 P.M.	6/13 8:30 A.M.	6/13 12:45 P.M.	6/29 11:15 P.M.	7/6 9:00 A.M.	7/10	7/19 11:00 A.M.	7/20 4:20 P.M.						
Clary, Debbie, Chair	✓	✓	✓	✓	✓										
Crawford, James, Chair	✓	✓	✓	✓		✓		✓	✓						
Earle, Beverly, Chair	✓	✓	✓	✓	✓	✓									
Nye, Edd, Chair	✓	✓			✓	✓		✓	✓						
Owens, Bill, Chair	✓	✓	✓	✓	✓	✓		✓	✓						
Sherrill, Wilma, Chair	✓	✓	✓	✓	✓	✓									
Yongue, Douglas, Chair	✓	✓	✓	✓	✓	✓		✓	✓						
Adams, Alma	✓		✓	✓		✓			✓						
Allen, Bernard	✓	✓	✓	✓	✓	✓			✓						
Allen, Lucy	✓		✓	✓	✓	✓		✓	✓						
Almond, David	✓	✓	✓	✓	✓	✓									
Barnhart, Jeff			✓	✓		✓		✓	✓						
Bell, Larry	✓	✓		✓	✓				✓						
Brown, Larry	✓		✓	✓	✓	✓									
Carney, Becky	✓	✓	✓	✓	✓										
Church, Walter	✓		✓	✓	✓	✓		✓							
Cleveland, George	✓		✓	✓	✓	✓		✓	✓						
Coates, Lorene	✓		✓	✓	✓	✓		✓							
Cole, Nelson	✓		✓	✓		✓		✓	✓						
Coleman, Linda	✓	✓	✓	✓					✓						
Culp, Arlie	✓		✓	✓	✓	✓		✓	✓						
Current, William	✓		✓	✓		✓		✓	✓						
Daughtry, Leo			✓	✓											
Dickson, Margaret	✓		✓		✓	✓		✓	✓						

England, Bob	✓	✓	✓	✓	✓	✓		✓	✓						
Farmer-Butterfield, Jean	✓		✓	✓											
Fisher, Susan	✓		✓	✓	✓				✓						
Frye, Phillip	✓		✓	✓				✓							
Goforth, Bruce	✓		✓	✓	✓	✓		✓	✓						
Goodwin, Melanie	✓		✓	✓	✓	✓			✓						
Grady, Robert				✓											
Gulley, Jim	✓		✓	✓	✓	✓		✓							
Hackney, Joe	✓		✓	✓				✓	✓						
Haire, Phillip	✓	✓	✓	✓	✓	✓		✓	✓						
Hall, Larry (7/11/06)									✓						
Harrison, Pricey			✓		✓	✓									
Hilton, Mark			✓	✓	✓	✓									
Hollo, Mark	✓		✓	✓	✓	✓									
Holmes, George			✓	✓											
Hunter, Howard															
Insko, Verla	✓		✓	✓	✓			✓							
Jeffus, Maggie	✓		✓	✓	✓	✓		✓	✓						
Johnson, Linda	✓	✓	✓	✓		✓									
Jones, Edward	✓	✓	✓	✓		✓		✓	✓						
Justice, Carolyn	✓		✓	✓	✓										
Justus, Carolyn	✓		✓	✓		✓		✓							
Kiser, Joe	✓		✓	✓	✓	✓									
Langdon, James	✓		✓	✓		✓		✓	✓						
LaRoque, Stephen			✓	✓	✓										
Lucas, Marvin	✓		✓	✓	✓	✓									
Martin, Grier	✓		✓	✓		✓									
McAllister, Mary			✓	✓											
McComas, Daniel															
McLawhorn, Marian	✓		✓	✓	✓	✓		✓	✓						
McMahan, Edwin			✓	✓		✓									
Michaux, Mickey			✓	✓	✓	✓		✓	✓						

Moore, Timothy	✓		✓	✓		✓		✓							
Parmon, Earline	✓		✓	✓	✓	✓		✓							
Pate, Louis	✓	✓	✓	✓		✓									
Pierce, Garland	✓					✓		✓							
Preston, Jean	✓		✓												
Rapp, Ray	✓	✓	✓	✓	✓	✓		✓	✓						
Ray, Karen			✓	✓				✓							
Sauls, John															
Saunders, Drew			✓	✓		✓		✓							
Setzer, Mitchell			✓	✓											
Spear, Timothy	✓	✓	✓		✓	✓		✓	✓						
Stam, Paul	✓		✓	✓	✓	✓									
Starnes, Edgar	✓		✓												
Steen, Fred			✓			✓									
Stiller, Bonner	✓		✓			✓									
Sutton, Ronnie	✓	✓	✓	✓	✓	✓		✓	✓						
Tolson, Joe	✓	✓	✓	✓	✓	✓			✓						
Tucker, Russell	✓	✓	✓	✓		✓		✓	✓						
Walker, Tracy	✓		✓	✓		✓		✓							
Warren, Edith	✓		✓	✓	✓	✓		✓	✓						
West, Roger	✓		✓	✓		✓		✓							
Wilkins, Winkie	✓	✓	✓	✓	✓	✓		✓	✓						
Williams, Arthur	✓		✓	✓	✓	✓			✓						
Wilson, Gene	✓		✓	✓		✓									
Wray, Michael	✓	✓	✓	✓	✓	✓									
Wright, Thomas	✓		✓	✓	✓	✓		✓							
Ex-Officio															
Cunningham, Pete			✓	✓		✓									
Eddins, Rick															

JOINT HOUSE AND SENATE BRIEFINGS
MAY 10, 2006 8:30 A.M.

The House and Senate held a joint budget briefing on this date with Senator Linda Garrou and Representative Jim Crawford presiding.

Minutes for this meeting were prepared by the Senate clerk and are attached. For more detail, see the Senate Appropriations Committee notebook for 2006.

MINUTES

JOINT SENATE AND HOUSE APPROPRIATIONS COMMITTEE

May 10, 2006

A Joint Senate and House Appropriations Meeting was held on Wednesday, May 10, 2006, at 8:30 a.m. in room 643 of the Legislative Office Building. There were 37 Senators present. Senator Garrou, Co-Chair welcomed the Senate and House members to the meeting.

Representative Jim Crawford, Co-Chair, House Appropriations, stated that he was looking forward to a productive and cooperative Session. He welcomed the visitors to the meeting and thanked his Co-Chairmen

Senator Garrou announced the agenda would be a presentation of Governor Easley's proposed 2006-2007 budget recommendations by his budget team.

The Governor's proposed 2006/2007 Budget Recommendations were presented as follows:

• Overview	David McCoy, State Budget Director
• Economy and Taxes	Dan Gerlach, governor's Senior Advisor for Fiscal Affairs
• Statewide Items	Charlie Perusse, Deputy State Budget Director
• Education	Elizabeth Grovenstein, Assistant State Budget Officer
• General Government/ Natural and Economic Resources	David Brown, Assistant State Budget Officer
• Health and Human Services	Daphne Lyon, Assistant State Budget Officer
• Justice and Public Safety	Sheryl Stephens Senior Budget Analyst
• Transportation	Mercidee Benton Senior Budget Analyst
• Capital Improvements	Jim Lora, Assistant State Budget Officer

Following the Governor's staff presentations, a discussion was held. A concern was expressed regarding possible changes to the current lottery legislation. Mr. Dan Gerlach, Governor's Senior Advisor for Fiscal Affairs stated that the Governor does not recommend any changes to the lottery legislation.

Senator Dalton requested that a representative of the Auditor's office address the issue. Mr. Lee Linger, Audit Manager, Auditor's office reported that the Auditor was satisfied with the methodology that the lottery commission has applied to the lottery legislation. *(Please see Attached Letter- Attachment 1).*

The Recommended Adjustments, 2006-2007, by Governor Michael F. Easley, is attached. *(Please see Attachment 2).*

The Senate and House Appropriations Co-Chairs thanked the Governor's staff for their presentations. The Joint Senate and House Appropriations meeting was adjourned at 10:00 a.m.

Senator Linda Garrou
Senate Appropriations Co-Chair

Representative James W. Crawford, Jr.
House Appropriations Co-Chair

Christina K. Minard, Senate
Committee Assistant

Joint Meeting

Senate and House of Representatives Committees on Appropriations

Legislative Office Building, Room 643
May 10, 2006
8:30 a.m.

Opening Remarks	Senate and House Chairs of Appropriations
Presentation of Governor's 2006/07 Budget Recommendations	David McCoy, State Budget Director
Economy and Taxes	Dan Gerlach, Governor's Senior Advisor for Fiscal Affairs
Statewide Items	Charlie Perusse, Deputy State Budget Director
Education	Elizabeth Grovenstein, Assistant State Budget Officer
General Government/Natural and Economic Resources	David Brown, Assistant State Budget Officer
Health and Human Services	Daphne Lyon, Assistant State Budget Officer
Justice and Public Safety	Sheryl Stephens, Senior Budget Analyst
Transportation	Mercidee Benton, Senior Budget Analyst
Capital Improvements	Jim Lora, Assistant State Budget Officer
Questions	Dan Gerlach Charlie Perusse

NORTH CAROLINA HOUSE OF REPRESENTATIVES
COMMITTEE MEETING NOTICE
2005-2006 SESSION

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

DAY & DATE: **Wednesday, May 10, 2006**

TIME: **8:30 a.m.**

LOCATION: **643**

The following bills will be considered (Bill # & Short Title & Bill Sponsor):
Briefing on the Governors Recommended Budget Adjustments

Respectfully,

Representatives Clary, Crawford, Earle, Nye,
Owens, Sherrill
Co-chairs

I hereby certify this notice was filed by the committee clerk at the following offices at **1:00** on **May 9, 2006.**

___Principal Clerk
___Reading Clerk - House Chamber

(Committee Assistant)

MINUTES
HOUSE COMMITTEE ON APPROPRIATIONS
MAY 10, 2006

The House Committee on Appropriations met on Tuesday, May 10, 2006 in Room 643 at 12:15 p.m. Chairman Jim Crawford convened the meeting. There were 21 House members present as well as staff to the Appropriations Committee. A visitor registration is attached and made a part of these minutes.

HB 1868 DOC EMERGENCY FUNDING

Chairman Crawford recognized Representative Haire to explain the bill and the need for the emergency $15 million appropriation. Representative Tucker moved for a favorable report on the bill and the motion carried.

The meeting adjourned at 12:25 pm.

James W. Crawford Jr
Representative Jim Crawford, Co-Chair

Linda Winstead
Linda Winstead, Committee Assistant

Representative Debbie Clary
Representative Beverly Earle
Representative Edd Nye
Representative Bill Owens
Representative Wilma Sherrill
Representative Douglas Yongue

NORTH CAROLINA HOUSE OF REPRESENTATIVES
COMMITTEE MEETING NOTICE
2005-2006 SESSION

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

DAY & DATE: **WEDNESDAY, MAY 10, 2006**

TIME: **IMMEDIATELY AFTER SESSION**

LOCATION: **643**

The following bills will be considered (Bill # & Short Title & Bill Sponsor):
EMERGENCY MEDICAL CARE - DEPARTMENT OF CORRECTIONS

Respectfully,

Representatives Clary, Crawford, Early, Nye,
Owens, Sherrill
Co-chairs

I hereby certify this notice was filed by the committee clerk at the following offices at **5:00 p.m.** on **May 9, 2005**.

___Principal Clerk
___Reading Clerk - House Chamber

Linda Winstead (Committee Assistant)

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

HOUSE APPROPRIATIONS COMMITTEE
AGENDA
Wednesday, May 10, 2006
After Session, Room 643

Representative Jim Crawford, Presiding

Chair's Comments

Bills

HB 1868 **DOC EMERGENCY FUNDING – Reps. Haire and Kiser**

Adjourn

2005 COMMITTEE REPORT
HOUSE OF REPRESENTATIVES

The following report(s) from standing committee(s) is/are presented:

By Representative Clary, Crawford, Earle, Nye, Owens, Sherrill, Yongue (Chairs) for the Committee on APPROPRIATIONS.

☐ Committee Substitute for

HB 1868 A BILL TO BE ENTITLED AN ACT TO PROVIDE EMERGENCY FUNDING FOR THE DEPARTMENT OF CORRECTION.

☒ With a favorable report.

(FOR JOURNAL USE ONLY)

_____ Pursuant to Rule 32(a), the bill/resolution is re-referred to the Committee on _____.

_____ Pursuant to Rule 36(b), the bill/resolution is placed on the Calendar of _____.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2005

H

HOUSE DRH30425-LR-180 (05/09)

H.B. FILED

1868 MAY 10 05

HOUSE PRINCIPAL CLERK D

Short Title:	DOC Emergency Funding.	(Public)
Sponsors:	Representatives Haire and Kiser (Primary Sponsors).	
Referred to:		

A BILL TO BE ENTITLED

AN ACT TO PROVIDE EMERGENCY FUNDING FOR THE DEPARTMENT OF CORRECTION.

The General Assembly of North Carolina enacts:

SECTION 1. There is appropriated from the General Fund to the Department of Correction the sum of fifteen million dollars ($15,000,000) for the 2005-2006 fiscal year for expenses related to unanticipated utility and health care costs. Funds that are unexpended and unencumbered as of the end of the 2005-2006 fiscal year shall revert to the General Fund.

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

VISITOR REGISTRATION SHEET

APPR. — 5/10/06

Name of Committee — Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
John Mabey	Gov office
Mark Nelson	OSBM
Barbara Baker	DOC
Traey Little	DOC
Paula Smith	DOC
Boyd Bennett	DOC
Mildred R. Spearman	DOC

2006

HOUSE APPROPRIATIONS

COMMITTEE MINUTES

NORTH CAROLINA HOUSE OF REPRESENTATIVES
MINUTES OF HOUSE APPROPRIATIONS MEETING
June 13, 2006 – 8:30 a.m.
Room 643 – Legislative Office Building

The North Carolina House of Representatives met on June 13, 2006 at 8:30 a.m. in Room 643 of the Legislative Office Building. There were 75 members present. The following Chairs of Appropriations presided throughout the meeting: Representative Jim Crawford, Representative Debbie Clary, Representative Beverly Earle, Representative Bill Owens, Representative Wilma Sherrill and Representative Douglas Yongue. The staff present were: Karen Hammonds Blanks, Marilyn Chism, Phyllis Pickett and Sean Dail.

Representative Crawford called the meeting to order and introduced the pages and the Sgt. at Arms staff and thanked them for their services throughout the meeting. The Chair explained the schedule for the meeting and called the members' attention to the RULES FOR COMMITTEE PROCEDURE. (Attachment No. 1)

The purpose of this meeting was to present to the members the House version of SENATE BILL 1741 WHICH IS AN ACT TO MODIFY THE CURRENT OPERATIONS AND CAPITAL APPROPRIATIONS ACT OF 2005. (Attachment No. 2) The HOUSE APPROPRIATIONS COMMITTEE REPORT ON THE CONTINUATION, EXPANSION AND CAPITAL BUDGETS is also attached. (Attachment No. 3)

The Chair announced that reports would be heard from the following committees: Education, Justice & Public Safety, Natural & Economic Resources, General Government, Health & Human Services, Capital and Statewide Reserves. The Chair then called the members' attention to the HOUSE BUDGET BILL – SALARIES AND BENEFITS. (Attachment No.4)

Representative Yongue, Chair, called on Representative Jeffus who presented the Education Committee Budget. The Revised Total Budget of the Education Committee's request was $6,718,490.270. Representative Becky Carney explained the University Budget which was a Revised Total Budget of $2,252,954,135. Representative Tolson explained the Community Colleges Budget with a Revised Total Budget of $14,171,014. This gave the Revised Total Budget for Education the amount of $810,220,528.

Representative Michaux called on Representative Kiser to present the Judicial Budget which showed a Revised Total Budget of $372,494,828. The Judicial – Indigent Defense Budget had a Revised Total Budget of $95,633,469. The Justice

budget showed a Revised Total Budget of $$83,425,541. The Juvenile Justice & Delinquency Prevention budget showed a Revised Total Budget of $142,427,686. The Department of Correction showed a Revised Total Budget of $1,085,370,161. The Crime Control and Public Safety budget showed a Revised Total Budget of $41,776,731.

Representative Owens, Chair, called on Representative McAllister to explain the budget of the Agriculture and Consumer Services which showed a Revised Total Budget of $54,781,007; Labor $15,048,819; Environment and Natural Resources $182,066,146; Commerce $57,040,748; Commerce – State Aid $22,175,223; N.C. Biotechnology Center $10,583,395. This gave the Revised Total Budget the amount of $14,583,395. Rep. Warren explained the Special Provisions.

Representative Sherrill, Chair, called on Representative Adams who presented the money report for the following agencies covered by the General Government Committee:

Administration - $62,927,232; Auditor - $10,898,482; Cultural resources - $67,227,200; Governor - $5,444,528; Housing Finance Agency - $21,875,945; Insurance - $28,498,980; Lt. Governor - $841,470; Office of Administrative Hearings - $3,251,079; Revenue - $81,953,032; Secretary of State - $9,837,700; State Board of Elections - $5,704,098; State Budget Management - $6,431,733; State Budget Management – Special Appropriation $6,464,682; Treasurer - $8,577,627; Treasurer – Retirement for Fire and Rescue Squad - $9,165,457. Representative West explained the Special Provisions for General Government.

Representative Clary, Chair, called on Representative Insco to explain the Health & Human Services money report which showed a Revised Total Budget of $4,228,846,865. Representative Earle called on Representative Barnhardt to explain the Special Provisions of Health & Human Services.

Representative Crawford, Chair, called on Representative Cole to explain the Highway Fund money report for Transportation which showed a Revised Total Budget of $1,793,740,000. The Highway Trust Fund showed a Revised Total Budget of $1,100,630,000.

Representative Wright explained the Capital budget which showed a Revised Total Budget of $159,668,005. He then explained the Special Provisions.

Representative Crawford explained the budget for Reserves/Debt Service/Adjustments which showed a Revised Total Budget of $2,054,109,760.

The Chair announced that the meeting would be in recess until 12:45 p.m.

Representative Crawford, Chair, called the meeting back to order at 12:45 p.m. There were 70 members present.

Amendments were presented and acted upon as follows: (Amendments are attached to these Minutes as Attachment No. 5)

#	Draft #	Sponsor	Action
1	ALL-40v6	Dickson	Tabled/Withdrawn
2	ALH-69v3	Current	Failed
3	ALB-146v2	Hilton	Withdrawn
4	ALD-23v2	Crawford	Passed
5	ALU-27v1	Barnhart	Passed
6	ALN-72	Stam	Withdrawn/Incorrect
7	ALN-6844	Stam	Withdrawn/Incorrect
8	ALE-52v2	Tolson	Passed
9	ALN-69v3	Wright	Adopted
10	ALH-70v2	Hilton	Out of Order
11	ALM-22v4	Harrison	Out of Order
12	ALN-75v1	Insko	Passed
13	ALD-18v5	Harrison	Out of Order
14	ALB-149v1	Haire/Kiser	Passed
15	ALB-148v1	Carney	Passed
16	ALD-26v2	Harrison	Failed
17	ALN-73v2	England	Passed
18	ALH-71v4	Jones	Failed
19	AMA-48v3	Cole	Adopted
20	AMA-51v4	Cole	Adopted
21	AMA-54v4	Cole	Adopted
22	ALU-29v1	Culp	Failed
23	ALN-74v3	Insko	Adopted
24	ALU-28v3	Insko	Out of Order
25	ALL-42v2	Cunningham	Failed
26	ALN-77v1	Rapp	Adopted
27	ALB-150v2	Haire/Kiser	Adopted
28	ALE-58v2	Jeffus	Displaced
29	ALE-49v5	Tolson	Out of Order
30	ALE-59v1	Tolson	Adopted
31	ALE-57v3	Tolson	Withdrawn
32	ALE-60v2	Tolson	Adopted
33	ALU-30v3	Crawford	Passed
34	ALD-28v2	Harrison	Withdrawn
35	ALN-72v6	Stam	Adopted
36	ALN-68v5	Stam	Failed
37	ALG-14v2	Adams	Adopted
38	ALG-13v4	Adams	Failed
39	ALD-27v2	Harrison	Failed

40	ALH-72v1	Sutton	Adopted
41	ALH-70v2	Hilton	Adopted
42	ALD-29v1	Harrison	Adopted
43	ALN-78v2	Coleman	Out of Order
44	ALU-32v2	Insko	Out of Order
45	ALE-58v2	Jeffus	Withdrawn
46	ALU-28v5	Insko	Adopted
47	ALN-78v3	Coleman	Amend. To Amend - Failed
48	ALN-80v3	Insko	Out of Order
49	ALE-57v6	Tolson	Adopted
50	ALE-61v3	Tolson	Adopted
51	ALN-79v2	Earle	Adopted
52	ALG-15v2	Parmon	Adopted
53	ALB-152v1	Jeffus	Adopted
54	ALN-80v4	Insko	Adopted

Representative Owens, Chair, moved for a favorable report and unfavorable as to the original bill WITH A RECOMMENDATION THAT THE BILL BE RE-REFERRED TO Finance and staff be authorized to fix any typographical errors in amendments prior to the committee report. The motion passed unanimously. A copy of the 2006 COMMITTEE REPORT – HOUSE OF REPRESENTATIVES as filed in the principal clerk's office is listed as Attachment No. 6

Representative Crawford, Chair, thanked the members, chairs and staff for their cooperation in getting this work done in such a cooperative manner.

The meeting adjourned at 2:40 p.m.

Respectfully submitted:

Representative Jim Crawford, Chair

Rosa S. Kelley, Committee Assistant

(A VISITOR'S SHEET IS ATTACHED TO THESE MINUTES.)

NORTH CAROLINA HOUSE OF REPRESENTATIVES
COMMITTEE MEETING NOTICE
2005-2006 SESSION

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

DAY & DATE: **Tuesday, June 13, 2006**

TIME: **8:30 a.m.**

LOCATION: **643**

The following bills will be considered (Bill # & Short Title & Bill Sponsor):
SB 1741 MODIFY APPROPRIATIONS ACT OF 2005

Respectfully,

Representatives Clary, Crawford, Earle, Nye,
Owens, Sherrill, Yongue
Co-chairs

I hereby certify this notice was filed by the committee clerk at the following offices at **1:30 p.m.** on **June 12, 2006**.

___Principal Clerk
___Reading Clerk - House Chamber

Linda Winstead (Committee Assistant)

NORTH CAROLINA HOUSE OF REPRESENTATIVES
APPROPRIATIONS COMMITTEE
MEETING

Legislative Office Building, Room 643
June 13, 2006
8:30 a.m.

- Opening Remarks — House Chairs,
  Rep. Jim Crawford
  Rep. Beverly Earle
  Rep. Bill Owens
  Rep. Debbie Clary
  Rep. Doug Yongue
  Rep. Edd Nye
  Rep. Wilma Sherrill
- Committee Schedule and Procedure
- Subcommittee Presentation of Bill and Committee Report:
  - Education
  - Justice & Public Safety
  - Natural & Economic Resources
  - General Government
  - Health & Human Services
  - Capital
  - Statewide Reserves
- Committee Discussion and Amendments
- Chairs' Closing Remarks
- Adjourn

2005 COMMITTEE REPORT
HOUSE OF REPRESENTATIVES

The following report(s) from standing committee(s) is/are presented:

By Representative Clary, Crawford, Earle, Nye, Owens, Sherrill, Yongue (Chairs) for the Committee on APPROPRIATIONS.

☐ Committee Substitute for

SB 1741 A BILL TO BE ENTITLED AN ACT TO MODIFY THE CURRENT OPERATIONS AND CAPITAL APPROPRIATIONS ACT OF 2005, TO ENACT AN EARLY REDUCTION IN THE SALES TAX RATE AND AN EARLY REDUCTION IN THE INCOME TAX RATE APPLICABLE TO MOST SMALL BUSINESSES, TO CAP THE VARIABLE WHOLESALE COMPONENT OF THE MOTOR FUEL TAX RATE AT ITS CURRENT RATE, TO INCREASE THE MINIMUM WAGE, AND TO PROVIDE FOR THE FINANCING OF CONSTRUCTION OF PSYCHIATRIC HOSPITALS AND OTHER CAPITAL PROJECTS.

☒ With a favorable report as to the House committee substitute bill as amended, which changes the title, unfavorable as to the original bill, and recommendation that the House committee substitute bill be re-referred to the Committee on FINANCE.

(FOR JOURNAL USE ONLY)

_____ Pursuant to Rule 32(a), the bill/resolution is re-referred to the Committee on _____.

_____ Pursuant to Rule 36(b), the (House/Senate) committee substitute bill/(joint) resolution (No._____) is placed on the Calendar of _____. (The original bill resolution No._____) is placed on the Unfavorable Calendar.

_____ The (House) committee substitute bill/(joint) resolution (No. ____) is re-referred to the Committee on _____. (The original bill/resolution) (House/Senate Committee Substitute Bill/(Joint) resolution No. ___) is placed on the Unfavorable Calendar.

Attachment No. 1

North Carolina House of Representatives
Appropriations Committee

RULES FOR COMMITTEE PROCEDURE

June 13, 2006

The following rules govern the eligibility of amendments to House Proposed Committee Substitute for SB 1741 (3rd Ed.):

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

2. Amendments can only affect appropriations within the departments, agencies, or programs within the jurisdiction of the subcommittee.

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

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

5. Amendments cannot spend reversions.

6. Amendments cannot make nonrecurring reductions to fund recurring items.

7. Amendments cannot change substantive policy or law.

8. Amendments cannot propose to include material not directly related to the budget.

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.

11. To be considered, a proposed amendment (a) must have been requested from drafting staff by 12 noon and (b) must have been logged in at the podium by committee staff by 1:30 PM.

12. 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.

Attachment No. 2

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2005

S D

SENATE BILL 1741
Second Edition Engrossed 5/23/06
Third Edition Engrossed 5/25/06
PROPOSED HOUSE COMMITTEE SUBSTITUTE S1741-PCS20533-LR-52

Short Title: Modify Appropriations Act of 2005. (Public)

Sponsors:

Referred to:

May 22, 2006

A BILL TO BE ENTITLED

AN ACT TO MODIFY THE CURRENT OPERATIONS AND CAPITAL APPROPRIATIONS ACT OF 2005.

The General Assembly of North Carolina enacts:

PART I. INTRODUCTION AND TITLE OF ACT

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.

TITLE OF ACT

SECTION 1.2. This act shall be known as "The Current Operations and Capital Improvements Appropriations Act of 2006."

PART II. CURRENT OPERATIONS AND EXPANSION/GENERAL FUND

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 adjusted for the fiscal year ending June 30, 2007, according to the schedule that follows. Amounts set out in brackets are reductions from General Fund appropriations for the 2006-2007 fiscal year.

Current Operations – General Fund	**FY 2006-2007**
EDUCATION	
Community Colleges System Office	$ 42,924,642

Department of Public Instruction	138,683,178
University of North Carolina System	
Appalachian State University	$ 2,189
East Carolina University	
Academic Affairs	(1,589,622)
Health Affairs	0
Elizabeth City State University	(28,887)
Fayetteville State University	42,675
NC Agricultural and Technical University	(223,690)
North Carolina Central University	(312)
North Carolina School of the Arts	29,159
North Carolina State University	
Academic Affairs	(3,908,353)
Agricultural Extension	65,287
Agricultural Research	0
University of North Carolina at Asheville	(569,398)
University of North Carolina at Chapel Hill	
Academic Affairs	(846,370)
Health Affairs	(795,501)
Area Health Education Centers	0
University of North Carolina at Charlotte	(471,439)
University of North Carolina at Greensboro	(1,138)
University of North Carolina at Pembroke	(299,992)
University of North Carolina at Wilmington	(100,910)
Western Carolina University	(735,491)
Winston-Salem State University	0
General Administration	0
University Institutional Programs	141,936,597
Related Educational Programs	0
North Carolina School of Science and Mathematics	52,250
UNC Hospitals at Chapel Hill	0
Total University of North Carolina Board of Governors	**$ 132,557,054**

HEALTH AND HUMAN SERVICES

Department of Health and Human Services	
Office of the Secretary	$ (56,346,653)
Division of Aging	5,741,765
Division of Blind Services/Deaf/HH	0
Division of Child Development	26,561,908
Division of Education Services	996,783
Division of Facility Services	0
Division of Medical Assistance	(109,150,000)
Division of Mental Health	57,068,476
NC Health Choice	0
Division of Public Health	21,414,501
Division of Social Services	17,619,957
Division of Vocation Rehabilitation	0
Total Health and Human Services	**$ (36,093,263)**

NATURAL AND ECONOMIC RESOURCES

Department of Agriculture and Consumer Services	$ 3,748,123

Department of Commerce		
Commerce		20,312,483
Commerce State-Aid		10,453,138
NC Biotechnology Center		4,000,000
Rural Economic Development Center		0
Department of Environment and Natural Resources		
Environment and Natural Resources		13,615,057
Clean Water Management Trust Fund		0
Department of Labor		613,894
JUSTICE AND PUBLIC SAFETY		
Department of Correction	$	36,877,659
Department of Crime Control and Public Safety		6,623,243
Judicial Department		26,734,418
Judicial Department – Indigent Defense		6,985,055
Department of Justice		4,728,270
Department of Juvenile Justice and Delinquency Prevention		3,554,520
GENERAL GOVERNMENT		
Department of Administration	$	4,108,759
Office of Administrative Hearings		281,367
Department of State Auditor		57,564
Office of State Controller		0
Department of Cultural Resources		
Cultural Resources		4,310,053
Roanoke Island Commission		0
State Board of Elections		634,791
General Assembly		168,346
Office of the Governor		
Office of the Governor		100,000
Office of State Budget and Management		409,938
OSBM – Reserve for Special Appropriations		1,353,253
Housing Finance Agency		17,125,000
Department of Insurance		
Insurance		388,398
Insurance – Volunteer Safety Workers' Compensation		0
Office of Lieutenant Governor		88,433

Department of Revenue		1,279,782
Department of Secretary of State		468,067
Department of State Treasurer		
State Treasurer		281,784
State Treasurer – Retirement for Fire and Rescue Squad Workers		514,000
TRANSPORTATION		
Department of Transportation	$	0
RESERVES, ADJUSTMENTS AND DEBT SERVICE		
Reserve for Compensation Increases		$ 693,676,935
Reserve for Teachers' and State Employees' Retirement Contributions		29,650,000
Retirement System Payback		30,000,000
Information Technology Fund		42,087,229
Reserve for Heating and Cooling Assistance		10,000,000
Trust Fund for MH/DD/SAS		24,205,000
State Emergency Response Account		20,000,000
Targeted County Medicaid Relief		35,000,000
Pending Ethics Legislation (HB 1843 & HB 1844)		422,871
Economic Development Initiatives		10,000,000
Higher Education and County Programs/Facilities		59,825,000
Debt Service		
General Debt Service		(50,000,000)
Federal Reimbursement		0
ADJUSTMENTS TO APPROPRIATIONS – GENERAL FUND		**$ 1,352,754,041**

GENERAL FUND AVAILABILITY STATEMENT

SECTION 2.2.(a) Section 2.2(a) of S.L. 2005-276 is repealed. The General Fund availability used in adjusting the 2006-2007 budget is shown below:

		FY 2006-2007
Unappropriated Balance from FY 2005-06, S.L. 2005-276		117,227,875
Net Adjustments - S.L. 2005-345		(4,148,833)
Net Adjustments - S.L. 2005-435, S.L. 2005-406, S.L. 2005-376, S.L. 2005-391		(5,826,000)
Adjustment From Estimated to Actual 2005-2006 Beginning Unreserved Balance		6,133,946
Revised Unappropriated Balance Remaining 2005-2006	**$**	**113,386,988**

Emergency Appropriation for		
Department of Correction, S.L. 2006-2		(15,000,000)
Projected Reversions from FY 2005-2006		125,000,000
Projected Over Collections from FY 2005-2006		1,072,100,000
Year End Unreserved Credit Balance before Earmarkings	**$**	**1,295,486,988**
Credit to Savings Reserve	$	(323,871,747)
Credit to Repairs and Renovation Reserve Account		(210,955,188)
Revised Year End Unreserved Credit Balance	**$**	**760,660,053**
Revenues Based on Existing Tax Structure	**$**	**16,951,416,000**
Nontax Revenues		
Investment Income	$	78,700,000
Judicial Fees		168,605,271
Disproportionate Share		100,000,000
Insurance		51,543,813
Other Nontax Revenues		202,719,921
Highway Trust Fund Transfer		252,663,009
Highway Fund Transfer		0
Subtotal Nontax Revenues	**$**	**854,232,014**
Total General Fund Availability	**$**	**18,566,308,067**
Adjustments to Availability: 2006 Session		
Baseline Revenue Forecast	$	698,864,995
Reserve for Sales Tax Reduction from 4.5% to 4.25% – January 1, 2007		(118,000,000)
Reserve for Upper Income Tax from 8.25% to 8.125% – January 1, 2007		(14,300,000)
Reserve for Small Business Health Insurance Tax Credit		(10,800,000)
Reserve for 529 Plan Tax Deduction		(2,000,000)
IRC Update Conformance		(5,100,000)
Mill Rehabilitation Tax Credit		(2,800,000)
Taxation of Logging Machinery		(2,900,000)
Bill Lee Adjustments		(800,000)
Aviation Fuel Credit Sunset – January 1, 2007		(90,000)
Tax Incentive for Ethyl Alcohol Sales		(50,000)
Reserve for Joint Filing Options		(1,000,000)
Reserve for Research & Development Sales Tax Rate Change		(4,100,000)
Reduce Transfer to Highway Trust Fund		(195,176,407)
Adjust Transfer from Insurance Regulatory Fund		388,398
Adjust Transfer from Treasurer's Office		281,784
Subtotal Adjustments to Availability: 2006 Session	**$**	**342,418,770**
Revised General Fund Availability for 2006-2007 Fiscal Year	**$**	**18,908,726,837**
Total General Fund Appropriations for 2006-2007 Fiscal Year		**(18,908,726,837)**
Unappropriated Balance Remaining	**$**	**0**

SECTION 2.2.(b) Notwithstanding G.S. 143-15.2 and G.S. 143-15.3A, the State Controller shall transfer two hundred ten million nine hundred fifty-five thousand

one hundred eighty-eight dollars ($210,955,188) from the unreserved credit balance to the Repairs and Renovations Reserve Account on June 30, 2006. This subsection becomes effective June 30, 2006.

SECTION 2.2.(c) Funds transferred under this section to the Repairs and Renovations Reserve Account are appropriated for the 2006-2007 fiscal year to be used in accordance with G.S. 143-15.3A.

SECTION 2.2.(d) Section 2.2(e) of S.L. 2005-276 is repealed effective June 30, 2006. This subsection becomes effective June 30, 2006

SECTION 2.2.(e) Section 2.2.(f) of S.L. 2005-276 reads as rewritten:

"**SECTION 2.2.(f)** Notwithstanding G.S. 105-187.9(b)(1), the sum to be transferred under that subdivision for the 2005-2006 fiscal year is two hundred fifty million dollars ($250,000,000) and for the 2006-2007 fiscal year is ~~two hundred fifty million dollars ($250,000,000).~~ fifty-five million dollars ($55,000,000)."

SECTION 2.2.(f) Pursuant to G.S. 105-187.9(b)(2), the sum to be transferred under that subdivision for the 2006-2007 fiscal year is two million four hundred eighty-six thousand six hundred two dollars ($2,486,602).

PART III. CURRENT OPERATIONS AND EXPANSION/HIGHWAY FUND

CURRENT OPERATIONS AND EXPANSION/HIGHWAY FUND

SECTION 3.1. Appropriations from the Highway Fund of the State for maintenance and operation of the Department of Transportation, and for other purposes as enumerated, are made for the fiscal year ending June 30, 2007, according to the schedule that follows. Amounts set out in brackets are reductions from Highway Fund Appropriations for the 2006-2007 fiscal year.

Current Operations – Highway Fund	**2006-2007**
Department of Transportation	
Administration	$ 0
Division of Highways	
Administration	0
Construction	39,439,500
Maintenance	190,217,256
Planning and Research	0
OSHA Program	0
Aeronautics	2,000,000
Ferry Operations	1,000,000
State Aid	
Municipalities	1,439,500
Public Transportation	(14,000,000)
Railroads	3,198,750
Governor's Highway Safety	0
Division of Motor Vehicles	1,386,701
Other State Agencies	1,069,364
Reserves and Transfers	29,080,000
TOTAL	**$254,831,071**

HIGHWAY FUND AVAILABILITY STATEMENT

SECTION 3.2. The Highway Fund availability used in developing the 2005-2007 biennial budget is shown below:

Highway Fund Availability Statement	**2006-2007**
Beginning Credit Balance	26,600,000
Estimated Revenue	1,767,140,000
Total Highway Fund Availability	$ 1,793,740,000

PART IV. HIGHWAY TRUST FUND APPROPRIATIONS

HIGHWAY TRUST FUND APPROPRIATIONS

SECTION 4.1. Appropriations from the Highway Trust Fund of the State for maintenance and operation of the Department of Transportation, and for other purposes as enumerated, are made for the fiscal year ending June 30, 2007, according to the schedule that follows. Amounts set out in brackets are reductions from Highway Trust Fund Appropriations for the 2006-2007 fiscal year.

Current Operations – Highway Trust Fund	**2006-2007**
Intrastate System	100,567,595
Urban Loops	40,665,346
Aid to Municipalities	10,551,886
Secondary Roads	9,271,360
Program Administration	(1,189,780)
Transfer to General Fund	(195,176,407)
GRAND TOTAL CURRENT OPERATIONS AND EXPANSION	**($35,310,000)**

PART V. BLOCK GRANTS

DHHS BLOCK GRANTS

SECTION 5.1.(a) Appropriations from federal block grant funds are made for the fiscal year ending June 30, 2007, according to the following schedule:

TEMPORARY ASSISTANCE TO NEEDY FAMILIES (TANF) BLOCK GRANT

Local Program Expenditures

Division of Social Services

01.	Work First Family Assistance (Cash Assistance)	$108,000,000
02.	Work First County Block Grants	94,653,315
03.	Child Protective Services – Child Welfare Workers for Local DSS	12,452,391
04.	Work First – Boys and Girls Clubs	1,500,000
05.	Work First – After-School Services for At-Risk Children	2,249,642

06.	Work First – After-School Programs for At-Risk Youth in Middle Schools	500,000
07.	Child Welfare Collaborative	1,000,000
08.	Work First – Work Central	550,000
09.	Adoption Services – Special Children's Adoption Fund	3,000,000
10.	Family Violence Prevention	2,200,000
11.	Foster Care	2,000,000
12.	Child and Family Mental Health Services	4,000,000
13.	Emergency Housing Assistance	4,000,000
	Division of Child Development	
14.	Subsidized Child Care Program	53,237,268
DHHS Administration		
15.	Division of Social Services	586,931
16.	Office of the Secretary	65,836
17.	Office of the Secretary/DIRM – TANF Automation Projects	592,500
18.	Office of the Secretary/DIRM – NC FAST Implementation	1,800,000
Transfers to Other Block Grants		
	Division of Child Development	
19.	Transfer to the Child Care and Development Fund	81,292,880
	Division of Social Services	
20.	Transfer to Social Services Block Grant for Department of Juvenile Justice and Delinquency Prevention – Support Our Students	2,749,642
21.	Transfer to Social Services Block Grant for Child Protective Services – Child Welfare Training in Counties	2,550,000
22.	Transfer to Social Services Block Grant for Maternity Homes	838,000

23.	Transfer to Social Services Block Grant for Teen Pregnancy Prevention Initiatives	2,500,000
24.	Transfer to Social Services Block Grant for County Departments of Social Services for Children's Services	4,500,000
25.	Transfer to Social Services Block Grant for Foster Care Services	1,181,907
TOTAL TEMPORARY ASSISTANCE TO NEEDY FAMILIES (TANF) BLOCK GRANT		$388,000,312
SOCIAL SERVICES BLOCK GRANT		
Local Program Expenditures		
Divisions of Social Services and Aging and Adult Services		
01.	County Departments of Social Services (Transfer from TANF – $4,500,000)	$ 28,868,189
02.	State In-Home Services Fund	2,101,113
03.	State Adult Day Care Fund	2,155,301
04.	Child Protective Services/CPS Investigative Services-Child Medical Evaluation Program	238,321
05.	Foster Care Services (Transfer from TANF – $1,181,907)	1,706,063
06.	Child Protective Services-Child Welfare Training for Counties (Transfer from TANF)	2,550,000
07.	Maternity Homes (Transfer from TANF)	838,000
08.	Local DSS Services for Hurricane Victims	509,272
Division of Aging and Adult Services		
09.	Home and Community Care Block Grant (HCCBG)	1,834,077
Division of Mental Health, Developmental Disabilities, and Substance Abuse Services		
10.	Mental Health Services Program	422,003
11.	Developmental Disabilities Services Program	5,000,000
12.	Mental Health Services-Adult/Mental Health Services-Child/Developmental Disabilities Program/ Substance Abuse Services-Adult	3,234,601

Division of Child Development	
13. Subsidized Child Care Program	3,150,000
Division of Vocational Rehabilitation	
14. Vocational Rehabilitation Services – Easter Seal Society/UCP	188,263
Office of the Secretary – Office of Economic Opportunity	
15. Elderly Supplemental Grant Program	41,302
Division of Public Health	
16. Teen Pregnancy Prevention Initiatives (Transfer from TANF)	2,500,000
DHHS Program Expenditures	
Division of Aging and Adult Services	
17. UNC-CARES Training Contract	247,920
Division of Services for the Blind	
18. Independent Living Program	3,314,114
Division of Facility Services	
19. Adult Care Licensure Program	411,897
20. Mental Health Licensure and Certification Program	205,668
DHHS Administration	
21. Division of Aging and Adult Services	630,636
22. Division of Social Services	869,058
23. Office of the Secretary/Controller's Office	123,059
24. Office of the Secretary/DIRM	82,009
25. Division of Child Development	15,000
26. Division of Mental Health, Developmental Disabilities, and Substance Abuse Services	18,098
27. Division of Facility Services	62,986
28. Office of the Secretary-NC Inter-Agency Council For Coordinating Homeless Programs	250,000
29. Office of the Secretary-Housing Coalition	100,000

Transfers to Other State Agencies	
Department of Administration	
30. NC Commission of Indian Affairs In-Home Services for the Elderly	203,198
Department of Juvenile Justice and Delinquency Prevention	
31. Support Our Students (Transfer from TANF)	2,749,642
Transfers to Other Block Grants	
Division of Public Health	
32. Transfer to Preventive Health Services Block Grant for HIV/STD Prevention and Community Planning	145,819
TOTAL SOCIAL SERVICES BLOCK GRANT	$ 64,765,609
LOW-INCOME ENERGY BLOCK GRANT	
Local Program Expenditures	
Division of Social Services	
01. Low Income Energy Assistance Program (LIHEAP)	$ 28,684,494
02. Crisis Intervention Program (CIP)	20,831,114
Office of the Secretary – Office of Economic Opportunity	
03. Weatherization Program	9,431,545
04. Heating Air Repair & Replacement Program (HARRP)	4,399,042
Local Administration	
Division of Social Services	
05. County DSS Administration	2,057,992
Office of the Secretary – Office of Economic Opportunity	
06. Local Residential Energy Efficiency Service Providers – Weatherization	257,185
07. Local Residential Energy Efficiency Service Providers – HARRP	119,955
DHHS Administration	
08. Division of Social Services	319,774

09. Division of Mental Health, Developmental Disabilities, and Substance Abuse Services	7,146
10. Office of the Secretary/DIRM	245,395
11. Office of the Secretary/Controller's Office	11,211
12. Office of the Secretary/Office of Economic Opportunity – Weatherization	257,185
13. Office of the Secretary/Office of Economic Opportunity – HARRP	119,955
Transfers to Other State Agencies	
14. Department of Administration – N.C. State Commission of Indian Affairs	58,455
TOTAL LOW-INCOME ENERGY BLOCK GRANT	$ 66,800,448
CHILD CARE AND DEVELOPMENT FUND BLOCK GRANT	
Local Program Expenditures	
Division of Child Development	
01. Subsidized Child Care Services	$165,102,685
02. Subsidized Child Care Services (TANF to CCDF)	81,292,880
DHHS Program Expenditures	
Division of Child Development	
03. Quality and Availability Initiatives	34,951,707
Local Administrations	
Division of Child Development	
04. Administrative Expenses (Non-Direct Subsidy Services Support)	1,849,000
DHHS Administration	
05. DCD Administrative Expenses	6,028,354
TOTAL CHILD CARE AND DEVELOPMENT FUND BLOCK GRANT	$289,224,626
MENTAL HEALTH SERVICES BLOCK GRANT	
Local Program Expenditures	

01. Mental Health Services – Adult	$ 7,184,481
02. Mental Health Services – Child	3,921,991
03. Comprehensive Treatment Service Program	1,500,000
Local Administration	
04. Division of Mental Health	100,000
TOTAL MENTAL HEALTH SERVICES BLOCK GRANT	$ 12,706,472
SUBSTANCE ABUSE PREVENTION AND TREATMENT BLOCK GRANT	
Local Program Expenditures	
01. Substance Abuse Services – Adult	$ 20,537,390
02. Substance Abuse Treatment Alternative for Women	8,069,524
03. Substance Abuse – HIV and IV Drug	4,816,378
04. Substance Abuse Prevention – Child	5,835,701
05. Substance Abuse Services – Child	4,940,500
06. Substance Abuse Strengthening Families – Prevention	851,156
Division of Public Health	
07. Risk Reduction Projects	383,980
08. Aid-to-Counties	209,576
09. Maternal Health	37,779
DHHS Administration	
10. Division of Mental Health	500,000
TOTAL SUBSTANCE ABUSE PREVENTION AND TREATMENT BLOCK GRANT	$ 46,181,984
MATERNAL AND CHILD HEALTH BLOCK GRANT	
Local Program Expenditures	
Division of Public Health	
01. Healthy Mothers/Healthy Children	9,359,236

02.	Children's Health Services	4,114,216
03.	Healthy Beginnings	404,559
04.	Maternal Health	397,761
05.	Teen Pregnancy Prevention Initiatives	85,710
DHHS Program Expenditures		
Division of Public Health		
06.	Children's Health Services	3,149,826
07.	Maternal Health	185,488
08.	State Center for Health Statistics	29,432
09.	Local Technical Assistance & Training	47,424
10.	Injury and Violence Prevention	149,438
11.	Office of Minority Health	98,236
12.	Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)	22,856
13.	Immunization Program – Vaccine Distribution	414,175
DHHS Administration		
14.	Division of Public Health Administration	550,681
TOTAL MATERNAL AND CHILD HEALTH BLOCK GRANT		$ 19,009,038
PREVENTIVE HEALTH SERVICES BLOCK GRANT		
Local Program Expenditures		
01.	NC Statewide Health Promotion	$1,755,653
02.	Services to Rape Victims	197,112
03.	HIV/STD Prevention and Community Planning (Transfer from Social Services Block Grant)	145,819
DHHS Program Expenditures		
04.	NC Statewide Health Promotion	431,444
05.	Oral Health	114,251
06.	Osteoporosis Program	67,593

DHHS Administration

07. Division of Public Health	109,211
TOTAL PREVENTIVE HEALTH SERVICES BLOCK GRANT	$2,821,083

COMMUNITY SERVICES BLOCK GRANT

Local Program Expenditures

Office of Economic Opportunity – Community Services Block Grant

01. Community Action Agencies	$ 15,071,666
02. Limited Purpose Agencies	823,261

DHHS Administration

03. Office of Economic Opportunity	823,261
TOTAL COMMUNITY SERVICES BLOCK GRANT	$ 16,718,188

GENERAL PROVISIONS

SECTION 5.1.(b) Information To Be Included in Block Grant Plans. – The Department of Health and Human Services shall submit a separate plan for each Block Grant received and administered by the Department, and each plan shall include the following:

(1) A delineation of the proposed allocations by program or activity, including State and federal match requirements.
(2) A delineation of the proposed State and local administrative expenditures.
(3) An identification of all new positions to be established through the Block Grant, including permanent, temporary, and time-limited positions.
(4) A comparison of the proposed allocations by program or activity with two prior years' program and activity budgets and two prior years' actual program or activity expenditures.
(5) A projection of current year expenditures by program or activity.
(6) A projection of federal Block Grant funds available, including unspent federal funds from the current and prior fiscal years.

SECTION 5.1.(c) Changes in Federal Fund Availability. – If the Congress of the United States increases the federal fund availability for any of the Block Grants administered by the Department of Health and Human Services from the amounts appropriated in this section, the Department shall allocate the increase proportionally across the program and activity appropriations identified for that Block Grant in this section. In allocating an increase in federal fund availability, the Department shall not propose funding for new programs or activities not appropriated in this section or increase State administrative expenditures.

If the Congress of the United States decreases the federal fund availability for any of the Block Grants administered by the Department of Health and Human Services from the amounts appropriated in this section, the Department shall reduce State administration by at least the percentage of the reduction in federal funds. After determining the State administration, the remaining reductions shall be allocated proportionately across the program and activity appropriations identified for that Block

Grant in this section. In allocating a decrease in federal fund availability, the Department shall not eliminate the funding for a program or activity appropriated in this section unless it is related to the State administration.

Prior to allocating the change in federal fund availability, the proposed allocation must be approved by the Office of State Budget and Management. If the Department adjusts the allocation of any Block Grant due to changes in federal fund availability, then a report shall be made to the Joint Legislative Commission on Governmental Operations, 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.

SECTION 5.1.(d) All changes to the budgeted allocations to the Block Grants administered by the Department of Health and Human Services that are not specifically addressed in this section shall be approved by the Office of State Budget and Management, and a report shall be submitted to the Joint Legislative Commission on Governmental Operations for review prior to implementing the changes. All changes to the budgeted allocations to the Block Grant shall be reported immediately 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. This subsection does not apply to block grant changes caused by legislative salary increases and benefit adjustments.

SECTION 5.1.(e) The Department of Health and Human Services 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 positions funded from federal Block Grants. The report shall include the following for each Block Grant:

(1) All State positions currently funded through the Block Grant, including permanent, temporary, and time-limited positions.
(2) Budgeted salary and fringe benefits for each position.
(3) Identify the percentage of Block Grant funds used to fund each position.

The report shall be submitted no later than December 1, 2006.

TEMPORARY ASSISTANCE FOR NEEDY FAMILIES BLOCK GRANT (TANF)

SECTION 5.1.(f) The sum of five hundred eighty-six thousand nine hundred thirty-one dollars ($586,931) appropriated in this section in the TANF Block Grant to the Department of Health and Human Services, Division of Social Services, for the 2006-2007 fiscal year shall be used to support administration of TANF-funded programs.

SECTION 5.1.(g) The sum of two million two hundred thousand dollars ($2,200,000) appropriated under this section in the TANF Block Grant to the Department of Health and Human Services, Division of Social Services, for the 2006-2007 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 support 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, 2006. 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, 2006, 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, 2006. The Division of Social Services may reallocate unspent funds to counties that submit a written request for additional funds.

SECTION 5.1.(h) The sum of two million two hundred forty-nine thousand six hundred forty-two dollars ($2,249,642) appropriated in this section in the TANF Block Grant to the Department of Health and Human Services, Division of Social Services, for the 2006-2007 fiscal year 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, school dropout, and gang participation. 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 fund one position within the Division of Social Services to coordinate at-risk after-school programs and shall not be used for other State administration.

SECTION 5.1.(i) The sum of twelve million four hundred fifty-two thousand three hundred ninety-one dollars ($12,452,391) appropriated in this section to the Department of Health and Human Services, Division of Social Services, in the TANF Block Grant for the 2006-2007 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 postadoption services for eligible families.

SECTION 5.1.(j) 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, Special Children Adoption Fund, for the 2006-2007 fiscal year shall be used in accordance with Section 10.48 of S.L. 2005-276. 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.(k) The sum of one million eight hundred thousand dollars ($1,800,000) in this section appropriated to the Department of Health and Human Services in the TANF Block Grant for the 2006-2007 fiscal year shall be used to implement N.C. FAST (North Carolina Families Accessing Services through Technology). The N.C. FAST Program involves the entire automation initiative through which families access services and local departments of social services deliver benefits, supervised by the Department of Health and Human Services, Divisions of Social Services, Aging and Adult Services, Medical Assistance, and Child Development. The statewide automated initiative shall be implemented in compliance with federal regulations in order to ensure federal financial participation in the project. The

Department of Health and Human Services shall report on its compliance with this subsection 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 no later than January 1, 2007.

SECTION 5.1.(l) The sum of five hundred thousand dollars ($500,000) appropriated in this section to the Department of Health and Human Services, Division of Social Services, in the TANF Block Grant for the 2006-2007 fiscal year shall be used to expand after-school programs for at-risk children attending middle school. The Department shall develop and implement a grant program to award funds to community-based programs demonstrating the capacity to reach children at risk of teen pregnancy, school dropout, and gang participation. These funds shall not be used for training or administration at the State level. All funds shall be distributed to community-based programs, focusing on those communities where similar programs do not exist in middle schools.

SECTION 5.1.(m) In implementing the TANF Block Grant, the Department of Health and Human Services shall review policies, programs, and initiatives to ensure that they support men in their role as fathers and strengthen fathers' involvement in their children's lives. The Department shall encourage county departments of social services to ensure their Work First programs emphasize responsible fatherhood and increased participation by noncustodial fathers.

SECTION 5.1.(n) The sum of five hundred fifty thousand dollars ($550,000) appropriated in this section to the Department of Health and Human Services in the TANF Block Grant for the 2006-2007 fiscal year shall be transferred to Work Central, Inc. Work Central, Inc., shall report on the number of people served and the services received as a result of the receipt of funds. The report shall contain expenditure data, including the amount of funds used for administration and direct training. The report shall also include the number of people who have been employed as a direct result of services provided by Work Central, Inc., including the length of employment in the new position. The Department of Health and Human Services shall evaluate the program and ensure that services provided are not duplicative of local employment security commissions in the nine counties served by Work Central, Inc. The evaluation report shall be submitted 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 no later than May 1, 2007.

SECTION 5.1.(o) The sum of one million five hundred thousand dollars ($1,500,000) appropriated in this section to the Department of Health and Human Services in the Social Services Block Grant for Boys and Girls Clubs for the 2006-2007 fiscal year 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 Social Services 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 gang participation, 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.(p) The sum of four million dollars ($4,000,000) appropriated in this section to the Department of Health and Human Services, Division of Social Services, in the TANF Block Grant for the 2006-2007 fiscal year shall be used to increase work participation rates by providing substance abuse and mental health services. The services shall be provided to families and children with child welfare issues and mental health or substance abuse problems that are an impediment to work. The Division of Social Services shall work with the Division of Mental Health,

Developmental Disabilities, and Substance Abuse Services in the development and implementation of this program.

SECTION 5.1.(q) The sum of four million dollars ($4,000,000) appropriated in this section to the Department of Health and Human Services, Division of Social Services, in the TANF Block Grant for the 2006-2007 fiscal year shall be used to increase work participation rates by providing targeted emergency housing assistance for families and children receiving TANF. The funds shall be used to provide short-term rent assistance or security deposits for families to maintain stable housing, transition from homelessness, or prevent homelessness, including domestic violence situations. The Division of Social Services shall work with the North Carolina Housing Finance Agency in the development and implementation of this program.

SECTION 5.1.(r) The sum of one million dollars ($1,000,000) appropriated in this section to the Child Welfare Collaborative in the TANF Block Grant for the 2006-2007 fiscal year shall be used to provide service awards for students receiving undergraduate or graduate degrees in social work.

SECTION 5.1.(s) It is the intent of the General Assembly that effective beginning with the 2007-2008 fiscal year, North Carolina counties will use county funding to replace any lost TANF and Maintenance of Effort (MOE) funds resulting from North Carolina being penalized for not meeting work participation rates in the 2006-2007 fiscal year and thereafter. The Department of Health and Human Services, Division of Social Services, shall develop a plan for implementation of county penalty payments. The Department shall report on its development and implementation of the plan 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 no later than April 1, 2007.

SOCIAL SERVICES BLOCK GRANT

SECTION 5.1.(t) Social Services Block Grant funds appropriated to the North Carolina Inter-Agency Council for Coordinating Homeless Programs and the North Carolina Housing Coalition are exempt from the provisions of 10A NCAC 71R.0201(3).

SECTION 5.1.(u) The sum of two million seven hundred forty-nine thousand six hundred forty-two dollars ($2,749,642) appropriated in this section in the Social Services Block Grant to the Department of Health and Human Services and transferred to the Department of Juvenile Justice and Delinquency Prevention for the 2006-2007 fiscal year shall be used to support the existing Support Our Students Program, including gang prevention, 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.(v) The sum of two million five hundred fifty thousand dollars ($2,550,000) appropriated in this section in the Social Services Block Grant to the Department of Health and Human Services, Division of Social Services, for the 2006-2007 fiscal year 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 eight hundred thirty-eight thousand dollars ($838,000) appropriated in this section in the Social Services Block Grant to the Department of Health and Human Services for the 2006-2007 fiscal year shall be used to purchase services at maternity homes throughout the State.

SECTION 5.1.(x) The sum of one million seven hundred six thousand sixty-three dollars ($1,706,063) appropriated in this section in the Social Services Block

Grant for child caring agencies for the 2006-2007 fiscal year shall be allocated to the State Private Child Caring Agencies Fund.

SECTION 5.1.(y) The Department of Health and Human Services is authorized, subject to the approval of the Office of State Budget and Management, to transfer Social Services Block Grant funding allocated for departmental administration between divisions that have received administrative allocations from the Social Services Block Grant.

LOW-INCOME HOME ENERGY ASSISTANCE PROGRAM

SECTION 5.1.(z) Additional emergency contingency funds received may be allocated for Energy Assistance Payments or Crisis Intervention Payments without prior consultation with the Joint Legislative Commission on Governmental Operations. Additional funds received shall be reported to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division upon notification of the award. The Department of Health and Human Services shall not allocate funds for any activities, including increasing administration, other than assistance payments, without prior consultation with the Joint Legislative Commission on Governmental Operations.

CHILD CARE AND DEVELOPMENT FUND BLOCK GRANT

SECTION 5.1.(aa) The sum of no more than four hundred thousand dollars ($400,000) appropriated in this section to the Department of Health and Human Services in the Child Care and Development Fund Block Grant for the 2006-2007 fiscal year may be used for the operations of the Medical Child Care Pilot.

SECTION 5.1.(bb) 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.(cc) 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.

MENTAL HEALTH BLOCK GRANT

SECTION 5.1.(dd) 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 2006-2007 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 2006-2007 fiscal year shall be used to continue a Comprehensive Treatment Services Program for Children in accordance with Section 10.25 of S.L. 2005-276.

SECTION 5.1.(ee) The Department of Health and Human Services shall contract with the University of North Carolina at Chapel Hill for the purpose of providing psychology student stipends in the amount of fifty thousand dollars ($50,000) for the 2006-2007 fiscal year. Twenty-five thousand dollars ($25,000) of this contract shall be paid from the Mental Health Block Grant.

MATERNAL AND CHILD HEALTH BLOCK GRANT

SECTION 5.1.(ff) 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 2006-2007 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.(gg) The Department of Health and Human Services shall ensure that there will be follow-up testing in the Newborn Screening Program.

NER BLOCK GRANTS

SECTION 5.2.(a) Appropriations from federal block grant funds are made for fiscal year ending June 30, 2007, 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 – 2007 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; not less than 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, including Urban Redevelopment Grants and Small Business or Entrepreneurial Assistance; 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) The Department of Commerce will create a small business/entrepreneurship program in coordination with micro-lending programs and other small business assistance groups in the State. The Department of Commerce shall award up to one million dollars ($1,000,000) in grants to local governments to provide assistance to low-to-moderate income individuals for small business and entrepreneurship development.

SECTION 5.2.(g) The Department of Commerce shall consult with the Joint Legislative Commission on Governmental Operations prior to reallocating Community Development Block Grant Funds. Notwithstanding the provisions of this subsection, whenever the Director of the Budget finds that:

(1) A reallocation is required because of an emergency that poses an imminent threat to public health or public safety, the Director of the Budget may authorize the reallocation without consulting the Commission. The Department of Commerce shall report to the Commission on the reallocation no later than 30 days after it was authorized and shall identify in the report the emergency, the type of action taken, and how it was related to the emergency.

(2) The State will lose federal block grant funds or receive less federal block grant funds in the next fiscal year unless a reallocation is made, the Department of Commerce shall provide a written report to the Commission on the proposed reallocation and shall identify the reason that failure to take action will result in the loss of federal funds. If the Commission does not hear the issue within 30 days of receipt of the report, the Department may take the action without consulting the Commission.

PART VI. GENERAL PROVISIONS

CONTINGENCY AND EMERGENCY FUND ALLOCATIONS

SECTION 6.1.(a) Section 6.2 of S.L. 2005-276 is repealed.

SECTION 6.1.(b) Funds in the amount of five million dollars ($5,000,000) for the 2006-2007 fiscal year are appropriated to the Contingency and Emergency Fund. Except as provided in subsection (c) of this section, these funds shall be expended only as:

(1) Required by a court, Industrial Commission, or administrative hearing officer's order;

(2) Required to call out the national guard; or

(3) Required to respond to an unanticipated disaster such as a fire, hurricane, or tornado, if funds for this purpose are not available in the Reserve for Disaster Expenses as authorized in G.S. 166A.

SECTION 6.1.(c) Up to five hundred thousand dollars ($500,000) may be spent for purposes other than those set out in subsection (b) of this section. Notwithstanding any other provision of law authorizing expenditures from the Contingency and Emergency Fund, no more than five hundred thousand dollars ($500,000) of these funds shall be expended for purposes other than those set out in subsection (b) of this section.

STATE EMERGENCY RESPONSE ACCOUNT

SECTION 6.5.(a) G.S. 166A-6.01(b)(2) reads as rewritten:

"(b) Disaster Assistance Programs – Type I Disaster. – In the event that a Type I disaster is proclaimed, the Governor may make State funds available for disaster assistance in the disaster area in the form of individual assistance and public assistance as provided in this subsection.

...

(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%)~~ one percent (1%) of the annual operating budget;
3. For a state of disaster proclaimed pursuant to G.S. 166A-6(a) after 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 6.5.(b) Article 1 of Chapter 166A of the General Statutes is amended by adding a new section to read:

"**§ 166A-6.02. State Emergency Response Account.**

(a) Account Established. – There is established a State Emergency Response Account as a reserve in the General Fund. Any funds appropriated to the Account shall remain available for expenditure as provided by this section, unless directed otherwise by the General Assembly.

(b) Purpose of Funds. – The Governor may spend funds from the Account for the following purposes:

(1) To cover the start-up costs of State Emergency Response Team operations for an emergency that poses an imminent threat of a Type I, Type II, or Type III disaster as defined by G.S. 166A-6.

(2) To cover the cost of first responders to a Type I, Type II, or Type III disaster and any related supplies and equipment needed by first responders that are not provided for under subdivision (1) of this subsection.

All other types of disaster assistance authorized by G.S. 166A-6 shall continue to be financed by the funds made available under G.S. 166A-6.01.

(c) Reporting Requirement. – The Governor shall report to the Joint Legislative Commission on Governmental Operations and to the Chairs of the Appropriations Committees of the Senate and House of Representatives on any expenditures from the State Emergency Response Account no later than 30 days after making the expenditure. The report shall include a description of the emergency and type of action taken."

SECTION 6.5.(c) G.S. 166A-4(1) reads as rewritten:

"~~(1)~~(1a) Disaster. – An occurrence or imminent threat of widespread or severe damage, injury, or loss of life or property resulting from any natural or man-made accidental, military or paramilitary cause."

SECTION 6.5.(d) G.S. 166A-4 is amended by adding a new subdivision to read:

"(1) Account. – The State Emergency Response Account established in G.S. 166A-6.02."

INFORMATION TECHNOLOGY FUND AVAILABILITY AND APPROPRIATIONS

SECTION 6.6.(a) Section 6.13(a) of S.L. 2005-276 reads as rewritten:

"**SECTION 6.13.(a)** The availability used to support appropriations made in this act from the Information Technology Fund established in G.S. 147-33.72H is as follows:

	FY 2005-2006	**FY 2006-2007**
Estimated Information Technology Fund Balance, June 30, 2006		$4,212,225
Receipts from Information Technology Enterprise Fee (G.S. 147-33.82)	$5,000,000	$5,000,000
Transfer from June 30, 2005, Information Technology Services Internal Service Fund cash balance to support statewide IT initiatives	$5,000,000	
~~Appropriation from General Fund~~	~~$24,375,000~~	~~$8,025,000~~
Appropriation from General Fund	$24,375,000	$50,112,229
~~**Total Funds Available**~~	~~**$34,375,000**~~	~~**$13,025,000.**~~
Total Funds Available	**$34,375,000**	**$59,324,454.**"

SECTION 6.6.(b) Appropriations from the Information Technology Fund established in G.S. 147-33.72H are adjusted for the fiscal year ending June 30, 2007, as follows:

Appropriations based on S.L. 2005-276, Section 6.14	$ 13,025,000
ITS Operating Expenses	$ 3,108,326
BEACON	$ 43,191,129
Total Appropriation 2006-2007	**$ 59,324,454**

AMEND CIVIL PENALTY AND FORFEITURE FUND AVAILABILITY

SECTION 6.9.(a) Section 6.37(a) of S. L. 2005-276 reads as rewritten:

"**SECTION 6.37.(a)** Availability. – The availability used to support appropriations made in this act from the Civil Penalty and Forfeiture Fund is based upon estimated collections of fines and forfeitures from the agencies and in the amounts listed below:

	FY 2005-2006	FY 2006-2007
Department of Revenue	$ 80,000,000	$ ~~85,000,000~~ 63,000,000
Department of Transportation	$ 15,000,000	$ 15,000,000

Employment Security Commission	$ 3,000,000	$ 3,000,000	
Department of Insurance	$ 3,000,000	$ ~~3,000,000~~	1,000,000
University of North Carolina	$ 5,000,000	$ ~~5,000,000~~	3,500,000
Other Agencies	$ 14,500,000	$ ~~14,500,000~~	10,000,000
Total Funds Available	$ 120,500,000	$ ~~125,500,000~~	95,500,000"

SECTION 6.9.(b) Section 6.37(b) of S.L. 2005-276 reads as rewritten:

"**SECTION 6.37.(b)** Appropriations. – Appropriations are made from the Civil Penalty and Forfeiture Fund for the fiscal biennium ending June 30, 2007, as follows:

	2005-2006	2006-2007	
School Technology Fund	$ 18,000,000	$ 18,000,000	
State Public School Fund	$ 102,500,000	$ ~~107,500,000~~	77,500,000
Total Appropriation	$ 120,500,000	$ ~~125,500,000~~	95,500,000"

SECTION 6.9.(c) G.S. 115C-457.2 reads as rewritten:

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

The clear proceeds of all civil penalties, civil forfeitures, and civil fines that are collected by a State agency and that the General Assembly is authorized to place in a State fund pursuant to Article IX, Section 7(b) of the Constitution shall be remitted to the Office of State Budget and Management by the officer having custody of the funds within 10 days after the close of the calendar month in which the revenues were received or collected. Notwithstanding any other law, all such funds shall be deposited in the Civil Penalty and Forfeiture Fund. The clear proceeds of these funds include the full amount of all civil penalties, civil forfeitures, and civil fines collected under authority conferred by the State, diminished only by the actual costs of collection, not to exceed twenty percent (20%) of the amount collected. The collection cost percentage to be used by a State agency shall be established and approved by the Office of State Budget and Management on an annual basis based upon the computation of actual collection costs by each agency for the prior fiscal year."

TARGETED COUNTY MEDICAID RELIEF

SECTION 6.12. Of the funds appropriated in this act to the Office of State Budget and Management for the 2006-2007 fiscal year, the sum of thirty-five million dollars ($35,000,000) in nonrecurring funds for the 2006-2007 fiscal year shall be reserved and allocated to reduce the county share of the nonfederal share of Medical Assistance Program expenditures, as follows:

(1) Forty percent (40%) shall be allocated among counties with a Medicaid-eligible population of twenty-five percent (25%) or greater of the total county population. The allocation shall be based on a county's percentage of the total Medicaid budget for all counties with a Medicaid-eligible population of twenty-five percent (25%) or greater.

(2) Fifty-five percent (55%) shall be allocated among counties with a Medicaid-eligible population of at least fifteen percent (15%) but less than twenty-five percent (25%) of the total county population. The allocation shall be based on a county's percentage of the total Medicaid budget for all counties with a Medicaid population of at least fifteen percent (15%) but less than twenty-five percent (25%).

(3) Five percent (5%) shall be allocated to counties with a Medicaid population of less than fifteen percent (15%) of the total county population. The allocation shall be based on a county's percentage of the total Medicaid budget for all counties with a Medicaid population of less than fifteen percent (15%).

ELIZABETH CITY AVIATION RESEARCH AND DEVELOPMENT COMMERCE PARK

SECTION 6.13. Of the funds appropriated in this act to the Office of State Budget and Management, the sum of four million dollars ($4,000,000) shall be allocated

to the Elizabeth City/Pasquotank County Airport Authority for land acquisition and site development to establish the Elizabeth City Aviation Research and Development Commerce Park. The Authority shall transfer a minimum of 20 acres of acquired land to Elizabeth City State University, upon request of the Board of Governors of The University of North Carolina, to establish an aviation educational center and aviation educational programs at the Park.

COMMUNITY COLLEGE CAPITAL

SECTION 6.14.(a) Of the funds appropriated in this act to the Office of State Budget and Management, the sum of forty million dollars ($40,000,000) shall be allocated to the Community Colleges System Office for a Community College Capital Fund to be used for the purpose of awarding grants to community colleges for capital needs. The Community Colleges System Office shall develop a competitive grant application process and guidelines for capital projects and shall award grants on the merit of the applications received. These grants shall be awarded on a matching basis of two State dollars for every one non-State dollar and no individual grant may exceed the sum of two million dollars ($2,000,000).

SECTION 6.14.(b) Beginning September 1, 2006, the Community Colleges System Office shall submit a quarterly report to the Office of State Budget and Management and the Fiscal Research Division containing the following information about each capital project that was awarded a grant: (i) the name of the community college; (ii) a description of the project; (iii) the project location; (iv) the cost-benefit analysis conducted by the Community Colleges System Office and the rationale for awarding the grant; and (v) the amount of the grant.

EDUCATION LOTTERY FUND REVENUE AND APPROPRIATIONS

SECTION 6.15.(a) Pursuant to G.S. 18C-164, the revenue used to support appropriations made in this act is transferred from the State Lottery Fund in the amount of four hundred twenty-five million dollars ($425,000,000) for the 2006-2007 fiscal year.

SECTION 6.15.(b) The appropriations made from the Education Lottery Fund pursuant to G.S. 18C-164(d) for the 2006-2007 fiscal year are as follows:

Class Size Reduction	$ 127,864,291
Prekindergarten Program	84,635,709
Public School Building Capital Fund	170,000,000
Scholarships for Needy Students	42,500,000
Total Appropriation	**$ 425,000,000**

ECONOMIC DEVELOPMENT INITIATIVES

SECTION 6.16.(a) There is established in the Department of Commerce a reserve to be known as the North Carolina Economic Development Reserve Fund. Funds from the Reserve Fund shall not be expended or transferred except in accordance with the provisions of this section.

SECTION 6.16.(b) Of the funds appropriated in this act to the Department of Commerce, the sum of ten million dollars ($10,000,000) shall be allocated to the North Carolina Economic Development Reserve Fund for the purpose of awarding grants for statewide economic development projects. The Department of Commerce shall develop a competitive grant application process and guidelines for statewide economic development projects and shall award grants on the merits of the applications received. No individual grant shall exceed the sum of one million dollars ($1,000,000).

SECTION 6.16.(c) Beginning September 1, 2006, the Department of Commerce shall submit a quarterly report to the Office of State Budget and Management and the Fiscal Research Division containing the following information

about each economic development project that was awarded a grant: (i) the name of the business involved; (ii) a description of the project; (iii) the project location; (iv) the cost-benefit analysis conducted by the Department and the rationale for awarding the grant; and (v) the amount of the grant.

PART VII. PUBLIC SCHOOLS

TEACHER SALARY SCHEDULES

SECTION 7.1.(a) Effective for the 2006-2007 school year, the Director of the Budget shall transfer from the Reserve for Experience Step Salary Increase for Teachers and Principals in Public Schools funds necessary to implement the teacher salary schedules set out in subsection (b) of this section and for longevity in accordance with subsection (c) of this section, including funds for the employer's retirement and social security contributions 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.

SECTION 7.1.(b) The following monthly salary schedules shall apply for the 2006-2007 fiscal year to certified personnel of the public schools who are classified as teachers. The schedule contains 31 steps with each step corresponding to one year of teaching experience.

2006-2007 Monthly Salary Schedule
"A" Teachers

Years Of Experience	"A" Teachers	NBPTS Certification
0	$2,851	N/A
1	$2,893	N/A
2	$2,937	N/A
3	$3,093	$3,464
4	$3,233	$3,621
5	$3,367	$3,771
6	$3,496	$3,916
7	$3,600	$4,032
8	$3,648	$4,086
9	$3,697	$4,141
10	$3,747	$4,197
11	$3,796	$4,252
12	$3,847	$4,309
13	$3,898	$4,366
14	$3,951	$4,425
15	$4,005	$4,486
16	$4,060	$4,547
17	$4,115	$4,609
18	$4,174	$4,675
19	$4,232	$4,740
20	$4,290	$4,805
21	$4,352	$4,874
22	$4,413	$4,943
23	$4,479	$5,016
24	$4,543	$5,088
25	$4,608	$5,161
26	$4,674	$5,235
27	$4,742	$5,311

28	$4,813	$5,391
29	$4,884	$5,470
30+	$4,982	$5,580.

2006-2007 Monthly Salary Schedule
"M" Teachers

Years Of Experience	"M" Teachers	NBPTS Certification
0	$3,136	N/A
1	$3,182	N/A
2	$3,231	N/A
3	$3,402	$3,810
4	$3,556	$3,983
5	$3,704	$4,148
6	$3,846	$4,308
7	$3,960	$4,435
8	$4,013	$4,495
9	$4,067	$4,555
10	$4,122	$4,617
11	$4,176	$4,677
12	$4,232	$4,740
13	$4,288	$4,803
14	$4,346	$4,868
15	$4,406	$4,935
16	$4,466	$5,002
17	$4,527	$5,070
18	$4,591	$5,142
19	$4,655	$5,214
20	$4,719	$5,285
21	$4,787	$5,361
22	$4,854	$5,436
23	$4,927	$5,518
24	$4,997	$5,597
25	$5,069	$5,677
26	$5,141	$5,758
27	$5,216	$5,842
28	$5,294	$5,929
29	$5,372	$6,017
30+	$5,480	$6,138.

SECTION 7.1.(c) Annual longevity payments for teachers shall be at the rate of 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. The longevity payment shall be paid in a lump sum once a year.

SECTION 7.1.(d) Certified public schoolteachers 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 schoolteachers 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.(e) 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.(f) 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.(g) Certified school nurses who are employed in the public schools as nurses shall be paid on the "M" salary schedule.

SECTION 7.1.(h) As used in this section, the term "teacher" shall also include instructional support personnel.

SCHOOL-BASED ADMINISTRATOR SALARY SCHEDULE

SECTION 7.2.(a) Effective for the 2006-2007 school year, the Director of the Budget shall transfer from the Reserve for Compensation Increases funds necessary to implement the salary schedules 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 2006-2007 fiscal year, commencing July 1, 2006, is as follows:

2006-2007
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	$3,592				
5	$3,741				
6	$3,884				
7	$4,000				

8	$4,053	$4,053				
9	$4,108	$4,108				
10	$4,163	$4,163	$4,218			
11	$4,218	$4,218	$4,274			
12	$4,274	$4,274	$4,331	$4,389		
13	$4,331	$4,331	$4,389	$4,450	$4,511	
14	$4,389	$4,389	$4,450	$4,511	$4,572	
15	$4,450	$4,450	$4,511	$4,572	$4,637	
16	$4,511	$4,511	$4,572	$4,637	$4,702	
17	$4,572	$4,572	$4,637	$4,702	$4,766	
18	$4,637	$4,637	$4,702	$4,766	$4,835	
19	$4,702	$4,702	$4,766	$4,835	$4,903	
20	$4,766	$4,766	$4,835	$4,903	$4,976	
21	$4,835	$4,835	$4,903	$4,976	$5,047	
22	$4,903	$4,903	$4,976	$5,047	$5,120	
23	$4,976	$4,976	$5,047	$5,120	$5,192	
24	$5,047	$5,047	$5,120	$5,192	$5,268	
25	$5,120	$5,120	$5,192	$5,268	$5,347	
26	$5,192	$5,192	$5,268	$5,347	$5,426	
27	$5,268	$5,268	$5,347	$5,426	$5,535	
28	$5,347	$5,347	$5,426	$5,535	$5,646	
29	$5,426	$5,426	$5,535	$5,646	$5,759	
30	$5,535	$5,535	$5,646	$5,759	$5,874	
31	$5,646	$5,646	$5,759	$5,874	$5,991	
32		$5,759	$5,874	$5,991	$6,111	
33			$5,991	$6,111	$6,233	
34			$6,111	$6,233	$6,358	
35				$6,358	$6,485	
36				$6,485	$6,615	
37					$6,747	

Principal and Assistant Principal Salary Schedules
Classification

Yrs. of Exp	PrinV (44-54)	PrinVI (55-65)	PrinVII (66-100)	PrinVIII (101+)
0-14	$4,637			
15	$4,702			
16	$4,766	$4,835		
17	$4,835	$4,903	$5,047	
18	$4,903	$4,976	$5,120	$5,192
19	$4,976	$5,047	$5,192	$5,268
20	$5,047	$5,120	$5,268	$5,347
21	$5,120	$5,192	$5,347	$5,426
22	$5,192	$5,268	$5,426	$5,535
23	$5,268	$5,347	$5,535	$5,646
24	$5,347	$5,426	$5,646	$5,759
25	$5,426	$5,535	$5,759	$5,874
26	$5,535	$5,646	$5,874	$5,991
27	$5,646	$5,759	$5,991	$6,111
28	$5,759	$5,874	$6,111	$6,233
29	$5,874	$5,991	$6,233	$6,358
30	$5,991	$6,111	$6,358	$6,485

31	$6,111	$6,233	$6,485	$6,615
32	$6,233	$6,358	$6,615	$6,747
33	$6,358	$6,485	$6,747	$6,882
34	$6,485	$6,615	$6,882	$7,020
35	$6,615	$6,747	$7,020	$7,160
36	$6,747	$6,882	$7,160	$7,303
37	$6,882	$7,020	$7,303	$7,449
38	$7,020	$7,160	$7,449	$7,598
39		$7,303	$7,598	$7,750
40		$7,449	$7,750	$7,905
41			$7,905	$8,063

SECTION 7.2.(c) The appropriate classification for placement of principals and assistant principals on the salary schedule, except for principals in alternative schools and in cooperative innovative high 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 and in cooperative innovative high school programs 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 1999-2000 school years 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) Longevity pay for principals and assistant principals shall be as provided for State employees under the State Personnel Act.

SECTION 7.2.(g) 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.

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.(h) 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. For the 2006-2007 fiscal year and subsequent fiscal years, the stipend shall not exceed the difference between the beginning salary of an assistant principal and any fellowship funds received by the intern as a full-time student, including awards of the Principal Fellows Program. The Principal Fellows Program or the school of education where the intern participates in a full-time masters in school administration program shall supply the Department of Public Instruction with certification of eligible full-time interns.

SECTION 7.2.(i) During the 2006-2007 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.

CENTRAL OFFICE SALARIES

SECTION 7.3.(a) The monthly salary ranges that follow apply to assistant superintendents, associate superintendents, directors/coordinators, supervisors, and finance officers for the 2006-2007 fiscal year, beginning July 1, 2006.

School Administrator I	$3,079	$6,012
School Administrator II	$3,268	$6,378
School Administrator III	$3,468	$6,765
School Administrator IV	$3,608	$7,035
School Administrator V	$3,753	$7,319
School Administrator VI	$3,982	$7,762
School Administrator VII	$4,142	$8,075

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, 2006.

SECTION 7.3.(b) The monthly salary ranges that follow apply to public school superintendents for the 2006-2007 fiscal year, beginning July 1, 2006.

Superintendent I	$4,396	$8,566
Superintendent II	$4,667	$9,084
Superintendent III	$4,952	$9,637
Superintendent IV	$5,225	$10,221
Superintendent V	$5,578	$10,844

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.

SECTION 7.3.(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 7.3.(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 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 7.3.(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 7.3.(f) The annual salary increase for all permanent full-time personnel paid from the Central Office Allotment shall be five percent (5%), commencing July 1, 2006. The State Board of Education shall allocate these funds to local school administrative units. The local boards of education shall establish guidelines for providing salary increases to these personnel.

SECTION 7.3.(g) The Director of the Budget shall transfer from the Reserve for Compensation Increases funds necessary to provide a one-time, lump-sum compensation bonus payable at the end of the employee's first pay period after October 1, 2006, in the amount of three hundred dollars ($300.00) for all central office employees whose salaries are supported from the State's General Fund, who were employed for all or part of fiscal year 2005-2006, and who are employed by the public schools on October 1, 2006. The compensation bonus shall be adjusted pro rata for permanent part-time employees and employees working on a schedule requiring less than 12 months' service per year.

Local boards of education shall provide a one-time, lump-sum compensation bonus payable at the end of the employee's first pay period after October 1, 2006, of three hundred dollars ($300.00) for all such employees whose salaries are not supported from the State's General Fund, who were employed by a local board of education for all or part of fiscal year 2005-2006, and who are employed by that local board of education on October 1, 2006. The compensation bonus shall be adjusted pro rata for permanent part-time employees and employees working on a schedule requiring less than 12 months' service per year.

NONCERTIFIED PERSONNEL SALARY AND FAIR MINIMUM PAY

SECTION 7.4.(a) The annual salary increase for permanent, full-time noncertified public school employees whose salaries are supported from the State's General Fund shall be five percent (5%), commencing July 1, 2006.

SECTION 7.4.(b) Local boards of education shall increase the rates of pay for such employees who were employed for all or part of fiscal year 2005-2006 and who continue their employment for fiscal year 2006-2007 by providing an annual salary increase for employees of five percent (5%).

SECTION 7.4.(c) The State Board of Education may adopt salary ranges for noncertified personnel to support increases of five percent (5%) for the 2006-2007 fiscal year.

SECTION 7.4.(d) Effective July 1, 2006, permanent full-time noncertified public school employees whose salaries are supported from the State's General Fund shall be paid a minimum salary of at least twenty thousand one hundred twelve dollars ($20,112) per year. Permanent, full-time employees working on a schedule requiring less than 12 months' service per year and permanent part-time employees, whose salaries are supported from the State's General Fund, shall be paid the minimum salary pro rata. The fair minimum wage salary adjustment provided by this section shall be calculated and awarded after any across-the-board salary increases authorized by this act.

SECTION 7.4.(e) The Director of the Budget shall transfer from the Reserve for Compensation Increases funds necessary to provide a one-time, lump-sum compensation bonus payable at the end of the employee's first pay period after October 1, 2006, in the amount of three hundred dollars ($300.00) for all noncertified public school employees whose salaries are supported from the State's General Fund, who were employed for all or part of fiscal year 2005-2006, and who are employed by the public schools on October 1, 2006. The compensation bonus shall be adjusted pro rata for permanent part-time employees and employees working on a schedule requiring less than 12 months' service per year.

Local boards of education shall provide a one-time, lump-sum compensation bonus payable at the end of the employee's first pay period after October 1, 2006, of three hundred dollars ($300.00) for all such employees whose salaries are not supported from the State's General Fund, who were employed by a local board of education for all or part of fiscal year 2005-2006, and who are employed by that local board of education on October 1, 2006. The compensation bonus shall be adjusted pro rata for permanent part-time employees and employees working on a schedule requiring less than 12 months' service per year.

BONUS FOR CERTIFIED PERSONNEL AT THE TOP OF THEIR SALARY SCHEDULES

SECTION 7.5. Effective July 1, 2006, any permanent personnel employed on July 1, 2006, and paid at the top of the principal and assistant principal salary schedule shall receive a one-time bonus equivalent to two percent (2%). Personnel defined under G.S. 115C-325(a)(5a) are not eligible to receive the bonus.

FUNDS TO IMPLEMENT THE ABCS OF PUBLIC EDUCATION

SECTION 7.6.(a) The State Board of Education shall use funds appropriated in this act for State Aid to Local School Administrative Units to provide incentive funding for schools that met or exceeded the projected levels of improvement in student performance during the 2005-2006 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 7.6.(b) Notwithstanding G.S. 143-23, the State Board of Education may use funds appropriated to the Department of Public Instruction and to the State Public School Fund to establish a consolidated, comprehensive program through which to provide assistance to low-performing schools. For this purpose only, the Board may, with approval from the Office of State Budget and Management, transfer funds between personal service and nonpersonal service line items currently supporting positions, related operating costs, and contracts for school improvement teams and for assistance teams. Funds transferred pursuant to this section shall not be used to raise the salary of existing employees.

The Board shall report to the Joint Legislative Education Oversight Committee and the Joint Legislative Commission on Governmental Operations by January 15, 2007, on any restructuring of the assistance program pursuant to this section.

SECTION 7.6.(c) The Joint Legislative Education Oversight Committee shall review the incentive award structure described in this section and determine whether the relationship between awards for teachers and teacher assistants at each level of achievement is appropriate.

CHILDREN WITH DISABILITIES

SECTION 7.7. The State Board of Education shall allocate funds for children with disabilities on the basis of two thousand nine hundred seventy-two dollars and fifty-two cents ($2,972.52) per child for a maximum of 170,240 children for the 2006-2007 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 2006-2007 allocated average daily membership in the local school administrative unit.

The dollar amounts allocated under this section for children with disabilities shall also adjust in accordance with legislative salary increments, retirement rate adjustments, and health benefit adjustments for personnel who serve children with disabilities.

FUNDS FOR ACADEMICALLY GIFTED CHILDREN

SECTION 7.8. The State Board of Education shall allocate funds for academically or intellectually gifted children on the basis of nine hundred sixty-one dollars and sixty cents ($961.60) per child. A local school administrative unit shall receive funds for a maximum of four percent (4%) of its 2006-2007 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 57,419 children for the 2006-2007 school year.

The dollar amounts allocated under this section for academically or intellectually gifted children shall also adjust in accordance with legislative salary increments, retirement rate adjustments, and health benefit adjustments for personnel who serve academically or intellectually gifted children.

LEARN AND EARN HIGH SCHOOLS

SECTION 7.11. Section 7.32 of S.L. 2005-276 is amended by adding the following new subsections:

"**SECTION 7.32.(e)** Enrollment fees and tuition for The University of North Carolina courses in which Learn and Earn students are enrolled are allowable uses of these funds. Tuition costs may include laboratory fees assessed to all students enrolled in the course or a similar course.

SECTION 7.32.(f) Textbooks required for college courses in which Learn and Earn students are enrolled may be purchased with these funds.

SECTION 7.32.(g) Payment of fees from these funds by local school administrative units to partnering community colleges and universities are restricted to technology or course fees. Funds appropriated in this act shall not be used to support the cost of athletic or other student activity or campus fees not required by enrollment in a specific course.

SECTION 7.32.(h) The State Board of Education shall allot funds for university enrollment, tuition and fees, and textbooks on the basis of and after verification of the credit hour enrollment of Learn and Earn students in university courses. The State Board of Education shall allot funds for community college fees and textbooks on the basis of and after verification of the credit hour enrollment of Learn and Earn students in community college courses."

NC WISE POSITIONS

SECTION 7.12.(a) Notwithstanding G.S. 143-23, the State Board of Education may, in consultation with the Office of Information Technology Services, use

funds appropriated in this act for NC WISE to create a maximum of 20 positions and incur expenditures necessary to transfer the maintenance and administration of the NC WISE system from the vendor to the Department of Public Instruction.

SECTION 7.12.(b) The Department of Public Instruction shall report on a quarterly basis to the Joint Legislative Education Oversight Committee on the implementation of the NC WISE project.

EXPAND LEA ACCESS TO EDUCATION VALUE ADDED ASSESSMENT SYSTEM (EVAAS)

SECTION 7.14.(a) The State Board of Education shall identify local school administrative units to receive funds for purchasing licenses to EVAAS diagnostic software based on criteria that shall include (i) identified need, (ii) readiness, and (iii) county wealth, as defined in the Low-Wealth Supplemental Funding Formula. The Board shall identify as many units as possible within funds available for this purpose.

SECTION 7.14.(b) Funds appropriated for EVAAS in the 2005-2006 fiscal year shall not revert, but shall be carried forward to the 2006-2007 fiscal year for expenditures for training related to expanding local school administrative units' access to the EVAAS tool. Any such funds not spent by June 30, 2007, shall revert to the General Fund.

SECTION 7.14.(c) This section becomes effective June 30, 2006.

NORTH CAROLINA VIRTUAL PUBLIC SCHOOL

SECTION 7.16.(a) The North Carolina Virtual Public School (NCVPS) Program shall report to the State Board of Education and shall maintain an administrative office at the Department of Public Instruction.

SECTION 7.16.(b) The Director of NCVPS will ensure that course quality standards are established and met and that all e-learning opportunities offered by State-funded entities to public school students are consolidated under the NC Virtual Public School Program, eliminating course duplication. The Director shall report on the proposed consolidation and operating plan for 2007-2008 to the Joint Legislative Education Oversight Committee, the Office of State Budget and Management, and the Fiscal Research Division no later than January 15, 2007. Consolidation will be completed by June 30, 2007. Notwithstanding G.S 143-23, the State Board of Education may move funds within the budget to implement the consolidation.

SECTION 7.16.(c) Subsequent to course consolidation, the Director will prioritize e-learning course offerings for students residing in rural and low-wealth county LEAs, in order to expand available instructional opportunities. First-available e-learning instructional opportunities should include courses required as part of the standard course of study for high school graduation and AP offerings not otherwise available.

SECTION 7.16.(d) The State Board of Education shall develop an allotment formula for funding e-learning, effective in the 2007-2008 fiscal year. In developing the formula, the Board shall consider, at a minimum, the following:

(1) The number of students in average daily membership (ADM) projected to enroll in e-learning,
(2) The projected cost of fees for e-learning courses,
(3) The extent to which projected enrollment in e-learning courses affects funding required for other allotments that are based on ADM.

DISTANCE EDUCATION

SECTION 7.17. Notwithstanding G.S. 143-23, the State Board of Education may use monies from the State Public School Fund in the 2006-2007 fiscal year only to pay for the additional costs associated with an increased number of registration fees for students enrolling in Distance Education courses.

ADMINISTRATIVE FUNDING FOR TEACHING FELLOWS PROGRAM

SECTION 7.19.(a) 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~~ With the prior approval of the General Assembly in the Current Operations Appropriations Act, the revolving fund may also be used by 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."

SECTION 7.19.(b) The Public School Forum, as administrator for the Teaching Fellows Program, may use up to eight hundred ten thousand dollars ($810,000) for the 2006-2007 fiscal year from the balance in the revolving fund established in G.S. 115C-363.23A(f) for costs associated with administration of the Teaching Fellows Program. The funding provided for administration of the Teaching Fellows Program in this subsection shall be used to meet current administrative expenses of the Program, expand minority recruitment initiatives, and expand the Program to up to four additional campuses using a merit-based selection process developed by the North Carolina Teaching Fellows Commission.

The Teaching Fellows Program shall report to the Joint Legislative Education Oversight Committee by March 15, 2007, on:

(1) Actual expenditures for the 2005-2006 fiscal year and budgeted expenditures for the 2006-2007 fiscal year for administration of the Program;

(2) Initiatives to recruit minorities to the Program; and

(3) The additional campuses selected to participate in the Program and the selection process.

REFUND OF LOCAL SALES AND USE TAXES TO A LOCAL SCHOOL ADMINISTRATIVE UNIT

SECTION 7.20.(a) G.S. 105-467(b) reads as rewritten:

"(b) Exemptions and Refunds. – The State exemptions and exclusions contained in G.S. 105-164.13, the State sales and use tax holiday contained in G.S. 105-164.13C, and the State refund provisions contained in G.S. 105-164.14 apply to the local sales and use tax authorized to be levied and imposed under this Article. ~~A~~Except as provided in this subsection, a taxing county may not allow an exemption, exclusion, or refund that is not allowed under the State sales and use tax. A local school administrative unit and a joint agency created by interlocal agreement among local school administrative units pursuant to G.S. 160A-462 to jointly purchase food service-related materials, supplies, and equipment on their behalf is allowed an annual refund of sales and use taxes paid by it under this Article on direct purchases of tangible personal property and services, other than electricity and telecommunications service. Sales and use tax liability indirectly incurred by the entity on building materials, supplies, fixtures, and equipment that become a part of or annexed to any building or structure that is owned or leased by the entity and is being erected, altered, or repaired for use by the entity is considered a sales or use tax liability incurred on direct purchases by the entity for the purpose of this subsection. A request for a refund shall be in writing and shall include any information and documentation required by the Secretary. A request for a refund is due within six months after the end of the entity's fiscal year. Refunds applied for more than three years after the due date are barred."

SECTION 7.20.(b) Section 7.51(c) of S.L. 2005-276, as amended by Section 7 of S.L. 2005-345, reads as rewritten:

"**SECTION 7.51.(c)** Subsection (b) of this section becomes effective July 1, 2006. Notwithstanding the provisions of G.S. 105-164.44H, for the 2006-2007 fiscal year, the amount transferred to the State Public School Fund each quarter shall equal one-fourth of the amount refunded under G.S. 105-164.14(c)(2b) and (2c) during the 2005-2006 fiscal year for State sales and use taxes only plus or minus the percentage of that amount by which the total collection of State sales and use tax increased or decreased during the preceding fiscal year. The remainder of this section becomes effective July 1, 2005, and applies to sales made on or after that date."

SECTION 7.20.(c) This section becomes effective July 1, 2005, and applies to sales made on or after that date.

STUDY THE COMPENSATION OF SCHOOL PSYCHOLOGISTS WITH NATIONAL CERTIFICATION

SECTION 7.22. The State Board of Education shall study the adequacy of the compensation of school psychologists who are designated as Nationally Certified School Psychologists by the National School Psychology Certification Board. In the course of the study, the State Board of Education shall consider (i) whether these school psychologists should be compensated at the same level as teachers who are certified by the National Board for Professional Teaching Standards (NBPTS) and (ii) the cost of compensating them at that level.

The State Board of Education shall report the results of its study to the Joint Legislative Education Oversight Committee prior to January 15, 2007.

PART VIII. COMMUNITY COLLEGES

SALARIES OF COMMUNITY COLLEGE FACULTY AND PROFESSIONAL STAFF

SECTION 8.1.(a) Section 8.3 of S.L. 2005-276 is amended by adding a new subsection to read:

"**SECTION 8.3.(b1)** For the 2006-2007 school year, the minimum salaries for nine-month, full-time, curriculum community college faculty shall be as follows:

Education Level	Minimum Salary 2006-2007
Vocational Diploma/Certificate or Less	$31,728
Associate Degree or Equivalent	$32,195
Bachelors Degree	$34,220
Masters Degree or Education Specialist	$36,016
Doctoral Degree	$38,607

No full-time faculty member shall earn less than the minimum salary for his or her education level.

The pro rata hourly rate of the minimum salary for each education level shall be used to determine the minimum salary for part-time faculty members."

SECTION 8.1.(b) Section 8.3(g) of S.L. 2005-276 reads as rewritten:

"**SECTION 8.3.(g)** ~~Funds~~ For the 2005-2006 fiscal year, funds appropriated in this act for salary increases shall be used to increase faculty and professional staff salaries by an average of two percent (2%). These increases are in addition to other salary increases provided for in this act and shall be calculated on the average salaries prior to the issuance of the compensation increase. For the 2006-2007 fiscal year, funds appropriated in this act for salary increases shall be used to increase faculty and professional staff salaries by an average of six percent (6%). Colleges may provide additional increases from funds available.

The State Board of Community Colleges shall adopt rules to ensure that these funds are used only to move faculty and professional staff to the respective national averages.

These funds shall not be transferred by the State Board or used for any other budget purpose by the community colleges."

USE OF FUNDS FOR THE COLLEGE INFORMATION SYSTEM PROJECT

SECTION 8.3.(a) Funds appropriated to the Community Colleges System Office for the College Information System Project shall not revert at the end of the 2005-2006 fiscal year but shall remain available until expended.

SECTION 8.3.(b) Notwithstanding G.S. 143-23, the Community Colleges System Office may, subject to the approval of the Office of State Budget and Management, in consultation with the Office of Information Technology Services, and after consultation with the Joint Legislative Commission on Governmental Operations, use funds appropriated in this act for the College Information System Project to create a maximum of 20 positions or incur expenditures necessary to transfer the maintenance and administration of the College Information System Project from the vendor to the System Office.

SECTION 8.3.(c) The Community Colleges System Office shall report on a quarterly basis to the Joint Legislative Education Oversight Committee on the implementation of the College Information System Project.

SECTION 8.3.(d) Subsection (a) of this section becomes effective June 30, 2006.

CARRYFORWARD FOR EQUIPMENT

SECTION 8.4.(a) Subject to the approval of the Office of State Budget and Management and cash availability, the North Carolina Community Colleges System Office may carry forward an amount not to exceed ten million dollars ($10,000,000) of the operating funds that were not reverted in fiscal year 2005-2006 to be reallocated to the State Board of Community Colleges' Equipment Reserve Fund. These funds shall be distributed to colleges consistent with G.S. 115D-31.

SECTION 8.4.(b) This section becomes effective June 30, 2006.

NC COMMUNITY COLLEGE SYSTEM MAY USE STATE FUNDS IN LIEU OF FEDERAL FUNDS DUE TO FEDERAL MANDATES

SECTION 8.5. Notwithstanding G.S. 143-23, the Community Colleges System Office may use State literacy funds to fund the State administration of the GED office. Federal funds previously used to support the State administration functions shall be reallocated to the colleges.

REPORT ON THE NCCCS BIONETWORK

SECTION 8.6. The Community Colleges System Office shall report by November 1, 2006, to the Joint Legislative Education Oversight Committee, the Office of State Budget and Management, and the Fiscal Research Division on the implementation of the NCCCS BioNetwork. This report shall include an explanation of the BioNetwork's activities, accomplishments, and expenditures.

STUDY OF NEW AND EXPANDING INDUSTRY TRAINING

SECTION 8.7. The Office of State Budget and Management shall conduct a study to analyze and evaluate the New and Expanding Industry Training program of the North Carolina Community College System. This study shall examine the companies served, the number of times each company has been served, the number of jobs created, the length of time the company has remained in North Carolina after receiving New and Expanding Industry Training funds, and whether the company has maintained employment levels at the same level promised when training was received. The findings of the study shall be reported to the Joint Legislative Education Oversight Committee no later than April 1, 2007.

MATCHING REQUIREMENT FOR BOND FUNDS

SECTION 8.8. Section 3(d) of S.L. 2000-3 reads as rewritten:

"**Section 3.(d)** If the State Board of Community Colleges determines that a community college has not met its matching requirements by July 1, ~~2006,~~2007, with respect to a capital improvement project for which bond proceeds are allocated in this act, the Board shall certify that fact to the State Treasurer by October 1, ~~2006.~~2007. All of these bond proceeds with respect to which the Board certifies that the matching requirement has not been met by July 1, ~~2006,~~2007, shall be placed by the State Treasurer in a special account within the Community Colleges Bond Fund and shall be used for making grants to community colleges. Bond proceeds in the special account shall be allocated among the community colleges in accordance with the following conditions:

(1) The State Board of Community Colleges shall generate, by October 1, ~~2006,~~2007, a priority ranking of legitimate community college capital improvement needs using a formula based on objective meaningful factors relevant to capital needs, including actual and projected enrollment, space requirements, current capacity, construction costs, and any other factors the State Board considers relevant.

(2) The State Board of Community Colleges shall provide the State Treasurer a projected allocation of the proceeds in the special account in accordance with this priority ranking, except that:

a. No projected allocation shall be made for a community college that the Board certified in accordance with this subsection had failed to meet a matching requirement.

b. No more than four million dollars ($4,000,000) shall be allocated to a single community college.

c. Funds shall not be allocated for more than one project per community college.

(3) The proceeds of grants made from bond proceeds in the special account shall be allocated and expended for paying the cost of community college capital improvements in accordance with this allocation by the State Board of Community Colleges, to the extent and as provided in this act. The Director of the Budget is empowered, when the Director of the Budget determines it is in the best interest of the State and the North Carolina Community College System to do so, and if the cost of a particular project is less than the projected allocation, to use the excess funds to increase the size of that project or increase the size of any other project itemized in this section, or to increase the amount allocated to a particular community college within the aggregate amount of funds available under this section. The Director of the Budget shall consult with the Advisory Budget Commission and the Joint Legislative Commission on Governmental Operations before making these changes."

PART IX. UNIVERSITIES

UNC-NCCCS 2+2 E-LEARNING INITIATIVE

SECTION 9.1. The University of North Carolina and Community Colleges System Office shall report by September 1, 2006, to the Joint Legislative Education Oversight Committee, the Office of State Budget and Management, and the Fiscal Research Division of the General Assembly on the implementation of the UNC-NCCCS 2+2 E-Learning Initiative. This report shall include:

(1) The courses and programs within the 2+2 E-Learning Initiative;

(2) The total number of prospective teachers that have taken or are taking part in this initiative to date broken down by the current academic

period and each of the previous academic periods since the program's inception;

(3) The total number of teachers currently in the State's classroom, by local school administrative unit, who have taken part in this initiative;

(4) The change in the number of teachers available to schools since the program's inception;

(5) The qualitative data from students, teachers, local school administrative unit personnel, university personnel, and community college personnel as to the impact of this initiative on our State's teaching pool; and

(6) An explanation of the expenditures and collaborative programs between the North Carolina Community College System and The University of North Carolina, including recommendations for improvement.

TEACHER EDUCATION PROGRAM ENROLLMENT PLANS

SECTION 9.2. The University of North Carolina Board of Governors' Task Force on Meeting Teacher Supply and Demand called for the President to develop a plan for enrollment growth in the University System's teacher education programs to respond to the State's shortage of teachers. In a presentation to the Joint Legislative Education Oversight Committee and to the Board of Governors, a commitment was made to increase the number of teacher education graduates. The University of North Carolina General Administration shall obtain plans from each constituent institution as to how they will maintain their current enrollment in the teacher education programs and achieve their growth targets to ensure such increases in those programs occur. Plans may include using enrollment growth funds for targeted admissions, enhanced student support, and advising, recruiting, increases in faculty in necessary instructional areas that lead to certification, and other methods General Administration believes will achieve those results. The University of North Carolina General Administration shall report back to the Office of State Budget and Management and the Joint Legislative Education Oversight Committee no later than December 30, 2006, on each constituent institution's plan. No later than March 31, 2007, The University of North Carolina General Administration shall submit a report on progress towards meeting this priority for the 2007-2008 academic year, based on each constituent institution's current students in the education programs, and the students who have been accepted for the 2007-2008 fiscal year who are enrolling in the education programs. The report shall also explain the distribution of enrollment growth funds by specific initiative.

NORTH CAROLINA IN THE WORLD PROJECT

SECTION 9.3. In collaboration with the State Board of Education and the NC Department of Commerce, the NC Center for International Understanding shall develop a plan to ensure that public K-12 international education efforts such as teacher and student exchanges, curriculum development, and other initiatives for students, teachers, and administrators are focused on key countries and regions of strategic economic interest to North Carolina. The NC Center for International Understanding shall report to the Office of State Budget and Management and the Joint Legislative Education Oversight Committee on the activities and accomplishments of the two hundred thousand dollar ($200,000) nonrecurring appropriation for North Carolina in the World Project no later than March 31, 2007.

A+ SCHOOLS – BUDGET TECHNICAL CORRECTION

SECTION 9.3A. Recurring funds in the amount of one hundred thousand dollars ($100,000) appropriated to the Department of Public Instruction for the 2006-2007 fiscal year in S.L. 2005-276 as pass-through funds for A+ Schools shall be transferred to the Board of Governors of The University of North Carolina to provide

pass-through funds for A+ Schools for the same purpose of providing support for the program that assists schools in implementing comprehensive school reform by integrating arts into the curriculum.

CLARIFY REQUIREMENTS FOR STUDENTS RECEIVING PHYSICAL EDUCATION – COACHING SCHOLARSHIP LOANS

SECTION 9.3B.(a) G.S. 116-209.36(a) reads as rewritten:

"(a) There is established the Physical Education – Coaching Scholarship Loan Fund. The purpose of the Fund is to provide scholarship loans to students who are pursuing college degrees to become public schoolteachers and coaches or assistant coaches. Coaching Fellows shall be offered a curriculum and extracurricular activities that ~~advances~~ advance skills in physical education and coaching and that ~~instills~~ instill a strong motivation not only to remain in the coaching profession but to provide leadership in the schools where they coach. The State Education Assistance Authority shall administer the Fund. The Fund shall provide 25 scholarship loans per year."

SECTION 9.3B.(b) The Board of Governors of The University of North Carolina, in consultation with the North Carolina Independent Colleges and Universities, Inc., the North Carolina High School Athletic Association, Inc., and the North Carolina Coaches Association, shall study the curriculum and extracurricular activities appropriate for recipients of scholarship loans. The extracurricular activities may include programs and seminars with teachers currently coaching in North Carolina public schools.

The Board of Governors shall report the results of the study, including the costs of implementing its proposals, to the Joint Legislative Education Oversight Committee prior to January 15, 2007.

GRADUATE NURSE SCHOLARSHIP PROGRAM FOR FACULTY PRODUCTION

SECTION 9.6.(a) Of the funds appropriated by this act to the Board of Governors of The University of North Carolina for the 2006-2007 fiscal year, the sum of one million two hundred thousand dollars ($1,200,000) shall be used to establish the Graduate Nurse Scholarship Program for Faculty Production.

SECTION 9.6.(b) The allocation of funds under subsection (a) of this section is contingent upon the enactment of House Bill 2003 of the 2005 Regular Session of the General Assembly or substantially similar legislation that establishes the Graduate Nurse Scholarship Program for Faculty Production. If House Bill 2003 of the 2005 Regular Session of the General Assembly or substantially similar legislation that establishes the Graduate Nurse Scholarship Program for Faculty Production is not enacted, then the funds allocated under subsection (a) of this act shall revert to the General Fund.

MANAGEMENT FLEXIBILITY TO REORGANIZE BUDGET CODE 16012 UNC BOARD OF GOVERNORS RELATED EDUCATIONAL PROGRAMS

SECTION 9.7. Notwithstanding G.S. 143-23, for the 2006-2007 fiscal year, the General Administration of The University of North Carolina and the State Educational Assistance Authority shall, with the approval of the Office of State Budget and Management, reorganize budget code 16012, UNC Board of Governors Related Educational Programs, so that the budget reflects and segregates each specific program individually. The Office of State Budget and Management shall work with The University of North Carolina General Administration and the State Educational Assistance Authority to ensure that each program represented in code 16012 is identified and budgeted separately.

TUITION AND CONTRACTUAL GRANTS FOR TEACHING/NURSING

SECTION 9.13.(a) Of the funds appropriated by this act to the Board of Governors of The University of North Carolina for the 2006-2007 fiscal year, the sum of one million five hundred thousand dollars ($1,500,000) shall be used to implement the provisions of House Bill 1928 of the 2005 Regular Session of the General Assembly, Senate Bill 1476 of the 2005 Regular Session of the General Assembly, or substantially similar legislation to provide State Contractual Scholarship Fund grants and legislative tuition grants for students who have bachelors degrees but are pursuing licensure as nurses or teachers.

SECTION 9.13.(b) The allocation of funds under subsection (a) of this section is contingent upon the enactment of House Bill 1928 of the 2005 Regular Session of the General Assembly, Senate Bill 1476 of the 2005 Regular Session of the General Assembly, or substantially similar legislation that provides State Contractual Scholarship Fund grants and legislative tuition grants for students who have bachelors degrees but are pursuing licensure as nurses or teachers. If House Bill 1928 of the 2005 Regular Session of the General Assembly, Senate Bill 1476 of the 2005 Regular Session of the General Assembly, or substantially similar legislation that provides State Contractual Scholarship Fund grants and legislative tuition grants for students who have bachelors degrees but are pursuing licensure as nurses or teachers is not enacted, then the funds allocated under subsection (a) of this act shall revert to the General Fund.

NORTH CAROLINA RESEARCH CAMPUS AT KANNAPOLIS

SECTION 9.14.(a) The Director of the Office of State Budget and Management shall not release funds appropriated in this act to the Board of Governors of The University of North Carolina for the North Carolina Research Campus (NCRC) at Kannapolis until the President of The University of North Carolina certifies to the Director that The University System and the developers of NCRC have entered into a Memorandum of Understanding concerning the participation in and use of space at the North Carolina Research Campus that is approved by the President.

SECTION 9.14.(b) The Director of the Office of State Budget and Management shall not release funds appropriated in this act to the North Carolina Community Colleges System Office for the North Carolina Research Campus (NCRC) at Kannapolis until the President of the North Carolina Community College System certifies to the Director that the Community College System and the developers of NCRC have entered into a Memorandum of Understanding concerning the participation in and use of space at the North Carolina Research Campus that is approved by the President.

PART X. DEPARTMENT OF HEALTH AND HUMAN SERVICES

RATE SETTING FOR CHILD CARING INSTITUTIONS

SECTION 10.2.(a) Section 10.47(b) of S.L. 2005-276 is repealed.

SECTION 10.2.(b) G.S. 110-93.1 is repealed.

SECTION 10.2.(c) G.S. 143B-153(2)d. reads as rewritten:

"**§ 143B-153. Social Services Commission – creation, powers and duties.**

There is hereby created the Social Services Commission of the Department of Health and Human Services with the power and duty to adopt rules and regulations to be followed in the conduct of the State's social service programs with the power and duty to adopt, amend, and rescind rules and regulations under and not inconsistent with the laws of the State necessary to carry out the provisions and purposes of this Article. Provided, however, the Department of Health and Human Services shall have the power and duty to adopt rules and regulations to be followed in the conduct of the State's medical assistance program.

...

(2) The Social Services Commission shall have the power and duty to establish standards and adopt rules and regulations:

...

d. For the payment of State funds to private child-placing agencies as defined in G.S. 131D-10.2(4) and residential child care facilities as defined in G.S. 131D-10.2(13) for care and services provided to children who are in the custody or placement responsibility of a county department of social ~~services; and~~services. The Commission shall establish standardized rates for child caring institutions in this State, which rates shall be updated annually on July 1. Rate-setting recommendations provided by the Office of the State Auditor shall be incorporated into the Department of Social Services' rate-setting methodology; and

...

...."

SECTION 10.2.(d) The effective date for establishing standardized rates for child caring institutions in this State, as enacted in subsection (c) of this section, shall be July 1, 2007.

MEDICAID

SECTION 10.3.(a) Section 10.11 of S.L. 2005-276 is repealed.

SECTION 10.3.(b) Use of Funds, Allocation of Costs, Other Authorizations.

(1) Use of Funds. – 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.

(2) Allocation of Nonfederal Cost of Medicaid. – The allocation of the nonfederal cost of Medicaid shall be as provided in this act.

(3) Funds for Development and Acquisition of Equipment and Software. – 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.

(4) Reports. – Unless otherwise provided, whenever the Department of Health and Human Services is required by this section to report to the General Assembly, the report shall be submitted to the House of Representatives Appropriations Subcommittee for Health and Human Services, the Senate Appropriations Committee on Health and Human Services, and the Fiscal Research Division of the Legislative Services Office. Reports shall be submitted on the date provided in the reporting requirement.

SECTION 10.3.(c) Policy. –

(1) 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.

(2) Cost-containment programs. – The Department of Health and Human Services, Division of Medical Assistance, may undertake cost-containment programs, including contracting for services, preadmissions to hospitals, and prior approval for certain outpatient surgeries before they may be performed in an inpatient setting.

(3) Fraud and abuse. –

a. 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.

b. For the purposes of investigating and reducing client fraud and abuse, the Department of Health and Human Services, Division of Medical Assistance, shall, unless prohibited by federal law, include in the Medicaid enrollment process the requirement that the applicant for Medicaid consent to or authorize in writing the release of the applicant's medical records for the three years immediately preceding the application for Medicaid benefits. The Department shall obtain and use information from the applicant's medical records in a manner and form that complies with the Health Insurance Portability and Accountability Act of 1996 ("HIPAA"), P.L. 104-191, as amended, and that protects the privacy of the information as required by other applicable federal or State law. In addition to fraud and abuse detection, the Department may require the applicant's consent for other purposes permitted by HIPAA and required or authorized by other applicable federal or State law.

(4) Medical policy. –

Unless required for compliance with federal law, 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. The Department shall not implement any proposed medical policy change exceeding three million dollars ($3,000,000) in total requirements for a given fiscal year unless the source of State funding is identified and approved by the Office of State Budget and Management. The Department shall provide the Office of State Budget and Management and the Fiscal Research Division a quarterly report itemizing all medical policy changes with total requirements of less than three million dollars ($3,000,000).

SECTION 10.3.(d) Eligibility. – Eligibility for Medicaid shall be determined in accordance with the following:

(1) 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-WFFA*		Medically Needy	
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	3,900
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.

(2) 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.

(3) The Department of Health and Human Services shall provide Medicaid to 19 and 20-year-olds in accordance with federal rules and regulations.

(4) Pregnant women and children. – The Department of Health and Human Services shall provide coverage to pregnant women and to children according to the following schedule:

a. 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.

b. Effective January 1, 2006, infants under the age of one with family incomes equal to or less than two hundred percent (200%) of the federal poverty guidelines as revised each April 1 shall be covered for Medicaid benefits.

c. Effective January 1, 2006, children aged one through five with family incomes equal to or less than two hundred percent (200%) of the federal poverty guidelines as revised each April 1 shall be covered for Medicaid benefits.

d. Children aged six 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.

e. 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

subparagraphs c. and d. of this subdivision, no resources test shall be applied.

(5) The Department of Health and Human Services shall provide Medicaid coverage for family planning services to men and women of childbearing age with family incomes equal to or less than one hundred eight-five percent (185%) of the federal poverty level.

(6) 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 services, 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

(7) Medicaid enrollment of categorically needy families with children shall be continuous for one year without regard to changes in income or assets.

(8) 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.

(9) 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 SSI method.

SECTION 10.3.(e) Services and Payment Bases. – Funds appropriated for Medicaid 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. Unless otherwise provided, services and payment bases will be as prescribed in the State Plan as established by the Department of Health and Human Services and may be changed with the approval of the Director of the Budget.

(1) Hospital inpatient.

(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. – 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) Physicians, certified nurse midwife services, nurse practitioners. – Fee schedules as development by the Department of Health and Human Services.

(5) Community Alternative Program, EPSDT Screens. – Payments in accordance with rate schedule developed by the Department of Health and Human Services.

(6) Home health and related services, durable medical equipment. – Payments according to reimbursement plans developed by the Department of Health and Human Services.

(7) Hearing aids. – Wholesale cost plus dispensing fee to provider.

(8) Rural health clinical services. – Provider-based, reasonable cost; non-provider-based, single–cost reimbursement rate per clinic visit.

(9) Family planning. – Negotiated rate for local health departments. For other providers see specific services, e.g. hospitals, physicians.

(10) Independent laboratory and X-ray services. – Uniform fee schedules as developed by the Department of Health and Human Services.

(11) Ambulatory surgical centers.

(12) Private duty nursing, clinic services, prepaid health plans.

(13) Intermediate care facilities for the mentally retarded.

(14) Chiropractors, podiatrists, optometrists, dentists.

(15) Limitations on Dental Coverage. – Dental services shall be provided on a restricted basis in accordance with criteria adopted by the Department to implement this subsection.

(16) Medicare Buy-In. – Social Security Administration premium.

(17) Ambulance services. – Uniform fee schedules as developed by the Department of Health and Human Services. Public ambulance providers will be reimbursed at cost.

(18) Optical supplies. – Payment for materials is made to a contractor in accordance with 42 C.F.R. § 431.54(d). Fees paid to dispensing providers are negotiated fees established by the State agency based on industry charges.

(19) Medicare crossover claims. – The Department shall apply Medicaid medical policy to Medicare claims for dually eligible recipients. The Department shall pay 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.

(20) 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.

(21) Personal care services.

(22) Case management services. – Reimbursement in accordance with the availability of funds to be transferred within the Department of Health and Human Services.

(23) Hospice.

(24) Medically necessary prosthetics or orthotics. – In order to be eligible for reimbursement, providers must be Board certified. Medically necessary prosthetics and orthotics are subject to prior approval and utilization review.

(25) Health insurance premiums.

(26) 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.

(27) 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.

(28) Drugs. – Reimbursements. Reimbursements shall be available for prescription drugs 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. Payments for drugs are subject to the provisions of this subdivision 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. In addition to the professional services fee, the Department may pay an enhanced fee for pharmacy services.

Limitations on quantity. – The Department of Health and Human Services may establish authorizations, limitations, and reviews for specific drugs, drug classes, brands, or quantities in order to manage effectively the Medicaid pharmacy program, except that the Department shall not impose limitations on brand-name medications for which there is a generic equivalent in cases where 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". In addition to the entities listed in subsection (a) of this section, the Department shall report to the Joint Legislative Commission on Governmental Operations on authorizations, limitations, and reviews established under this subparagraph, including limitations on monthly brand-name and generic prescriptions as well as restrictions on the total number of medications. The Department shall submit the report not later than May 1, 2006.

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).

Prior authorization. – The Department of Health and Human Services shall not impose prior authorization requirements or other restrictions under the State Medical Assistance Program on medications prescribed for Medicaid recipients for the treatment of: (i) mental illness, including, but not limited to, medications for schizophrenia, bipolar disorder, and major depressive disorder, or (ii) HIV/AIDS.

(29) 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 provided by:

1. Licensed or certified psychologists, licensed clinical social workers, certified clinical nurse specialists in psychiatric mental health advanced practice, nurse practitioners certified as clinical nurse specialists in psychiatric mental health advanced practice, licensed psychological associates, licensed professional counselors, licensed marriage and family therapists, certified clinical addictions specialists, and certified clinical supervisors, when Medicaid-eligible children are referred by the Community Care of North Carolina primary care physician, a Medicaid-enrolled psychiatrist, or the area mental health program or local management entity, 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.

c. For Medicaid-eligible adults, services provided by 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, licensed psychological associates, licensed professional

counselors, licensed marriage and family therapists, licensed clinical addictions specialists, and licensed clinical supervisors, Medicaid-eligible adults may be self-referred.

d. Payments made for services rendered in accordance with this subdivision shall be to qualified providers in accordance with approved policies and the State Plan. Nothing in sub-subdivision b. or c. of this subdivision shall be interpreted to modify the scope of practice of any service provider, practitioner, or licensee, nor to modify or attenuate any collaboration or supervision requirement related to the professional activities of any service provider, practitioner, or licensee. Nothing in sub-subdivision b. or c. of this subdivision shall be interpreted to require any private health insurer or health plan to make direct third-party reimbursements or payments to any service provider, practitioner, or licensee.

e. The Department of Health and Human Services shall not enroll licensed psychological associates, licensed professional counselors, licensed marriage and family therapists, licensed clinical addiction specialists, and licensed clinical supervisors until all of the following conditions have been met:

1. The fiscal impact of payments to these qualified providers has been projected;
2. Funding for any projected requirements in excess of budgeted Division of Medical Assistance funding has been identified from within State funds appropriated to the Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services to support area mental health programs or county programs, or identified from other sources; and
3. Approval has been obtained from the Office of State Budget and Management to transfer these State or other source funds from the Division of Mental Health, Developmental Disabilities, and Substance Abuse Services to the Division of Medical Assistance. Upon approval and implementation, the Department of Health and Human Services shall, on a quarterly basis, provide a status report to the Office of State Budget and Management and the Fiscal Research Division.

Notwithstanding G.S. 150B-21.1(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 sub-subdivisions a. and b.2 of this subdivision shall be established by the Division of Medical Assistance.

SECTION 10.3.(f) Limitations on payments. –

(1) Payment is limited to Medicaid-enrolled providers that purchase a performance bond in an amount not to exceed 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. The Department may

waive or limit the requirements of this paragraph for one or more classes of Medicaid-enrolled providers based on the provider's dollar amount of monthly billings to Medicaid or the length of time the provider has been licensed in this State to provide services. In waiving or limiting requirements of this paragraph, the Department shall take into consideration the potential fiscal impact of the waiver or limitation on the State Medicaid Program. The Department may adopt temporary rules in accordance with G.S. 150B-21.1 as necessary to implement this provision.

(2) 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.

SECTION 10.3.(g) Exceptions and limitations on services; authorization of co-payments and other services.

(1) 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.

(2) Co-Payment for Medicaid Services. – The Department of Health and Human Services may establish co-payments up to the maximum permitted by federal law and regulation and required by this subsection in order to achieve reductions in the budget in fiscal years 2005-2006 and 2006-2007.

(3) The Department of Health and Human Services shall provide Medicaid coverage for family planning services to men and women of childbearing age with family incomes equal to or less than one hundred eighty-five percent (185%) of the federal poverty level. Of the funds appropriated in this act to the Division of Medical Assistance, the sum of seven hundred fifty thousand dollars ($750,000) for the 2005-2006 fiscal year shall be used to provide the State-match for the family planning demonstration waiver approved by the federal government.

SECTION 10.3.(h) Rules, Reports, and Other Matters. –

(1) Rules. – The Department of Health and Human Services may adopt temporary or emergency rules according to the procedures established in G.S. 150B-21.1 and G.S. 150B-21.1A 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 or emergency rules with the Rules Review Commission and 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 or emergency rule and its effect on State appropriations and local governments.

(2) Changes to Medicaid program; reports. – The Department shall report 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. In addition to the entities listed in subsection (a)(4) of this section, the report shall be submitted to the Joint Legislative Health Care Oversight Committee.

PROCEDURES FOR CHANGES TO DHHS MEDICAL POLICY

SECTION 10.4. Article 2 of Chapter 108A of the General Statutes is amended by adding the following new section to read:

"**§ 108A-54.2. Procedures for changing medical policy.**

The Department shall develop, amend, and adopt medical coverage policy in accordance with the following:

(1) During the development of new medical coverage policy or amendment to existing medical coverage policy, consult with and seek the advice of the Physician Advisory Group of the North Carolina Medical Society and other organizations the Secretary deems appropriate. The Secretary shall also consult with and seek the advice of officials of the professional societies or associations representing providers who are affected by the new medical coverage policy or amendments to existing medical coverage policy.

(2) At least 45 days prior to the adoption of new or amended medical coverage policy, the Department shall:

a. Publish the proposed new or amended medical coverage policy on the Department's Web site;

b. Notify all Medicaid providers of the proposed, new, or amended policy; and

c. Upon request, provide persons copies of the proposed medical coverage policy.

(3) During the 45-day period immediately following publication of the proposed new or amended medical coverage policy, accept oral and written comments on the proposed new or amended policy.

(4) If, following the comment period, the proposed new or amended medical coverage policy is modified, then the Department shall, at least 15 days prior to its adoption:

a. Notify all Medicaid providers of the proposed policy;

b. Upon request, provide persons notice of amendments to the proposed policy; and

c. Accept additional oral or written comments during this 15-day period."

MEDICAID RESERVE FUND TRANSFER

SECTION 10.7.(a) Of the funds transferred to the Department of Health and Human Services for Medicaid programs pursuant to G.S. 143-23.2, the sum of fifty million dollars ($50,000,000) for the 2006-2007 fiscal year shall be allocated as prescribed by G.S. 143-23.2(b) for Medicaid programs. Notwithstanding the prescription in G.S. 143-23.2(b) that these funds not reduce State general revenue funding, these funds shall replace the reduction in general revenue funding effected in this act.

SECTION 10.7.(b) Of the funds transferred to the Department of Health and Human Services for Medicaid programs pursuant to G.S. 143-23.2, the sum of five million four thousand five hundred four dollars ($5,004,504) for the 2006-2007 fiscal year shall be allocated as prescribed by G.S. 143-23.2(b) for the implementation of the Medicaid Management Information System (MMIS).

TICKET TO WORK EFFECTIVE DATE CHANGE

SECTION 10.9.(a) Section 10.18(c) of S.L. 2005-276 reads as rewritten:

"**SECTION 10.18.(c)** Subsection (b) of this section becomes effective July 1, 2006. Subsection (a) of this section becomes effective ~~January 1, 2007, or within 30 days after the date on which the MMIS becomes operational, as determined by the Department of Health and Human Services, whichever occurs later.~~ July 1, 2007.

Client enrollment shall begin not later than six months from the date subsection (a) becomes effective. The remainder of this section is effective when it becomes law."

SECTION 10.9.(b) The Department of Health and Human Services shall study and develop a plan for the implementation of the Ticket to Work Program. 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 not later than March 1, 2007, on the results of its study. The report shall include what system changes need to be made to implement the Ticket to Work Program, how soon the changes can be made, and an analysis of the five-year fiscal impact of the Program.

MEDICAID/HEALTH CHOICE DENTAL ADMINISTRATIVE SERVICES STUDY

SECTION 10.9A. The Department of Health and Human Services, Division of Medical Assistance, shall study the costs and benefits of implementing a carve-out of dental administrative services provided by third-party administrators for Medicaid and NC Health Choice recipients. In conducting the study, the Division shall review the experiences of other states using carve-out for administrative services and the likelihood that a carve-out will increase the number of dentists willing to serve Medicaid and NC Health Choice recipients. The Department of Health and Human Services shall report its findings and recommendations and shall include in the report a comparison of what Medicaid and SCHIP dental programs in other states have done or are doing to increase the number of Medicaid and SCHIP recipients accessing dental care. The Department of Health and Human Services shall submit the report to the House of Representatives Appropriations Committee on Health and Human Services, the Senate Appropriations Committee on Health and Human Services, and the Fiscal Research Division of the Legislative Services Office not later than March 1, 2007.

EXTEND EFFECTIVE DATE ON CHANGES TO LIENS ON REAL PROPERTY FOR PURPOSES OF ESTATE RECOVERY UNDER MEDICAID

SECTION 10.9B. Section 10.21C(c) of S.L. 2005-276, as amended by Section 16 of S.L. 2005-345, reads as rewritten:

"**SECTION 10.21C.(c)** This section becomes effective July 1, ~~2006,~~2007, and applies to recipients of medical assistance on or after that date."

PILOT PROGRAM TO EVALUATE USE OF TELEMONITORING EQUIPMENT IN HOME CARE SERVICES

SECTION 10.9C. The Department of Health and Human Services, Division of Medical Assistance, may implement a pilot program to evaluate the use of telemonitoring equipment in home care services and community-based long-term care services. The pilot program may be implemented by October 1, 2006, and shall evaluate the use of telemonitoring equipment as a tool to improve the health of home

care clients and community-based long-term care clients through increased monitoring and responsiveness, and resulting in increased stabilization rates. The evaluation shall include a representative number of older adults. Not later than July 1, 2007, 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, the Fiscal Research Division, and the North Carolina Study Commission on Aging on the implementation of the pilot program and its findings and recommendations on the cost-effectiveness of telemonitoring and the benefits to individuals and health care providers.

DHHS TO DEVELOP STRATEGIES TO OFFSET THE COST TO PHARMACISTS OF PROVIDING SERVICES TO MEDICAID RECIPIENTS ENROLLED IN MEDICARE PART D.

SECTION 10.9D. The General Assembly recognizes the critical need for pharmacy management services to Medicaid recipients enrolled in Medicare Part D. In light of the additional costs to pharmacists that provide pharmacy services to Medicaid recipients enrolled in Medicare Part D, and in light of the fact that federal law does not provide federal matching funds under the Medicaid program for these services, the Department of Health and Human Services shall develop strategies for reimbursing or otherwise assisting pharmacists in providing these services to Medicaid recipients enrolled in Medicare Part D. Among the strategies to be considered is a State-funded subsidy program to ensure that pharmacies adversely affected by the additional costs may remain in business and thus continue to provide pharmacy services throughout the State. As part of this effort, the Department shall also determine the impact of the Deficit Reduction Act of 2005 on the payment for generic drugs under the Medicaid Program. The Department shall report its findings and recommended strategies 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 April 1, 2007.

CAP MEDICAID COUNTY SHARE

SECTION 10.9E.(a) Notwithstanding any other provision of law to the contrary, each county's portion of the nonfederal share of Medical Assistance Program costs, excluding administrative costs, for the 2006-2007 fiscal year and thereafter, shall not exceed the amount paid by the county for the nonfederal share of Medical Assistance Program costs, excluding administrative costs, for the 2005-2006 fiscal year. The limitation on the county share shall be in effect regardless of growth in Medical Assistance Program expenditures for the 2007-2008 fiscal year and thereafter.

SECTION 10.9E.(b) Of the funds appropriated in this act to the Department of Health and Human Services, Division of Medical Assistance, the sum of eighteen million dollars ($18,000,000) in recurring funds for the 2006-2007 fiscal year shall be used to cover the increased cost to the State resulting from the cap on county share required by this section.

STATE-COUNTY SPECIAL ASSISTANCE

SECTION 10.9F. Effective October 1, 2006, the maximum monthly rate for residents in adult care home facilities shall be one thousand one hundred forty-eight dollars ($1,148) per month per resident.

HEALTH INFORMATION SYSTEMS (HIS) FUNDS

SECTION 10.13.(a) The sum of nine million eight hundred thirty-five thousand seven hundred ninety-five dollars ($9,835,795) is appropriated from Budget Code 24430, Fund Code 2117, to the Department of Health and Human Services, Division of Public Health, for the 2006-2007 fiscal year. These funds shall be used for the development and implementation of the Health Information Systems (HIS), an

initiative that will provide an automated means of capturing, monitoring, reporting, and billing services provided in local health departments, CDSAs, and the State Public Health Lab. The HIS will allow for interfaces to local health departments' own vendor systems and is intended to replace the outdated Health Services Information System. Allocation of these funds is contingent upon full compliance with the reporting requirements of Section 10.59A.(b) of S.L. 2005-276 and the identification of total estimated costs and future funding sources.

SECTION 10.13.(b) The Department of Health and Human Services, Division of Public Health, shall report on the use of these funds 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, 2007.

EARLY INTERVENTION SERVICES REPORT

SECTION 10.15. The Department of Health and Human Services, Division of Public Health, shall report on Early Intervention services. The report shall include the following information for all children, ages birth to three years, entering the Early Intervention system as of July 1, 2006, through December 31, 2006:

(1) Children served: the number of children referred and the source of referral, the number of children receiving initial evaluations, the number of children determined eligible, the number of children enrolled, and the number of IFS Plans developed.

(2) Services provided: the number and types of evaluation services, treatment services, and other services provided and whether the service was provided by an employee of a Children's Developmental Services Agency or a private provider.

(3) Sliding scale participation: the percentage of enrolled children whose family income falls into each of the following categories: at or below 200% of the federal poverty level, between 250% and 300% of the federal poverty level, between 350% and 400% of the federal poverty level, and over 400% of the federal poverty level. These percentages shall be reported based on gross income and net income after allowable deductions.

The Division of Public Health shall report its findings and recommendations to the Senate Appropriations Committee on Health and Human Services, the House of Representative Appropriations Subcommittee on Health and Human Services, and the Fiscal Research Division not later than February 1, 2007.

COMMUNITY HEALTH CENTER CHANGES

SECTION 10.16. Section 10.9(a) of S.L. 2005-276 reads as rewritten:

"**SECTION 10.9.(a)** Of the funds appropriated in this act for Community Health Grants, the sum of ~~two~~ five million dollars ($5,000,000) ~~($2,000,000) in recurring funds for the 2005-2006 fiscal year, and the sum of two million dollars ($2,000,000) in recurring funds~~ for the 2006-2007 fiscal year shall be ~~used for federally qualified health centers, for those health centers that meet the criteria for federally qualified health centers, and for State-designated rural health centers and public health departments and other clinics to:~~allocated to federally qualified health centers and those health centers that meet the criteria for federally qualified health centers, State-designated rural health centers, free clinics, public health departments, and other nonprofit organizations that provide primary and preventive medical services to uninsured or medically indigent patients to:

(1) Increase access to preventative and primary care services by uninsured or medically indigent patients in existing or new health center locations;

(2) Establish community health center services in counties where no such services exist;
(3) Create new services or augment existing services provided to uninsured or medically indigent patients, including primary care and preventative medical services, dental services, pharmacy, and behavioral health; and
(4) Increase capacity necessary to serve the uninsured by enhancing or replacing facilities, equipment, or technologies.

Grant funds may not be used to enhance or increase compensation or other benefits of personnel, administrators, directors, consultants, or any other parties. Grant funds may not be used to supplant federal funds traditionally received by federally qualified community health centers and may not be used to finance or satisfy any existing debt. ~~The Department of Health and Human Services shall distribute funds on the basis of the availability of other funds for the agency, and also on the basis of incidence of poverty or percentage of indigent clients served.~~In distributing funds, the Department of Health and Human Services shall consider the availability of other funds for the agency, the incidence of poverty or indigent clients served, arrangements for after-hours care, and collaboration with the applicant's community hospital and other safety net organizations."

COMMUNITY-FOCUSED ELIMINATING HEALTH DISPARITIES INITIATIVE

SECTION 10.18. Of funds appropriated in this act to the Department of Health and Human Services for the 2006-2007 fiscal year, the sum of two million dollars ($2,000,000) shall be allocated for the Community-Focused Eliminating Health Disparities Initiative (CFEHDI) to provide grants-in-aid to local public health departments, American Indian tribes, and faith-based and community-based organizations to close the gap in the health status of African-Americans, Hispanics/Latinos, and American Indians as compared to white persons. These grants shall focus on the use of preventive measures to support healthy lifestyles. The areas of focus on health status shall be infant mortality, HIV-AIDS and sexually transmitted infections, cancer, diabetes, and homicides and motor vehicle deaths.

CLARIFICATION OF CERTAIN AUDIT REQUIREMENTS

SECTION 10.19. G.S. 143B-139.4.(b) reads as rewritten:

"(b) A private, nonprofit organization that receives employee assistance or other appropriate services in accordance with subsection (a) of this section, shall document all contributions received, including employee time, supplies, materials, equipment, and physical space. The documentation shall also provide an estimated value of all contributions received as well as any compensation paid to or bonuses received by State employees. This documentation shall be submitted annually to the Secretary of the Department of Health and Human Services in a format approved by the Secretary. Nonprofit organizations with less than five hundred thousand dollars ($500,000) in annual income shall submit an affidavit from the chief officer of the organization providing and attesting to the financial condition of the organization and the expenditure of funds or use of State employee services or other State services. The board of directors of each private, nonprofit organization with an annual income of five hundred thousand dollars ($500,000) or more shall secure and pay for the services of the State Auditor's Office or employ a certified public accountant to conduct an annual audit of the financial accounts of the organization. The board of directors shall transmit to the Secretary of the Department a copy of the annual financial audit report of the private nonprofit organization. Nothing in this subsection shall be construed to relieve the private, nonprofit organization from other applicable reporting requirements established by law."

FUNDS TO ASSIST RURAL HOSPITALS

SECTION 10.19A. Of the funds appropriated in this act to the Department of Health and Human Services, Office of Rural Health and Community Care, the sum of three million dollars ($3,000,000) for the 2006-2007 fiscal year shall be allocated to small rural hospitals in need of assistance with the operations and infrastructure maintenance of the hospital. These funds may be used for:

(1) Capital and operational needs of small rural hospitals. The Office of Rural Health and Community Care shall convene an advisory group to establish criteria for distribution of these funds. The criteria shall include the number of indigent patients served, the number of Medicaid recipients served, the per capita income of the area served by the hospital, and the financial needs of the hospital; and

(2) Pilot demonstration programs that address issues critical to the long-term survivability of rural hospitals such as: development of regional care networks for mental health services; restructuring of emergency department and outpatient services; and disease-focused regional referral and care networks. The Office of Rural Health and Community Care shall convene an advisory group to establish criteria for the pilot demonstration projects, distribution of funds, and monitoring and evaluation of the pilot projects.

The Office of Rural Health and Community Care shall report on the allocation of funds appropriated 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 April 1, 2007.

AIDS DRUG ASSISTANCE PROGRAM

SECTION 10.21. Section 10.59(a) of S.L. 2005-276 reads as rewritten:

"**SECTION 10.59.(a)** ~~For the 2005-2006 fiscal year and for the 2006-2007 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 during the 2005-2007 fiscal biennium shall not be extended to individuals with incomes above one hundred twenty-five percent (125%) of the federal poverty level.~~For the 2006-2007 fiscal year, the Department may adjust the financial eligibility criterion of the ADAP Program up to an amount not exceeding two hundred fifty percent (250%) of the federal poverty level in order to serve as many eligible North Carolinians living with HIV disease as possible within existing resources plus any new federal resources. If the Department raises the eligibility limit above one hundred twenty-five percent (125%) of the federal poverty level and a waiting list develops as a result, the Department shall give priority on the waiting list to those individuals at or below one hundred twenty-five percent (125%) of the federal poverty level. The Commission for Health Services shall adopt temporary rules in accordance with G.S. 150B-21.1 to implement adjustments in financial eligibility, including wait-list priorities, as soon as possible in order to access additional federal funds made available for ADAP program services."

AREA AUTHORITY AND COUNTY PROGRAM CRISIS REGIONS

SECTION 10.26.(a) Of the funds appropriated in this act to the Department of Health and Human Services, the sum of five million two hundred fifty thousand dollars ($5,250,000) for the 2006-2007 fiscal year shall be allocated on a per capita basis and shall be used by area authorities and county programs for operational start-up, capital, or subsidies related to the development and implementation of a plan for a continuum of regional crisis facilities and local crisis services ("crisis plan"). Funds not expended during the 2006-2007 fiscal year shall not revert to the General Fund but shall remain available for the purposes outlined in this subsection. As used in this subsection,

the term "crisis" includes services for individuals with mental illnesses, developmental disabilities, and substance abuse addictions.

SECTION 10.26.(b) Of the funds appropriated in this act to the Department of Health and Human Services, the sum of two hundred twenty-five thousand dollars ($225,000) for the 2006-2007 fiscal year shall be used by the Department to hire a consultant to provide technical assistance to Local Management Entities (LMEs) to develop and implement the crisis plans required under subsection (a) of this section. As used in this subsection, the term "consultant" may refer to an individual or a business entity such as a corporation, a partnership, or a limited liability company. The roles and responsibilities of the Department, the consultant, and the LMEs are more fully explained in subsection (c) of this section. Funds not expended during the 2006-2007 fiscal year shall not revert to the General Fund but shall remain available for the purposes outlined in this subsection.

SECTION 10.26.(c) The Department of Health and Human Services shall hire a consultant to assist LMEs to carry out the requirements of this section. In addition to any other factors the Department determines are relevant when selecting the consultant, the Department shall take into consideration whether an applicant has prior experience evaluating crisis services at a local, regional, and statewide level, prior experience assisting State and local public agencies develop and implement crisis services, and the ability to implement its responsibilities within the time frames established under this section.

The consultant shall do all of the following:

(1) Develop a model for a continuum of crisis services for an urban area and for a rural area. The model shall outline how an LME, or a group of LMEs, can develop over a period of time the following components: 24-hour crisis telephone lines, walk-in crisis services, mobile crisis outreach, crisis respite/residential services, crisis stabilization units, 23-hour beds, regional crisis facilities, inpatient crisis and transportation. Options for voluntary admissions to a secured facility shall include at least one service appropriate to address the mental health, developmental disability, and substance abuse needs of adults, and the mental health, developmental disability, and substance abuse needs of children. Options for involuntary commitment to a secured facility shall include at least one option in addition to admission to a State facility. These models shall be the first deliverable under the consultant's contract.

(2) Review the findings and recommendations regarding crisis services developed by the Department as part of the long-range plan required under Section 10.24 of S.L. 2005-276. The consultant shall use this information and any other information it determines to: identify local and regional gaps in crisis services; identify options for providing those services; assist LMEs with developing and implementing a plan to provide a continuum of crisis services; and maintain transparency and accountability for the use of funds appropriated under this section.

(3) Designate appropriate groupings of LMEs for the development of regional crisis facilities. As used in this section, the term "regional crisis facility" means a facility-based crisis unit that serves an area that may be larger than the catchment area of a single LME. The consultant shall consult with LMEs in determining the grouping of LMEs for regional crisis facilities. The consultant shall also take into consideration geographical factors, prior LME groupings and partnerships, and existing community facilities. Each LME shall participate in the regional grouping established by the consultant in order to be eligible to receive funding under this section.

The consultant shall work with each regional group to determine whether a facility-based crisis center is needed in that region and whether one would be financially sustainable on a long-term basis. If the regional group and the consultant determine that a regional crisis facility is needed and sustainable, the regional group shall attempt to secure those services through a community hospital or other community facility first.

(4) Assist LMEs to develop a plan to implement a continuum of local crisis services. The plan shall be consistent with the models developed by the consultant under subdivision (1) of this subsection and shall address any gaps in crisis services identified by the study required under Section 10.24 of S.L. 2005-276. The plan for a continuum of local crisis services may be combined with a plan for the implementation of a regional crisis facility.

SECTION 10.26.(d) The Department may allocate up to three percent (3%) of the funds appropriated under subsection (a) of this section to LMEs to assist them with the cost of developing their crisis services plans. Each LME shall submit its crisis services plan to the consultant and to the Department for review no later than March 1, 2007. The plan shall take into consideration all other sources of funds in addition to the funds appropriated under this section. The consultant and the Department shall review the plans to determine whether they meet all the requirements of this section. If the plan meets all the requirements of this section, the LME shall receive funding to implement the plan.

SECTION 10.26.(e) LMEs shall report monthly to the consultant and to the Department regarding the use of the funds, whether there has been a reduction in the use of State psychiatric hospitals for acute admissions, and any remaining gaps in local and regional crisis services. The consultant and the Department shall report quarterly to the Senate Appropriations Committee on Health and Human Services, the House of Representatives Appropriations Subcommittee on Health and Human Services, the Fiscal Research Division, and the Joint Legislative Oversight Committee on Mental Health, Developmental Disabilities, and Substance Abuse Services regarding each LME's proposed and actual use of the funds appropriated under this section. The reporting requirement under this subsection shall expire July 1, 2008.

MH/DD/SA SERVICES CONSULTANT TASKS

SECTION 10.28. Independent consultants hired by the Department of Health and Human Services from funds appropriated in this act for consultation purposes shall undertake the following tasks:

(1) Assist the Department with the strategic planning necessary to develop the revised State Plan as required under G.S. 122C-102. The State Plan shall be coordinated with local and regional crisis service plans by area authorities and county programs.

(2) Study and make recommendations to increase the capacity of the Department to implement system reform successfully and in a manner that maintains strong management functions by area authorities and county programs at the local level.

(3) Assist the Division of Mental Health, Developmental Disabilities, and Substance Abuse Services to work with area authorities and county programs to:

a. Develop and implement five to ten critical performance indicators to be used to hold area authorities and county programs accountable for managing the mental health, developmental disabilities, and substance abuse services system. The performance system indicators shall be

implemented no later than six months after the consultant's contract is awarded and in no event later than July 1, 2007.

b. Standardize the utilization management functions for Medicaid and non-Medicaid services and for the review and approval of person-centered plans.

c. Develop area authorities' and county programs' expertise to assume utilization management for Medicaid services. The goal shall be to have a portion of the area authorities and county programs assume that function beginning July 1, 2007, and the remainder to assume the function no later than July 1, 2009.

d. Implement other uniform procedures for the management functions of area authorities and county programs.

(4) Provide technical assistance and oversight to private service providers, area authorities, and county programs to ensure that best practices and new services are being delivered with fidelity to the service definition model.

INDEPENDENT- AND SUPPORTIVE-LIVING APARTMENTS INITIATIVE

SECTION 10.30. The independent and supportive living apartments for persons with disabilities constructed from funds appropriated in this act for that purpose shall be affordable to persons with incomes at the Supplemental Security Income (SSI) level. If the North Carolina Housing Finance Agency is able to finance the apartments for less than the amount appropriated under this section, any remaining funds, as well as any interest earned on the amount appropriated, may be used to finance additional apartments, group homes, and transitional housing for individuals with disabilities.

LOCAL MANAGEMENT ENTITY ADMINISTRATIVE FUNCTIONS

SECTION 10.32. The Department of Health and Human Services shall recalculate local management entity (LME) systems management allocations for fiscal year 2006-2007 to include funds for each LME to implement the following:

(1) 24-hour, seven days a week screening, triage, and referral;

(2) Provider endorsement, monitoring, technical assistance, capacity development, and quality control;

(3) Authorization of all State-funded services;

(4) Care coordination, including the direct monitoring of the effectiveness of person-center plans;

(5) Community collaboration and consumer affairs; and

(6) Financial management and accountability and information management.

DISTRIBUTION OF MENTAL HEALTH, SUBSTANCE ABUSE AND CRISIS SERVICES FUNDS

SECTION 10.33A.(a) Funds appropriated in this act for mental health services, substance abuse services, and crisis services shall be allocated to local management entities such that each local management entity receives a percentage of the total allocation that is equal to that local management entity's percentage of the State's total population that is below the federal poverty level.

SECTION 10.33A.(b) Funds allocated pursuant to subsection (a) of this section for substance abuse services may be used to replace lost federal funding for substance abuse services in drug treatment courts, provided that such funds shall be allocated only in the amount of lost funding and shall not exceed two million dollars ($2,000,000). Before allocating these funds, the Department of Health and Human Services shall verify the loss of federal funding for substance abuse services in drug treatment courts and the amount of federal funds lost.

SECTION 10.33A.(c) The local management entity shall consult with the local drug treatment court team and shall select a treatment provider that meets all provider qualification requirements and the drug treatment court's needs. A single treatment provider may be chosen for non-Medicaid-eligible participants only. A single provider may be chosen who can work with all of the non-Medicaid-eligible drug treatment court participants in a single group.

SECTION 10.33A.(d) The Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, shall study whether the target population for substance abuse services needs to be expanded to include more participants of the drug treatment courts, and shall report its findings 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 April 1, 2007.

ACCESS TO PSYCHIATRIC SERVICES

SECTION 10.33G. Funds appropriated in this act to increase access to psychiatric services for the 2006-2007 fiscal year may be used for the following purposes:

(1) To cover non-fee-for-service billable functions that psychiatrists perform, including incentives to increase the participation of psychiatrists in new best-practice models of service such as Community Treatment Teams;

(2) Designing graduate medical education incentives to influence the training of psychiatrists to produce more psychiatrists interested in working with public sector communities;

(3) Designing programs for loan forgiveness and recruitment incentives for new psychiatrists serving Medicaid and other State-funded consumers.

PSYCHIATRIC HOSPITAL DEBT SERVICE

SECTION 10.33H.(a) G.S. 143-15.3D(c) reads as rewritten:

"(c) Notwithstanding G.S. 143-18, any nonrecurring savings in State appropriations realized from the closure of any State psychiatric hospitals that are in excess of the cost of operating and maintaining a new State psychiatric hospital shall not revert to the General Fund but shall be placed in the Trust Fund and shall be used for the purposes authorized in this section. Notwithstanding G.S. 143-18, recurring savings realized from the closure of any State psychiatric hospitals shall not revert to the General Fund but shall be ~~used for the payment of debt service on financing contract indebtedness authorized pursuant to Article 9 of Chapter 142 of the General Statutes for the construction of a new State psychiatric hospital. Any remainder not needed for this debt service shall be~~ credited to the Department of Health and Human Services to be used only for the purposes of subsections (b)(2) and (b)(3) of this section."

SECTION 10.33H.(b) This section becomes effective July 1, 2007. Debt service authorized pursuant to Article 9 of Chapter 142 of the General Statutes for the construction of a new State psychiatric hospital shall be paid with funds from the General Fund. Any funds budgeted for debt service on the new psychiatric hospital before July 1, 2007, shall be redirected for purposes authorized under G.S. 143-15.3D(b)(2) and (b)(3).

USE OF FUNDS IN MENTAL HEALTH TRUST FUND

SECTION 10.33I. Of the funds appropriated in this act for mental health, developmental disabilities, and substance abuse services, the sum of twenty-four million two hundred five thousand dollars ($24,205,000) in nonrecurring funds for the fiscal year 2006-2007 shall be deposited to the Trust Fund for Mental Health, Developmental Disabilities, and Substance Abuse Services and Bridge Funding Needs. Of these funds,

the sum of nine million two hundred five thousand dollars ($9,205,000) for the 2006-2007 fiscal year shall be used as follows:

(1) $1,500,000 for mental health services to be distributed to local management entities.

(2) $1,500,000 for substance abuse services to be distributed to local management entities.

(3) $3,000,000 for mental health, developmental disabilities, and substance abuse crisis services.

(4) $2,000,000 to increase access to psychiatric services.

(5) $1,205,000 to provide one-time operating support for independent-living apartments. It is the intent of the General Assembly to provide funds in future years for operating support for the 400 independent-living and supportive-living apartments as they are constructed and ready for occupation.

CHILD CARE ALLOCATION FORMULA

SECTION 10.34. Section 10.61(c) of S.L. 2005-276 reads as rewritten:

"**SECTION 10.61.(c)** Notwithstanding subsection (a) of this section, the Department of Health and Human Services shall allocate up to twenty-two million dollars ($22,000,000) in federal block grant funds and State funds appropriated for fiscal years ~~2004-2005~~2005-2006 and ~~2005-2006~~2006-2007 for child care services. These funds shall be allocated to prevent termination of child care services."

CHILD CARE FUNDS MATCHING REQUIREMENT

SECTION 10.36. Section 10.60 of S.L. 2005-276 reads as rewritten:

"**SECTION 10.60.** 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~~its initial allocation of child care funds appropriated by this act unless federal law requires a match. ~~This shall not prohibit any locality from spending local funds for child care services.~~If the Department reallocates additional funds above twenty-five thousand dollars ($25,000) to local purchasing agencies beyond their initial allocation, local purchasing agencies must provide a twenty-five percent (25%) local match to receive the reallocated funds. Matching requirements shall not apply when funds are allocated because of a disaster as defined in G.S. 166A-4(1)."

REQUIRE MINIMUM OF SMART START FUNDS FOR CHILD CARE SUBSIDY

SECTION 10.37. Notwithstanding G.S. 143B-168.15(g), of the ten million dollars ($10,000,000) appropriated in this act to the North Carolina Partnership for Children, Inc., for the 2006-2007 fiscal year for local partnership initiatives, a minimum of thirty percent (30%) of the allocation to each local partnership shall be used for child care subsidy. This percentage shall be in addition to the direct services allocation for the 2006-2007 fiscal year.

SMART START ALLOCATIONS FOR MORE AT FOUR AND TO HOLD HARMLESS LOCAL PARTNERSHIPS

SECTION 10.38. Of the funds appropriated in this act from NC Lottery proceeds to the More at Four Program, the sum of three million dollars ($3,000,000) for the 2006-2007 fiscal year shall be used by the More at Four Program for a portion of the funds allocated by local partnerships for the More at Four Program. The North Carolina Partnership for Children shall not reduce allocations to local partnerships below the 2005-2006 allocation because of funds allocated to More at Four under this section.

PART X-A. DEPARTMENT OF AGRICULTURE AND CONSUMER SERVICES

TIMBER SALES RECEIPTS FOR CAPITAL IMPROVEMENTS

SECTION 10A.1.(a) Section 11.2 of S.L. 2005-276 reads as rewritten:

"**SECTION 11.2.** The sum of ~~one million thirty-three thousand one hundred dollars ($1,033,100)~~ three hundred sixty-nine thousand six hundred dollars ($369,600) shall be transferred from the Department of Agriculture and Consumer Services' timber sales capital improvement account in the Department of Agriculture and Consumer Services as such funds become available ~~during the 2005-2006 fiscal year,~~ during the 2006-2007 fiscal year and used by the Department for the following capital improvements projects at agricultural research ~~stations and research farms:~~stations:

~~(1) $378,000 for improvements at the swine facility at the Cherry Research Farm.~~

~~(2) $285,500 for renovation of dairy facilities at the Cherry Research Farm.~~

~~(3) $369,600 for~~ land acquisition and development at the Tidewater Research Station."

SECTION 10A.1.(b) Section 11.3 of S.L. 2005-276 reads as rewritten:

"**SECTION 11.3.** From funds ~~received from the sale of timber~~ that are deposited with the State Treasurer pursuant to G.S. 146-30 to the credit of the Department of Agriculture and Consumer Services in a capital improvement account, the sum of ~~twenty thousand dollars ($20,000)~~thirty thousand dollars ($30,000) for the 2006-2007 fiscal year shall be transferred to the Department of Agriculture and Consumer Services to be ~~used~~ used, notwithstanding G.S. 146-30, by the Department for its plant conservation program under Article 19B of Chapter 106 of the General Statutes for costs incidental to the acquisition of land, such as land appraisals, land surveys, title searches, and environmental ~~studies.~~studies and for the management of plant conservation program preserves owned by the Department."

SECTION 10A.1.(c) The sum of five hundred thousand dollars ($500,000) shall be transferred from the Department of Agriculture and Consumer Services' timber sales capital improvement account in the Department of Agriculture and Consumer Services as such funds become available and shall be used by the Department for capital improvements to the grounds and facilities at the Eastern North Carolina Agricultural Center at Williamston.

PART XI. DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES

CONSERVATION RESERVE ENHANCEMENT PROGRAM

SECTION 11.1. Funds appropriated to the Department of Environment and Natural Resources for the 2006-2007 fiscal year for the Division of Soil and Water Conservation for the Conservation Reserve Enhancement Program for acquiring conservation easements and leases or for contracts under the Program shall not revert, but shall remain available for these purposes.

GRASSROOTS SCIENCE PROGRAM

SECTION 11.3.(a) Section 12.5 of S.L. 2005-276, as amended by Section 23 of S.L. 2005-345, reads as rewritten:

"**SECTION 12.5.(a)** 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 ninety-seven thousand seven hundred sixty-two dollars ($3,197,762) for the 2005-2006 fiscal year and the sum of three million one hundred ninety-seven thousand seven hundred sixty dollars ($3,197,760) for the 2006-2007 fiscal year is allocated as grants-in-aid ~~for each fiscal year~~ as follows:

	2005-2006	2006-2007
Aurora Fossil Museum	$59,057	$59,444

Cape Fear Museum	$161,007	$159,444
Carolina Raptor Center	$112,174	$107,658
Catawba Science Center	$133,429	$148,588
Colburn ~~Gem and Mineral Museum, Inc.~~Earth Science Museum, Inc.	$74,545	$74,642
Discovery Place	$662,865	$646,907
Eastern NC Regional Science Center	$50,000	$50,820
~~Port Discover: Northeastern North Carolina's Center for Hands-On Science, Inc.~~	~~$50,000~~	
Fascinate-U	$80,742	$81,792
Granville County Museum Commission, Inc.–Harris Gallery	$56,422	$56,059
Greensboro Children's Museum	$135,076	$119,418
The Health Adventure Museum of Pack Place Education, Arts and Science Center, Inc.	$134,499	$158,058
Highlands Nature Center	$79,268	$75,370
Imagination Station	$86,034	$84,129
The Iredell Museums, Inc.		$61,568
Kidsenses	$50,000	$82,007
Museum of Coastal Carolina	$74,192	$72,655
The Natural Science Center of ~~Greensboro~~Greensboro, Inc.	$186,354	$176,051
North Carolina Museum of Life and Science	$379,826	$337,062
Port Discover: Northeastern North Carolina's Center for Hands-On Science, Inc.	$50,000	$50,087
Rocky Mount Children's Museum	$72,254	$68,696
Schiele Museum of Natural History and Planetarium, Inc.	$229,547	$210,764
Sci Works Science Center and Environmental Park of Forsyth County	$146,499	$145,914
Western North Carolina Nature Center	$112,879	$104,809
Wilmington Children's Museum	$71,093	$65,820
Total	$3,197,762	$3,197,760

SECTION 12.5.(b) No later than March 1, 2006, the Department of Environment and Natural Resources shall report to the Fiscal Research Division all of the following information for each museum that receives funds under this section:

(1) The operating budget for the 2004-2005 fiscal year.

(2) The operating budget for the 2005-2006 fiscal year.

(3) The total attendance at the museum during the 2005 calendar year.

SECTION 12.5.(c) No later than March 1, 2007, the Department of Environment and Natural Resources shall report to the Fiscal Research Division all of the following information for each museum that receives funds under this section:

(1) The operating budget for the 2005-2006 fiscal year.

(2) The operating budget for the 2006-2007 fiscal year.

(3) The total attendance at the museum during the 2006 calendar year."

SECTION 11.3.(b) The Department of Environment and Natural Resources, in consultation with the Fiscal Research Division, shall study the current formula used to calculate the allocations for members of the Grassroots collaborative and shall report no later than January 15, 2007, its findings and any recommendations for revising this formula to be used for the 2007-2009 fiscal biennium to the Appropriations Subcommittees on Natural and Economic Resources in both the Senate and the House of Representatives.

COASTAL RECREATIONAL FISHING LICENSES RECEIPTS

SECTION 11.5. As reimbursement for the funds appropriated under this act to the Division of Marine Fisheries of the Department of Environment and Natural Resources for the 2006-2007 fiscal year to establish and support two positions in the Division of Marine Fisheries to implement the coastal recreational fishing license provisions of S.L. 2005-455, which become effective January 1, 2007, the Marine Fisheries Commission and the Wildlife Resources Commission shall disburse from the Marine Resources Fund to the General Fund the sum of three hundred seventy-five thousand dollars ($375,000) from receipts from license fees collected during the 2006-2007 fiscal year.

EMERGENCY DRINKING WATER FUND ESTABLISHED

SECTION 11.6. Article 21 of Chapter 143 of the General Statutes is amended by adding a new Part to read:

"Part 11. Private Drinking Water Wells.

"**§ 143-215.74M. Emergency Drinking Water Fund.**

The Emergency Drinking Water Fund is created within the Department. The Emergency Drinking Water Fund may be used to pay for the cleanup of contaminated private drinking water wells and for the provision of alternative drinking water supplies for persons affected by groundwater contamination on a temporary or permanent basis. The Commission shall establish criteria by which the Department is to evaluate applications and disburse funds from this Fund and may adopt any rules necessary to implement this section."

PART XII. DEPARTMENT OF COMMERCE

EMPLOYMENT SECURITY FUNDS

SECTION 12.1. Section 13.4 of S.L. 2005-276 reads as rewritten:

"**SECTION 13.4.(a)** Funds from the Employment Security Commission Reserve Fund shall be available to the Employment Security Commission to use as collateral to secure federal funds and to pay the administrative costs associated with the collection of the Employment Security Commission Reserve Fund surcharge. The total administrative costs paid with funds from the Reserve shall not exceed the total administrative costs paid in fiscal year ~~2004-2005~~2005-2006.

SECTION 13.4.(b) There is appropriated from the Employment Security Commission Reserve Fund to the Employment Security Commission of North Carolina the sum of six million three hundred thousand dollars ($6,300,000) for the ~~2005-2006~~2006-2007 fiscal year to be used for the following purposes:

(1) Six million dollars ($6,000,000) for the operation and support of local offices.

(2) Two hundred thousand dollars ($200,000) for the State Occupational Information Coordinating Committee to develop and operate an interagency system to track former participants in State education and training programs.

(3) One hundred thousand dollars ($100,000) 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."

ONE NORTH CAROLINA FUND

SECTION 12.2. Section 13.6 of S.L. 2005-276 reads as rewritten:

"**SECTION 13.6.(a)** Of the funds appropriated in this act to the One North Carolina Fund, the Department of Commerce may use up to three hundred thousand dollars ($300,000) to cover its expenses in administering the One North Carolina Fund and

other economic development incentive grant programs in the ~~2005-2006~~2006-2007 fiscal year.

SECTION 13.6.(b) Notwithstanding the provisions of G.S. 143B-437.71, of the funds appropriated in this act to the One North Carolina Fund, the Department of Commerce shall allocate one million dollars ($1,000,000) for the ~~2005-2006~~2006-2007 fiscal year to Johnson and Wales University in Charlotte for the purpose of providing financial assistance to the University."

EXTEND E-NC AUTHORITY SUNSET

SECTION 12.3. Section 4 of S.L. 2003-425 reads as rewritten:

"**SECTION 4.** Sections 1 and 2 of this act become effective December 31, 2003, with the e-NC Authority hereby designated as the successor entity of the Rural Internet Access Authority that will dissolve on that date, as provided by Section 5 of S.L. 2000-149. The remainder of this act is effective when it becomes law. The e-NC Authority created in this act is dissolved effective ~~December 31, 2006.~~ December 31, 2011. This act is repealed effective ~~December 31, 2006.~~December 31, 2011. Part 2F of Article 10 of Chapter 143B of the General Statutes and G.S. 120-123(77), as enacted by this act, are repealed effective ~~December 31, 2006.~~ December 31, 2011."

COUNCIL OF GOVERNMENT FUNDS/ELECTRONIC TRANSFER

SECTION 12.4. Section 13.2(c) of S.L. 2005-276 reads as rewritten:

"**SECTION 13.2.(c)** Funds appropriated by this section shall be paid by electronic transfer in two equal installments, the first no later than ~~September 1, 2005,~~September 1, 2006, 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, 2006,~~January 15, 2007, as specified in subdivision (e)(2) of this section."

ADVANCED VEHICLE RESEARCH CENTER /FUNDS SHALL NOT REVERT

SECTION 12.5. Section 13.8A of S.L. 2005-276 reads as rewritten:

"**SECTION 13.8A.(a)** There is established in the Office of the State Budget and Management a reserve to be known as the Advanced Vehicle Research Center Reserve. Funds from the Reserve shall not be expended or transferred except in accordance with the provisions of this section.

SECTION 13.8A.(b) Of the funds appropriated by this act to the Advanced Vehicle Research Center ~~Reserve,~~Reserve, and the funds available in the Reserve on June 30, 2006, as provided in subsections (g) and (h) of this section, the Office of State Budget and Management may transfer in up to four installments the sum of ~~seven million five hundred thousand dollars ($7,500,000)~~fifteen million dollars ($15,000,000) for the ~~2005-2006~~2006-2007 fiscal year to the Department of Commerce to be allocated to the Advanced Vehicle Research Center of North Carolina, Inc., (Center) when the Office of State Budget and Management, in consultation with the Department of Commerce, determines the Center has completed goals and projects consistent with the Center's business plan. The goals and projects shall include the following:

(1) The Center has obtained legal title to the property on which the Advanced Vehicle Research Center will be built.

(2) The Center has determined and provided for the critical infrastructure needed to support the Advanced Vehicle Research Center.

(3) The Center has entered into a contract for the use and operation of a testing facility that will create new private sector jobs in Tier 1 or Tier 2 counties.

SECTION 13.8A.(c) The Center shall file with the Office of State Budget and Management and the Department of Commerce a copy of the Center's policy addressing conflicts of interest that may arise involving the Center's management employees and the members of its board of directors or other governing body before funds may be

allocated to the Center. The policy shall address situations in which any of these individuals may directly or indirectly benefit, except as the Center's employees or members of the board or other governing body, from the Center'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.

SECTION 13.8A.(d) By ~~December 31, 2005,~~December 31, 2006, and ~~April 30, 2006,~~April 30, 2007, the Center shall report to the Governor, the Joint Legislative Commission on Governmental Operations, and the Fiscal Research Division the following information: (i) fiscal year ~~2005-2006~~2006-2007 projects, objectives, and accomplishments; and (ii) fiscal year 2005-2006 itemized expenditures and fund sources. The ~~April 30, 2006,~~April 30, 2007, report shall also contain the following: (i) fiscal year ~~2006-2007~~2007-2008 planned projects, objectives, and accomplishments; and (ii) fiscal year 2006-2007 estimated expenditures and fund sources.

SECTION 13.8A.(e) The Center shall provide to the Governor, the Joint Legislative Commission on Governmental Operations, and the Fiscal Research Division: (i) a copy of the Center's annual audited financial statement within 30 days of issuance of the statement; and (ii) a copy of the Center's IRS Form 990.

SECTION 13.8A.(f) The Center shall provide a report containing detailed budget information to the Office of State Budget and Management in the same manner as State departments and agencies in preparation for biennium budget requests. Specific salary information will be provided upon written request by the Chairmen of the Joint Legislative Commission on Governmental Operations or the Chairmen of the House Appropriations Committee on Environment, Health, and Natural Resources and the Chairman of the Senate Appropriations Committee on Natural and Economic Resources.

SECTION 13.8A.(g) Funds appropriated to the Advanced Vehicle Research Center Reserve for the 2005-2006 fiscal year for the Advanced Vehicle Research Center of North Carolina, Inc., that are unexpended and unencumbered as of June 30, 2006, shall not revert to the General Fund on June 30, 2006, but shall remain available in the Reserve.

SECTION 13.8A.(h) Subsection (g) of this section becomes effective June 30, 2006."

WANCHESE SEAFOOD INDUSTRIAL PARK/OREGON INLET FUNDS

SECTION 12.6. Section 13.1 of S.L. 2005-276 reads as rewritten:

"**SECTION 13.1.(a)** Funds appropriated to the Department of Commerce for the ~~2004-2005~~2005-2006 fiscal year for the Wanchese Seafood Industrial Park that are unexpended and unencumbered as of ~~June 30, 2005,~~June 30, 2006, shall not revert to the General Fund on ~~June 30, 2005,~~June 30, 2006, but shall remain available to the Department to be expended by the Wanchese Seafood Industrial Park for operations, maintenance, repair, and capital improvements in accordance with Article 23C of Chapter 113 of the General Statutes.

SECTION 13.1.(b) Funds appropriated to the Department of Commerce for the ~~2004-2005~~2005-2006 fiscal year for the Oregon Inlet Project that are unexpended and unencumbered as of ~~June 30, 2005,~~June 30, 2006, shall not revert to the General Fund on ~~June 30, 2005.~~June 30, 2006.

SECTION 13.1.(c) This section becomes effective ~~June 30, 2005.~~June 30, 2006."

DEPARTMENT OF COMMERCE/REPORT ON AGRIBUSINESS FUNDS

SECTION 12.7.(a) The Department of Commerce (Department) shall report on all funds available for companies or organizations designed to promote agribusiness in North Carolina. The report shall include the following: (i) information on all Department economic incentive funds, including Commerce State Aid funds; and (ii) information on the number of agribusinesses and organizations that applied for State funds through the Department or other organizations, including the number of requests

for funds, the amount of funds requested, and whether the requests were awarded or denied.

SECTION 12.7.(b) In the report, the Department shall make recommendations for the development of economic incentive programs designed specifically for agribusinesses. The report shall include a plan to implement the programs recommended and the estimated cost of the programs. In determining the estimated cost of the programs, the Department shall consider and include all sources of funding, including federal, State, local, and grant funds.

SECTION 12.7.(c) The Department shall collaborate with the Department of Agriculture and Consumer Services, the Rural Economic Development Center, Inc., and the University System, in preparing the report.

SECTION 12.7.(d) The Department shall submit the report to the House Appropriations Committee on Environment, Health, and Natural Resources, the Senate Appropriations Committee on Natural and Economic Resources, and the Fiscal Research Division no later than May 1, 2007.

PART XIII. RESERVED

PART XIV. JUDICIAL DEPARTMENT

COLLECTION OF WORTHLESS CHECK FUNDS

SECTION 14.1. 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, 2006, for the purchase or repair of office or information technology equipment during the 2006-2007 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 Justice and Public Safety on the equipment to be purchased or repaired and the reasons for the purchases.

GRANT FUNDS

SECTION 14.2. The Judicial Department may use up to the sum of one million two hundred fifty thousand dollars ($1,250,000) from funds available to the Department to provide the State match needed in order to receive 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.

PROVIDE ADDITIONAL ASSISTANT DISTRICT ATTORNEYS

SECTION 14.3.(a) Effective October 1, 2006, G.S. 7A-60(a1) reads as rewritten:

"(a1) The counties of the State are organized into prosecutorial districts, and each district has the counties and the number of full-time assistant district attorneys set forth in the following table:

Prosecutorial District	Counties	No. of Full-Time Asst. District Attorneys
1	Camden, Chowan, Currituck, Dare, Gates, Pasquotank, Perquimans	~~10~~ 11
2	Beaufort, Hyde, Martin, Tyrrell, Washington	~~6~~ 7
3A	Pitt	~~9~~ 11
3B	Carteret, Craven, Pamlico	~~10~~ 11

4	Duplin, Jones, Onslow, Sampson	~~14~~ 16
5	New Hanover, Pender	~~14~~ 16
6A	Halifax	4 5
6B	Bertie, Hertford, Northampton	4 5
7	Edgecombe, Nash, Wilson	~~16~~ 18
8	Greene, Lenoir, Wayne	~~11~~ 13
9	Franklin, Granville, Vance, Warren	~~11~~ 12
9A	Person, Caswell	4 5
10	Wake	~~31~~ 38
11	Harnett, Johnston, Lee	~~14~~ 16
12	Cumberland	~~18~~ 21
13	Bladen, Brunswick, Columbus	~~11~~ 12
14	Durham	~~13~~ 15
15A	Alamance	~~8~~ 10
15B	Orange, Chatham	~~7~~ 9
16A	Scotland, Hoke	~~5~~ 6
16B	Robeson	~~10~~ 13
17A	Rockingham	~~5~~ 6
17B	Stokes, Surry	~~5~~ 7
18	Guilford	~~27~~ 30
19A	Cabarrus	~~6~~ 8
19B	Montgomery, Moore, Randolph	~~11~~ 12
19C	Rowan	~~5~~ 7
20	Anson, Richmond, Stanly, Union	~~15~~ 18
21	Forsyth	~~17~~ 20
22	Alexander, Davidson, Davie, Iredell	~~16~~ 20
23	Alleghany, Ashe, Wilkes, Yadkin	~~5~~ 7
24	Avery, Madison, Mitchell, Watauga, Yancey	4 6
25	Burke, Caldwell, Catawba	~~15~~ 18
26	Mecklenburg	~~36~~ 49
27A	Gaston	~~12~~ 14
27B	Cleveland, Lincoln	~~9~~ 10
28	Buncombe	~~11~~ 13
29	Henderson, McDowell, Polk, Rutherford, Transylvania	~~11~~ 13
30	Cherokee, Clay, Graham, Haywood, Jackson, Macon, Swain."	~~9~~ 11

SECTION 14.3.(b) Effective January 1, 2007, G.S. 7A-60(a1), as amended by subsection (a) of this section and by Section 14.2(l) of S.L. 2005-276, reads as rewritten:

"(a1) The counties of the State are organized into prosecutorial districts, and each district has the counties and the number of full-time assistant district attorneys set forth in the following table:

Prosecutorial District	Counties	No. of Full-Time Asst. District Attorneys

1	Camden, Chowan, Currituck, Dare, Gates, Pasquotank, Perquimans	11
2	Beaufort, Hyde, Martin, Tyrrell, Washington	7
3A	Pitt	11
3B	Carteret, Craven, Pamlico	11
4	Duplin, Jones, Onslow, Sampson	16
5	New Hanover, Pender	16
6A	Halifax	5
6B	Bertie, Hertford, Northampton	5
7	Edgecombe, Nash, Wilson	18
8	Greene, Lenoir, Wayne	13
9	Franklin, Granville, Vance, Warren	12
9A	Person, Caswell	5
10	Wake	38
11	Harnett, Johnston, Lee	16
12	Cumberland	21
13	Bladen, Brunswick, Columbus	12
14	Durham	15
15A	Alamance	10
15B	Orange, Chatham	9
16A	Scotland, Hoke	6
16B	Robeson	13
17A	Rockingham	6
17B	Stokes, Surry	7
18	Guilford	30
19A	Cabarrus	8
19B	Montgomery, Moore, Randolph	12
19C	Rowan	7
20A	Anson, Richmond, Stanly	~~8~~ 10
20B	Union	~~7~~ 8
21	Forsyth	20
22	Alexander, Davidson, Davie, Iredell	20
23	Alleghany, Ashe, Wilkes, Yadkin	7
24	Avery, Madison, Mitchell, Watauga, Yancey	6
25	Burke, Caldwell, Catawba	18
26	Mecklenburg	49
27A	Gaston	14
27B	Cleveland, Lincoln	10
28	Buncombe	13
29A	McDowell, Rutherford	~~5~~ 6
29B	Henderson, Polk, Transylvania	~~6~~ 7
30	Cherokee, Clay, Graham, Haywood, Jackson, Macon, Swain."	11

ADDITIONAL DISTRICT COURT JUDGESHIPS

SECTION 14.4.(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~~ 6	Craven
		Pamlico
		Carteret
4	8	Sampson
		Duplin
		Jones
		Onslow
5	8	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	~~15~~ 16	Wake
11	~~8~~ 9	Harnett
		Johnston
		Lee
12	9	Cumberland
13	6	Bladen
		Brunswick
		Columbus
14	~~6~~ 7	Durham

15A	4	Alamance
15B	4 5	Orange
		Chatham
16A	3	Scotland
		Hoke
16B	5	Robeson
17A	~~2~~ 3	Rockingham
17B	4	Stokes
		Surry
18	12	Guilford
19A	4	Cabarrus
19B	~~6~~ 7	Montgomery
		Moore
		Randolph
19C	4 5	Rowan
20A	4	Stanly
		Anson
		Richmond
20B	~~3~~ 4	Union
21	9	Forsyth
22	9	Alexander
		Davidson
		Davie
		Iredell
23	4	Alleghany
		Ashe
		Wilkes
		Yadkin
24	4	Avery
		Madison
		Mitchell
		Watauga
		Yancey
25	~~8~~ 9	Burke
		Caldwell
		Catawba
26	~~17~~ 18	Mecklenburg
27A	7	Gaston
27B	4 5	Cleveland
		Lincoln
28	7	Buncombe
29A	3	McDowell
		Rutherford
29B	4	Henderson
		Polk
		Transylvania
30	~~5~~ 6	Cherokee
		Clay
		Graham
		Haywood
		Jackson
		Macon
		Swain."

SECTION 14.4.(b) The Governor shall appoint the additional district court judges for Districts 3B, 10, 11, 14, 15B, 17A, 19B, 19C, 20B, 25, 26, 27B, and 30

authorized by this act, and those judges' successors shall be elected in the 2008 election for four-year terms commencing on January 1, 2009.

SECTION 14.4.(c) This section becomes effective January 15, 2007, except that as to any district court district subject to section 5 of the Voting Rights Act of 1965, it becomes effective January 15, 2007, or the date upon which subsection (a) of this section is approved under section 5 of the Voting Rights Act of 1965, whichever is later.

PROVIDE ADDITIONAL MAGISTRATES/ELIMINATE MAXIMUM ALLOCATION OF MAGISTRATES

SECTION 14.5. 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~~	
Gates	2	~~3~~	
Pasquotank	3	~~5~~	
Perquimans	2	4	
Martin	4	~~8~~	
Beaufort	4	~~8~~	
Tyrrell	1	~~3~~	
Hyde	2	4	
Washington	3	4	
Pitt	10	~~12~~	Farmville
			Ayden
Craven	7	~~10~~	Havelock
Pamlico	2	4	
Carteret	~~5~~ 6	~~8~~	
Sampson	6	~~8~~	
Duplin	8	~~11~~	
Jones	2	~~3~~	
Onslow	8	~~14~~	
New Hanover	6	~~11~~	
Pender	4	~~6~~	
Halifax	9	~~14~~	Roanoke Rapids, Scotland Neck
Northampton	5	~~7~~	
Bertie	4	~~6~~	
Hertford	5	~~7~~	
Nash	7	~~10~~	Rocky Mount
Edgecombe	4	~~7~~	Rocky Mount
Wilson	4	~~7~~	
Wayne	5	~~12~~	Mount Olive
Greene	~~2~~ 3	4	
Lenoir	4	~~10~~	La Grange
Granville	3	~~7~~	
Vance	3	~~6~~	
Warren	3	~~5~~	
Franklin	3	~~7~~	
Person	3	4	

Caswell	2	~~5~~	
Wake	12	~~21~~	Apex, Wendell, Fuquay-Varina, Wake Forest
Harnett	7	~~11~~	Dunn
Johnston	10	~~12~~	Benson, Clayton, Selma
Lee	4	~~6~~	
Cumberland	10	~~19~~	
Bladen	4	~~6~~	
Brunswick	4	~~9~~	
Columbus	6	~~10~~	Tabor City
Durham	8	~~13~~	
Alamance	~~7~~ 8	~~11~~	Burlington
Orange	4	~~11~~	Chapel Hill
Chatham	3	~~9~~	Siler City
Scotland	3	~~5~~	
Hoke	4	~~5~~	
Robeson	~~8~~ 9	~~16~~	Fairmont, Maxton, Pembroke, Red Springs, Rowland, St. Pauls
Rockingham	4	~~9~~	Reidsville, Eden, Madison
Stokes	2	~~5~~	
Surry	5	~~9~~	Mt. Airy
Guilford	20	~~27~~	High Point
Cabarrus	5	~~9~~	Kannapolis
Montgomery	~~2~~ 3	4	
Randolph	5	~~10~~	Liberty
Rowan	5	~~10~~	
Stanly	5	~~6~~	
Union	4	~~7~~	
Anson	4	~~6~~	
Richmond	5	~~6~~	Hamlet
Moore	5	~~8~~	Southern Pines
Forsyth	3	~~15~~	Kernersville
Alexander	2	4	
Davidson	7	~~10~~	Thomasville
Davie	2	4	
Iredell	4	~~9~~	Mooresville
Alleghany	1	~~2~~	
Ashe	3	4	
Wilkes	4	~~6~~	
Yadkin	3	~~5~~	
Avery	3	~~5~~	
Madison	4	~~5~~	
Mitchell	3	4	

Watauga	4	~~6~~	
Yancey	2	4	
Burke	4	~~7~~	
Caldwell	4	~~7~~	
Catawba	6	~~10~~	Hickory
Mecklenburg	15	~~28~~	
Gaston	~~11~~ 12	~~22~~	
Cleveland	5	~~8~~	
Lincoln	4	~~7~~	
Buncombe	6	~~15~~	
Henderson	4	~~7~~	
McDowell	3	~~6~~	
Polk	3	4	
Rutherford	6	~~8~~	
Transylvania	2	4	
Cherokee	3	4	
Clay	1	~~2~~	
Graham	2	~~3~~	
Haywood	5	~~7~~	Canton
Jackson	3	~~5~~	
Macon	3	~~5~~	
Swain	2	4."	

COURT INTERPRETERS

SECTION 14.11. The Director of the Administrative Office of the Courts shall develop (i) proposed policies and procedures for the appointment and payment of foreign language interpreters to be applied uniformly throughout the General Court of Justice and (ii) recommendations regarding the conversion of contractual foreign language interpreter positions to permanent State positions, including whether permanent interpreter positions are more efficient and cost-effective than contractual positions. On or before February 1, 2007, the Director shall report to the Chairs of the House of Representatives and Senate Appropriations Subcommittees on Justice and Public Safety on the proposed policies and recommendations required by this section.

MONITORING OF COMMUNITY MEDIATION CENTERS

SECTION 14.12. G.S. 7A-38.6(a) reads as rewritten:

"(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 (identified by docket number), 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.

The Mediation Network of North Carolina shall also submit a copy of its report to the Administrative Office of the Courts. The receipt and review of this report by the Administrative Office of the Courts shall satisfy any program monitoring, evaluation, and contracting requirements imposed on the Administrative Office of the Courts by G.S. 143-6.2 and any rules adopted under that section."

INDIGENT DEFENSE SERVICES/STATE MATCH FOR GRANTS

SECTION 14.14. The Office of Indigent Defense Services may use a sum up to fifty thousand dollars ($50,000) from funds available to provide the State matching funds needed to receive grant funds. Prior to using funds for this purpose, the Office 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.

OFFICE OF INDIGENT DEFENSE SERVICES EXPANSION FUNDS

SECTION 14.15. Section 14.11 of S.L. 2005-276, as amended by Section 28 of S.L. 2005-345, reads as rewritten:

"**SECTION 14.11.** The Judicial Department, Office of Indigent Defense Services, may use ~~up to the sum of one million sixty-nine thousand six hundred forty-five dollars ($1,069,645) in appropriated funds during the 2005-2006 fiscal year and~~ up to the sum of ~~one million twenty-three thousand one hundred thirty-five dollars ($1,023,135)~~ two million one hundred eighteen thousand five hundred eighty dollars ($2,118,580) in appropriated funds during the 2006-2007 fiscal year (i) for the expansion of existing offices currently providing legal services to the indigent population under the oversight of the Office of Indigent Defense Services by creating up to ~~10~~ 20 new attorney positions and ~~five~~ 10 new support staff positions; and (ii) to create up to two new assistant public defender positions and one new support staff position in the First Defender District and up to one new assistant public defender position in Defender District 3A, for the purpose of representing indigent persons eligible for the appointment of counsel in Superior Court District 2 and District Court District 2. These funds may be used for salaries, benefits, equipment, and related expenses. Prior to using funds for this purpose, the Office of Indigent Defense Services shall report to the Chairs of the House and the Senate Appropriations Subcommittees on Justice and Public Safety on the proposed expansion."

REVIEW OF OFFICE OF INDIGENT DEFENSE SERVICES

SECTION 14.16. The State Auditor shall conduct an analysis of the fee payment practices of the Office of Indigent Defense Services and make recommendations for process improvements in payment of fee applications, including recommendations regarding automation. The State Auditor shall report the results of this analysis and the recommendations resulting from it to the Chairs of the House and Senate Appropriations Subcommittees on Justice and Public Safety by March 1, 2007.

INCREASE THE UNIFORM FEES PAID TO JURORS

SECTION 14.17. G.S. 7A-312 reads as rewritten:

"**§ 7A-312. Uniform fees for jurors; meals.**

A juror in the General Court of Justice including a petit juror, or a coroner's juror, but excluding a grand juror, shall receive twelve dollars ($12.00) ~~per day,~~ for the first day of service and twenty dollars ($20.00) per day afterwards, except that if any person serves as a juror for more than five days in any 24-month period, the juror shall receive ~~thirty dollars ($30.00)~~ forty dollars ($40.00) per day for each day of service in excess of five days. A grand juror shall receive ~~twelve dollars ($12.00)~~ twenty dollars ($20.00) per day. A juror required to remain overnight at the site of the trial shall be furnished adequate accommodations and subsistence. If required by the presiding judge to remain

in a body during the trial of a case, meals shall be furnished the jurors during the period of sequestration. Jurors from out of the county summoned to sit on a special venire shall receive mileage at the same rate as State employees."

FUNDING TO INCREASE MILEAGE REIMBURSEMENT

SECTION 14.18. In view of the increase in fuel prices and the limits on travel funds in the Judicial Department, the Administrative Office of the Courts may use up to five hundred thousand dollars ($500,000) in funds available during the 2006-2007 fiscal year to allow for an increase in the mileage reimbursement rate paid to Judicial Department employees from the current rate of thirty-seven cents (37¢) per mile to the maximum allowable under G.S. 138-6(a)(1).

DIVIDE PROSECUTORIAL DISTRICT 19B INTO DISTRICTS 19B AND 19D

SECTION 14.19.(a) Effective January 15, 2007, G.S. 7A-60(a1), as amended by Section 14.3 of this act, reads as rewritten:

"(a1) The counties of the State are organized into prosecutorial districts, and each district has the counties and the number of full-time assistant district attorneys set forth in the following table:

Prosecutorial District	Counties	No. of Full-Time Asst. District Attorneys
1	Camden, Chowan, Currituck, Dare, Gates, Pasquotank, Perquimans	11
2	Beaufort, Hyde, Martin, Tyrrell, Washington	7
3A	Pitt	11
3B	Carteret, Craven, Pamlico	11
4	Duplin, Jones, Onslow, Sampson	16
5	New Hanover, Pender	16
6A	Halifax	5
6B	Bertie, Hertford, Northampton	5
7	Edgecombe, Nash, Wilson	18
8	Greene, Lenoir, Wayne	13
9	Franklin, Granville, Vance, Warren	12
9A	Person, Caswell	5
10	Wake	38
11	Harnett, Johnston, Lee	16
12	Cumberland	21
13	Bladen, Brunswick, Columbus	12
14	Durham	15
15A	Alamance	10
15B	Orange, Chatham	9
16A	Scotland, Hoke	6
16B	Robeson	13
17A	Rockingham	6
17B	Stokes, Surry	7
18	Guilford	30
19A	Cabarrus	8
19B	Montgomery, ~~Moore,~~ Randolph	~~12~~ 8
19C	Rowan	7
19D	Moore	4

20A	Anson, Richmond, Stanly	10
20B	Union	8
21	Forsyth	20
22	Alexander, Davidson, Davie, Iredell	20
23	Alleghany, Ashe, Wilkes, Yadkin	7
24	Avery, Madison, Mitchell, Watauga, Yancey	6
25	Burke, Caldwell, Catawba	18
26	Mecklenburg	49
27A	Gaston	14
27B	Cleveland, Lincoln	10
28	Buncombe	13
29A	McDowell, Rutherford	6
29B	Henderson, Polk, Transylvania	7
30	Cherokee, Clay, Graham, Haywood, Jackson, Macon, Swain."	11

SECTION 14.19.(b) The district attorney position established for District 19B by subsection (a) of this section shall be filled by the district attorney currently serving District 19B who resides in Randolph County. The district attorney position established for District 19D by subsection (a) of this section shall be filled by appointment of the Governor for the remainder of the term expiring January 1, 2009. A district attorney for District 19D shall be elected in 2008 for a four-year term commencing January 1, 2009.

SECTION 14.19.(c) The eight assistant district attorney positions for District 19B under subsection (a) of this section shall be filled by eight assistant district attorneys currently serving Montgomery and Randolph Counties in District 19B. The four assistant district attorney positions for District 19D under subsection (a) of this section shall be filled by four assistant district attorneys currently serving Moore County in District 19B.

SECTION 14.19.(d) This section becomes effective January 15, 2007.

PART XV. DEPARTMENT OF JUVENILE JUSTICE AND DELINQUENCY PREVENTION

REPORTS ON CERTAIN PROGRAMS

SECTION 15.1. Section 16.3 of S.L. 2005-276 reads as rewritten:

"**SECTION 16.3.(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 and the Joint Legislative Corrections, Crime Control, and Juvenile Justice Oversight Committee 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:

(1) The source of referrals for juveniles.
(2) The types of offenses committed by juveniles participating in the program.
(3) The amount of time those juveniles spend in the program.
(4) The number of juveniles who successfully complete the program.
(5) The number of juveniles who commit additional offenses after completing the program.

(6) The program's budget and expenditures, including all funding sources.

SECTION 16.3.(b) The Juvenile Assessment Center shall report 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 the effectiveness of the Center by April 1 each year. The report 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. In addition, the report shall include information on the Center's budget and expenditures, including all funding sources.

SECTION 16.3.(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 effectiveness of its program. The report shall include information on:

(1) The number of children served.
(2) The number of volunteers used.
(3) The impact on children who have received services from Communities in Schools.
(4) The program's budget and expenditures, including all funding sources."

STATE FUNDS MAY BE USED AS FEDERAL MATCHING FUNDS

SECTION 15.2. Section 16.5 of S.L. 2005-276 reads as rewritten:

"**SECTION 16.5.** Funds appropriated in this act to the Department of Juvenile Justice and Delinquency Prevention for the ~~2005-2006~~ 2006-2007 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 ~~2005-2006~~ 2006-2007 fiscal year, the amount of funds anticipated for the ~~2006-2007~~ 2007-2008 fiscal year, and the allocation of funds by program and purpose."

ANNUAL EVALUATION OF COMMUNITY PROGRAMS

SECTION 15.4. Section 16.4 of S.L. 2005-276 reads as rewritten:

"**SECTION 16.4.** 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 Joint Corrections, Crime Control, and Juvenile Justice Oversight Committee, the Chairs of the House of Representatives and Senate Appropriations ~~Committees~~ Committees, and the Chairs of the Subcommittees on Justice and Public Safety of the House of Representatives and Senate Appropriations Committees by March 1 of each year."

ALTERNATIVES TO JUVENILE COMMITMENT/JUVENILE CRIME PREVENTION COUNCILS

SECTION 15.5. Section 16.11 of S.L. 2005-276 reads as rewritten:

"**SECTION 16.11.(a)** Of the funds appropriated in this act to the Department of Juvenile Justice and Delinquency Prevention, the sum of two hundred fifty thousand dollars ($250,000) shall be used to expand Juvenile Crime Prevention Councils demonstration projects designed to reduce commitments to youth development centers. Specifically, the funds shall be awarded to Juvenile Crime Prevention Councils to provide residential and/or community-based intensive services to juveniles who have been adjudicated delinquent with a level 2 or 3 disposition or who are reentering the community after serving time in a youth development center. The Department shall develop a competitive grant award process to allocate the funds to county Juvenile Crime Prevention Councils. The programs must initiate services to the targeted population no later than March 1, 2006. On June 30, 2006, any funds not awarded for demonstration projects pursuant to this section by the Department shall revert to the General Fund. The Department may award up to four grants to Juvenile Crime Prevention Councils, and no individual grant may exceed one hundred thousand dollars ($100,000).

SECTION 16.11.(b) The Department of Juvenile Justice and Delinquency Prevention shall report to the Joint Legislative Corrections, Crime Control, and Juvenile Justice Oversight Committee no later than March 1, 2006, on the implementation and award process. The report shall provide a detailed description of the services to be provided by each program, the number and types of juveniles to be served, and the amount awarded to each program.

SECTION 16.11.(c) The Department of Juvenile Justice and Delinquency Prevention shall report to the Senate and House of Representatives Appropriations Subcommittees on Justice and Public Safety no later than March 1, 2006, and annually thereafter, on the results of the alternatives to commitment demonstration programs funded by Section 16.7 of S.L. 2004-124. The 2007 report and all annual reports thereafter shall also include projects funded by this section for the 2005-2006 fiscal year. Specifically, the report shall provide a detailed description of each of the demonstration programs, including the numbers of juveniles served, their adjudication status at the time of service, the services/treatments provided, the length of service, the total cost per juvenile, and the six- and 12-month recidivism rates for the juveniles after the termination of program services.

SECTION 16.11.(d) The requirements of this section apply to all future allocations by the Department of Juvenile Justice and Delinquency Prevention of the funds appropriated to the Department by Section 16.11 of S.L. 2005-276 and Section 16.7 of S.L. 2004-124."

REPORTS ON YOUTH DEVELOPMENT CENTERS

SECTION 15.6.(a) Section 16.6 of S.L. 2005-276 reads as rewritten:

"**SECTION 16.6.(a)** The Department of Juvenile Justice and Delinquency Prevention shall report December 31, 2005, and quarterly thereafter during the 2005-2007 biennium to the Chairs of the Senate and House of Representatives

Appropriations Subcommittees on Justice and Public Safety and to the Joint Corrections, Crime Control, and Juvenile Justice Oversight Committee on the treatment staffing model being piloted at Samarkand and Stonewall Jackson Youth Development Centers. The report shall include a list of total positions at each facility by job class, whether the position is vacant or filled, whether positions were filled from internal employees or new employees, and the training and certification status of each position. The report shall also describe the nature of the treatment program, the criteria for evaluating the program, and how the program is performing in comparison to these criteria. The report shall also describe the training approach to be used to train staff in using treatment methods in youth development centers and provide information on current staff training and staff training planned for the next quarter. The Department shall also develop indicators for evaluating staff performance once the model has been implemented.

SECTION 16.6.(b) The Department of Juvenile Justice and Delinquency Prevention shall report December 31, 2005, and quarterly thereafter during the 2005-2007 biennium to the Chairs of the Senate and House of Representatives Appropriations Subcommittees on Justice and Public Safety and the Joint Corrections, Crime Control, and Juvenile Justice Oversight Committee on the implementation of the treatment staffing model at Dobbs, Dillon, and Juvenile Evaluation Center Youth Development Centers. The Department shall identify the number of positions reallocated to the new treatment job classes and the source of funding for those positions.

SECTION 16.6.(c) 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 and the Joint Corrections, Crime Control, and Juvenile Justice Oversight Committee by November 10, 2006, on the final recommended staffing plan for youth development centers for the 2007-2008 fiscal year. The report shall include:

(1) The latest results of the evaluation of the pilot treatment staffing models at the Samarkand and Stonewall Jackson Youth Development Centers and the progress in implementing the model at other youth development centers.

(2) The total recommended staffing by position classification for each youth development center. Staffing by shift shall be provided for each housing unit as well as justification for the level and type of staff on each shift.

(3) The total cost and cost per bed for each youth development center to implement the staffing model.

(4) The primary basis for the number of staff at each youth development center by classification.

(5) An identification of other states that have implemented a treatment based staffing model, how the staffing patterns compare to the Department of Juvenile Justice and Delinquency Prevention proposal, and any research on the benefits and outcomes of using the treatment based approach in these states."

SECTION 15.6.(b) It is the intent of the General Assembly to consider appropriating funds for new treatment positions at youth development centers only when the report required by subsection (a) of this section is received by the Chairs of the Senate and House of Representatives Appropriations Subcommittees on Justice and Public Safety.

PART XVI. DEPARTMENT OF CORRECTION

INMATE COSTS/MEDICAL BUDGET FOR PRESCRIPTION DRUGS AND INMATE LAUNDRY SERVICES

SECTION 16.1. Section 17.6 of S.L. 2005-276 reads as rewritten:

"**SECTION 17.6.(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 Senate and House of Representatives Appropriations Committees, and the Chairs of the Senate and House of Representatives Appropriations Subcommittees on Justice and Public Safety.

SECTION 17.6.(b) Notwithstanding the provisions of G.S. 143-23(a2), the Department of Correction may use funds available during the ~~2005-2006 fiscal year~~ 2005-2007 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.

SECTION 17.6.(c) Notwithstanding the provisions of G.S. 143-23(a2), the Department of Correction may use funds available during the ~~2005-2006 fiscal year~~ 2005-2007 biennium for the purchase of ~~clothing and~~ laundry services for inmates if expenditures are projected to exceed the Department's budget for clothing and laundry services. The Department shall consult with the Joint Legislative Commission on Governmental Operations prior to exceeding the continuation budget amount."

CONVERSION OF CONTRACTED MEDICAL POSITIONS

SECTION 16.2. Section 17.7 of S.L. 2005-276 reads as rewritten:

"**SECTION 17.7.(a)** The Department of Correction may convert contract medical positions to permanent State medical positions if the Department can document in each request submitted to the Office of State Budget and Management that the total savings generated will exceed the total cost of the new ~~positions for each facility.~~ positions. ~~Where practical, the Department shall convert contract positions to permanent positions by using existing vacancies in medical positions.~~

SECTION 17.7.(b) The Department of Correction shall report by ~~April 1, 2006,~~ April of each year to the Joint Legislative Commission on Governmental Operations and the Chairs of the Senate and House of Representatives 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.~~ generated."

COMPUTER/DATA PROCESSING SERVICES FUNDS

SECTION 16.3. Section 17.10. of S.L. 2005-276 reads as rewritten:

"**SECTION 17.10.** Notwithstanding the provisions of G.S. 143-23(a2), the Department of Correction may use funds available during the ~~2005-2006 fiscal year~~ 2005-2007 biennium for expenses for computer/data processing services if expenditures exceed the Department's continuation budget amount for those services. The Department shall report to the Joint Legislative Commission on Governmental Operations prior to exceeding the continuation budget amount."

REPORTS ON NONPROFIT PROGRAMS

SECTION 16.4. Section 17.22 of Session Laws 2005-276 reads as rewritten:

"**SECTION 17.22.(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 to serve women released from prison with children in their custody. Harriet's House shall report by February 1 of each year to the ~~Joint Legislative Commission on Governmental Operations~~ Joint Legislative Corrections, Crime Control, and Juvenile Justice Oversight Committee and the Chairs of the House of Representatives and Senate Appropriations

Subcommittees on Justice and Public Safety 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 successfully complete the Harriet's House program, and the number of clients who have been rearrested within three years of successfully completing the program. The report shall provide financial and program data for the complete fiscal year prior to the year in which the report is submitted. The financial report shall identify all funding sources and amounts.

SECTION 17.22.(b) Summit House shall report by February 1 of each year to the ~~Joint Legislative Commission on Governmental Operations~~ Joint Legislative Corrections, Crime Control, and Juvenile Justice Oversight Committee and the Chairs of the House of Representatives and Senate Appropriations Subcommittees on Justice and Public Safety 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 had their probation revoked, the number of clients who successfully complete the program while housed at Summit House, Inc., and the number of clients who have been rearrested within three years of successfully completing the program. The report shall provide financial and program data for the complete fiscal year prior to the year in which the report is submitted. The financial report shall identify all funding sources and amounts.

SECTION 17.22.(c) Women at Risk shall report by February 1 of each year to the ~~Joint Legislative Commission on Governmental Operations~~ Joint Legislative Corrections, Crime Control, and Juvenile Justice Oversight Committee and the Chairs of the House of Representatives and Senate Appropriations Subcommittees on Justice and Public Safety 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, the number of clients who have successfully completed the program, and the number of clients who have been rearrested within three years of successfully completing the program. The report shall provide financial and program data for the complete fiscal year prior to the year in which the report is submitted. The financial report shall identify all funding sources and amounts.

SECTION 17.22.(d) Our Children's Place shall report by February 1, 2007, to the Joint Legislative Corrections, Crime Control, and Juvenile Justice Oversight Committee and the Chairs of the House of Representatives and Senate Appropriations Subcommittees on Justice and Public Safety on the status of the planning, design, and construction of Our Children's Place, the proposed program components and evaluation measures, and on the projected number of inmates and their children to be served. The report shall also provide financial data, including the expenditure of State funds and all funding sources and amounts."

PAROLE ELIGIBILITY REPORT

SECTION 16.5. Section 17.28 of S.L. 2005-276 reads as rewritten:

"**SECTION 17.28.(a)** The Post-Release Supervision and Parole Commission shall, with the assistance of the North Carolina Sentencing and Policy Advisory Commission and the Department of Correction, analyze the amount of time each ~~parole-eligible~~ inmate who is eligible for parole on or before July 1, 2007, has served compared to the time served by offenders under Structured Sentencing for comparable crimes. The Commission shall determine if the person has served more time in custody than the person would have served if sentenced to the maximum sentence under the provisions of Article 81B of Chapter 15A of the General Statutes. The "maximum sentence", for the purposes of this section, shall be calculated as set forth in subsection (b) of this section.

SECTION 17.28.(b) For the purposes of this section, the following rules apply for the calculation of the maximum sentence:

(1) The offense upon which the person was convicted shall be classified as the same felony class as the offense would have been classified if

committed after the effective date of Article 81B of Chapter 15A of the General Statutes.

(2) The minimum sentence shall be the maximum number of months in the presumptive range of minimum durations in Prior Record Level VI of G.S. 15A-1340.17(c) for the felony class determined under subdivision (1) of this subsection. The maximum sentence shall be calculated using G.S. 15A-1340.17(d), (e), or (e1).

(3) If a person is serving sentences for two or more offenses that are concurrent in any respect, then the offense with the greater classification shall be used to determine a single maximum sentence for the concurrent offenses. The fact that the person has been convicted of multiple offenses may be considered by the Commission in making its determinations under subsection (a) of this section.

SECTION 17.28.(c) The Commission shall report to the Joint Legislative Corrections, Crime Control, and Juvenile Justice Oversight Committee ~~on the results of its analysis by October 1, 2005.~~ and 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, 2007. The report shall include the following: the class of the offense for which each parole-eligible inmate was convicted and whether an inmate had multiple criminal convictions. The Commission shall reinitiate the parole review process for each offender who has served more time than that person would have under Structured Sentencing as provided by subsections (a) and (b) of this section.

The Commission shall also report ~~by February 1, 2006, regarding~~ on the number of parole-eligible inmates reconsidered in compliance with this section and the number who were actually paroled."

PROPOSAL FOR JOINT USE OF SWANNANOA PROPERTY/ADULT FEMALE CORRECTIONAL FACILITY AND JUVENILE YOUTH DEVELOPMENT CENTER

SECTION 16.8. The Department of Correction and the Department of Juvenile Justice and Delinquency Prevention shall prepare a joint report regarding the proposed joint use by both departments of the Swannanoa property currently used to operate the Swannanoa Valley Youth Development Center. The report shall evaluate the feasibility of using that property for both of the following: (i) to establish an adult female correctional center and (ii) to continue to operate a juvenile youth development center.

The report shall be submitted to the Joint Legislative Corrections, Crime Control, and Juvenile Justice Oversight Committee by November 10, 2006. The report shall include all of the following: the total costs for the project over a five-year period, including operating costs, repair and renovation costs, and the anticipated source of funding for those costs; the number and type of positions to be transferred from the Department of Juvenile Justice and Delinquency Prevention to the Department of Correction for the project; and the plan to employ existing Swannanoa Valley Youth Development Center employees by the Department of Correction. The Department of Correction shall also report on the plan for transferring employees from the Black Mountain Correctional Center to the proposed new correctional center at Swannanoa.

There shall be no transfer of any property or positions between agencies until the report is submitted in accordance with this section.

FEDERAL GRANT MATCHING FUNDS

SECTION 16.9. Section 17.9 of S.L. 2005-276 reads as rewritten:

"**SECTION 17.9.** Notwithstanding the provisions of G.S. 148-2, the Department of Correction may use up to the sum of ~~seven hundred fifty thousand dollars ($750,000)~~ one million dollars ($1,000,000) during the 2006-2007 fiscal year 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."

GANG PREVENTION INITIATIVE

SECTION 16.10. The Department of Correction shall report to the Chairs of the Senate and House of Representatives Appropriations Subcommittees on Justice and Public Safety regarding the Security Threat Group Unit Program at Foothills Correctional Center. The report shall include information on the number of inmates in the program during fiscal years 2005-2006 and 2006-2007 compared to program capacity, describe the major program components, provide information on the measures being used to evaluate the program, and analyze program performance in relation to these measures. The Department of Correction shall submit the report as required by this section no later than March 15, 2007.

PART XVI-A. DEPARTMENT OF CRIME CONTROL AND PUBLIC SAFETY

GRANTS TO PREVENT GANG VIOLENCE

SECTION 16A.1.(a) Of the funds appropriated in this act to the Governor's Crime Commission within the Department of Crime Control and Public Safety, the sum of one million five hundred thousand dollars ($1,500,000) for the 2006-2007 fiscal year shall be used to provide two-year grants for community street gang violence prevention and intervention programs. The Governor's Crime Commission shall allocate the funds using a competitive grant award process that includes a matching requirement of twenty-five percent (25%), one-half of which may be in in-kind contributions, and the presentation of a written plan for the services to be provided by the funds.

No individual grant awarded under this section may exceed one hundred thousand dollars ($100,000).

SECTION 16A.1.(b) The Governor's Crime Commission shall report to the Chairs of the House of Representatives and Senate Appropriations Committees and the Chairs of the Appropriations Subcommittees on Justice and Public Safety of the House of Representatives and the Senate on the total number of grants awarded, a description of each grantee's program, and the amount awarded to each grantee. The Commission shall submit its report by April 1, 2007.

PART XVII. DEPARTMENT OF ADMINISTRATION

EXAMINE FEASIBILITY OF COMBINING FUNDING SOURCES/NC COUNCIL FOR WOMEN AND DOMESTIC VIOLENCE COMMISSION

SECTION 17.1. The North Carolina Council for Women and the Domestic Violence Commission, within the Department of Administration, shall examine the feasibility of combining the funding sources to distribute domestic violence grants and sexual assault grants. The North Carolina Council for Women and the Domestic Violence Commission shall report their findings to the Chairs of the House and Senate Appropriations Subcommittees on General Government by February 1, 2007.

ENERGY DIVISION NEEDS ASSESSMENT

SECTION 17.2. The Energy Division in the Department of Administration will deplete all its funding sources on June 30, 2007. It has received federal funds which will no longer be available, and it has no other funding source. The Energy Division and the Office of State Budget and Management shall jointly conduct a needs assessment to determine what functions currently being performed by the Energy Division need to be performed in the 2007-2008 fiscal year. As part of this assessment, the mission

statement of the division shall be examined to clarify what existing needs the division should continue in the future. In conducting the needs assessment, the two agencies shall note any differences in the findings and recommendations that each may have related to the needs assessment.

The needs assessment shall be completed and presented to the Chairs of the House and Senate Appropriations Subcommittees on General Government no later than February 1, 2007.

HUB CONTRACTOR ACADEMY PROGRAM SPACE

SECTION 17.3. For the 2006-2007 fiscal year the Department of Administration shall work in conjunction with The University of North Carolina System for the continued provision of space for the HUB Contractor Academy Program to conduct training sessions. The Department of Administration shall determine whether the HUB academies should continue to hold training sessions in facilities provided by The University of North Carolina System or seek other sites for this purpose for the 2007-2008 fiscal year and future years.

OLD REVENUE BUILDING

SECTION 17.4. The Department of Administration shall examine the feasibility of redesigning the Old Revenue Building to address security concerns and the unused and underutilized space issues identified in the Space Utilization Study, which was complete on June 5, 2006. The Department shall report its findings and recommendations to the Joint Legislative Commission on Governmental Operations by November 1, 2006.

COMMISSION ON STATE PROPERTY FUNDS

SECTION 17.5. Of the funds appropriated to the Department of Administration for the 2006-2007 fiscal year, the Director of the Budget shall transfer two hundred fifty thousand dollars ($250,000) to the Commission on State Property established in Article 78 of Chapter 143 of the General Statutes.

PART XVIII. OFFICE OF ADMINISTRATIVE HEARINGS

CODIFIER'S AUTHORITY OVER THE REGISTER

SECTION 18.1. G.S. 150B-21.17 reads as rewritten:

"**§ 150B-21.17. North Carolina Register.**

(a) Content. – The Codifier of Rules must publish the North Carolina Register. The North Carolina Register must be published at least two times a month and must contain the following:

(1) Temporary rules entered in the North Carolina Administrative Code.

(1a) The text of proposed rules and the text of permanent rules approved by the Commission.

(1b) Emergency rules entered into the North Carolina Administrative Code.

(2) Notices of receipt of a petition for municipal incorporation, as required by G.S. 120-165.

(3) Executive orders of the Governor.

(4) Final decision letters from the United States Attorney General concerning changes in laws that affect voting in a jurisdiction subject to section 5 of the Voting Rights Act of 1965, as required by G.S. 120-30.9H.

(5) Orders of the Tax Review Board issued under G.S. 105-241.2.

(6) Other information the Codifier determines to be helpful to the public.

(b) Form. – When an agency publishes notice in the North Carolina Register of the proposed text of a new rule, the Codifier of Rules must publish the complete text of

the proposed new rule. In publishing the text of a proposed new rule, the Codifier must indicate the rule is new by underlining the proposed text of the rule.

When an agency publishes notice in the North Carolina Register of the proposed text of an amendment to an existing rule, the Codifier must publish the complete text of the rule that is being amended unless the Codifier determines that publication of the complete text of the rule being amended is not necessary to enable the reader to understand the proposed amendment. In publishing the text of a proposed amendment to a rule, the Codifier must indicate deleted text with overstrikes and added text with underlines.

When an agency publishes notice in the North Carolina Register of the proposed repeal of an existing rule, the Codifier must publish the complete text of the rule the agency proposes to repeal unless the Codifier determines that publication of the complete text is impractical. In publishing the text of a rule the agency proposes to repeal, the Codifier must indicate the rule is to be repealed.

(c) The Codifier may authorize and license nonprofit, private indexing, marketing, sales, reproduction, and distribution of the Register."

PART XIX. DEPARTMENT OF REVENUE

REVISED MAXIMUMS FOR COLLECTION ASSISTANCE FEES

SECTION 19.2. G.S. 105-243.1(e) reads as rewritten:

"(e) Use. – The fee is a receipt of the Department and must be applied to the costs of collecting overdue tax debts. The proceeds of the fee must be credited to a special account within the Department and may be expended only as provided in this subsection. The proceeds of the fee may not be used for any purpose that is not directly and primarily related to collecting overdue tax debts. The Department may apply the proceeds of the fee for the purposes listed in this subsection. The remaining proceeds of the fee may be spent only pursuant to appropriation by the General Assembly. The fee proceeds do not revert but remain in the special account until spent for the costs of collecting overdue tax debts. The Department and the Office of State Budget and Management must account for all expenditures using accounting procedures that clearly distinguish costs allocable to collecting overdue tax debts from costs allocable to other purposes and must demonstrate that none of the fee proceeds are used for any purpose other than collecting overdue tax debts.

The Department may apply the fee proceeds for the following purposes:

(1) To pay contractors for collecting overdue tax debts under subsection (b) of this section.

(2) To pay the fee the United States Department of the Treasury charges for setoff to recover tax owed to North Carolina.

(3) To pay for taxpayer locater services, not to exceed ~~one hundred thousand dollars ($100,000)~~ one hundred fifty thousand dollars ($150,000) a year.

(4) To pay for postage or other delivery charges for correspondence directly and primarily relating to collecting overdue tax ~~debts.~~debts, not to exceed three hundred fifty-three thousand dollars ($353,000) a year.

(5) To pay for operating expenses for Project Collection Tax and the Taxpayer Assistance Call Center.

(6) To pay for expenses of the Examination and Collection Division directly and primarily relating to collecting overdue tax debts."

CONSOLIDATE TAX PROJECTS REPORTS

SECTION 19.3.(a) G.S. 105-243.1(f) reads as rewritten:

"(f) Reports. – The report of Department activities required by G.S. 105-256 contains information on the Department's efforts to collect tax debts and its use of the

proceeds of the collection assistance fee.~~Department must report semiannually to the Joint Legislative Commission on Governmental Operations and to the Revenue Laws Study Committee on its efforts to collect tax debts. 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.~~

~~The Department must report by April 1, 2006, and annually thereafter, to the Revenue Laws Study Committee and the Fiscal Research Division of the General Assembly on the use of the fee proceeds for collecting overdue tax debts.~~"

SECTION 19.3.(b) G.S. 105-256(a) reads as rewritten:

"(a) Reports. – The Secretary shall prepare and publish the following:

...

(6) On an annual basis, a report on the quality of services provided to ~~taxpayers, including telephone and~~taxpayers through the Taxpayer Assistance Call Center, walk-in ~~assistance~~ assistance, and taxpayer education. The report must be submitted to the Joint Legislative Commission on Governmental Operations.

...

(8) By January 1 and July 1 of each year, a semiannual report on the Department's activities listed in this subdivision. The report must be submitted to the Joint Legislative Commission on Governmental Operations and to the Revenue Laws Study Committee.

a. Its efforts to increase compliance with the tax laws. The report must describe the Department's existing initiatives in this area as of July 1, 2006, and must estimate, by tax type and amount, the revenue expected in the fiscal year by the initiative. The report must describe any new initiative implemented since July 1, 2006, and estimate, by tax type and amount, the revenue expected in the fiscal year by the initiative.

b. Its efforts to identify and address fraud and other abuses of the voluntary tax compliance system that result in unreported and underreported tax. The report must describe the Department's long-term plan for achieving greater voluntary compliance and must summarize the steps taken since the last report and their results.

c. Its efforts to collect tax debts. The report must include a breakdown of the amount and age of tax debts collected through warning letters and by other means, must itemize collections by type of tax, must describe the Department's long-term collection plan, and must summarize the steps taken since the last report and their results.

d. Its use of the proceeds of the collection assistance fee imposed by G.S. 105-243.1.

SECTION 19.3.(c) The first report required under G.S. 105-256(a)(8), as enacted by this section, is due by January 1, 2007.

PAYMENT OF USUB PENALTIES TO CIVIL PENALTY AND FORFEITURE FUND

SECTION 19.4. Notwithstanding G.S. 143-18, the Department of Revenue shall be allowed to expend up to two million four hundred thirty-four thousand two hundred seventy dollars and seventy-one cents ($2,434,270.71) of unencumbered

maintenance appropriations as of June 30, 2006, for the purpose of paying the Civil Penalty and Forfeiture Fund. The amount to be expended represents Unauthorized Substance Tax penalty collections that were paid to local law enforcement agencies for the period of July 1, 2005, through December 31, 2005. The source of the unencumbered funds shall come entirely from the Department of Revenue. If unencumbered funds are not sufficient at June 30, 2006, the Department shall use anticipated unencumbered funds as of July 1, 2006.

PART XX. RESERVED

PART XX – A. RESERVED

PART XXI. DEPARTMENT OF TRANSPORTATION

ONLINE DEALER REGISTRATION FUNDS

SECTION 21.2.(a) Notwithstanding the provisions of Section 28.22(b) of S.L. 2005-276, for fiscal year 2006-2007, the Division of Motor Vehicles is prohibited from spending any funds appropriated to it for Online Dealer Registration enhancements.

SECTION 21.2.(b) This section becomes effective June 30, 2006.

CASH FLOW HIGHWAY FUNDS AND HIGHWAY TRUST FUND APPROPRIATIONS

SECTION 21.4.(a) The General Assembly authorizes and certifies anticipated revenues of the Highway Fund as follows:

For Fiscal Year 2007-2008	$1,798.0 million
For Fiscal Year 2008-2009	$1,836.2 million
For Fiscal Year 2009-2010	$1,859.2 million
For Fiscal Year 2010-2011	$1,872.6 million

SECTION 21.4.(b) The General Assembly authorizes and certifies anticipated revenues of the Highway Trust Fund as follows:

For Fiscal Year 2007-2008	$1,128.9 million
For Fiscal Year 2008-2009	$1,167.8 million
For Fiscal Year 2009-2010	$1,203.0 million
For Fiscal Year 2010-2011	$1,235.0 million

FUNDS FOR ECONOMIC DEVELOPMENT, SPOT SAFETY, AND TRANSPORTATION IMPROVEMENT PROGRAM PROJECTS

SECTION 21.6. Of the funds appropriated by this act to the Department of Transportation in fiscal year 2006-2007, twenty-eight million dollars ($28,000,000) shall be allocated equally among the 14 Highway Divisions for economic development transportation projects recommended by the member of the Board of Transportation representing the Division in which the project is to be constructed in consultation with the Division Engineer and approved by the Board of Transportation. Funds in each Division not needed for economic development projects shall be used on spot safety needs to enhance safety, reduce congestion, improve traffic flow, reduce accidents, and for system preservation. Any remaining funds in each Division shall be used on Transportation Improvement Program projects. The Secretary of Transportation shall not prevent or delay the implementation of any projects approved by the Board of Transportation pursuant to this section.

CHANGE SUNSET OF OPEN CONTAINER LAW

SECTION 21.7. Section 21 of S.L. 2000-155, as amended by Section 1 of S.L. 2002-25, reads as rewritten:

"**SECTION 21.** Section 4 of this act is effective September 1, ~~2000, and expires September 30, 2006.~~ 2000. Sections 19 and 20 of this act are effective when those sections become law. The remainder of this act becomes effective September 1, 2000, and applies to offenses committed on or after that date."

VIPER RADIO PROGRAM

SECTION 21.9. The State Highway Patrol shall issue a request for a proposal for the maintenance of the Voice Interoperability Plan for Emergency Responders (VIPER). The bid shall be for the current system in place and shall not include installation of the system.

The Criminal Justice Information Network (CJIN) shall prepare a cost allocation plan for the continued construction and operation or the leasing of the VIPER system that shall include proposed shared costs for installation and use by all government users, including, but not limited to, the Department of Health and Human Services, the State Emergency Management Division, the Wildlife Resources Commission, the State Bureau of Investigation, the State Highway Patrol, and Alcohol Law Enforcement, and local agencies. This plan shall include the assessment of service contracts to ensure functionality and technological updates of the Viper System.

The CJIN shall report to the Legislative Transportation Oversight Committee, the Chairs of both the Appropriations Subcommittees for Transportation and Justice and Public Safety, and the Fiscal Research Division by October 1, 2006.

CONFORM SEAT BELT LAW TO FEDERAL LAW TO PREVENT A LOSS OF FEDERAL HIGHWAY FUNDS

SECTION 21.11. G.S. 20-135.2A.(c) reads as rewritten:

"(c) This section shall not apply to any of the following:

(1) A driver or occupant of a noncommercial motor vehicle with a medical or physical condition that prevents appropriate restraint by a safety belt or with a professionally certified mental phobia against the wearing of vehicle restraints;

(2) A motor vehicle operated by a rural letter carrier of the United States Postal Service while performing duties as a rural letter carrier and a motor vehicle operated by a newspaper delivery person while actually engaged in delivery of newspapers along the person's specified route;

(3) A driver or passenger frequently stopping and leaving the vehicle or delivering property from the vehicle if the speed of the vehicle between stops does not exceed 20 miles per hour;

(4) Any vehicle registered and licensed as a property-carrying vehicle in accordance with G.S. 20-88, while being used for agricultural ~~or commercial purposes;~~ purposes in intrastate commerce; or

(5) A motor vehicle not required to be equipped with seat safety belts under federal law."

UTILIZATION OF SMALL BUSINESS ENTERPRISES IN DEPARTMENT PROJECTS OR THE USE OF FULLY OPERATED RENTAL EQUIPMENT

SECTION 21.12. From funds available to the Department of Transportation, a goal of fifty million dollars ($50,000,000) per year is established for the utilization of small business enterprises through contracts or the use of fully operated rental equipment.

PART XXII. SALARIES AND EMPLOYEE BENEFITS

GOVERNOR AND COUNCIL OF STATE/SALARY INCREASES

SECTION 22.1.(a) Effective July 1, 2006, G.S. 147-11(a) reads as rewritten:

"(a) The salary of the Governor shall be ~~one hundred twenty-three thousand eight hundred nineteen dollars ($123,819)~~ one hundred thirty thousand ten dollars ($130,010) annually, payable monthly."

SECTION 22.1.(b) Section 29.1(b) of S.L. 2005-276 reads as rewritten:

"**SECTION 29.1.(b)** Effective ~~July 1, 2005,~~ July 1, 2006, the annual salaries for the members of the Council of State, payable monthly, for the ~~2005-2006 and~~ 2006-2007 fiscal ~~years~~ year are:

Council of State	Annual Salary
Lieutenant Governor	$~~109,279~~114,743
Attorney General	~~109,279~~114,743
Secretary of State	~~109,279~~114,743
State Treasurer	~~109,279~~114,743
State Auditor	~~109,279~~114,743
Superintendent of Public Instruction	~~109,279~~114,743
Agriculture Commissioner	~~109,279~~114,743
Insurance Commissioner	~~109,279~~114,743
Labor Commissioner	~~109,279~~114,743"

NONELECTED DEPARTMENT HEADS/SALARY INCREASES

SECTION 22.2. Section 29.2 of S.L. 2005-276 reads as rewritten:

"**SECTION 29.2.** In accordance with G.S. 143B-9, the maximum annual salaries, payable monthly, for the nonelected heads of the principal State departments for the ~~2005-2006 and~~ 2006-2007 fiscal ~~years~~ year are:

Nonelected Department Heads	Annual Salary
Secretary of Administration	$~~106,765~~112,103
Secretary of Correction	~~106,765~~112,103
Secretary of Crime Control and Public Safety	~~106,765~~112,103
Secretary of Cultural Resources	~~106,765~~112,103
Secretary of Commerce	~~106,765~~112,103
Secretary of Environment and Natural Resources	~~106,765~~112,103
Secretary of Health and Human Services	~~106,765~~112,103
Secretary of Juvenile Justice and Delinquency	~~106,765~~112,103
Secretary of Revenue	~~106,765~~112,103
Secretary of Transportation	~~106,765~~112,103"

CERTAIN EXECUTIVE BRANCH OFFICIALS/SALARY INCREASES

SECTION 22.3. Section 29.3 of Section of S.L. 2005-276 reads as rewritten:

"**SECTION 29.3.** The annual salaries, payable monthly, for the ~~2005-2006 and~~ 2006-2007 fiscal ~~years~~ year for the following executive branch officials are:

Executive Branch Officials	Annual Salary
Chairman, Alcoholic Beverage Control Commission	$~~97,175~~ 102,034
State Controller	~~135,997~~ 142,797
Commissioner of Motor Vehicles	~~97,175~~ 102,034
Commissioner of Banks	~~109,279~~ 114,743
Chairman, Employment Security Commission	133,161
State Personnel Director	~~106,765~~ 112,103
Chairman, Parole Commission	~~88,733~~ 93,170
Members of the Parole Commission	~~40,960~~ 43,008
Chairman, Utilities Commission	~~121,701~~ 127,786
Members of the Utilities Commission	~~109,279~~ 114,743
Executive Director, Agency for Public Telecommunications	~~81,921~~ 86,017

Director, Museum of Art	~~99,573~~	104,552
Executive Director, North Carolina Agricultural Finance Authority	~~94,587~~	99,316
State Chief Information Officer	~~135,915~~	142,711"

JUDICIAL BRANCH OFFICIALS/SALARY INCREASES

SECTION 22.4. Section 29.4 of S.L. 2005-276 reads as rewritten:

"**SECTION 29.4.(a)** The annual salaries, payable monthly, for specified Judicial Branch officials for the ~~2005-2006 and~~ 2006-2007 fiscal ~~years~~ year are:

Judicial Branch Officials	Annual Salary
Chief Justice, Supreme Court	$~~123,819~~130,010
Associate Justice, Supreme Court	~~120,583~~126,612
Chief Judge, Court of Appeals	~~117,568~~123,446
Judge, Court of Appeals	~~115,559~~121,337
Judge, Senior Regular Resident Superior Court	~~112,419~~118,040
Judge, Superior Court	~~109,279~~114,743
Chief Judge, District Court	~~99,231~~104,193
Judge, District Court	~~96,091~~100,896
Administrative Officer of the Courts	~~112,419~~118,040
Assistant Administrative Officer of the Courts	~~102,684~~107,818"

SECTION 29.4.(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-two thousand nine hundred thirty dollars ($62,930),~~ sixty-six thousand seventy-seven dollars ($66,077), and the minimum salary of any assistant district attorney or assistant public defender is at least ~~thirty-two thousand eight hundred eighty-five dollars ($32,885),~~ thirty-four thousand five hundred twenty-nine dollars ($34,529) effective ~~July 1, 2005.~~July 1, 2006.

SECTION 29.4.(c) Effective July 1, 2005, the annual salaries of permanent, full-time employees of the Judicial Department whose salaries are not itemized in this act shall be increased by the greater of eight hundred fifty dollars ($850.00) or two percent (2%). Effective July 1, 2006, the annual salaries of permanent full-time employees of the Judicial Department whose salaries are not itemized in this act shall be increased by five percent (5%).

SECTION 29.4.(d) Effective July 1, 2005, the annual salaries of permanent, part-time employees of the Judicial Department whose salaries are not itemized in this act shall be increased by pro rata amounts of eight hundred fifty dollars ($850.00) or two percent (2%), whichever is greater. Effective July 1, 2006 the annual salaries of permanent, part-time employees of the Judicial Department whose salaries are not itemized in this act shall be increased by five percent (5%)."

CLERK OF SUPERIOR COURT/SALARY INCREASES

SECTION 22.5. Effective July 1, 2006, 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	~~$73,092~~	$76,747
100,000 to 149,999	~~82,021~~	86,122
150,000 to 249,999	~~90,952~~	95,500
250,000 and above	~~99,884.~~	104,878.

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."

ASSISTANT AND DEPUTY CLERKS OF COURT/SALARY INCREASES

SECTION 22.6. Effective July 1, 2006, 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	~~$28,365~~$29,783
Maximum	~~48,579~~ 51,008

Deputy Clerks	Annual Salary
Minimum	~~$24,415~~$25,636
Maximum	~~37,784.~~39,673."

MAGISTRATES' SALARY INCREASES

SECTION 22.7.(a) Effective July 1, 2006, G.S. 7A-171.1(a) 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	~~$28,739~~$30,176
Step 1	~~31,375~~32,944
Step 2	~~34,243~~35,955
Step 3	~~37,373~~39,242
Step 4	~~40,802~~42,842
Step 5	~~44,665~~46,898
Step 6	~~48,997.~~51,447.

(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, a magistrate who is licensed to practice law in North Carolina or any other state shall receive the annual salary provided in the Table in subdivision (1) of this subsection for Step 4."

SECTION 22.7.(b) Effective July 1, 2006, G.S. 7A-171.1(a1) reads as rewritten:

"(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	~~$23,175~~$24,334
1 or more but less than 3 years of service	~~24,239~~ 25,451
3 or more but less than 5 years of service	~~26,380.~~27,699.

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."

GENERAL ASSEMBLY PRINCIPAL CLERKS/SALARY INCREASES

SECTION 22.8. Effective July 1, 2006, 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 ~~ninety-two thousand three hundred twenty-four dollars ($92,324)~~ ninety-six thousand nine hundred forty dollars ($96,940) payable monthly. Each principal clerk shall also receive such additional compensation as approved by the

Speaker of the House of Representatives or the President Pro Tempore of the Senate, respectively, for additional employment duties beyond those provided by the rules of their House. 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."

SERGEANTS-AT-ARMS AND READING CLERKS

SECTION 22.9. Effective July 1, 2006, 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 ~~three hundred twenty-seven dollars ($327.00)~~ three hundred forty-three dollars ($343.00) 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."

LEGISLATIVE EMPLOYEES

SECTION 22.10. Effective July 1, 2006, the Legislative Services Officer shall increase the salaries of nonelected employees of the General Assembly in effect for fiscal year 2005-2006 by five percent (5%). Nothing in this act limits any of the provisions of G.S. 120-32.

COMMUNITY COLLEGE PERSONNEL/SALARY INCREASES

SECTION 22.11. Section 29.11 of S.L. 2005-276 reads as rewritten:

"**SECTION 29.11.** The Director of the Budget shall transfer from the Reserve for Compensation Increases, created in this act for fiscal years 2005-2006 and 2006-2007, funds to the North Carolina Community Colleges System Office necessary to provide an annual salary increase of the greater of eight hundred fifty dollars ($850.00) or two percent (2%), including funds for the employer's retirement and social security contributions, commencing July 1, 2005, for all community college employees supported by State funds. The Director of the Budget shall transfer from the Reserve for Compensation Increases, created in this act for fiscal year 2006-2007, funds to the North Carolina Community Colleges System Office necessary to provide:

(1) An annual salary increase for faculty and professional staff of six percent (6%), plus a one-time, lump-sum compensation bonus in the amount of six hundred dollars ($600.00), including funds for the employer's retirement and social security contributions, commencing July 1, 2006, for all community college employees supported by State funds. The one-time, lump-sum compensation bonus authorized by this section shall be made in accordance with rules adopted by the State Board of Community Colleges.

(2) An annual increase of five percent (5%), including funds for employer's retirement and social security contributions, commencing July 1, 2006, for all other community college employees supported by State funds."

UNIVERSITY OF NORTH CAROLINA SYSTEM/EPA COMPENSATION

SECTION 22.12. Section 29.12 of S.L. 2005-276 reads as rewritten:

"**SECTION 29.12.(a)** ~~The~~ For the 2005-2006 fiscal year, 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

2005-2006 and 2006-2007, to provide an annual salary increase of the greater of eight hundred fifty dollars ($850.00) or two percent (2%), including funds for the employer's retirement and social security contributions, commencing July 1, 2005, 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). The flat dollar increase of eight hundred fifty dollars ($850.00) shall be made to all employees whose annual salary is less than or equal to forty-two thousand five hundred dollars ($42,500). The percentage annual salary increase of two percent (2%) authorized by this section shall be made on an aggregated average basis, and these funds shall be allocated to individuals whose annual salary is greater than forty-two thousand five hundred dollars ($42,500), according to the rules adopted by the Board of Governors of The University of North Carolina 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 29.12.(a1) For the 2006-2007 fiscal year, 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 year 2006-2007, to provide an annual salary increase of six percent (6%), including funds for the employer's retirement and social security contributions, commencing July 1, 2006, 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). The percentage annual salary increase of six percent (6%) authorized by this section shall be made on an aggregated average basis, according to the rules adopted by the Board of Governors of The University of North Carolina 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 29.12.(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 2005-2006 and 2006-2007, to provide an average annual salary increase of two and twenty-four hundredths percent (2.24%), including funds for the employer's retirement and social security contributions, commencing July 1, 2005, 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.

SECTION 29.12.(b1) 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 year 2006-2007, to provide an average annual salary increase of eight percent (8%), but at least an annual increase of two thousand two hundred fifty dollars ($2,250) including funds for the employer's retirement and social security contributions, commencing July 1, 2006, 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."

MOST STATE EMPLOYEES/SALARY INCREASES

SECTION 22.13. Section 29.13 of S.L. 2005-276 reads as rewritten:

"**SECTION 29.13.(a)** The salaries in effect June 30, 2005, 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, effective July 1, 2005, by the greater of eight hundred fifty dollars ($850.00) or two percent (2%), unless otherwise provided by this act. Effective July 1, 2006, the salaries in effect June 30, 2006, 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 Highway Funds shall be increased by five percent (5%).

SECTION 29.13.(b) Except as otherwise provided in this act, the fiscal year 2005-2006 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 the greater of eight hundred fifty dollars ($850.00) or two percent (2%), effective July 1, 2005, unless otherwise provided by this act. Effective July 1, 2006, the compensation of 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 five percent (5%).

SECTION 29.13.(c) The salaries in effect for fiscal year 2005-2006 for all permanent part-time State employees shall be increased, effective July 1, 2005, by pro rata amounts of eight hundred fifty dollars ($850.00) or two percent (2%), whichever is greater. Effective July 1, 2006, the salaries of all permanent part-time State employees shall be increased by five percent (5%).

SECTION 29.13.(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, effective July 1, 2005,~~ salary increases, 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 29.13.(e) ~~Within~~ For the 2005-2006 fiscal year, 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 greater of the eight hundred fifty dollar ($850.00) or two percent (2%) increase provided for permanent full-time employees covered by the provisions of subsection (a) of this section, commencing July 1, 2005. For the 2006-2007 fiscal year, 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 the five percent (5%) increase provided for permanent full-time employees covered by the provisions of subsection (a) of this section, commencing July 1, 2006."

ALL STATE-SUPPORTED PERSONNEL/SALARY INCREASES

SECTION 22.14. Section 29.14 of S.L. 2005-276 reads as rewritten:

"**SECTION 29.14.(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 29.14.(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 29.14.(c) The fiscal year 2005-2006 salary increases provided in this act are to be effective July 1, 2005, and 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, 2005. The fiscal year 2006-2007 salary increases provided in this act are to be effective July 1, 2006, and 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, 2006.

Payroll checks issued to employees ~~after July 1, 2005,~~ which represent payment of services provided prior to ~~July 1, 2005,~~these increases 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 29.14.(d) The Director of the Budget shall transfer from the Reserve for Compensation Increases in this act for fiscal year 2005-2006 and fiscal year 2006-2007 all funds necessary for the salary increases provided by this act, including funds for the employer's retirement and social security contributions.

SECTION 29.14.(e) Nothing in this act authorizes the transfer of funds between the General Fund and the Highway Fund for salary increases.

SECTION 29.14.(f) ~~Permanent~~ For the 2005-2006 fiscal year, permanent full-time employees who work a nine-, ten-, or eleven-month work year schedule shall receive the eight hundred fifty dollars ($850.00) or two percent (2%) annual increase provided by this act, whichever is greater. For the 2006-2007 fiscal year, permanent full-time employees who work a nine-, ten-, or eleven-month work year schedule shall receive the five percent (5%) annual increase provided by this act."

COMPENSATION BONUS FOR FISCAL YEAR 2006-2007

SECTION 22.14A.(a) Except as provided by subsection (b) of this section, any person (i) whose salary is set pursuant to the State Personnel Act or under this act and (ii) who is employed in a State-funded position on June 30, 2006, and who is in service on August 1, 2006, shall be awarded a one-time, lump-sum compensation bonus for the 2006-2007 fiscal year in the amount of three hundred dollars ($300.00), payable in August 2006. The compensation bonus shall be adjusted pro rata for permanent part-time employees and employees working on a schedule requiring less than 12 months' service per year.

SECTION 22.14A.(b) The following persons shall not be eligible for the three hundred dollar ($300.00) compensation bonus authorized by subsection (a) of this section:

(1) Any person whose salary is set under Sections 29.11(1) or 29.12 of S.L. 2005-276, as amended by Sections 22.11 and 22.12 of this act.

(2) Any public school employee or State employee paid on the Teacher Salary Schedule or the School Based Administrator Salary Schedule.

SECTION 22.14A.(c) The Director of the Budget shall transfer sufficient funds from the Reserve for Compensation Increases provided in this act to implement this section. The compensation bonus awarded by this section shall not be administered under G.S. 126-7. The compensation bonus shall be awarded to eligible employees without regard to an employee's placement within the salary range, including employees at the top of the salary range.

SALARY ADJUSTMENT FUND

SECTION 22.15. Section 29.15 of S.L. 2005-276 reads as rewritten:

"**SECTION 29.15.(a)** Any remaining appropriations in the General Fund Reserve for Compensation Increases authorized for employee salary increases not required for that purpose may be used to supplement the General Fund Salary Adjustment ~~Fund.~~ Fund to support salary adjustments for positions supported by the General Fund. Any remaining appropriations in the Highway Fund Reserves and Transfers authorized for employee salary increases not required for that purpose may be used to supplement the

Highway Fund Salary Adjustment Fund to support salary adjustments for positions supported by the Highway Fund.

SECTION 29.15.(b) Funds appropriated or otherwise transferred to the General Fund Salary Adjustment Fund or to the Highway Fund Salary Adjustment Fund by this act or any other provision of law shall be used to fund agency requests for the following purposes:

(1) Salary range ~~revisions~~ revisions, including special minimum rate adjustments, to provide competitive salary rates for affected job classifications in response to changes in labor market salary rates as documented through data collection and analysis according to accepted human resource professional practices and standards.

(2) Reallocation of positions to higher-level job classifications to compensate employees for more difficult duties at competitive salary rates as documented through data collection and analysis according to accepted human resource professional practices and standards.

The terms 'salary range revision' and 'reallocation' as used in this section shall conform to the definitions of those terms as previously contained in the State Personnel Manual and adopted by the State Personnel Commission effective immediately prior to November 1, 2005. ~~Priority funding~~ Funding shall be given only to those salary range revisions previously approved by the State Personnel Commission and reallocations previously approved by the Office of State Personnel or ~~designee.~~ designee on or before May 1, 2006, and shall not be used for other purposes including, but not limited to, in-range adjustments, career banding adjustments (whether by grade to band transfer adjustments, career progression adjustments, or other similar methods), geographic differentials, or other adjustments as these terms may be defined by State Personnel Policy.

SECTION 29.15.(c) The Director of the Budget shall consult with the Joint Legislative Commission on Governmental Operations prior to transferring any salary adjustment funds for any State agency.

SECTION 29.15.(d) The Director of the Budget ~~may transfer~~ may:

(1) Transfer to General Fund budget codes from the General Fund Salary Adjustment Fund ~~and may transfer to Highway Fund budget codes from the Highway Fund Salary Adjustment Fund~~ amounts required to support salary adjustments authorized by this ~~section.~~ section, not to exceed the sum of eighteen million nine hundred thousand dollars ($18,900,000), with the oldest of the pending adjustments to be funded first.

(2) Transfer to Highway Fund budget codes from the Highway Fund Salary Adjustment Fund amounts required to support salary adjustments authorized by this section.

SECTION 29.15.(e) The Judicial Department is eligible for the funding authorized in subsection (a) of this section."

SUSPEND CAREER BANDING INITIATIVE

SECTION 22.15A. Notwithstanding any other provision of law, the State Personnel Commission, the Office of State Personnel, and each State department, agency, and institution shall suspend further implementation of career banding pending subsequent action by the General Assembly after its review of the State Personnel Act, including the traditional graded classification system and career banding.

SALARY-RELATED CONTRIBUTIONS/EMPLOYER

SECTION 22.17. Section 29.24(c) of S.L. 2005-276 reads as rewritten:

"**SECTION 29.24.(c)** Effective July 1, 2006, the State's employer contribution rates budgeted for retirement and related benefits as percentage of covered salaries for the 2006-2007 fiscal year are: (i) ~~six and eighty-two hundredths percent (6.82%)~~ seven and

seventeen hundredths percent (7.17%) – Teachers and State Employees; (ii) ~~eleven and eighty-two hundredths percent (11.82%)~~ twelve and seventeen hundredths percent (12.17%) – State Law Enforcement Officers; (iii) eleven and sixteen hundredths percent (11.16%) – University Employees' Optional Retirement System; (iv) eleven and sixteen hundredths percent (11.16%) – Community College Optional Retirement Program; (v) sixteen and thirty-nine hundredths percent (16.39%) – Consolidated Judicial Retirement System; and (vi) three and eight-tenths percent (3.8%) – Legislative Retirement System. Each of the foregoing contribution rates includes three and eight-tenths percent (3.8%) 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."

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 22.18.(a) G.S. 135-5 is amended by adding a new subsection to read:

"(ooo) From and after July 1, 2006, the retirement allowance to or on account of beneficiaries whose retirement commenced on or before July 1, 2005, shall be increased by three and one-tenth percent (3.1%) of the allowance payable on June 1, 2006, in accordance with G.S. 135-5(o). Furthermore, from and after July 1, 2006, the retirement allowance to or on account of beneficiaries whose retirement commenced after July 1, 2005, but before June 30, 2006, shall be increased by a prorated amount of three and one-tenth percent (3.1%) 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, 2005, and June 30, 2006."

SECTION 22.18.(b) G.S. 120-4.22A is amended by adding a new subsection to read:

"(u) In accordance with subsection (a) of this section, from and after July 1, 2006, the retirement allowance to or on account of beneficiaries whose retirement commenced on or before January 1, 2006, shall be increased by three and one-tenth percent (3.1%) of the allowance payable on June 1, 2006. Furthermore, from and after July 1, 2006, the retirement allowance to or on account of beneficiaries whose retirement commenced after January 1, 2006, but before June 30, 2006, shall be increased by a prorated amount of three and one-tenth percent (3.1%) 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, 2006, and June 30, 2006."

SECTION 22.18.(c) G.S. 135-65 is amended by adding a new subsection to read:

"(aa) From and after July 1, 2006, the retirement allowance to or on account of beneficiaries whose retirement commenced on or before July 1, 2005, shall be increased by three and one-tenth percent (3.1%) of the allowance payable on June 1, 2006. Furthermore, from and after July 1, 2006, the retirement allowance to or on account of beneficiaries whose retirement commenced after July 1, 2005, but before June 30, 2006, shall be increased by a prorated amount of three and one-tenth percent (3.1%) 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, 2005, and June 30, 2006."

INCREASE THE MONTHLY PENSION FOR MEMBERS OF THE FIREMEN'S AND RESCUE SQUAD WORKERS' PENSION FUND

SECTION 22.19. 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 sixty-three dollars ($163.00)~~ one hundred sixty-five dollars ($165.00) per month. Any retired fireman receiving a pension shall, effective ~~July 1, 2005,~~ July 1, 2006, receive a pension of ~~one hundred sixty-three dollars ($163.00)~~ one hundred sixty-five dollars ($165.00) 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 sixty-three dollars ($163.00)~~ one hundred sixty-five dollars ($165.00) 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."

INCREASE THE MAXIMUM MONTHLY PENSION BENEFITS FOR RETIRED MEMBERS OF THE NORTH CAROLINA NATIONAL GUARD

SECTION 22.20. G.S. 127A-40(a) reads as rewritten:

"(a) Every member and former member of the North Carolina national guard who meets the requirements hereinafter set forth shall receive, commencing at age 60, a pension of ~~seventy-five dollars ($75.00)~~ eighty dollars ($80.00) per month for 20 years' creditable military service with an additional ~~seven dollars and fifty cents ($7.50)~~ eight dollars ($8.00) per month for each additional year of such service; provided, however, that the total pension shall not exceed ~~one hundred fifty dollars ($150.00)~~ one hundred sixty dollars ($160.00) per month. The requirements for such pension are that each member shall:

(1) Have served and qualified for at least 20 years' creditable military service, including national guard, reserve and active duty, under the same requirement specified for entitlement to retired pay for nonregular service under Chapter 67, Title 10, United States Code.

(2) Have at least 15 years of the aforementioned service as a member of the North Carolina national guard.

(3) Have received an honorable discharge from the North Carolina national guard."

PART XXIII. CAPITAL APPROPRIATIONS

CAPITAL APPROPRIATIONS/GENERAL FUND

SECTION 23.1. There is appropriated from the General Fund for the 2006-2007 fiscal year the following amounts for capital improvements:

Capital Improvements – General Fund	**2006-2007**
Department of Administration	
Veterans Affairs Nursing Home	$8,773,300
Department of Agriculture and Consumer Services	
Veterinary Laboratory System Study and Planning Funds	1,250,000
Rollins Laboratory – Bio Security Level 2 Lab Conversion	250,000
Oxford Complex Planning and Design Funds	1,000,000
Department of Commerce	
NC Ports Authority Container Cranes	7,500,000
Department of Correction	
Regional Medical Center and Mental Health Center	20,000,000
Department of Crime Control and Public Safety	
Emergency Management Operations Center	8,500,000
Marion Transportation Center Motor Fleet Lot	222,700
Department of Cultural Resources	
North Carolina History Education Center Planning Funds	3,000,000
Palmer Memorial Institute State Historic Site Renovations	2,800,000
Department of Environment and Natural Resources	
Water Resources Development Projects	20,000,000
NC Zoo Storage Shed	452,800
Forest Resources District 9 Headquarters	2,164,500
Office of State Budget and Management	
State Facilities Master Plan	1,000,000

University of North Carolina System	
University of North Carolina at Wilmington – School of Nursing	27,000,000
Appalachian State University College of Education Building Planning Funds	1,820,000
Elizabeth City State University Parking Lots and Street Repair	1,900,000
Fayetteville State University Science and Technology Complex Planning Funds	1,144,000
North Carolina Agricultural and Technical State University General Classroom Facility Planning Funds	1,040,000
North Carolina Central University	
Biomanufacturing Research Institute and Technology Enterprise (BRITE)	2,300,000
Repairs to Steam Lines	6,400,000
North Carolina School of the Arts Library Planning Funds	1,258,400
North Carolina State University	
Engineering Complex III Planning and Design Funds	5,280,303
Veterinary Hospital Planning Funds	7,000,000
University of North Carolina at Asheville Rhodes Hall Renovation Planning Funds	416,000
University of North Carolina at Chapel Hill Genomics Science Building Planning and Design Funds	10,313,988
University of North Carolina at Charlotte Center City Classroom Building Planning and Design Funds	3,392,100
University of North Carolina at Greensboro Academic Classroom and Office Building Planning Funds	2,279,028
University of North Carolina at Pembroke Residence Hall Planning Funds	1,040,000
Western Carolina University School of Health and Gerontological Building Planning Funds	2,402,661
Winston Salem State University Student Activities Center Planning Funds	768,225
Dental Schools Study, Planning, and Design Funds	7,000,000
TOTAL CAPITAL IMPROVEMENTS – GENERAL FUND	**$159,668,005**
WATER RESOURCES DEVELOPMENT PROJECT FUNDS	

SECTION 23.2.(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	2006-2007
(1)	Wilmington Harbor Deepening	$ 5,275,000
(2)	Morehead City Harbor Sand Management	1,200,000
(3)	Manteo (Shallowbag) Bay Channel Maintenance	-
(4)	Wilmington Harbor Maintenance Dredging	-
(5)	Morehead City Harbor Maintenance Dredging	0
(6)	Carolina Beach Renourishment	1,125,000
(7)	Carolina Beach Renourishment (Kure Beach)	681,000
(8)	Brunswick County Beaches Study	0
(9)	Ocean Isle Beach Renourishment (Brunswick County)	435,000
(10)	Beaufort Harbor Maintenance Dredging	300,000
(11)	B. Everett Jordan Reservoir Water Supply Storage	100,000
(12)	Aquatic Weed Control – Lake Gaston and Statewide	400,000
(13)	Waterway Connecting Pamlico Sound to Beaufort Harbor (Carteret)	400,000
(14)	John H. Kerr Reservoir Operations Evaluation	188,000
(15)	Currituck Sound Water Management Study	386,000
(16)	Surf City / North Topsail Beach Protection Study	-
(17)	West Onslow Beach (Topsail) Study (Pender County)	85,000
(18)	Hurricane Stream Restoration – Western NC (Phase II)	2,000,000
(19)	Hurricane Isabel Emergency Management Stream Cleanup (Phase III)	850,000
(20)	Bogue Banks Shore Protection Study (Carteret County)	-
(21)	Neuse River Basin Study	280,000
(22)	Beach and Inlet Management Study	500,000
(23)	Dredging Contingency Fund	2,295,000
(24)	Topsail Beach Renourishment	500,000
(25)	State – Local Projects	3,000,000
	TOTALS	**$ 20,000,000**

SECTION 23.2.(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 funded under subsection (a) of this section are delayed and the budgeted State funds cannot be used during the 2006-2007 fiscal year, or if the projects funded under 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) U.S. Army Corps of Engineers project feasibility studies.
(2) U.S. Army Corps of Engineers projects whose schedules have advanced and require State-matching funds in fiscal year 2006-2007.
(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 2007-2008 fiscal year.

SECTION 23.2.(c) The Department shall make semiannual 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 semiannual 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.

REPAIRS AND RENOVATIONS RESERVE ALLOCATION

SECTION 23.3. Of the funds in the Reserve for Repairs and Renovations for the 2006-2007 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 consult with the Joint Legislative Commission on Governmental Operations prior to the allocation or reallocation of these funds.

STATE FACILITIES MASTER PLAN

SECTION 23.10.(a) Of the funds appropriated to the Office of State Budget and Management, up to one million dollars ($1,000,000) shall be used to contract with a consultant for the development of a new master plan for State facilities. In developing this master plan, the consultant shall address the following as it relates to State operations in Wake County:

(1) Inventory existing State real property, including land, buildings, and land allocations to State agencies.
(2) Inventory lease space occupied by State agencies.
(3) Survey State agencies capital improvement needs, including the State's Six-Year Capital Improvement Plan.
(4) Project the growth in personnel needed to support State operations.
(5) Analyze State agencies' existing facilities and requested capital improvements against program missions, goals, and operations.
(6) Recommend a facilities master plan for State operations that meets the facilities needs of State agencies and makes efficient use of State land and buildings.
(7) Recommend State agency operations that should be relocated from the City of Raleigh to achieve subsection (a)(6) of this section.
(8) Recommend a transit plan for State operations that may include the use of parking structures, public transit, and park and ride facilities.
(9) Recommend an implementation plan for the facilities master plan. The implementation plan shall include the sequencing of proposed capital improvement projects and a proposal for financing the facilities master plan. The implementation plan shall be consistent with capital planning efforts in the Office of State Budget and Management.

SECTION 23.10.(b) If funds authorized in subsection (a) of this section are sufficient, the Office of State Budget and Management shall expand the scope of the facilities master plan to include State operations outside of Wake County.

SECTION 23.10.(c) The Office of State Budget and Management shall deliver the facilities master plan to the Joint Legislative Oversight Committee on Capital Improvements by October 1, 2007.

UNC-CH/ECU DENTAL SCHOOLS

SECTION 23.11.(a) Of the funds appropriated by this act to the Board of Governors of The University of North Carolina for the 2006-2007 fiscal year the sum of seven million dollars ($7,000,000) shall be used as follows: (i) to complete the plan and design for expanding the School of Dentistry at the University of North Carolina at Chapel Hill, (ii) to conduct a study regarding the feasibility of establishing a School of Dentistry at East Carolina University and the impact that the School would have on the other dental programs provided by The University of North Carolina, and (iii) if the Board of Governors determines that it is appropriate to establish a School of Dentistry at East Carolina University based on the findings and recommendations of the feasibility study, to provide advance planning funds to East Carolina University for the capital improvements needed to establish a new dental school. The funds allocated by this section to East Carolina University shall be held in reserve by the Board of Governors and shall be allocated to East Carolina University only if the Board of Governors decides that it is appropriate to establish a School of Dentistry at that University.

SECTION 23.11.(b) The Board of Governors may contract with a private consultant to conduct the feasibility study required by subsection (a) of this section.

PART XXIV. RESERVED

PART XXV. RESERVED

PART XXVI. RESERVED

PART XXVII. RESERVED

PART XXVIII. MISCELLANEOUS PROVISIONS

EXECUTIVE BUDGET ACT APPLIES

SECTION 28.1. 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.

COMMITTEE REPORT

SECTION 28.2.(a) The House Appropriations Committee Report on the Continuation, Expansion, and Capital Budgets, dated June 13, 2006, 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 28.2.(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 2006-2007 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 28.2.(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.

MOST TEXT APPLIES ONLY TO 2006-2007

SECTION 28.3. Except for statutory changes or other provisions that clearly indicate an intention to have effects beyond the 2006-2007 fiscal year, the textual provisions of this act apply only to funds appropriated for, and activities occurring during, the 2006-2007 fiscal year.

APPROPRIATIONS LIMITATIONS AND DIRECTIONS APPLY

SECTION 28.4.(a) Except where expressly repealed or amended by this act, the provisions of S.L. 2005-276 and S.L. 2005-345 remain in effect.

SECTION 28.4.(b) Notwithstanding any modifications by this act in the amounts appropriated, except where expressly repealed or amended, the limitations and directions for the 2006-2007 fiscal year in S.L. 2005-276 and S.L. 2005-345 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.

EFFECT OF HEADINGS

SECTION 28.5. 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.

SEVERABILITY CLAUSE

SECTION 28.6. 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.

EFFECTIVE DATE

SECTION 28.7. Except as otherwise provided, this act becomes effective July 1, 2006.

Attachment No. 3

HOUSE APPROPRIATIONS COMMITTEE

REPORT ON THE CONTINUATION, EXPANSION AND CAPITAL BUDGETS

June 13, 2006

House Proposed Committee Substitute for 3rd Edition of Senate Bill 1741

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Budget Reform Statement
General Fund Availability

		FY 2006-07
1	Unappropriated Balance from FY 2005-06 - S.L. 2005-276	117,227,875
2	Net Adjustments - S.L. 2005-345	(4,148,833)
3	Net Adjustments - S.L. 2005-435, S.L. 2005-406, S.L. 2005-376, S.L. 2005-391	(5,826,000)
4	Adjustment From Estimated to Actual 2005-06 Beginning Unreserved Balance	6,133,946
5	**Revised Unappropriated Balance Remaining 2005-06**	**113,386,988**
6		
7	Emergency Appropriation for Department of Correction - S.L. 2006-2	(15,000,000)
8	Projected Reversions from FY 2005-06	125,000,000
9	Projected Over Collections from FY 2005-06	1,072,100,000
10	**Year End Unreserved Credit Balance before Earmarkings**	**1,295,486,988**
11		
12	Credit to Savings Reserve	(323,871,747)
13	Credit to Repairs and Renovation Reserve Account	(210,955,188)
14	**Revised Year End Unreserved Credit Balance**	**760,660,053**
15		
16	**Revenues Based on Existing Tax Structure**	**16,951,416,000**
17		
18	**Non-tax Revenues**	
19	Investment Income	78,700,000
20	Judicial Fees	168,605,271
21	Disproportionate Share	100,000,000
22	Insurance	51,543,813
23	Other Non-Tax Revenues	202,719,921
24	Highway Trust Fund Transfer	252,663,009
25	Highway Fund Transfer	0
26	**Subtotal Non-tax Revenues**	**854,232,014**
27		
28	**Total General Fund Availability**	**18,566,308,067**
29		
30	**Adjustments to Availability: 2006 Session**	
31	Baseline Revenue Forecast	698,864,995
32	Reserve for Sales Tax Reduction from 4.5% to 4.25% - January 1, 2007	(118,000,000)
33	Reserve for Upper Income Tax from 8.25% to 8.125% - January 1, 2007	(14,300,000)
34	Reserve for Small Business Health Insurance Tax Credit	(10,800,000)
35	Reserve for 529 Plan Tax Deduction	(2,000,000)
36	IRC Update Conformance	(5,100,000)
37	Mill Rehabilitation Tax Credit	(2,800,000)
38	Taxation of Logging Machinery	(2,900,000)
39	Bill Lee Adjustments	(800,000)
40	Aviation Fuel Credit Sunset - January 1, 2007	(90,000)
41	Tax Incentive for Ethyl Alcohol Sales	(50,000)
42	Reserve for Joint Filing Options	(1,000,000)
43	Reserve for Research & Development Sales Tax Rate Change	(4,100,000)
44	Reduce Transfer to Highway Trust Fund	(195,176,407)
45	Adjust Transfer from Insurance Regulatory Fund	388,398
46	Adjust Transfer from Treasurer's Office	281,784
47		
48	**Subtotal Adjustments to Availability: 2006 Session**	**342,418,770**
49		
50	**Revised General Fund Availability for 2006-07 Fiscal Year**	**18,908,726,837**
51		
52	**Total General Fund Appropriations for 2006-07 Fiscal Year**	**(18,908,726,837)**
53		
54	**Unappropriated Balance Remaining**	**0**

SUMMARY:

GENERAL FUND APPROPRIATIONS

General Fund Appropriations Fiscal Year 2006-07 2006 Session						
	2006-07 Certified Appropriation	Recurring Adjustments	Nonrecurring Adjustments	Net Changes	Position Changes	2006-07 Revised Appropriation
Education:						
Community Colleges	767,295,886	28,753,628	14,171,014	42,924,642	5.00	810,220,528
Public Education	6,579,807,097	19,094,826	119,588,352	138,683,178	10.00	6,718,490,275
University System	2,120,397,081	122,852,467	9,704,587	132,557,054	511.95	2,252,954,135
Total Education	**9,467,500,064**	**170,700,921**	**143,463,953**	**314,164,874**	**526.95**	**9,781,664,938**
Health and Human Services:						
Office of the Secretary	118,880,919	(63,346,653)	7,000,000	(56,346,653)	3.00	62,534,266
Aging Division	29,495,139	5,741,765	0	5,741,765	10.00	35,236,904
Blind and Deaf / Hard of Hearing Services	9,681,220	0	0	0		9,681,220
Child Development	267,356,799	25,549,617	1,012,291	26,561,908	10.00	293,918,707
Education Services	34,281,895	778,548	218,235	996,783	23.00	35,278,678
Facility Services	15,959,466			0		15,959,466
Medical Assistance	2,751,209,159	(109,150,000)	0	(109,150,000)		2,642,059,159
MH/DD/SAS	602,556,655	49,163,476	7,905,000	57,068,476	93.00	659,625,131
NC Health Choice	51,882,902			0		51,882,902
Public Health	150,814,496	20,536,001	878,500	21,414,501	211.00	172,228,997
Social Services	190,679,285	16,619,957	1,000,000	17,619,957		208,299,242
Vocational Rehabilitation	42,142,193			0		42,142,193
Total Health and Human Services	**4,264,940,128**	**(54,107,289)**	**18,014,026**	**(36,093,263)**	**350.00**	**4,228,846,865**
Justice and Public Safety:						
Correction	1,048,492,502	17,296,229	19,581,430	36,877,659	154.00	1,085,370,161
Crime Control & Public Safety	35,153,488	2,168,287	4,454,956	6,623,243	18.00	41,776,731
Judicial Department	345,760,410	16,641,953	10,092,465	26,734,418	232.75	372,494,828
Judicial - Indigent Defense	88,648,414	1,657,191	5,327,864	6,985,055	1.00	95,633,469
Justice	78,697,271	1,457,329	3,270,941	4,728,270	18.00	83,425,541
Juvenile Justice & Delinquency Prevention	138,873,166	2,961,819	592,701	3,554,520	58.00	142,427,686
Total Justice and Public Safety	**1,735,625,251**	**42,182,808**	**43,320,357**	**85,503,165**	**481.75**	**1,821,128,416**

General Fund Appropriations Fiscal Year 2006-07 2006 Session						
	2006-07 Certified Appropriation	Recurring Adjustments	Nonrecurring Adjustments	Net Changes	Position Changes	2006-07 Revised Appropriation
Natural And Economic Resources:						
Agriculture and Consumer Services	51,032,884	2,111,458	1,636,665	3,748,123	29.00	54,781,007
Commerce	36,728,265	600,483	19,712,000	20,312,483	7.00	57,040,748
Commerce - State Aid	11,722,085	46,000	10,407,138	10,453,138		22,175,223
Environment and Natural Resources	168,451,089	1,630,245	11,984,812	13,615,057	23.00	182,066,146
DENR - Clean Water Mgmt. Trust Fund	100,000,000	0	0	0		100,000,000
Labor	14,434,925	200,000	413,894	613,894	3.50	15,048,819
NC Biotechnology Center	10,583,395	2,000,000	2,000,000	4,000,000		14,583,395
Rural Economic Development Center	25,052,607	0	0	0		25,052,607
Total Natural and Economic Resources	**418,005,250**	**6,588,186**	**46,154,509**	**52,742,695**	**62.50**	**470,747,945**
General Government:						
Administration	58,818,473	1,706,928	2,401,831	4,108,759	20.00	62,927,232
Auditor	10,840,918	57,564	0	57,564		10,898,482
Cultural Resources	62,917,147	1,267,456	3,042,597	4,310,053	30.00	67,227,200
Cultural Resources - Roanoke Island	1,783,374	0	0	0		1,783,374
General Assembly	46,965,432	0	168,346	168,346		47,133,778
Governor	5,344,528	100,000	0	100,000		5,444,528
NC Housing Finance Agency	4,750,945	0	17,125,000	17,125,000		21,875,945
Insurance	28,110,582	364,398	24,000	388,398	4.00	28,498,980
Insurance - Worker's Compensation Fund	4,500,000	0	0	0		4,500,000
Lieutenant Governor	753,037	88,433	0	88,433	1.00	841,470
Office of Administrative Hearings	2,969,712	269,578	11,789	281,367	2.00	3,251,079
Revenue	80,673,250	513,294	766,488	1,279,782	2.00	81,953,032
Secretary of State	9,369,633	441,217	26,850	468,067	5.25	9,837,700
State Board of Elections	5,069,307	446,415	188,376	634,791	29.00	5,704,098
State Budget and Management	6,021,795	240,438	169,500	409,938	3.00	6,431,733
State Budget and Management -- Special	5,111,429	755,232	598,021	1,353,253		6,464,682
State Controller	10,044,511	0	0	0		10,044,511
Treasurer - Operations	8,295,843	281,784	0	281,784		8,577,627
Treasurer - Retirement / Benefits	8,651,457	514,000	0	514,000		9,165,457
Total General Government	**360,991,373**	**7,046,737**	**24,522,798**	**31,569,535**	**96.25**	**392,560,908**

General Fund Appropriations Fiscal Year 2006-07 2006 Session						
	2006-07 Certified Appropriation	Recurring Adjustments	Nonrecurring Adjustments	Net Changes	Position Changes	2006-07 Revised Appropriation
Transportation	**0**	**0**	**0**	**0**		**0**
Statewide Reserves and Debt Service:						
Debt Service:						
Interest / Redemption	619,291,140	0	(50,000,000)	(50,000,000)		569,291,140
Federal Reimbursement	1,616,380	0	0	0		1,616,380
Subtotal Debt Service	**620,907,520**	**0**	**(50,000,000)**	**(50,000,000)**	**0.00**	**570,907,520**
Statewide Reserves:						
Compensation Increases	235,185,705	649,200,409	44,476,526	693,676,935		928,862,640
Reserve for Contingent Appropriations	85,000,000			0		85,000,000
Salary Adjustment Fund: 2005-07 Biennium	4,500,000			0		4,500,000
Salary Adjustment Fund: 2004-05 Fiscal Year	4,500,000			0		4,500,000
Teachers' & State Employees Retirement Cont	13,810,800	29,650,000		29,650,000		43,460,800
Retirement System Payback	0		30,000,000	30,000,000		30,000,000
Death Benefit Trust	12,899,200			0		12,899,200
Disability Income Plan	6,586,500			0		6,586,500
State Health Plan	142,728,000			0		142,728,000
Contingency and Emergency	5,000,000			0		5,000,000
Information Technology Rate Adjustments	(2,300,000)			0		(2,300,000)
Information Technology Fund	8,025,000	7,559,349	34,527,880	42,087,229	52.75	50,112,229
Job Development Incentive Grants Reserve	12,400,000			0		12,400,000
Reserve for Heating and Cooling Assistance			10,000,000	10,000,000		10,000,000
Trust Fund for MH/DD/SAS			24,205,000	24,205,000		24,205,000
State Emergency Response Account			20,000,000	20,000,000		20,000,000
Targeted County Medicaid Relief			35,000,000	35,000,000		35,000,000
Pending Ethics Legislation (HB 1843 & HB 1844)		401,871	21,000	422,871	4.00	422,871
Economic Development Initiatives		0	10,000,000	10,000,000		10,000,000
Higher Education and County Programs/Facilities		0	59,825,000	59,825,000		59,825,000
Subtotal Statewide Reserves	**528,335,205**	**686,811,629**	**268,055,406**	**954,867,035**	**56.75**	**1,483,202,240**
Total Reserves and Debt Service	**1,149,242,725**	**686,811,629**	**218,055,406**	**904,867,035**	**56.75**	**2,054,109,760**
Total General Fund for Operations	**17,396,304,791**	**859,222,992**	**493,531,049**	**1,352,754,041**	**1,574.20**	**18,749,058,832**

General Fund Appropriations Fiscal Year 2006-07 2006 Session						
	2006-07 Certified Appropriation	Recurring Adjustments	Nonrecurring Adjustments	Net Changes	Position Changes	2006-07 Revised Appropriation
Other General Fund Expenditures:						
Capital Improvements	0		159,668,005	159,668,005		159,668,005
Repairs and Renovations	0			0		0
Total Other General Fund Expenditures	**0**	**0**	**159,668,005**	**159,668,005**	**0.00**	**159,668,005**
Total General Fund Budget	**17,396,304,791**	**859,222,992**	**653,199,054**	**1,512,422,046**	**1,574.20**	**18,908,726,837**

EDUCATION
Section F

House Subcommittee on Education

Public Education

GENERAL FUND

Total Budget Approved 2005 Session	**FY 06-07** **$6,579,807,097**

Budget Changes

A. Adjustments & Transfers

1 Average Daily Membership (ADM) — $76,299,816 R

Revises projected increase in ADM for FY 2006-07 to reflect 18,363 more students than originally projected. Dollar amount of adjustment includes increases in all position, dollar, and categorical allotments.

Total funded ADM for FY 2006-07 is 1,435,475, an increase of 38,103 over FY 2005-06.

Due to a projected increase in ninth grade ADM, receipts from the Highway Fund budgeted for Driver's Education will increase by $457,971.

2 Budgeted Average Salary — ($56,180,428) R

Revises budgeted funding for certified personnel salaries based on actual salary data from December 2005. Adjustment does not reduce any salary paid to certified personnel.

3 Budget Receipts from NC Education Lottery for Class Size Reduction — ($127,864,291) R

Budgets receipts from NC Education Lottery Fund to support class size reduction in accordance with statute.

4 Exceptional Children — ($6,255,530) R

Revises budgeted funding for children with special needs to reflect actual April 1, 2006 headcount. Continuation budget was based on projected headcount. Adjustment does not reduce funding per student.

5 Adjust Projection of Receipts from Civil Penalties & Forfeitures — $30,000,000 R

Provides funds to address adjusted projection of collections in the Civil Penalties & Forfeitures Fund. Revised amount of receipts budgeted from the Fund to support public schools operations in 2006-07 is $75,500,000.

6 Budget Receipts from Teaching Fellows Trust Fund — ($340,657) R

Budgets receipts from Teaching Fellows Trust Fund to support administration of Teaching Fellows Program. Reduces General Fund appropriation to Public School Forum accordingly.

B. Expansion: State Public School Fund

7 Restore Base Budget Funding — $44,291,248 R

Restores full base budget funding by eliminating the recurring LEA Discretionary Reduction.

8 ABC Bonuses — $90,000,000 NR

Funds ABC bonuses for schools that met or exceeded expected growth in the 2005-06 school year.

9 Evaluate Effectiveness of DSSF and Low Wealth — $500,000 NR

Provides additional funds to support comprehensive evaluation of: (i) the extent to which LEAs use DSSF and Low Wealth supplemental allotments to improve outcomes for students at-risk of school failure, and (ii) the extent to which DPI supports the LEAs in using DSSF and other supplemental allotments efficiently and effectively.

10 Low Wealth Supplemental Funding — $41,893,391 R

Provides full funding for the Low Wealth Supplemental Funding allotment. LEAs are encouraged to use expansion funds to address the needs of middle school students who are at-risk of academic failure because they lack the literacy skills needed to succeed. In particular, LEAs are encouraged to ensure that all middle school teachers are trained in research-based methods for supporting and enhancing student literacy. LEAs that do not receive Low Wealth Supplemental Funding are encouraged to use other funds, including local funds, for these purposes.

11 Assistant Principals — $1,000,000 R

Allot assistant principal positions on the basis of one 10-month position per 791.7 ADM. This action partially restores funding reduced in the FY 2005-06 budget.

12 Director of High School Turnaround — $122,350 R

Provides funds to establish a permanent position to coordinate technical assistance to school districts with high schools identified as critically low performing (performance composite below 60%).

1.00

13 Exceptional Children — $1,000,000 R

Increases funding per student by $5.87 for the 170,240 students in the funded headcount of children with special needs. Revised funding per student is $2,972.52.

14 Learn and Earn Initiative — $8,232,388 R / $1,533,360 NR

Expands the Learn and Earn initiative into an additional 19 high schools (bringing the total to 34). Provides planning grants to 20 additional high schools.

	FY 06-07	
15 Small Specialty High Schools	$3,805,970	R
Expands the small specialty high school initiative by creating 21 new small specialty schools-within-schools at 11 new sites (bringing the respective totals to 32 schools at 19 sites). Provides planning grants at 10 small schools that intend to design instruction around the following curricula: science, technology, engineering, and/or math (STEM). Provides $261,680 to support four months of principal salary for each planning site prior to becoming operational in the 2007-08 school year. Any implementation grants for STEM schools shall come from non-State sources.	$661,680	NR
16 State Board of Education Operating Support		
Provides additional funds to support operations of the expanded State Board of Education.	$50,000	NR
17 Virtual High School	$2,588,722	R
Provides funds to support implementation of the NC Virtual Public Schools initiative. Funds provide for seven administrative and support positions or contracted employees, 22 three-month positions, and both one-time and ongoing operating support.	$189,132	NR
18 School Connectivity		
Provides funds to be used to upgrade public school connectivity as part of efforts to establish a comprehensive PreK-20 NC Regional Education Network. Funds shall be used to expand the number of public schools serving pre-kindergarten through grade 12 with broadband connectivity; provide "last mile" connectivity to public schools and enhance development of regional broadband networks; infuse technology into schools' instructional efforts; maximize the use of e-Rate; and revise School Technology Plans. Funds that are not expended by June 30, 2007 shall be carried forward for expenditure in FY 2007-08.	$6,000,000	NR
19 Reserve for Fuel Costs		
Provides funds to be used as needed in FY 2006-07 to support projected increased diesel fuel expenditures.	$13,778,330	NR
C. Expansion: Department of Public Instruction		
20 Legacy System Migration and Upgrade		
Provides a reserve of funds to be used to bring DPI's information technology applications into compliance with statewide architecture requirements. DPI must obtain approval from the State Chief Information Officer prior to the expenditure of funds for this project. Funds may be carried forward into FY 2007-08. Any unused funds will revert to the General Fund on June 30, 2008.	$2,000,000	NR
21 Network Tool Replacement		
Provides funds to support the cost of migrating from a network tool not supported by ITS to a tool that is supported.	$375,850	NR

FY 06-07

22 Information Technology Security Analyst — $40,000 R

Provides funds to support a half-time IT security analyst position. The analyst will assist in the development of a security program and the execution of the DPI security charter to ensure compliance with federal regulations and state law.

0.50

23 Business Continuity Planning Analyst — $42,500 R

Provides funds to support a half-time business continuity planning analyst position. The analyst will develop and perform business continuity planning and management to ensure that DPI is in compliance with state law.

0.50

24 Purchasing Agent — $58,220 R

Provides funds to support a Purchasing Agent II position. The agent will ensure accurate and efficient processing of all non-IT related service contracts requiring bids.

1.00

25 NC Wise Owl — $200,000 R

Provides funding to support increased cost of Statewide subscriptions to online library resources that are made available to all teachers and students.

26 Office of Charter Schools — $161,127 R

Provides funds to support one administrative assistant, one new education planning and development consultant, and general operations of the Office of Charter Schools.

2.0

27 Establish Pilot Regional Professional Development Center — $750,000 NR

Provides funds to establish a pilot center for the purpose of coordinating and assisting in the delivery of leadership and professional development. The State Board of Education shall report to the Joint Legislative Education Oversight Committee by January 1, 2007, on the activities and accomplishments of this pilot program.

5.00

28 Business Technology Applications Analyst

Provides $72,647 from federal receipts to support a business technology applications analyst. The analyst will serve exclusively on the Exceptional Children's project team.

29 NCWISE — $1,900,000 NR

Provides funds to support new short-term contracts required to complete NCWISE development.

D. Expansion: Pass-Through Funds

30 Communities in Schools — $1,000,000 NR

Provides additional funds to State-level non-profit program that supports local CIS programs' efforts to connect at-risk students and their families with resources that will help the students succeed in school.

	FY 06-07	
31 Teach for America Provides additional funds to non-profit program that recruits recent college graduates in non-education majors to teach in hard-to-staff schools.	$200,000	NR
32 NC Humanities Council Teacher Institute Program Provides funds to non-profit program focused on promoting teaching and learning that develops teachers' capacity to understand, empathize with, and relate to various cultures.	$100,000	NR
33 ExplorNet Provides additional funds to non-profit program that promotes effective use of information technology in the public schools.	$200,000	NR
34 Futures for Kids Provides additional funds to non-profit program that enhances schools' capacities to provide students with opportunities for career exploration. Funds will be disbursed once the Futures for Kids program has consolidated operations with the career exploration services provided by the College Foundation of North Carolina. Futures for Kids and CFNC shall report to the Joint Legislative Education Oversight Committee and the Joint Legislative Commission on Governmental Operations on a consolidation plan prior to execution of that plan.	$300,000	NR
35 Project Enlightenment Provides additional funds for Wake County to assist Project Enlightenment in continuing its model Demonstration Preschool program and consultation and education services to children, families, and other professionals in Wake County.	$50,000	NR
Budget Changes	**$19,094,826**	R
	$119,588,352	NR
Total Position Changes	10.00	
Revised Total Budget	**$6,718,490,275**	

UNC System

GENERAL FUND

Total Budget Approved 2005 Session

FY 06-07
$2,120,397,081

Budget Changes

A. Base Budget Adjustments

36 Building Reserves Adjustment ($9,595,070) NR
-91.80

Adjusts the building reserves for operating costs of new buildings due to a change in their completion dates. However, this change in reserves grants additional one-time funds to campuses for supplies, equipment, and moving costs for buildings that opened in FY 05-06, but were inadvertently cut in the 2005 Session.

37 NC A&T Inflationary Increases $163,277 R

Restores inflationary increases for library book acquisition ($145,491) and utilities ($17,786) that were left out of the base budget submitted by the Governor in the 2005 Session.

38 NC School of Science and Math Textbook Increase $52,250 R

Increases the budget for textbooks for the North Carolina School of Science and Math. The school failed to request an increase in the 2005 Session that was sufficient to fund the increase in textbook prices.

B. Expansion

39 Enrollment Growth for UNC Campuses $78,993,129 R
575.00

Funds enrollment growth for undergraduate and graduate students in regular term and distance education programs. Enrollment is anticipated to grow by 7,110 full time equivalent (FTE) students in FY 06-07.

40 Enrollment Growth for NC School of Science and Math $240,000 R
3.75

Increases the enrollment at the North Carolina School of Science and Math by 12 students.

41 Need-Based Financial Aid $21,587,990 R

Increases need-based financial aid for an increase of 1,730 eligible students entering UNC institutions in the Fall of 2006. The increase will also help the 34,930 students now receiving financial aid with price increases in tuition, fees, room, board, books, and supplies.

	FY 06-07	
42 Judicial College Increases the operating funds for judicial training at the School of Government at UNC-Chapel Hill. The Judicial College was approved in the 2005 Session with an initial appropriation of $250,000.	$500,000	R
43 ECSU Pharmacy Space Pays the lease costs for six modular units that temporarily house the ECSU Pharmacy Program until a permanent facility is constructed.	$43,000	NR
44 Graduate Nurse Scholarship Program for Faculty Production Creates a graduate nurse scholarship loan program to provide $15,000 per year for up to two years for master's candidates in nursing education and up to three years for doctoral candidates. Each recipient is required to teach in a public nursing education program in North Carolina for each year they receive a scholarship loan or they must repay the loan.	$1,200,000	R
45 New Bachelor of Science in Nursing Programs Provides startup funds for new Bachelor of Science in Nursing programs at Fayetteville State University and UNC-Pembroke and a new RN to BSN program at Appalachian State University. FSU and UNCP will each receive $300,000 and ASU will receive $250,000.	$850,000	NR
46 Area Health Education Centers (AHEC) Expansion Funds North Carolina Area Health Education Centers (AHEC) initiative to address health workforce shortages in Allied Health, Dentistry, Nursing, and Pharmacy. In Allied Health, adds new clinical teaching sites throughout the state with an emphasis on physical therapy, speech language pathology, and occupational therapy. Provides clinical training for PharmD students at ECSU. Supports rural training sites for dental students. Expands AHEC nursing grants program.	$1,000,000	NR
47 AHEC Program to Strengthen Psychiatrist Recruitment and Retention Funds the NC Area Health Education Centers (AHEC) program to develop innovative models for educating psychiatry residents and fellows in rural and underserved areas of the state in order to improve recruitment and retention of psychiatrists in rural communities, and to strengthen the provision of psychiatry services to these communities.	$500,000	NR
48 Translational Medicine Program - UNC-CH School of Medicine Expands the Translational Medicine Program at the UNC-Chapel Hill School of Medicine that was begun in FY 05-06 with $1 million. The program is designed to identify and train junior faculty members in translational research to speed the development of new drugs, therapeutic strategies, devices and/or diagnostics, and to train physicians to collaborate with research faculty to apply medical discoveries to patient care and patient observations in research programs to improve health care.	$1,000,000	R

FY 06-07

49 Kannapolis Research Campus — $4,000,000 R; $1,000,000 NR; 25.00

Funds the first year cost of the University of North Carolina's involvement in the North Carolina Research Campus, located at the site of the old Cannon Mills headquarters in Kannapolis. The campus will be the centerpiece of a public-private partnership between the state of North Carolina and Mr. David Murdock and his companies, Dole Foods and Castle & Cooke.

50 NC A & T State University Matching Funds — $614,847 R

Increases the campus match of federal funds from 90% to 100% for agricultural research and extension programs as mandated by the Agricultural Research, Extension, and Education Reform Act of 1998. The funds are appropriated to the School of Agriculture and Environmental Science.

51 Biomanufacturing Research Institute and Technology Enterprise (BRITE) — $2,500,000 R

Provides operating support, curriculum development, and equipment for the BRITE program that will begin in Fall 2006 at NC Central University. Students and faculty will share space in the Mary M. Townes Science Building until the BRITE facility is completed.

52 Biomanufacturing Training and Education Center (BTEC) — $2,000,000 R

Provides operating support, curriculum development, and equipment for the BTEC program at NC State University. BTEC academic courses will begin in the summer of 2006 even though the BTEC facility will not be completed until 2007.

53 Statewide Program for Infection Control and Epidemiology (SPICE) — $400,000 NR

Provides operating support to the Statewide Program for Infection Control and Epidemiology (SPICE) at the UNC-Chapel Hill School of Medicine.

54 Institute of Medicine — $250,000 NR

Increases the Institute of Medicine's capacity to provide relevant health data and policy recommendations to the General Assembly and other state policy makers. Funding will enable the Institute to undertake two additional studies per year and to provide a rapid response for data analysis for state decision makers.

55 Family House at UNC Hospitals — $500,000 NR

Assists the effort to construct the Family House at UNC Hospitals. This two-story, 40 bedroom facility on Old Mason Farm Road in Chapel Hill will provide affordable housing to critically ill patients, their family members and caregivers when visiting UNC Hospitals for evaluation or treatment. Family House has raised $4.3 million of the $6.3 million construction cost and hopes to open by mid 2007.

	FY 06-07	
56 TEACCH Appropriates funds to the TEACCH Program in the Department of Psychiatry at UNC-CH as follows: (1) to increase the psychoeducational therapists' salaries and for additional fringe benefits; (2) for TEACCH clinic rents and operations; and (3) for the TEACCH DX and Medical Consultant Clinic.	$248,349	R
57 UNC-CH Cochlear Implant Program Appropriates funds to the UNC Board of Governors to fund CASTLE (Center for the Acquisition of Spoken Language Through Listening Enrichment) which is operated by the Carolina Children's Communicative Disorders Program of the UNC Health Care System. CASTLE shall use these funds to 1) train teachers and therapists across the state to work with deaf preschool-age children with cochlear implants and 2) provide oral preschool classes to these children.	$350,000	NR
58 Focused Growth Campus Funds Provides additional funds to be evenly divided among the seven focused growth institutions (ECSU, FSU, NCA&T, NCCU, UNC-P, WCU, and WSSU).	$1,000,000	NR
59 Special Needs Institutions Provides funds to UNC-Asheville ($500,000) and the NC School of the Arts ($120,000) for nonrecurring needs.	$620,000	NR
60 North Carolina Progress Board Provides funding for the increased research efforts of the Progress Board.	$200,000	NR
61 NCSU Center for Universal Design Provides funding to this Center that designs products and environments to be usable by all people, to the greatest extent possible, without the need for adaptation or specialized design.	$300,000	NR
62 Reserve for Utility and Fuel Costs Creates a Utilities Reserve to compensate for shortfalls in university utility budgets caused by higher rates in electricity, natural gas, fuel oil, gasoline, and diesel fuel.	$9,306,657	NR
63 Legislative Tuition Grant Increase Increases the Legislative Tuition Grant from $1,800 per student in private colleges to $1,900.	$3,149,000	R
64 State Contractual Scholarship Fund Increase Increases the State Contractual Scholarship Fund from $1,150 per student in private colleges to $1,250. These funds are used for financially needy students.	$3,116,125	R

FY 06-07

65 LTG and SCSF Expansion — $1,500,000 R

Expands the Legislative Tuition Grant and the State Contractual Scholarship Fund to part-time students that are lateral entry teachers or are nurses seeking additional certification.

66 NC LIVE for Private Colleges — $250,000 NR

Funds a portion of the costs charged to private colleges for their participation in NC LIVE (North Carolina Libraries for Virtual Education), the state's electronic library that provides access to magazine articles, national and local newspapers, business and professional journals, reference sources and research material.

67 UNC-NCCCS 2+2 Joint E-Learning Initiative — $1,000,000 NR

Provides funds to continue the UNC-NCCCS 2+2 E-Learning Initiative which began in 2005-06. This funding will be used to continue to build online capacity, teacher education courses, and accessibility for students in 2+2 teacher education programs.

68 UNC-Chapel Hill DESTINY Traveling Science Lab — $500,000 R

Provides funds for the DESTINY Traveling Science Lab program to support personnel and other costs associated with the program that will no longer be supported by grant funds.

69 Principals' Executive Program Initiative — $250,000 R

Provides funds to the Principals' Executive Program (PEP) for an initiative focused on improving the management and leadership skills of principals in high need schools. PEP shall provide a customized professional development program and a coaching/mentor component that provides assistance at the school level.

70 Expand Prospective Teacher Scholarship Loan Program — $1,000,000 R

Provides funds for an additional 400 Prospective Teacher Scholarship Loans (PTSL). Priority for the additional awards shall be given to students seeking teacher licensure in middle and high school mathematics and science as well as students participating in a 2+2 teacher education program between the constituent institutions in the University of North Carolina and the NC Community College System.

71 North Carolina in the World Project — $200,000 NR

Provides funds to continue the NC in the World Project which began in FY 05-06. This project is an initiative of the NC Center for International Understanding and is focused on improving students knowledge and skills about the world.

72 A+ Schools — $100,000 NR

Provides funds to the A+ Schools program affiliated with the University of North Carolina at Greensboro to expand the number of public schools participating in the program. The program assists schools in implementing school reform by integrating arts into the curriculum.

	FY 06-07	
73 Math and Science Education Network Pre-College Program Expansion Provides additional funds for the NC Math and Science Education Network to expand the number of Pre-College Programs. These programs help prepare under-represented students to pursue college studies in math and science.	$670,000	NR
74 Hunt Institute Provides additional operating support for the James B. Hunt, Jr. Institute for Educational Leadership and Policy in Chapel Hill. These funds will enable the Institute to sponsor a number of new initiatives focused on improving science and math instruction, encouraging extracurricular programs for students, and expanding the Institute's reach to vested interests in educational improvement such as mayors and chambers of commerce.	$500,000	NR
75 Expand Future Teachers of North Carolina Scholarship Loan Program Provides funds for an additional 75 scholarship loans each year. This program awards scholarship loans to juniors and seniors in North Carolina public and private colleges that agree to become certified to teach math, science, special education, or English as a Second Language in NC public schools. The scholarship loan award is $6,500 per year.	$487,500	R
76 World View Provides funds to UNC-CH for World View, a program focused on preparing educators to respond to the challenges of an increasingly interconnected world and to help students succeed in a global economy.	$10,000	NR
Budget Changes	**$122,852,467**	**R**
	$9,704,587	**NR**
Total Position Changes	511.95	
Revised Total Budget	**$2,252,954,135**	

Community Colleges

GENERAL FUND

Total Budget Approved 2005 Session

FY 06-07
$767,295,886

Budget Changes

A. Access

77 Enrollment Growth — $7,040,090 R

Fully funds the community college enrollment request. Enrollment increased by 2,250 FTE, from 190,750 to 193,000, an increase of 1.18%.

78 Multi-Campus College Enrollment Growth — $601,171 R

Provides funds to accommodate enrollment growth at 12 multi-campus locations. Total supplemental funding for multi-campus colleges will be $10,916,638, distributed on a formula basis to 16 colleges for 23 sites.

79 Enrollment Growth Reserve — $1,000,000 NR

Provides funds for an Enrollment Growth Reserve to assist colleges that experience high growth in the Fall semester. Funds shall be distributed to colleges that realize an increase greater than 5% over the previous Fall semester.

80 Need Based Financial Aid for Teaching and Nursing — $500,000 NR

Provides funds for financially needy students enrolling in teacher prep or nursing programs. This program will be funded through the Lottery Scholarship program beginning in FY 07-08.

81 Associate Director of Financial Aid — $73,466 R; $4,150 NR; 1.00

Provides funding in the System Office budget for an Associate Director of Financial Aid to provide guidance, leadership, and training to assist college financial aid offices. The General Assembly encourages the State Board of Community Colleges to develop and implement a comprehensive financial aid professional development program for college financial aid staff.

82 Community College Financial Aid Staff — $3,557,430 R

Provides one position in the base allotment for administration for additional financial aid staff at each college. These funds are restricted to use for student services positions and may not be transferred or used for any other purpose.

B. Improving Instruction

83 Equipment

Provides additional funds for the purchase of instructional equipment at all 58 community colleges. The State Board of Community Colleges may use up to $94,973 of these funds in FY 06-07 for furniture and equipment at the System Office. The remainder of the funds shall be distributed to the colleges in accordance with the existing equipment formula.

$10,000,000 NR

84 Director of Joint High School - Community College Programs

Provides funds in the System Office budget for the creation of a Statewide director of joint high school - community college programs, including Learn and Earn, Middle College, Huskins, and dual enrollment.

$83,950 R
$4,150 NR
1.00

85 State Board Reserve Funds

Provides additional funding to the State Board Reserve to provide one-time grants to colleges starting new programs.

$500,000 NR

86 Faculty & Professional Staff Salaries

Funds are included in the Salary Reserve Section of this budget to provide a 6% permanent salary increase and a $600 bonus to community college faculty and professional staff.

87 Additional Funding for Nursing Programs

Allows the State Board of Community Colleges to fund nursing programs at the colleges on a weighted FTE basis. Colleges may use these funds for nursing equipment and supplies, or to supplement the salaries of nursing faculty.

$1,000,000 R

C. Workforce Development

88 BioNetwork Capstone Center

Provides additional funds for specialized supplies needed at the BioNetwork Capstone Center.

$310,000 NR

89 Kannapolis Research Campus

Funds the Rowan-Cabarrus Community College Biotechnology Training Center and Greenhouse at the North Carolina Research Campus in Kannapolis. Funds will be used for equipment, faculty and staff, building operations, and lease expense.

$1,700,000 R
$503,564 NR

90 BioNetwork Industry Liaison

Provides funds for the creation of a new position in the System Office to assist in the development of NEIT, FIT, and CIT services to meet the needs of the biotechnology industry.

$125,000 R
$4,150 NR
1.00

91 Regional Customized Training Directors

Provides funds for 2 additional Regional Customized Training Directors, for a total of 7 - one for each economic development region in the State.

$148,470 R
$5,000 NR
2.00

92 NC REAL Enterprises — $250,000 NR

Provides funding for NC REAL. This program was formerly supported by the Worker Training Trust Fund.

93 NC Military Business Center — $750,000 NR

Provides funds for the continued operation of the NC Military Business Center (NCMBC), a program run by Fayetteville Tech in conjunction with Craven CC, Coastal Carolina CC, and Wayne CC, to foster statewide business development originating from the five military bases in the State and to sustain MatchForce.org, the State's website for matching NC businesses with federal contract opportunities.

D. Technology

94 Course Management System & Learning Objects Repository — $1,370,850 R

Provides funds for an online teaching and learning platform for distance education.

95 Online Help Desk — $605,000 R; $20,000 NR

Provides funds to establish an online help desk for students enrolled in distance education courses.

96 NC Information Highway Expansion — $120,000 R

Provides $15,000 each to 8 colleges for the purchase of mobile ("rollabout") videoconferencing equipment.

97 Virtual Learning Community Development Centers — $300,000 R; $200,000 NR

Provides funding for 2 centers for the development of distance education courses.

E. Technical Adjustments

98 Hospitalization Insurance — $1,398,201 R

Appropriates hospitalization insurance at the FY 06-07 rate.

99 Tuition Receipts Adjustment — $10,750,000 R

Provides funds to replace under-realized tuition receipts.

F. Receipt Supported Positions

100 Business & Technology Applications Analyst

Allows for the creation of a Business & Technology Applications Analyst position in the System Office, Administration Division to assist with Basic Skills needs, including federal literacy reporting requirements. The total requirement for this position is $85,713, to be funded entirely from Federal Adult Education Funds.

	FY 06-07	
Budget Changes	**$28,753,628**	**R**
	$14,171,014	**NR**
Total Position Changes	5.00	
Revised Total Budget	**$810,220,528**	

HEALTH
&
HUMAN SERVICES
Section G

Health and Human Services

GENERAL FUND

Total Budget Approved 2005 Session

FY 06-07
$4,264,940,128

Budget Changes

(1.0) Division of Medical Assistance

1 Revised Medicaid Forecast ($150,000,000) R

Reduces state appropriations for the Medicaid program based upon a revised forecast.

2 Ticket-To-Work Date Change ($150,000) R

Reduces funding for the Ticket-To-Work Program for FY 2006-07 because the implementation date has been changed to July 1, 2007.

3 CAP-MR/DD Slots $3,000,000 R

Provides full funding for up to 200 additional slots for the Community Alternatives Program for the Mentally Retarded/Developmentally Disabled.

4 Inflationary Increases $20,000,000 R

Provides funding for inflationary increases for Medicaid providers.

5 Cap County Share $18,000,000 R

Provides funding to cap all 100 counties' portion of Medicaid service costs at the amount paid in FY 2005-06.

6 Reserve for Targeted County Relief

Provides $35 million in non-recurring funding to be allocated to all 100 counties based on the percentage of Medicaid eligible individuals in each county's population.

Funds for this item are located in the Statewide Reserves section of this report.

(3.0) Division of Public Health

7 Early Intervention $8,020,968 R

Provides funding to expand the capacity of the Early Intervention program for children ages birth to three in response to the increase in the number of children referred for services. 206.00

8 Universal Vaccine Program $6,526,095 R

Provides funding to expand coverage of the influenza vaccine to children ages two through five and the pertussis vaccine to adolescents aged 11 and 12.

FY 06-07

9 Dental Preventive Services — $648,938 R
Provides funding for dental preventive services to children at high risk for tooth decay. Funds support the fluoride mouth rinse program in public schools, community water fluoridation and laboratory testing, the provision of dental sealants, and other needed dental care.
1.00

10 School Nurse Funding — $3,250,000 R
Provides recurring funding to support 65 school nurse positions previously supported on a time-limited basis by federal block grants.

11 Women's Health Services — $200,000 NR
Provides funding for family planning services to uninsured women who are not eligible for Medicaid.

12 Health Disparities Initiative — $2,000,000 R
Provides funding for grants-in-aid awarded through the Community-Focused Eliminating Health Disparities Initiative.

13 Healthy Start Foundation — $300,000 NR
Provides a grant-in-aid to the Healthy Start Foundation.

14 Child Maltreatment — $90,000 R
Provides funding for one position and support costs to coordinate the implementation of NC Institute of Medicine recommendations for initiatives to prevent the occurrence of child maltreatment.
1.00

15 Antiviral Purchase for Pandemic Flu — $152,500 NR
Provides funding for the state match for federal funds to purchase and store 10,000 courses of influenza antiviral medication for the state's first responders.

16 Private Well Water Safety Program — $226,000 NR
Provides funding for equipment and supplies to test the anticipated additional private well water samples due to increased standards for newly constructed wells. Authorizes three positions to be supported through fee receipts, estimated at $915,530. Receipts and authority for the three positions is contingent upon passage of House Bill 2433.
3.00

(4.0) Division of Mental Health, Developmental Disabilities, and Substance Abuse Services

17 ADATC — $3,969,719 R
Provides funding for personnel and operating support associated with the expansion of the acute units at the Walter B. Jones and R.J. Blackley Alcohol and Drug Abuse Treatment Centers.
93.00

18 Developmental Therapies for DD — $25,035,119 R; $1,400,00 R
Provides funding for a state-funded service to replace services lost due to changes in federal policy and cuts in federal support.

19 Mental Health Services $7,000,000 R

Provides funding for mental health services to be distributed to the Local Management Entities (LMEs) such that each LME receives a percentage of the total allocation that is equal to that LME's percentage of the State's total population below the poverty level. Additionally, $1,500,000 in non-recurring funds are appropriated in the Mental Health Trust Fund for this purpose.

20 Substance Abuse Services $7,000,000 R

Provides funding for substance abuse services to be distributed to the LMEs such that each LME receives a percentage of the total allocation that is equal to that LME's percentage of the State's total population below the poverty level. Additionally, $1,500,000 in non-recurring funds are appropriated in the Mental Health Trust Fund for this purpose.

21 Housing Trust Fund - 400 Apartment Initiative

Provides $10,625,000 in non-recurring funding to the North Carolina Housing Trust Fund for a 400 independent- and supportive-living apartment initiative recommended by the Joint Legislative Oversight Committee on Mental Health, Developmental Disabilities, and Substance Abuse Services. These funds are for the financing of the portion of the 400 apartments not able to be financed within the existing means of the North Carolina Housing Finance Agency. Operating assistance for the 400 apartments will be provided from the funds in the Mental Health Trust Fund. The apartments shall be for individuals with disabilities and shall be affordable to those with incomes at the Supplemental Security Income (SSI) level.

The funds for this item are located in the Housing Finance Agency section of this report.

22 Supportive Services for HUD 811 Projects $635,000 R

Provides funding for on-going operations and start-up expenses to support 12 group home beds and 80 apartments financed through the United States Department of Housing and Urban Development. $330,000 NR

23 Mental Health Trust Fund

Provides $24,205,000 in funding for the Trust Fund for Mental Health, Developmental Disabilities, and Substance Abuse Services and Bridge Funding Needs to be used in accordance with G.S. 143-15.3D.

Of the $24,205,000, $9,205,000 will be spent in the following areas:

$1,205,000 to provide operating cost subsidy for 400 independent- and supportive living apartments for individuals with disabilities financed by the North Carolina Housing Finance Agency as described in item labeled "Housing Trust Fund - 400 Apartment Initiative". The apartments shall be affordable to those with incomes at the SSI level.

$2,000,000 to improve psychiatrist access for public consumers.

$1,500,000 for mental health services.

$1,500,000 for substance abuse services.

$3,000,000 for crisis services.

The funding for mental health services, substance abuse services, and crisis services (a total of $6,000,000) will be distributed to the LMEs such that each LME receives a percentage of the total allocation that is equal to that LME's percentage of the total population below the federal poverty level.

The funds for this item are located in the Statewide Reserves section of this report.

24 Start-Up Funding for Crisis Services $5,250,000 NR

Provides funding for start-up costs for crisis services to be used by LMEs to establish a continuum of regional crisis facilities and local crisis services for persons with mental illness, developmental disabilities, and substance abuse addictions.

25 State Service Dollars for Crisis Services $5,000,000 R

Provides funding for crisis services to be distributed to LMEs such that each LME receives a percentage of the total allocation that is equal to that LME's percentage of the State's total population below the poverty level. LMEs may use these funds to pay for mental health, developmental disabilities, or substance abuse crisis services provided to non-Medicaid eligible adults and children who are indigent and have no other third-party payment source. Additionally, $3,000,000 in non-recurring funds are appropriated in the Mental Health Trust Fund for this purpose.

26 Consultants to Aid the Division and LMEs — $925,000 NR

Provides funding for consultants to aid the Division of Mental Health, Developmental Disabilities, and Substance Abuse Services and the LMEs with planning for crisis services, strategic planning, developing performance indicators, standardization, and capacity-building.

27 Child and Family Teams — $523,638 R

Provides funding for LMEs to hire 18 Care Coordinators to work with Child and Family Teams.

(8.0) Division of Child Development

28 Child Care Subsidy — $15,096,395 R

Provides funding to maintain existing caseload and remove 1,723 children from the waiting list. Additional funding in the Temporary Assistance for Needy Families (TANF) Block Grant for child care subsidy will remove 4,054 children from the waiting list.

29 Smart Start — $10,000,000 R

Provides funding for local Smart Start initiatives, including subsidized child care. $400,000 shall be allocated to the North Carolina Partnership for Children, Inc., for operating support.

30 Improve Regulatory Oversight — $453,222 R; $12,291 NR; 10.00

Provides funding to create 10 positions in the Division of Child Development's Licensing Unit. Additional staff will reduce caseloads and allow for more frequent monitoring visits.

31 T.E.A.C.H. Program — $1,000,000 NR

Provides funding to the North Carolina T.E.A.C.H. Early Childhood® Project.

(9.0) Division of Education Services

32 Early Intervention Teachers for the Deaf and Hard of Hearing — $293,493 R; 8.00

Provides funding to create eight additional teaching positions in the Early Intervention Program for Children who are Deaf or Hard of Hearing Program.

33 Early Intervention Teachers for the Blind and Visually Impaired — $233,533 R; 6.00

Provides funding for five additional teaching positions and one Orientation and Mobility Specialist at the Governor Morehead School for the Blind's Preschool.

34 Language Interpreters — $121,771 R; 4.00

Provides funding to create one language interpreter position at the North Carolina School for the Deaf in Morganton, one language interpreter position at the Governor Morehead School in Raleigh, and two language interpreter positions in the Early Intervention Program for Deaf and Hard of Hearing.

	FY 06-07	
35 Dormitory Supervisors at North Carolina School for the Deaf in Morganton	$39,730	R
Provides funding to create two additional Residential Life Attendants for the North Carolina School for the Deaf in Morganton.	2.00	
36 Housekeeper at North Carolina School for the Deaf in Morganton	$20,358	R
Provides funding to create one additional housekeeping staff at the North Carolina School for the Deaf in Morganton.	1.00	
37 Behavior Specialists for Eastern North Carolina School for the Deaf	$45,663	R
Provides funding for two additional Behavior Programming Technicians at the Eastern North Carolina School for the Deaf for the Positive Behavior Support Program.	2.00	
38 Telemedicine for Children in Residential Schools	$24,000	R
Provides funding to implement telemedicine programs at the Western North Carolina School for the Deaf in Morganton and the Governor Morehead School for the Blind in Raleigh.	$50,000	NR
39 Beginnings for Parents of Children Who Are Deaf or Hard of Hearing, Inc.		
Provides funding for family support services.	$168,235	NR

(10.0) Division of Social Services

40 Foster Care and Adoption Assistance Payments	$10,206,898	R
Provides funding to support the increased cost of the Foster Care and Adoption Assistance Programs.		
41 Federal Budget Impact on Foster Care Services	$2,040,755	R
Provides funding to support the projected cost of additional foster care maintenance payments to be made to people caring for their relatives' children who choose to become licensed.		
42 Paternity Testing for Child Support Enforcement	$151,500	R
Provides funding to support the loss of federal funds for paternity testing expenses.		
43 Child and Family Teams	$720,804	R
Provides funding for 21 positions to facilitate Child and Family Team meetings in county DSS's that will support the statewide implementation of the Multiple Response System.		
44 Food Banks		
Provides funding to be equally distributed to the regional network of food banks in North Carolina.	$1,000,000	NR
45 State/County Special Assistance Rate Adjustment	$3,500,000	R
Provides funding for an increase in the State/County Special Assistance monthly rate from $1,118 per month to $1,148 per month effective October 1, 2006.		

(11.0) Division of Aging and Adult Services

46 Home and Community Care Block Grant $4,205,879 R

Provides funding for the Home and Community Care Block Grant Program.

47 LTC Ombudsman Positions $492,136 R

Provides funding for ten long-term care ombudsman positions including benefits and travel. 10.00

48 Adult Day Care Rates $1,043,750 R

Provides funding to increase the daily rates for adult day care and adult day health care programs by $5.00. $556,556 will be allocated to the State Adult Day Care Fund and $487,194 shall be allocated to the Home and Community Care Block Grant Program.

(12.0) Office of the Secretary

49 More at Four ($66,646,653) R

Transfers $66,646,653 in receipts from the NC Education Lottery Fund to the More At Four program.

50 More at Four Expansion

Authorizes use of $14,989,056 in receipts from the NC Education Lottery Fund to support the following program expansions: creation of 2,800 additional program slots; increased funding of $200 per slot for all 18,253 slots; and establishment of three new staff positions - an Educational Development & Planning Consultant II, an Educational Consultant II, and an Education Processing Assistant who will perform monitoring and technical assistance functions.

51 Support for More at Four

Authorizes the use of $3,000,000 in receipts from the NC Education Lottery Fund to continue support for services provided through local Smart Start partnerships to children in the More at Four Program.

52 Utility and Fuel Cost Reserve

Provides funding to support the increased cost of utility services and fuel for state institutions operated by the Department of Health and Human Services. $1,000,000 NR

53 MMIS Implementation

Transfers funding from the G.S 143-23.2 reserve to continue to fund the state share of implementing the new Medicaid Management System (MMIS).

Total Requirements	$5,004,504
Transfer From Medicaid Reserve Fund	($5,004,504)
State Appropriation	0

	FY 06-07	
54 Psychiatrist Access Provides funding to improve psychiatrist access for public consumers. Additionally, $2,000,000 in non-recurring funds are appropriated in the Mental Health Trust Fund for this purpose.	$3,000,000	R
55 Strategic LME Team Provides funding to be used for three positions to create a Local Management Entity (LME) Strategic Assistance Team. The Team shall assist LMEs develop, implement, and maintain their statutory responsibilities.	$300,000 3.00	R
56 Community Health Center Grants Provides additional funding for grants-in-aid awarded through the Community Health Center Grant Program.	$3,000,000	NR
57 Rural Hospital Operations and Maintenance Provides funding for small rural hospitals in need of assistance with operations and infrastructure maintenance.	$3,000,000	NR
Budget Changes	**($54,107,289)** **$18,014,026**	R NR
Total Position Changes	350.00	
Revised Total Budget	**$4,228,846,865**	

NATURAL & ECONOMIC RESOURCES Section H

House Subcommittee on Natural and Economic Resources

Agriculture and Consumer Services

GENERAL FUND

Total Budget Approved 2005 Session

FY 06-07
$51,032,884

Budget Changes

Administration

1 Human Resources $97,382 R

Provide funding for one (1.0) Personnel Technician position in Human Resources. 1.00

Salary and Benefits	$40,590
Other Expenses	$56,792

2 Public Affairs - Agricultural Review

Provide increased funding for the Agricultural Review to address rising operational costs. $40,000 NR

Emergency Programs

3 Emergency Preparedness - Operating Expenses $337,000 R

Provide General Fund appropriation to establish two (2.0) new positions and to fund shift two (2.0) existing positions from receipt-support: 4.00

Veterinarian	1.0
Animal Health Technician II	1.0
Application Analyst II	2.0

Salaries and Benefits	$283,252
Equipment and Supplies	$ 15,248
Other Expenses	$ 38,500

4 Emergency Preparedness - Operating Expenses $300,000 R

Provide additional funding for operating expenses associated with the Multi-Hazard Threat Database.

Food and Drug

5 Emergency Preparedness - Food Safety — $538,257 R

Provide funding for eleven (11.0) positions to address staffing shortages in food protection, compliance and regulations: 11.00

Chemist II	2.0
Ag Microbiologist II	2.0
Food Compliance Officer I	1.0
Food Regulatory Specialist I	6.0

Salaries and Benefits	$442,890
Purchased Services	$ 60,742
Other Expenses	$ 34,625

6 Emergency Preparedness - Replace Distillation System — $100,000 NR

Provide funding for the replacement of the water distillation system at Constable Laboratory.

7 Emergency Preparedness - Purchase/Replace Lab Equipment — $500,000 NR

Provide funding for the purchase and replacement of lab equipment.

8 Pesticide Staffing Support — $194,429 R; $6,149 NR; 3.0

Provide three (3.0) additional positions to the Pesticide Section:

Environmental Toxicologist	1.0
Bilingual Pesticide Specialist	1.0
Pesticide Environmental Investigative Specialist	1.0

Salaries and Benefits	$147,713
Purchased Services	$ 29,996
Supplies	$ 16,140
Other Expenses	$ 6,729

9 Restore Funding for the Pesticide Disposal Program — $222,407 R

Restore General Fund reduction to the Pesticide Disposal Program made in FY 05/06.

Markets

10 Domestic Marketing — $200,000 NR

Provide additional funding for the "Got to be NC" agriculture marketing initiative.

Meat and Poultry

11 Emergency Preparedness - Food Safety and Security Mandates — $163,000 R

Provide funding for 50 percent of six (6.0) meat inspector positions to match US Department of Agriculture funding. — 6.00

Salaries and Benefits	$134,400
Other Expenditures	$ 28,600

Plant Industry

12 Export Certification Program — $72,655 R

Provide funding for one (1.0) Export Certification position to respond to the increased demand for issuance of phytosanitary certificates in North Carolina. — 1.00

Salary and Benefits	$57,330
Other Expenses	$15,325

13 Reduce Unrealized Fertilizer Receipts

Replace a portion of unrealized fertilizer receipts. — $100,000 NR

Research Stations

14 Replace Unrealized Research Station Receipts

Replace unrealized Research Stations receipts with a General Fund appropriation. — $350,000 NR

Reserves and Special Funds

15 Reserve for Utility and Fuel Costs

Establish a reserve to help offset the increased cost of natural gas and propane, fuel oil and gasoline expenses. — $317,516 NR

Standards

16 Standards Inspectors — $39,156 R

Provide funding for two (2.0) additional Standards Inspectors to be assigned to inspect retail motor fuel dispensers and retail weights and measures devices. — $23,000 NR; 2.00

Salaries and Benefits	$32,946
Equipment and Supplies	$25,240
Other Expenses	$ 3,970

Veterinary Services

17 Emergency Preparedness - Director of Laboratory Operations position $147,172 R

Establish one (1.0) Director of Laboratory Operations position.

1.00

Salary and Benefits	$128,376
Purchased Services	$ 11,900
Equipment and Supplies	$ 5,696
Other Expenses	$ 1,200

Budget Changes	**$2,111,458**	**R**
	$1,636,665	**NR**
Total Position Changes	29.00	
Revised Total Budget	**$54,781,007**	

Labor

GENERAL FUND

	FY 06-07
Total Budget Approved 2005 Session	**$14,434,925**

Budget Changes

Administration

18 Fund Travel and Office Space

Provide funds for field staff to travel and for existing field office space. — $213,894 NR

Elevator and Amusement Device Bureau

19 Establish Receipt-Supported Positions

Establish two (2.0) receipt-supported positions to inspect elevator and amusement devices.

Elevator Inspectors	2.0	$111,696
Salaries and Benefits		$98,166
Travel and Phone		$12,748
Other		$ 782

Labor Standards and Inspections

20 Replace Appropriations for Mine and Quarry Program — $200,000 R

Provide funds to offset unrealized safety training fee receipts. Fund shift 3.5 positions from receipt supported. — 3.50

Mine Safety & Health Representative	3.5	
Salaries and Benefits		$199,669
Travel		$ 331

Occupational Safety and Health

21 Fund Operating

Fund various operating line items in Occupational Safety and Health. — $200,000 NR

Budget Changes	**$200,000**	**R**
	$413,894	**NR**
Total Position Changes	3.50	
Revised Total Budget	**$15,048,819**	

Environment & Natural Resources

GENERAL FUND

Total Budget Approved 2005 Session

FY 06-07
$168,451,089

Budget Changes

(2.0) CGIA

22 Fund NC OneMap

$70,000 R
$80,000 NR
1.00

Provide funds to enhance NC OneMap system to provide 24-7 access and to provide technical assistance to local governments who connect to NC OneMap. Provide funds for one (1.0) new position.

Business & Technology Applications Specialist 1.0

Salary and Benefits	$70,000
Computer and Software	$80,000

(2.0) Coastal Management

23 Create New Coastal Habitat Protection Compliance Positions

$249,757 R
$27,770 R
4.0

Provide funds to establish four (4.0) Compliance Coordinator positions, one in each Division of Coastal Management district to provide compliance and enforcement services.

Environmental Specialist III 4.0

Salaries and Benefits	$204,338
Rent	$ 6,668
Travel	$ 22,600
Supplies	$ 16,151
Furniture & Computers	$ 27,770

(2.0) Environmental Health

24 Protection of Drinking Water Supplies - Increase Fee

Provide funds for nineteen (19.0) additional positions for field response, inspections, technical assistance, compliance oversight, laboratory support and review and approval of plans to protect public drinking water supplies. This item is subject to the passage of House Bill 2433, "2006 Fee Bill."

Environmental Engineer II	4.0
Environmental Engineer I	14.0
Environmental Technician V	1.0

Salaries and Benefits	$1,007,300
Rent	$ 38,000
Supplies and Phone	$ 44,175
Furniture and Computers	$ 104,690
Travel	$ 57,000

25 Fund Private Well Water Safety Program

$271,079 R
$827,550 NR
5.00

Provide funds for technical support and enforcement assistance to counties as they enforce statewide private water supply well construction standards. Provide funds for five (5.0) new positions.

Environmental Health Regional Specialist	4.0
Administrative Assistant I	1.0

Salaries and Benefits	$234,454
Travel and Rent	$ 30,625
Supplies	$ 6,000
Furniture and Computers	$ 27,550

26 Establish Emergency Drinking Water Fund

$500,000 NR

Create a fund to pay for contaminated private well water clean-up and to pay for the provision of alternative drinking water supplies for parties affected by contaminated private well water on a temporary or permanent basis.

27 Fund Shellfish Sanitation Positions

$167,980 R
$11,020 NR
3.00

Provide funds to monitor and classify North Carolina's shellfish growing waters and to conduct the shoreline survey. Funds three (3.0) positions, one GIS staff person and two shoreline surveyors.

Environmental Health Specialist	1.0
Environmental Health Regional Specialist	1.0
Computing Consultant	1.0

Salaries and Benefits	$133,686
Travel	$ 19,000
Rent	$ 3,000
Supplies	$ 12,294
Furniture and Computers	$ 11,020

28 Fund Wastewater Treatment Consultants $106,000 R

Provide funds for two (2.0) positions to provide technical on-site assistance to customers requesting waste water permits for septic tanks. 2.00

Soil Scientist II 1.0
Environmental Engineer II 1.0

(2.0) Water Quality

29 Ferrymon Program

Provide funds for the Ferrymon Program. $300,000 NR

(3.0) Marine Fisheries

30 Coastal Recreational Fishing License Implementation

Provide funds to establish two (2.0) positions and operating support for the development and operations of the licensing system associated with the Coastal Recreational Fishing License (CRFL). These positions will be funded with receipts generated from the sale of CRFL effective FY 07/08. Positions include: $375,000 NR
2.00

Process Analyst IV	1.0
Bus Tech Applications Analyst	1.0

Salaries and Benefits	$128,351
Purchased Services	$191,629
Supplies	$ 6,120
Equipment	$ 48,900

31 Shellfish Mapping and Submerged Aquatic Vegetation Mapping Programs $281,651 R

Provide three (3.0) additional positions and operating expenses to enable the Marine Fisheries Division to map shellfish resources and habitat as recommended by the Coastal Habitat Protection Plan: $87,048 NR
3.00

Computing Consultant	1.0
Marine Fisheries Technician II	2.0

Salaries and Benefits	$127,041
Purchased Services	$120,920
Supplies	$ 37,290
Equipment	$ 27,940
Other Expenses	$ 55,508

(3.0) Soil and Water Conservation

32 NC Agricultural Cost Share Technical Assistance $333,778 R

Provide additional support for cost-shared funds to soil and water conservation districts and counties for technical assistance needed to install quality Best Management Practices through the Agriculture Cost Share Program.

33 NC Agriculture Cost Share Financial Assistance

Provide additional funding to the Agriculture Cost Share Program to assist 100 additional producers per year to install Best Management Practices to improve water quality.

$400,000 NR

34 Extend Conservation Resource Enhancement Program (CREP)

Provide additional funding to the CREP program to expand into additional watersheds in need of riparian buffers and restored wetlands.

$150,000 R
$850,000 NR
3.00

Salaries and Benefits	$139,895
Contracts and Easements	$850,000
Other Operating Expenses	$ 10,105

35 Soil and Water Conservation District Supervisor Travel

Provide funding for travel reimbursement for Soil and Water Conservation District Supervisors.

$25,000 NR

36 Poultry Waste Management Best Practices

Provide funds for new poultry waste management techniques.

$200,000 NR

(4.0) Reserves and Transfers

37 Fund Utility and Fuel Costs

Provide funds for rising fuel and utility costs throughout the Department of Environment and Natural Resources.

$1,280,752 NR

38 Clean Water SRF Match Funds

Provide funds to meet the 20% state match requirement for drawing down the maximum available federal funds for the Clean Water State Revolving Fund.

$3,160,852 NR

39 Drinking Water SRF Match Funds

Provide funds to meet the 20% state match requirement for drawing down the maximum available federal funds for the Drinking Water State Revolving Fund.

$2,909,820 NR

40 Forest Development Program (FDP)

Provide additional funding to reduce the current waiting list of landowner applicants for cost share assistance to reforest land.

$600,000 NR

41 Resource Conservation and Development Councils

Provide each of the State's ten Resource Conservation and Development Councils with a grant of $25,000.

$250,000 NR

42 Monitoring and Emergency Cleanup of the Texfi Site Contamination

Provide funding for additional monitoring and cleanup of contamination at the Texfi Site.

$100,000 NR

	FY 06-07	
Budget Changes	**$1,630,245**	**R**
	$11,984,812	**NR**
Total Position Changes	23.00	
Revised Total Budget	**$182,066,146**	

Commerce

GENERAL FUND

Total Budget Approved 2005 Session	FY 06-07
	$36,728,265

Budget Changes

Administrative Services

43 Establish Position to Monitor Non-Profits — $63,000 R; $37,000 NR

Establish one (1.0) Auditor II position and provide operating funds to monitor all non-state entities receiving funds through the Department of Commerce.

Salary and Benefits	$63,000
Operating Expenses	$37,000

Board of Science and Technology

44 One North Carolina Small Business Fund — $5,000,000 NR

Provide funds for the Federal Small Business Innovation Research/Small Business Technology Transfer Research matching program. The program provides incentive funds to small businesses to apply for federal innovation grants.

Community Assistance

45 Regional Councils of Government (COGs) — $170,000 NR

Provide an additional $10,000 for all Regional COGs.

Finance Center

46 One North Carolina Fund — $11,000,000 NR

Provide funds for the One North Carolina Fund for FY 06/07.

Industrial Commission

47 Replace Electronic Document System — $750,000 NR

Provide funds to replace electronic document system. State funds will be used in addition to existing fee receipts ($2,100,000) to fund the new system over a two-year period.

Total Requirements:	$3,600,000
Less Anticipated Receipts:	($2,100,000)
TOTAL State Funds Required:	$1,500,000

State Funds Required FY 06/07:	$750,000
State Funds Required FY 07/08:	$750,000

Information Services

48 Web Applications Development and Maintenance

$70,819 R
$5,000 NR
1.00

Establish one (1.0) Application Analyst position to develop and maintain a web site for the department.

Salary and Benefits	$70,819
Equipment	$ 5,000

Local Planning and Management

49 Expand Small Towns Main Street Program

$71,965 R
1.00

Establish one (1.0) Community Development Planner position to serve the western part of the state. Program activities in the eastern region are funded by a Z. Smith Reynolds grant.

Salary and Benefits	$48,663
Transportation/Meals/Lodging	$21,202
Supplies and Equipment	$ 2,100

50 Expand 21st Century Communities Program

$244,699 R
3.00

Establish three (3.0) Community Development Planner I positions and provide operating funds to expand the program to 5 new communities annually.

Salaries and Benefits	$198,459
Rent	$ 6,400
Supplies and Office Equipment	$ 17,190
Printing and Postage	$ 1,650
Other Expenses	$ 21,000

Marketing

51 Promote N.C. as a Business Destination

$750,000 NR

Provide funds for advertising in business publications, public relations outreach, marketing materials, national and international industry trade shows, and conference participation.

52 Furniture Market Advertising

$750,000 NR

Provide funds to the High Point International Home Furnishings Market Authority Corporation to promote the International Home Furnishings Market.

Policy and Research

53 Provide Additional Staff $150,000 R

Provide funds for two (2.0) positions for the Division to expand research and planning for economic development. 2.00

Economist III	1.0
Policy Development Analyst II	1.0

Salaries and Benefits	$137,367
Operating Expenses	$ 12,633

Tourism, Film and Sports Promotion

54 Promote Film Industry

Provide funds to expand and promote the film industry in North Carolina. $250,000 NR

55 Marketing Reserve

Provide funds for a statewide marketing reserve. $1,000,000 NR

Budget Changes	**$600,483**	R
	$19,712,000	NR
Total Position Changes	7.00	
Revised Total Budget	**$57,040,748**	

Commerce - State Aid

GENERAL FUND

	FY 06-07	
Total Budget Approved 2005 Session	**$11,722,085**	
Budget Changes		
56 Advanced Vehicle Research Center		
Provide funds to the Advanced Vehicle Research Center Reserve. These funds may be transferred to the Department of Commerce for allocation to the Advanced Vehicle Research Center of North Carolina, Inc. for the construction of and operation of the center.	$7,500,000	NR
57 Land Loss Prevention Project	$46,000	R
Increase funding for the Land Loss Prevention Project to aid in the legal representation of financially distressed small farmers and rural landowners.	$250,000	NR
58 North Carolina Association of Community Development Corporations (NCACDCs)		
Increase the General Fund appropriation for NCACDCs.	$200,000	R
59 Minority Support Center		
Provide funds for the Minority Support Center to support the Generations Credit Union and the Latino Community Credit Union.	$1,457,138	NR
60 Community Development Initiative (CDI)		
Increase the General Fund appropriation for CDI.	$500,000	NR
61 NC Institute of Minority Economic Development		
Increase funding for the NC Institute of Minority Economic Development.	$500,000	NR
Budget Changes	**$46,000**	R
	$10,407,138	NR
Total Position Changes		
Revised Total Budget	**$22,175,223**	

N.C. Biotechnology Center

GENERAL FUND

	FY 06-07	
Total Budget Approved 2005 Session	**$10,583,395**	
Budget Changes		
62 Increase Funding for Biotechnology Center	$1,000,000	R
Provide funds for the Biotechnology Center.	$2,000,000	NR
63 Regional Offices	$1,000,000	R
Provide funds to support the Biotechnology Center's regional offices.		
Budget Changes	**$2,000,000**	**R**
	$2,000,000	**NR**
Total Position Changes		
Revised Total Budget	**$14,583,395**	

JUSTICE
&
PUBLIC SAFETY
Section I

Judicial

GENERAL FUND

Total Budget Approved 2005 Session	FY 06-07
	$345,760,410

Budget Changes

1 Restore Pass-through to Dispute Settlement Centers Restores funding cuts to dispute settlement centers taken in the 2003 budget.	$131,418	R
Administration		
2 Technology Initiatives Provides a mix of recurring and non-recurring money for critical technology projects in the AOC, as follows: 1) rewrite obsolete processing systems for clerks and district attorney/public defender cases, including required data cleanup to implement a statewide warrant repository (NCAWARE); 2) new initiatives related to court, civil eFiling, electronic payments, and electronic traffic court; 3) maintenance and enhancement of existing applications including eCitation and Casewise/Jwise. The non-recurring funds in this item are appropriated to the Court Information Technology Fund created in GS 7A-343.2, and as such, shall not revert.	$4,500,000 $1,000,000	R NR
Appellate		
3 Justice Building Renovation Renovations to the Justice Building are scheduled to continue into FY 2006-07, but funds for the temporary relocation of staff are only budgeted for FY 2005-06. This item appropriates funds to continue leasing space through 2006-07 fiscal year and to cover moving expenses for the Supreme Court and the AOC.	$512,000	NR
4 New Court of Appeals Positions Appropriates funding for one new Staff Attorney I and one new Appellate Clerk I to address increases in appellate workload and to expedite termination of parental rights cases. These positions have been annualized for a July 1, 2006, effective date.	$108,990 $14,467 2.00	R NR

District Attorneys

5 New Prosecutors and Support Staff

$5,731,277 R
$416,124 NR
99.00

Provides funds for 90 new Assistant District Attorneys and 9 Victim Witness Legal Assistants. The Assistant District Attorney positions will be allocated based on the workload formula adopted by the Conference of District Attorneys. The VWLAs will be allocated to the following districts:

10 -- Wake (2 positions)
12 -- Cumberland
15B-- Orange, Chatham
16B-- Robeson
19A-- Cabarrus
25 -- Burke, Caldwell, Catawba
26 -- Mecklenburg
28 -- Buncombe

These positions are effective October 1, 2006.

6 Open File Discovery Project

$3,000,000 NR

Due to recent legislation requiring open discovery in criminal cases, there is need for an automated evidence tracking system that will register the articles of evidence, track their use, and verify that the articles have been disclosed to the appropriate parties as required by law. This item appropriates $3 million NR to the Court Information Technology Fund created in GS 7A-343.2, and as such, these funds do not revert.

Equipment and Other Reserves

7 Critical Equipment Needs

$2,000,000 R
$3,800,000 NR

Provides non-recurring funds to replace essential technology and office equipment that is six years or older. Non-recurring funds are also recommended for the replacement of audio machines in District Court, and for telephone systems that are ten years or older. In addition, recurring funds are recommended for the continued replacement of outdated equipment and systems.

8 Equipment for New Courthouses

$110,000 NR

Appropriates funds for new telephone systems and LAN equipment in the new courthouses located in Clay and Harnett Counties.

Trial Courts

9 Split Prosecutorial District 19B

$352,000 R
4.00

Split prosecutorial district 19B (Randolph, Montgomery, Moore) into 19B (Randolph, Montgomery) and 19D (Moore). This realigns the prosecutorial district on the same lines as the Superior Court district. This item will be effective January 15, 2007.

10 New District Court Judge Positions — $876,252 R / $144,872 NR / 13.00

Provides funding for thirteen new District Court Judges in the following districts based on workload formulas:

3B -- Craven, Carteret, Pamlico
10 -- Wake
11 -- Johnston, Lee, Harnett
14 -- Durham
15B-- Orange, Chatham
17A-- Rockingham
19B-- Randolph, Montgomery, Moore
19C-- Rowan
20B-- Union
25 -- Burke, Catawba, Caldwell
26 -- Mecklenburg
27B-- Cleveland, Lincoln
30 -- Cherokee, Clay, Graham, Haywood, Jackson, Macon, Swain

These positions are effective January 15, 2007.

11 New Deputy Clerk Positions — $1,985,850 R / $184,350 NR / 75.00

Additional deputy clerks are needed to address significant increases in certain types of cases such as foreclosures and estate cases. Seventy-five new positions are created, and will be assigned by the Administrative Officer of the Courts. These positions will be effective on October 1, 2006.

12 New Magistrate Positions — $240,978 R / $24,984 NR / 6.00

Appropriates funding for six new magistrates. These positions are needed to meet the magistrate staffing levels set forth in GS 7A-133. These positions have been annualized for a July 1, 2006, start date.

These magistrates will be assigned in the following counties: Carteret, Greene, Alamance, Robeson, Montgomery, and Gaston.

13 New Guardian ad Litem Program Staff — $512,611 R / $26,742 NR / 10.00

Provides funding for 10 new Guardian ad Litem staff positions to address significant increases in caseloads. These positions will include three program supervisors and seven program assistants, and are effective July 1, 2006.

14 New District Court Judicial Support Staff — $200,845 R / $19,080 NR / 5.00

Provides funding for five new District Court Judicial support staff positions (Judicial Assistant I). These positions are needed to support the recently established judgeships, expansion of family mediation, and other arbitration and mediation efforts. These positions have been annualized for a July 1, 2006, start date.

	FY 06-07	
15 Expansion of Custody Mediation Program Appropriates funding to expand the Custody Mediation Program into the final remaining Judicial Districts, as required by GS 7A-494(a). This expansion will require the establishment of 7.75 new support staff. These positions have been annualized for a July 1, 2006, effective date.	$558,074 $38,912 7.75	R NR
16 Expand Family Court Program Provides funding to make Wake Family Court program permanent ($175,000), to add new case coordinator positions in Mecklenburg and Cumberland Counties, and to set up a new Family Court program in another judicial district to be determined by AOC.	$575,400 $8,372 8.00	R NR
17 Expansion of Drug Treatment Court Appropriates additional recurring funds for statewide Drug Treatment Court operations ($49,992), as well as for three Drug Treatment Court case coordinator positions to replace federal funding that is expiring.	$238,092 $17,562 3.00	R NR
18 Interpreter Fee Payments Fully funds interpreter fee payment line item. The current budget for interpreter fees is insufficient to support the total expenditures for this service, which must be provided as required by statute. This expansion is provided on a nonrecurring basis for this fiscal year.	$775,000	NR
19 Eliminate Reserve for HB 1048 Eliminates the $1.8 million reserve established in SB 622 for judicial and prosecutorial staff pending the passage of House Bill 1048, Governor's DWI Recommendations.	($1,869,834)	R
20 Increase Juror Fees Appropriates funds to raise the fee for jurors from $12 per day to $12 per day for the first day of service, $20 per day for days 2-5, and $40 per day thereafter. Grand jurors would be raised from $12 to $20.	$500,000	R
Budget Changes	**$16,641,953** **$10,092,465**	R NR
Total Position Changes	232.75	
Revised Total Budget	**$372,494,828**	

Judicial - Indigent Defense

GENERAL FUND

	FY 06-07	
Total Budget Approved 2005 Session	**$88,648,414**	
Budget Changes		
21 Attorney Fee Payments for Indigent Defense Non-recurring funds are recommended for unpaid attorney fee applications from fiscal year 2005-06 that need to be carried over to fiscal year 2006-07 due to a funding shortfall.	$4,700,000	NR
22 Hourly Rate for Private Assigned Counsel Provides funding to increase the hourly rate for private assigned counsel in capital cases to $95 at the trial, appellate, and post-conviction levels. The current rate is $85, which was set in 1993.	$1,591,162	R
23 NC Prisoner Legal Services, Inc. Contract Appropriates funding for inflationary increases for the contract with Prisoner Legal Services, Inc.(PLS). Current operating costs for this contract are higher than the total contract amount, creating an operating shortfall for PLS.	$122,438	NR
24 Establish Audit Function Establish an Auditor II position within the Office of Indigent Defense Services to analyze fee applications and effect cost savings by preventing over billing.	$66,029 $3,500 1.00	R NR
25 Electronic Submission of Fee Applications Provides non-recurring funds to develop a system for the electronic submission of fee applications for reimbursement from the Attorney Fee Fund.	$166,000	NR
26 Equipment for Public Defenders Provides non-recurring funds to replace technology and other office equipment in Public Defenders' offices.	$335,926	NR
Budget Changes	**$1,657,191** **$5,327,864**	R NR
Total Position Changes	1.00	
Revised Total Budget	**$95,633,469**	

Justice

GENERAL FUND

Total Budget Approved 2005 Session

FY 06-07
$78,697,271

Budget Changes

CJTSD

27 In-Service LEO Training

Funding is provided to the Criminal Justice Training and Standards Division to develop a new online training and registration system. The system will support Division efforts to provide training and certification services to the state's 29,000 law enforcement officers, 7,000 detention officers, and all 911 operators.

$300,000 NR

Law Enforcement

28 SBI Staff Expansion

Provide funding for 12 investigative and forensic analysis positions: Positions are effective January 1, 2007 when construction of the SBI laboratory expansion is completed.

4 Sworn Drug Chemists
1 Non-sworn Drug Chemistry Technician
5 SBI Field Agents
1 Non-sworn Forensic Analyst
1 Non-sworn Molecular Geneticist

$418,144 R
$257,353 NR
12.00

29 SAFIS Replacement

Provide funding to replace state and local equipment for the Statewide Automated Fingerprint Identification System. In addition, funding is provided for one position: Application Development Supervisor.

$72,180 R
$1,891,588 NR
1.00

30 SBI Lab Expansion

Funding is provided to purchase two diesel generators and cubicle furniture to accommodate personnel relocating from Blount Street to the SBI campus.

$600,000 NR

31 Business Recovery Site

Funds are provided for a business recovery site to house the backup computer center being relocated from the Blount Street site. Funding is also provided for telecommunication charges and IT services charges.

$353,676 R

Legal Services

32 Attorney Positions Funding is provided for three positions for the Appellate and Law Enforcement Liaison Sections: Attorney II(2 positions) Attorney III	$238,757 $13,200 3.00	R NR
33 Sex Offender Registry Upgrade Funding is provided to use contractual services to upgrade the state's Sex Offender Registry to include GIS mapping of offenders and public email notification capabilities.	$200,000	NR
34 Tort Claims Positions Funding is provided for two positions to handle the increased demand for tort claims processing services: Tort Claims Adjuster Attorney I	$145,572 $8,800 2.00	R NR
35 NC LEAF Funding is provided to the NC Legal Education Assistance Fund (NC LEAF) to increase education loan repayment assistance for qualified law school graduates who accept positions with public or non-profit agencies. This amount will increase the NC LEAF continuation budget to $500,000.	$229,000	R

Budget Changes	**$1,457,329** **$3,270,941**	R NR
Total Position Changes	18.00	
Revised Total Budget	**$83,425,541**	

Juvenile Justice & Delinquency Prevention

GENERAL FUND

Total Budget Approved 2005 Session	FY 06-07
	$138,873,166

Budget Changes

Department Management

36 Positions for Administrative Division — $115,080 R; $7,000 NR; 2.00

Funding is provided to establish two new positions, effective July 1, 2006, to improve operations within the Department's Administration Division:

Auditor II (PG75)
Purchasing Agent II (PG68)

37 Reserve for Utility and Fuel Costs — $451,826 NR

Non-recurring funds are provided to address increasing utility and fuel costs.

Department Wide

38 Textbook Purchases — $50,000 R

Funds are provided to purchase additional textbooks for juveniles committed to DJJDP detention centers and youth development centers. This will increase budget to approximately $78,000.

Special Initiatives

39 Eckerd Wilderness Camps Contract — $2,240,420 R

Funds are provided to increase the rate for the existing 326 contracted beds from $110.41/day to $121.77/day. The adjustment will partially address the difference between the contract rate and Eckerd's current-year, actual operating cost for the seven NC camps ($135.32/day). In addition, funding is provided to purchase 20 more beds to increase the total number of contracted beds from 326 to 346.

Youth Development Centers

40 Operating Reserve and Positions for New Beds

$556,319 R
$133,875 NR
56.00

Funds are provided to establish an operating reserve for the start-up of new youth development centers scheduled to open between September and December 2007. The original proposal included funds for 59 new positions, as well as funds for training and educational assistance for another 362 positions for five centers. Funding for training and educational assistance is reduced from $315,700 to $267,750; the $267,750 is funded $133,875 recurring and $133,875 non-recurring. The changes are designed to account for the fact that a portion of the 421 positions designated to receive these funds have or will have already received training and/or educational assistance. Also, the requested amount in salary and benefits that was intended only for salary adjustment,$84,000, is eliminated. Finally, the 59 positions requested are reduced to 56. Three positions for the new YDC in Guilford County are eliminated for FY 06/07 due to delays in project startup. The 56 positions are effective at various dates during FY 06/07.

Budget Changes	**$2,961,819**	R
	$592,701	NR
Total Position Changes	58.00	
Revised Total Budget	**$142,427,686**	

Correction

GENERAL FUND

Total Budget Approved 2005 Session

FY 06-07
$1,048,492,502

Budget Changes

Alcohol and Chemical Dependency

41 Clinical Substance Abuse Supervisor Positions — $121,957 R; $9,021 NR; 2.00

Legislation passed in 2005 mandates new certification and supervision standards for substance abuse treatment professionals. Supervision standards are one hour of clinical supervision for each 10 hours of counseling for the first 300 hours of treatment counseling and then one hour for every 40 hours thereafter. Adding two supervisors will allow DOC to meet these standards and account for the need for supervision at 22 locations statewide. Positions are effective July 1, 2006.

42 Residential Treatment Programs — $930,122 R; 25.00

DOC has been using long term federal grant funds since the mid-1990's to fund long term residential treatment for inmates. These funds are being phased out and will be eliminated by 2007-08. 246 beds are currently used to provide 6 to 12 month residential treatment for inmates with serious substance abuse histories. There is enough federal funding to continue to operate programs and 66 beds at Rowan and Western Youth Correctional Centers for 2006-07. The recommended funding is to continue programs at NCCIW (Women's Prison--34 beds) and Morrison Correctional Center (146 beds).

43 DART Cherry Substance Abuse Positions — $166,745 R; $22,365 NR; 5.00

DOC operates 300 residential beds to provide substance abuse treatment for probationers and parolees (primarily DWI) at DART Cherry. Five Substance Abuse Worker positions are recommended to provide improved supervision, especially on evening shifts. Positions are effective July 1, 2006.

Community Corrections

44 Reserve for Sex Offender Monitoring — $1,236,448 R; $70,770 NR; 5.00

A reserve is established to fund a program to implement an active and passive Global Positioning System (GPS) to monitor the most serious convicted sex offenders while under probation, parole or post release supervision (up to 300). Expenditure of these funds is tied to passage of HB 1902 or substantially similar legislation on GPS Monitoring of Sex Offenders and to meeting the technology requirements of SB 991.

	FY 06-07	
45 Restore CJPP Restores part of the amount of funds cut from the Criminal Justice Partnership Program in previous years.	$500,000	R
46 Probation and Parole Officer Equipment Funding to begin replacement of body armor worn by probation and parole officers.	$385,000	NR
Department Management		
47 Medical Claims Management DOC is increasing its efforts to monitor medical claims from outside providers. This action will establish one additional professional staff (Medical Reimbursement Officer I) to supervise the medical claims review process and to help with the integration of the medical claims system with the NCAS State accounting system. Position is effective July 1, 2006.	$44,463 $4,583 1.00	R NR
48 Information Technology Security The 2004 Statewide Security Assessment recommended that DOC improve computer security and establish an IT Security Office. DOC currently has only one position devoted to IT Security. In 2005, DOC requested two positions and security software funding but only the software was funded. Funding is provided for two positions, including an IT Security Manager, effective July 1, 2006.	$161,588 $9,167 2.00	R NR
49 Reserve for Energy Costs For 2005-06, DOC energy costs exceeded the budget by over $9.6 million. Primary cost increases were for heating and cooling 76 prisons and gasoline costs for prison and probation and parole. This funding is intended to avoid a budget deficit in 2006-07 and account for potential cost increases. Funding is non-recurring on the premise that energy costs may stabilize by 2007-08.	$10,610,759	NR
50 Central Engineering Technology Funding for automated design equipment to allow for more in-house design work.	$30,000	NR
51 Central Engineering Equipment Funding of construction equipment for use in construction of Orange and Caldwell segregation units and for other inmate labor construction projects.	$240,000	NR
52 Information Technology Charges Increase funding for service charges and fees for information technology services provided to DOC. Anticipated gap between budget and expenditures is $4 million dollars in FY 06/07.	$450,000 $450,000	R NR

Prisons

53 Operating Reserve for Tabor Correctional Center — $95,504 R; $144,000 NR; 10.00

Establish reserve for startup costs for prison in Columbus County scheduled to open February, 2008.

54 Increase Prison Bed Capacity — $1,458,336 R; $594,069 NR; 36.00

Prison population projections continue to show population exceeding bed capacity. Funding is recommended to increase bed capacity by a total of 468 beds spread over six prisons. The prisons are three medium custody -- Brown Creek, Harnett, and Lumberton -- and three minimum custody prisons-- Dan River, Tillery, and Tyrrell. This capacity increase is possible by increasing the number of inmates in dormitories and adding additional security, medical and program staff. Non-recurring funding is primarily for inmate bunks and lockers and community college start up costs. The original recommended amount of $540,000 NR for community college startup is reduced to $270,000 based on a January 1, 2007 start date. Positions are effective January 1, 2007.

55 Inmate Medical Care — $10,000,000 R; $7,606,056 NR

Medical costs continue to exceed the inmate medical continuation budget. This funding will partially address the continuation budget needs and reduce dependence on lapsed salaries.

56 Gang Prevention Initiative — $256,292 R; 11.00

DOC received Governor's Crime Commission grants to develop a "Security Threat Group Unit" at Foothills Correctional Institution. The grant funding ends December 31, 2006 so 6 months funding is provided for 06/07. The program targets gang members and is designed to increase supervision of these inmates while providing education and skills that will allow an inmate to renounce gang activity. Positions are effective December 1, 2006.

57 Security Positions for new Enterprise Plant — $131,355 R; $42,510 NR; 9.00

Enterprise is opening a new janitorial products plant at Warren Correctional Center. The plant is located off-site and will require nine security positions in order to provide adequate security for 100 inmates. The plant opens in Spring 07 so positions are not effective until February 1, 2007.

58 Inmate Medical - Central Pharmacy — $173,299 R; $5,100 NR; 4.00

Establishes four positions in the DOC Prison Pharmacy: two Pharmacy Technicians; one Pharmacist; and, a Stock Supervisor. As prison population has grown, the number of prescriptions filled has grown from 550,573 in FY 98-99 to 856,803 in 2004-05 with no increase in staffing. Positions are effective July 1, 2006.

	FY 06-07	
59 Inmate Medical - Nurses and Records Clerks	$1,332,322	R
Funding is provided for 18 medical records clerks and 20 Licensed Practical Nurses. Adding the medical clerks will free up nurses to devote more time to nursing duties while adding LPN's will help reduce the general shortage of nurses in the prison system. Positions are effective July 1, 2006.	$48,960	NR
	38.00	
60 Delayed Opening of Segregation Units		
The completion dates for 40 bed segregation units at Orange and Caldwell Correctional Centers have been delayed from 2006-07 to 2007-08 allowing for a non-recurring reduction. The total reduction is ($904,430); ($380,809) for Orange and ($523,621) for Caldwell.	($904,430)	NR
61 Inmate Community Work Crews	$237,798	R
Authorizes six new inmate community work crews. DOC shall determine which correctional centers and communities have the greatest need. Positions are effective July 1, 2006.	$163,500	NR
	6.00	
62 Security Cameras		
Funding for additional security cameras for placement in areas such as kitchens, outside yards, and visitation rooms at various prisons.	$50,000	NR
Budget Changes	**$17,296,229**	R
	$19,581,430	NR
Total Position Changes	154.00	
Revised Total Budget	**$1,085,370,161**	

Crime Control and Public Safety

GENERAL FUND

Total Budget Approved 2005 Session

FY 06-07
$35,153,488

Budget Changes

Administration

63 Federal Grants Administration — $63,731 R; $4,000 NR; 1.00

Funding is provided for a Federal Grants Accountant to ensure compliance with federal reporting and control requirements:

Accountant II(PG74)

64 Information Technology Positions — $164,112 R; 2.00

Funding is provided to establish two full-time permanent information technology positions:

Business & Technology Specialist (1.0)
Business & Technology Analyst (1.0)

Butner Public Safety

65 Operations and Maintenance — $103,680 R

Provide funds to meet basic operations and maintenance needs for Butner Public Safety: restore previous budget cuts, inflationary increases, and over budgeted receipts.

Emergency Management

66 Planning, Response, and Recovery Capabilities — $722,633 R; $150,000 NR; 13.00

Funding is provided for 13 positions to enhance emergency management planning, response, and recovery capabilities.

Transfer 11 existing positions from temporary receipt-supported to permanent general fund positions:

EM Assistant Director (PG78) (1.0)
EM Section Manager (PG76) (2.0)
EM Section Chief (PG72T) (1.0)
Community Dev Spec II (PG74) (4.0)
Community Dev Spec II (PG72) (1.0)
Community Dev Spec I (PG70) (2.0)

Establish 2 new positions:

EM Plan Supervisors (PG74) (2.0)

In addition, $150,000 NR to support rent, utilities, and other operating cost for the two Division warehouses.

	FY 06-07	
67 Urban Search & Rescue/Swift Water Rescue Funding is provided for training and equipment to ensure that the state's Urban Search and Rescue and Swift Water Rescue Teams can meet federal standards. Future federal emergency management funding may be jeopardized if the teams fail to meet the standards.	$440,000	NR
68 HAZMAT Regional Response Teams Provide funds for the state's seven HAZMAT Regional Response Teams. Funds will be used to support the teams' training and equipment replacement.	$156,956	NR
Governor's Crime Commission		
69 Gang Violence Intervention and Suppression Funds are provided to the Governor's Crime Commission for competitive grants to be awarded to local government and community agencies for gang violence prevention, intervention and suppression initiatives.	$1,500,000	NR
National Guard		
70 Deputy Division Director Position Provide funding to establish a Deputy Division Director position to assist with day-to-day operations and management of federal activities.	$96,080 1.00	R
71 National Guard Pension Fund Funds are provided for the NC National Guard Pension Fund. Effective July 1, 2006, these funds will be used to increase the monthly pension benefit payment to current and future retirees from a maximum of $150 to a maximum of $160.	$965,000	R
72 Assistance to NC National Guard Families Funding is provided for the NCNG Soldiers and Airmen's Assistance Fund to provide emergency financial assistance to members and their immediate families who are experiencing financial hardship.	$500,000	NR
73 Armory Maintenance & Repair Funds are provided to address the highest priority state-wide armory maintenance and repair needs such as roof repairs, boiler repairs and replacements, electrical upgrades, fire alarm systems, etc.	$400,000	NR

State Highway Patrol

74 New Permanent Positions

$552,501 R is provided from the Highway Fund to create 17 permanent positions that are now temporary. The positions include:

Tradesworker III (PG61) 8.0
Office Assistant IV (PG59) 8.0
Aircraft Mechanic (PG68) 1.0

75 VIPER Maintenance

$208,892 R is provided from the Highway Fund for the maintenance of the VIPER system already built.

Victim & Justice Services

76 Victims Compensation

$1,300,000 NR to address the backlog of approved but unpaid victims compensation claims.

$1,300,000 NR

77 Claims Investigator Position

Funds are provided to establish an additional Law Enforcement Specialist (PG70)position in the Victims' Compensation Services Section to investigate and process claims. In addition, the position will serve as the contact/liaison to the Crime Victims Compensation Commission, law enforcement, and public/private agencies.

$53,051 R
$4,000 NR
1.00

Budget Changes	**$2,168,287**	R
	$4,454,956	NR
Total Position Changes	18.00	
Revised Total Budget	**$41,776,731**	

GENERAL GOVERNMENT
Section J

Administration

GENERAL FUND

Total Budget Approved 2005 Session

FY 06-07
$58,818,473

Budget Changes

1311 Office of State Personnel

1 International Employment Specialist — $78,915 R

Provides funding to establish a full-time International Employment Specialist (Agency Legal Specialist II) to ensure compliance with federal laws and regulations regarding the employment of foreign nationals. — 1.00

531211	Salaries - Appr.	$63,000
531461	Longevity Pay	$ 945
531511	Social Sec. Contribution	$ 4,820
531521	Retirement Contribution	$ 4,297
531561	Medical Ins. Contribution	$ 3,854
532714	Travel - Trans. In-State	$ 1,999

2 EEO Diversity & Special Emphasis Project Mgmt. — $106,596 R

Appropriates funds for an HR Partner position to provide support to agencies and universities in diversity efforts and to independently investigate documented complaints. Also provides funds for INROADS. — 1.00

531211	Salaries - Appr.	$61,000
531461	Longevity Pay	$ 915
531511	Social Sec. Contribution	$ 4,667
531521	Retirement Contribution	$ 4,160
531561	Medical Ins. Contribution	$ 3,854
532714	Travel - Trans. In-state	$ 2,000
536905	Employer OJT Incentive (INROADS)	$30,000

3 Mediation Training Staff — $54,645 R

Provides funding to support an Administrative Assistant I for the mediation program, which has been shown to be a cost effective way of dealing with employee grievances; and funds additional training. — 1.00

531211	Salaries - Appr.	$30,000
531461	Longevity Pay	$ 450
531511	Social Sec. Contribution	$ 2,295
531521	Retirement Contribution	$ 2,046
531561	Medical Ins. Contribution	$ 3,854
532714	Travel - Trans. In-state	$ 1,000
532942	Employee Educational Training	$15,000

4 Receipt Supported Position - NC Flex Program

Appropriates additional staffing with an HR Partner position to provide services necessary for the program's expansion of participants in community colleges and possibly in the public school system.

531211	Salaries - Appr.	$55,000
531461	Longevity Pay	$ 825
531511	Social Sec. Contribution	$ 4,208
531521	Retirement Contribution	$ 3,751
531561	Medical Ins. Contribution	$ 3,854
532714	Travel - Trans. In-state	$ 2,000
Total		$69,638

1411 State Construction

5 HUB Contractor Academies

$72,536 R
$277,464 NR
1.00

Provides funding for an Engineer ($60,000) and the costs associated with the training expenses for the HUB Contractor Academy program. HUB academies provide opportunities for minority contractors to learn strategies for successful participation in public construction projects.

Recurring		
531211	Salaries	$ 60,000
531511	Social Security	$ 4,590
531521	Retirement	$ 4,092
531561	Med. Ins.	$ 3,854
Nonrecurring		
53XXXX	Honorariums	$ 40,000
532199	Misc. Contractual Services	$176,464
532714	Transportation - Ground	$ 5,000
532721	Lodging - In State	$ 5,000
532811	Telephone	$ 500
532840	Postage	$ 1,000
533110	General Office Supplies	$ 1,000
533720	Educational Supplies	$ 20,000
534534	Equipment - Computer	$ 2,500
534711	Software	$ 1,000
535890	Other Admin. Expense - Workshop/Conference	$ 25,000

6 Space Reallocation in Old Revenue Building

$85,000 NR

Based on the findings of the Space Utilization Study of the Old Revenue Building, space underutilized in the Office of State Auditor is being reallocated to the Department of Secretary of State in order to accommodate the Lobbying Division staff.

These funds include $54,000 originally included in the 2005 Budget as recurring funds for rent in FY 06-07 for the Lobbying Registration Enhancement. This funding will be used to accommodate costs to reallocate space between the two agencies.

This budget adjustment is related to Item #56 under the Office of the Secretary of State, Lobbyist Registration Reform Division.

1412 State Property Office

7 State Property Surplus Property Disposal System

$400,000 NR

In Session Law 2003-284, the department was instructed to develop a State-Owned Real Property Disposal System. The system will continuously identify, evaluate, and dispose of surplus property. All proceeds generated will be returned to the General Fund.

1421 Facilities Management Division

8 Additional HVAC Positions

$198,331 R

4.00

Provides funding for two (2) HVAC Mechanics ($37,754 each) and two (2) HVAC Technicians ($41,094 each) to support the workload. Currently, the existing staff is covering 392,857 square feet of office space per employee while the industry standard is 200,000 square feet per employee. The positions will bring the total per employee to 305,555 square feet.

531211	Salaries	$ 157,696
531511	Social Security	$ 12,064
531521	Retirement	$ 10,755
531561	Med. Ins.	$ 15,416
533150	Security & Safety Supp	$ 600
533510	Clothing & Uniforms	$ 1800

9 Building Repairs

$226,552 NR

Provides funding for small repairs to aging and deteriorating state buildings. Areas covered would include plumbing, electrical, carpentry, AC systems, and general building repair.

10 Increase for Utility and Fuel Expenses

$1,330,000 NR

Additional funds are required to cover the increased cost of electrical, natural gas, propane, and gasoline expenses. The department pays for the electrical and heating services for the downtown governmental complex.

1623 State Capital Police

11 Telecommunicator Position

$31,843 R

1.00

Provides funding for a Telecommunicator to support the statewide alarm computer system that is monitored and managed by the State Capital Police 24 hours a day, 7 days a week. Currently, sworn officers have to be utilized to monitor the system.

531211	Salaries	$ 24,101
531511	Social Security	$ 1,844
531521	Retirement	$ 1,644
531561	Med. Ins.	$ 3,854
532714	Uniforms	$ 400

1731 Council for Women/DV Commission

12 Domestic Violence Staffing

$148,175 R

5.00

Provides funding for five (5) Office Asst III ($22,522 each) to provide support staff for the regional offices. This will assure that all regional directors will have full-time support staff so that they can continue to provide services to the counties they serve.

Recurring		
531211	Salaries	$112,610
531511	Social Security	$ 8,615
531521	Retirement	$ 7,680
531561	Med Ins	$ 19,270

13 Domestic Violence Center Fund

$350,000 R

Provides additional funds for grants to domestic violence programs awarded from the Domestic Violence Center Fund pursuant to G.S. 50.9.

14 Council for Women Staffing

$55,983 R

$4,000 NR

1.00

Provides funding for a Community Development Specialist for the Council for Women.

Recurring		
531211	Salaries	$ 44,229
531511	Social Security	$ 3,384
531521	Retirement	$ 3,016
531561	Med. Ins.	$ 3,854
533XXX	Operating Expenses	$ 1,500
Nonrecurring		
534500	Equipment	$ 4,000

1761 Youth Involvement Office

15 Increase Internship Slots

$31,640 NR

Funding is appropriated to support additional summer internship slots.

1771 Division of Veterans Affairs

16 Increase Funding for Veterans Scholarship Program

$373,824 R

Additional funding is being recommended to support the Veterans Scholarship program. The program has experienced a 20 percent increase in the number of students over the last two years. In addition to the enrollment increase, UNC System's room and board costs have increased as well as tuition for both the UNC System and the community college system. 76.4 percent of the Veterans Scholarship Program is supported by the state's Escheat Fund for need based students.

Escheats Fund Receipts	$1,210,176

17 Establish Three Additional Staff

$120,669 R
$5,175 NR
3.00

Provides funding to establish a Processing Assistant III ($20,955) in Asheville, a District Service Officer ($32,432) in Durham and a Training Officer ($36,521).

Recurring		
531211	Salaries	$89,908
531511	Social Security	$ 6,878
531521	Retirement	$ 6,132
531561	Med Ins	$11,561
532714	Transportation - Ground (In State)	$ 4,162
532721	Lodging (In State)	$ 1,118
532724	Meals	$ 610
533110	General Office Supplies	$ 300
Nonrecurring		
534534	PC/Printer	$ 4,200
534711	Other Computer Software	$ 975

1861 Commission on Indian Affairs

18 Economic Development Initiative

$115,411 R
$2,000 NR
2.00

Provides funding for two (2) Economic Development Specialists ($41,366 each) to continue work on the NC Indian Economic Development Initiative.

531211	Salaries	$ 82,732
531511	Social Security	$ 6,329
531521	Retirement	$ 5,642
531561	Med Ins	$ 7,708
532721	Lodging	$ 2,500
532724	Meals	$ 2,000
532732	BD/NON-Employee Transp	$ 1,000
532732	BD/NON-Employee Subsistence	$ 1,000
532732	Workshops/Conferences	$ 1,000
532811	Telephone Services	$ 500
532840	Postage/Office Supplies/Printing	$ 1,500
533110	General Office Supplies	$ 3,500
532821	Computer/Date Processing Svc	$ 1,000
534511	Office Furniture	$ 1,000

XXXX Energy Office

19 Emergency Management Plan

$40,000 R

Provides funding to update the Emergency Management Plan. This funding is to be transferred to Budget Code 34100 for Fund Code 3466.

Budget Changes — **$1,706,928** R; **$2,401,831** NR

Total Position Changes — 20.00

Revised Total Budget — **$62,927,232**

Auditor

GENERAL FUND

	FY 06-07
Total Budget Approved 2005 Session	**$10,840,918**

Budget Changes

1210 Field Audit Division

20 Lease for Fayetteville Branch Office $19,064 R

Funding is recommended for the Fayetteville Branch Office to obtain new office space and move from the Office of the Clerk of Court, which is one of the agencies audited by the State Auditor. Government Accounting Standards dictate that independence is necessary to be free both in fact and appearance from personal, external, and organizational impairment to independence. The Office's independence is questioned because audit standards prohibit accepting free office space from audited entities.

21 Agency Network Troubleshooting Software $38,500 R

Funding is recommended for software to assist the auditor in identifying network issues accurately. The "Network Performance Monitoring Service" will be purchased from ITS.

Budget Changes	**$57,564**	R
Total Position Changes		
Revised Total Budget	**$10,898,482**	

Cultural Resources

GENERAL FUND

Total Budget Approved 2005 Session

FY 06-07
$62,917,147

Budget Changes

1110 Office of the Secretary

22 Facility Construction Engineer Position $49,210 R

Funding is provided to establish a Facility Construction Engineer I position to design facilities, perform design reviews, monitor construction, and inspect and manage renovations and new construction projects throughout the state. 1.00

531211	SPA-Reg Salaries-Approp.	$39,623
531511	Social Security - Approp.	$ 3,031
531521	Reg. Retire Contri-Approp	$ 2,702
531561	Med Ins Contrib-Approp.	$ 3,854

1120 Administrative Services

23 Increase in Administrative Staff $42,533 R

Funding is provided for an Accountant I position to help the department meet legally mandated and grant specific accounting and reporting requirements in a timely manner. 1.00

531211	SPA - Reg Salaries - Appropriated	$33,790
531511	Social Security Contribution - Approp.	$ 2,585
531521	Regular Retirement Contribution - Approp.	$ 2,304
531561	Medical Insurance Contribution - Approp.	$ 3,854

1241 State Historic Sites

24 Fire and Burglary Protection

$288,957 R

5.00

Funding is provided to support two (2) positions - Maintenance Mechanic III ($25,886) and Maintenance Mechanic IV ($30,045)- that were recommended by the Governor, and a Security Officer II ($24,101) and 2 Security Guard I($20,955 each) positions that were added by the subcommittee. The positions will have responsibility for the installation and maintenance of fire and/or intrusion alarm systems throughout the state and to provide enhanced security at Fort Fisher and the North Carolina Transportation Museum and other historic sites.

531211	SPA-Reg Salaries-Approp	$121,942
531511	Social Sec. Contrib-Approp	$ 9,329
521521	Reg Retire Contrib-Approp	$ 8,316
531561	Med Ins. Contrib-Approp	$ 19,270
5321xx	Security & Misc. Contractual Services	$ 99,000
532490	Maintenance Agreement	$ 20,000
532714	Transp-Grnd- In State	$ 6,500
532721	Lodging - In-State	$ 1,000
432724	Meals - In State	$ 1,000
532942	Other Emp Educational Ex	$ 1,000
533900	Other Materials/Supplies	$ 1,000
534534	PC/Printer Equipment	$ 500
534713	PC Software	$ 100

1250 Historic Preservation

25 Eastern Office-Humber House

$13,940 R

Funding is provided to support the operations of the Eastern Office located in the Humber House in Greenville.

532184	Janitorial Service Agreement	$1,780
532188	Lawns and Grounds Service Agreement	$1,810
532199	Misc Contractual Services	$3,000
532210	Electrical	$ 700
532220	Natural Gas/Propane	$1,600
532230	Water & Sewer	$ 400
532714	Transportation Ground, In State	$1,000
532721	Lodging, In State	$1,000
532724	Meals - In State	$1,000
532811	Telephone Service	$ 600
532812	Telecommunication Data Charge	$ 300
533900	Other Materials and Supplies	$ 750

1260 Office of State Archaeology

26 Queen Anne's Revenge Archaeology Project

$247,040 NR

Provides funding to sustain archaeological and historical research on the shipwreck believe to be Blackbeard's Queen Anne's Revenge.

1320 Museum of Art

27 Monet and Egyptian Treasures Exhibits

Funding is appropriated for payment of the required venue fee for the Egyptian Art exhibit and costs associated with bringing the Monet exhibition to the Museum.

$225,000 NR

1330 NC Arts Council

28 Grassroots Arts Council

Provides additional funding for grants in FY 2006-07 that will be awarded through the formal application process.

$1,000,000 NR

29 Basic Grants Program

Provides additional funding for grants in FY 2006-07 that will be awarded through the formal application process.

$150,000 NR

1340 North Carolina Symphony

30 Symphony Education Program

Provides additional funding in FY 2006-07 to support the North Carolina Symphony's education programs throughout the state.

$325,000 NR

536936	NC Symphony Society, Inc.	$325,063

1480 State Library - Statewide Programs & Grants

31 Digital Preservation Program (State Library)

Appropriates funding for three (3) positions - Librarian IV ($39,623), Librarian Consultant II ($43,157), and Asst. State Librarian ($49,428). The positions will assist State agencies in understanding and participating in digital preservation efforts to collect, manage, and preserve digital publications and other records of government for long-term public access.

$200,000 R

3.00

531211	Salaries - Appr.	$132,208
531511	Social Sec. Contribution	$ 10,114
531521	Retirement Contribution	$ 9,017
531561	Medical Ins. Contribution	$ 11,562
532715	Travel - Trans. Grd Out of-state	$ 4,000
532721	Lodging - in state	$ 4,000
532724	Meals in state	$ 4,000
532942	Other - Employee Ed	$ 7,000
533110	General Office Supplies	$ 4,000
534630	Literature	$ 14,100

32 Aid to Counties

Provides additional nonrecurring funds to support grants to public libraries in accordance with the formula for State-Aid to Libraries.

$971,813 NR

Department-wide

33 Conversion of Temporary Positions to Permanent Pos $672,816 R

Provides funding to convert 20 temporary positions to permanent full time status. The permanent positions will support work for the Museum of History, Queen Anne's Revenge, Tryon Palace, Maritime Museum, and historic sites. 20.00

531211	SPA-Reg Salaries - Approp.	$520,430
531511	Social Security Contribution	$ 39,813
531561	Retirement Contribution	$ 35,493
531561	Medical Insurance	$ 77,080

34 Reserve for Utility and Fuel Costs

Appropriates funds for projected increased costs for electricity, natural gas, and propane for the state historic sites and other facilities located throughout the state. $123,744 NR

Budget Changes	**$1,267,456**	R
	$3,042,597	NR
Total Position Changes	30.00	
Revised Total Budget	**$67,227,200**	

General Assembly

GENERAL FUND

	FY 06-07
Total Budget Approved 2005 Session	**$46,965,432**
Budget Changes	
1900 Reserves and Transfers	
35 Reserve for Utility and Fuel Costs	
Funding is appropriated to cover increased electric utility costs.	$168,346 NR
Budget Changes	**$168,346 NR**
Total Position Changes	
Revised Total Budget	**$47,133,778**

Governor

GENERAL FUND

	FY 06-07
Total Budget Approved 2005 Session	**$5,344,528**

Budget Changes

1110 Administration

36 Operating Support $100,000 R

Provides funding for operating support which includes travel, communication and data processing services and other services and expenses.

532390	Repairs	$ 5,000
532711	Transportation - Air (In State)	$10,000
532714	Transportation - Ground (In State)	$ 5,000
532821	Computer/Data Processing Services	$25,000
532840	Postage & Delivery	$ 5,000
532930	Registration Fees	$10,000
533900	Other Material & Supplies	$15,000
538166	Transfer to CC&PS	$25,000

Budget Changes	**$100,000**	**R**
Total Position Changes		
Revised Total Budget	**$5,444,528**	

Housing Finance Agency

GENERAL FUND

	FY 06-07
Total Budget Approved 2005 Session	**$4,750,945**

Budget Changes

8102 HTF State Appropriations

37 Housing Programs

Funding is provided to increase the resources of the North Carolina Housing Trust Fund in FY 2006-07. — $5,000,000 NR

38 HTF - 400 Apartment Housing Initiative

Provides funding to the North Carolina Housing Trust Fund for a 400 apartment initiative recommended by the Joint Legislative Oversight Committee on Mental Health, Developmental Disabilities, and Substance Abuse Services. These funds are for financing of the portion of the 400 independent- and supportive-living apartments for individuals with disabilities not able to be financed within the existing means of the North Carolina Housing Finance Agency. Funds for operating assistance for the 400 apartments are located in the Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services section of this report. The apartments shall be affordable to those with incomes at the Supplemental Security Income (SSI) level. A description of this item is also located in the Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services section of this report. — $10,625,000 NR

8104 NC Housing Foreclosure

39 Continue the Home Protection Pilot Program

Appropriates funding to continue the pilot in the 26 counties in FY 2006-07. — $1,500,000 NR

Budget Changes	**$17,125,000 NR**
Total Position Changes	
Revised Total Budget	**$21,875,945**

Insurance

GENERAL FUND

Total Budget Approved 2005 Session

FY 06-07
$28,110,582

Budget Changes

1300 Technical Services

40 Communication Specialists — $68,609 R; $6,000 NR; 1.00

Provides funding to convert one (1) Communication Specialist from temporary to permanent status in the call center operations to assist citizens with questions and complaints on Medicare, Medicare Advantage, and Medicare Prescription Drug Plans.

531211	Salaries	$ 35,000
531511	Social Security	$ 2,678
531521	Retirement	$ 2,387
531561	Med Ins	$ 3.854
532XXX	Travel & Training	$ 4,320
532512	Rent	$ 7,160
532811	Telephone Services	$ 12,010
533110	General Office Supplies	$ 1,200
534XXX	Furniture & Equipment	$ 6,000

1500 Office of the Fire Marshall

41 Receipts Supported Positions Conversion — $295,789 R; $18,000 NR; 3.00

It is recommended that the funding source for three positions established in 2005-06 be converted to time-limited appropriation support and that sufficient operational support be provided. This action will provide consistency within the division's budget.

531211	Salaries	$ 210,000
531511	Social Security	$ 16,065
531521	Retirement	$ 14,322
531561	Med. Ins.	$ 11,562
532***	Travel & Training	$ 15,600
532512	Rent/Storage Rental	$ 14,140
532811	Telephone Services	$ 10,500
533110	General Office Supplies	$ 3,600
534XXX	Furniture & Equipment	$ 18,000

Budget Changes — **$364,398 R**; **$24,000 NR**

Total Position Changes — 4.00

Revised Total Budget — **$28,498,980**

Lieutenant Governor

GENERAL FUND

	FY 06-07
Total Budget Approved 2005 Session	**$753,037**

Budget Changes

1110 Administration

42 Increase in Operating Budget $2,600 R

Provides additional funding to cover travel expenses.

532714	Transportation - In State	$1,400
532721	Lodging - in state	$ 800
532724	Meals - In state	$ 400

43 Expand Personnel $85,833 R

Appropriate funding for a Senior Research Analyst position.

1.00

531211	Reg Salaries - Appropriated	$70,000
531511	Social Security Contribution - Approp.	$ 5,355
531521	Regular Retirement Contribution - Approp.	$ 4,774
531561	Medical Insurance Contribution - Approp.	$ 3,854
533110	General Office Supplies	$ 100
534534	Printer/PC Equipment	$ 1,300
534713	PC Software	$ 500

Budget Changes	**$88,433**	R
Total Position Changes	1.00	
Revised Total Budget	**$841,470**	

Office of Administrative Hearings

GENERAL FUND

	FY 06-07
Total Budget Approved 2005 Session	**$2,969,712**

Budget Changes

1110 Administration

44 Operational Support & Reduction of Unrealized Rec. — $57,578 R; $3,789 NR

Provides funds to cover the unrealized budgeted receipts from the sale of the NC Register that have been lost due to the availability of the publication on the Internet at no charge. Also provides funding for employee educational expenses to obtain certification training for Civil Rights Investigators and to supplement CLE training for attorneys, and for printing the NC Register in FY 2006-07.

532942	Employee Education	$ 7,578
532800	Communication/Data Process	$(15,155)
434310	Sale of NC Register	$(65,155)
532840	Printing	$ 3,789 NR

45 Administrative Law Judge Positions — $212,000 R; $8,000 NR; 2.00

Appropriates funds for two (2) additional Administrative Law Judges to manage increased filings.

531211	Salary	$172,964
531511	Social Security	$ 13,232
531521	Retirement	$ 11,796
531561	Hospitalization	$ 7,708
5327XX	Travel	$ 2,500
532811	Telephone	$ 2,500
532841	Employee Education	$ 1,500
533110	Office Supplies	$ 800
534511	Office Furn/Equip.	$ 4,000
534522	Computer Equipment	$ 4,000

Budget Changes	**$269,578 R** **$11,789 NR**
Total Position Changes	2.00
Revised Total Budget	**$3,251,079**

Revenue

GENERAL FUND

Total Budget Approved 2005 Session

FY 06-07
$80,673,250

Budget Changes

1605 Information Technology

46 IT Staffing $521,059 R

Funding is appropriated for two (2) IT positions per the Governor's recommendations and four (4) positions added by the subcommittee to provide systems applications development, mainframe applications development, PC/desktop hardware/software support, business analysis, and computer operations. 6.00

531211	SPA Regular Salaries	$434,992
531511	Social Security Contributions	$ 33,277
531521	Retirement Contributions	$ 29,666
531561	Medical Insurance Contributions	$ 23,124

47 Security for Taxpayer Operating Systems $750,000 NR

Provides funding to address the security issues of the taxpayer operating system from questions raised in the 2004 Statewide Security Assessment.

532140	Other Information Technology-Consulting Sv.	$100,000
532942	Other Employee Education	$ 30,000
534535	Server Equipment	$263,000
534714	Server Software	$357,000

1623 Personal Taxes

48 Staffing for Tax Hearings

$59,484 R
$4,581 NR
1.00

Provides funds for a Revenue Administrative Officer III position to assist with the increase in administrative tax hearings resulting from increased taxpayer activities brought about by Project Collect Tax and Project Tax Compliance.

531211	SPA Regular Salaries	$47,232
531511	Social Security Contributions	$ 3,614
531521	Retirement Contributions	$ 3,222
531561	Medical Insurance Contributions	$ 3,854
1605 IT		
532448	Maintenance Agreement - PC Software	$ 507
534713	PC Software Purchases	$ 401 NR
1681 Administrative Svs		
532811	Telephone Service	$ 350
533110	General Office Supplies	$ 500
534511	Furniture - Office	$ 4,180 NR
534528	Voice Comm Equipment (telephone)	$ 205 NR

1662 Taxpayer Call Center (TACC)

49 Taxpayer Assist. & Collection Ctr. Staffing

Funding provides for the conversion of thirty (30) temporary positions to permanent full time status and adds seventeen (17) new permanent positions. The total cost of the conversion and new positions is $1,641,036. Part of the cost will be covered by an existing $400,000 budgeted in temporary wages, which will be moved from the temporary line item to salaries. The remaining $1,241,036 will come from receipts from the 20% Collection Assistance Fee charged in relationship to Project Collect.

531212	SPA Regular Salaries - Receipts	$1,146,770	
531512	Social Security Contributions - Receipts	$ 87,728	
531522	Retirement Contributions - Receipts	$ 78,210	
531562	Medical Insurance Contributions - Rec	$ 181,138	
532448	Maintenance Agreement - PC Software	$ 5,405	
532811	Telephone Service	$ 16,450	
533110	General Office Supplies	$ 23,500	
534511	Furniture - Office	$ 76,500	NR
534521	Office Equipment Calculator	$ 1,700	NR
534528	Voice Comm Equipment (telephone)	$ 3,400	NR
534528	Voice Comm Equipment (headsets)	$ 1,048	NR
534528	Voice Comm Equipment (amplifier adapter)	$ 374	NR
534528	Voice Comm Equipment (headsets)	$ 113	NR
534534	PC & Printer Purchases	$ 11,900	NR
534713	PC Software Purchases	$ 6,800	NR
531312	Temporary Receipts	$ (400,000)	
Total		$1,139,201	
		$ 101,835	NR

50 Operating Expense Transfer ($494,402) R

Transfers 15 positions in the division from General Fund to receipt-support with revenue from the 20% Collection Assistance Fee. The transfer of the positions provides the allocation of State funds to support the four (4) new positions in the IT Division, and one (1) additional position in the Documents and Payments Processing Division that were added by the subcommittee. -15.00

The following positions are transferred to receipt-support:

Processing Assistant V	784-0000-0075-550	($25,892)
Processing Assistant V	784-0000-0075-551	($27,414)
Processing Assistant V	784-0000-0075-552	($29,476)
Processing Assistant IV	784-0000-0075-553	($24,885)
Processing Assistant IV	784-0000-0075-554	($24,885)
Processing Assistant IV	784-0000-0075-555	($24,885)
Processing Assistant IV	784-0000-0075-556	($24,885)
Processing Assistant IV	784-0000-0075-557	($24,885)
Processing Assistant IV	784-0000-0075-558	($24,885)
Processing Assistant IV	784-0000-0075-559	($24,885)
Processing Assistant IV	784-0000-0075-560	($24,885)
Processing Assistant IV	784-0000-0075-561	($24,885)
Processing Assistant IV	784-0000-0075-562	($24,885)
Processing Assistant IV	784-0000-0075-563	($24,885)
Processing Assistant IV	784-0000-0075-564	($24,885)

531211	Salaries	($381,402)
531151	Social Security Contr. - Approp	($29,178)
531521	Retirement Contr. - Approp	($26,012)
531561	Medical Insurance - Approp.	($57,810)

1670 Unauthorized Substance Tax

51 Additional Tax Enforcement Agent and Lease Space

$94,319 R
$11,907 NR
1.00

Funding adds one (1) USUB Tax Enforcement Agent for a total of 13 agents in the division. Additionally, the USUB Tax Division is being relocated to an office outside the Revenue Building, and funding is provided to cover the cost of rent.

521211	SPA Regular Salaries	$35,134
531511	Social Security Contributions	$ 2,688
531531	LEO Retirement Contributions	$ 4,153
521561	Medical Insurance Contributions	$ 3,854
532133	Employee/Employment Physicals	$ 150
532210	Energy Service - Electrical	$ 4,500
532220	Energy Service - Natural Gas	$ 1,500
532448	Maintenance Agreement - PC Software	$ 115
532512	Rent/Lease Buildings/Offices	$33,000
532714	Transportation - Ground - In State	$ 5,600
532721	Lodging - In State	$ 700
532724	Meals - In State	$ 700
532811	Telephone Service	$ 350
532814	Cellular Phone Service	$ 600
533110	General Office Supplies	$ 500
533510	Clothing and Uniforms	$ 325
534511	Furniture - Office	$ 4,200
534521	Office Equipment (calculator)	$ 100
534528	Voice Comm Equipment (cell phone)	$ 45
534528	Voice Comm Equipment (telephone)	$ 200
534529	Custody & Security Equipment	$ 2,500
534534	PC & Printer Purchases (laptop)	$ 1,350
534534	PC & Printer Purchases (bag & printer)	$ 262
534713	PC Software Purchases	$ 400

1685 Documents & Payments Processing

52 Additional Support for Division

$161,444 R
5.00

Funding provides four (4) positions in the Governor's recommendations and one (1) added by the subcommittee to process the increase in payments resulting from increased collection activities brought about by Project Collect Tax and Project Compliance.

531211	SPA Regular Salaries	$120,830
531511	Social Security Contributions	$ 9,244
531521	Retirement Contributions	$ 8,240
531561	Medical Insurance Contributions	$ 19,270
532448	Maintenance Agreement - PC Software	$ 575
532811	Telephone Service	$ 1,750
533110	General Office Supplies	$ 1,535

1850 Lee Tax Credit

53 Add'al Support for William S. Lee Tax Credit Prog

$171,390 R

4.00

The application fee that helps support the William S. Lee Program is not sufficient to fund all the needed personnel. Funding is provided to augment the lack of receipts with GF appropriation that will support four (4) positions to adequately support the program. Of the four positions, two (2) are existing - an Economist III and a Revenue Field Auditor II, and two (2) are new - an Information Processing Tech, and a Revenue Administrative Officer III.

531211	SPA Regular Salaries	$184,340
531511	Social Security Contributions	$ 14,102
531521	Retirement Contributions	$ 12,572
531561	Medical Insurance Contributions	$ 15,416
1605 IT		
532448	Maintenance Agreement - PC Software	$ 230
1681 Administrative Svs		
532811	Telephone Service	$ 1,050
533110	General Office Supplies	$ 1,000
534521	Office Equipment (calculator)	$ 200
534528	Voice Comm Equipment (telephone)	$ 400
Total Requirements		$229,310
Total Receipts		($57,920)
Appropriation		$171,390

Budget Changes	**$513,294**	R
	$766,488	NR
Total Position Changes	2.00	
Revised Total Budget	**$81,953,032**	

Secretary of State

GENERAL FUND

Total Budget Approved 2005 Session

FY 06-07
$9,369,633

Budget Changes

1110 General Administration

54 Facility Planner I Position

$42,125 R
$7,000 NR
1.00

Provides funding to establish a Facility Planner I position and operational support to deliver department-wide programs required by statute, state policy, and business need. The department will improve compliance with all related requirements including employee safety and health, energy conservation, ADA access, Workers' Compensation, document storage, security, and disaster response.

Recurring		
531211	Salaries	$31,204
531511	Social Security	$ 2,388
531521	Retirement	$ 2,129
531561	Med Ins	$ 3,854
532714	Transportation - Ground (In State)	$ 500
532724	Meals (In State)	$ 1,000
532811	Telephone Service	$ 150
532840	Postage	$ 200
532850	Printing	$ 250
532930	Registration	$ 200
533110	Office Supplies	$ 250
Nonrecurring		
532811	Telephone Service	$ 50
532850	Printing	$ 250
534511	Furniture - Office	$ 3,500
534521	Office Equipment	$ 200
534534	PC & Printer	$ 3,000

FY 06-07

55 Internal Auditor Position

$65,945 R
$6,950 NR
1.00

Provides funding to establish an Internal Auditor II position and operating costs to perform risk assessments and performance audits, and to assess the department's performance regarding financial accounting, reporting, and internal controls standards. The position will be responsible for compliance with all laws, regulations, and good business practices.

Recurring		
531211	Salaries	$53,324
531511	Social Security	$ 4,080
531521	Retirement	$ 3,637
531561	Med Ins	$ 3,854
532714	Transportation - Ground (In State)	$ 150
532811	Telephone Service	$ 200
532850	Printing	$ 250
532930	Registration	$ 200
533110	Office Supplies	$ 250
Nonrecurring		
532850	Printing	$ 250
534511	Furniture - Office	$ 3,500
534521	Office Equipment	$ 200
534534	PC & Printer	$ 3,000

1150 Lobbyist Registration Reform

56 Lobbyist Registration Reform

$135,620 R

Provides funding to reallocate four (4) positions approved in the 2005 Budget to meet the additional lobbying registration requirements that resulted from Senate Bill 612, Amend Lobbying Law, S.L. 2005-456. The Lobbyist Director ($75,611) is increased from grade level 75 to grade level 82. The three (3) grade level 61 positions are reallocated to an Assistant Director ($44,229) position at grade level 70, an Investigator ($46,143) position at grade level 71, and an Agency Legal Specialist III ($65,926) at grade level 79. All four (4) reallocated positions are funded at the midpoint salary range. The remaining five (5) Administrative Assistant II positions at grade level 65 that were funded in the 2005 Budget are readjusted to the midpoint salary ($35,770). Additionally, $31,000 in recurring funds for rent is transferred to the Department of Administration, State Construction Division, for costs associated with reallocating space in the Old Revenue Building to accommodate the Lobbyist Registration Division staff expansion.

The 2005 Budget contained $389,375 in recurring funds in FY 06-07 for the Lobbyist Registration Enhancement, which included $54,000 in recurring funds for rent. The $54,000 is transferred to the Department of Administration, State Construction Division, for costs associated with reallocating space in the Old Revenue Building to accommodate the Lobbyist Registration staff expansion.

531211	Salaries	$ 165,650
531511	Social Security	$ 12,672
531521	Retirement	$ 11,298

This budget adjustment is related to Item #6 under the Department of Administration, State Construction Division.

1210 Corporations Division

57 LLC Notifications and Staff Expansion

$197,527 R
$12,900 NR
3.25

Provides funding to establish three (3) Processing Assistant IV positions ($22,426 each) and add .25 position to an existing .75 Information Processing Tech position ($7,070) to create a full time position. The positions improve the efficiency of the annual report filing process and to continue producing periodic notifications to Limited Liability Companies for annual report filing fees.

Recurring		
531211	Salaries	$ 74,348
531511	Social Security	$ 5,688
531521	Retirement	$ 5,071
531561	Med Ins	$ 11,562
532811	Telephone Service	$ 558
532XXX	Temporary Agency Services	$ 63,500
532840	Postage	$ 16,000
532850	Printing	$ 10,000
533110	Office Supplies	$ 7,300
534711	Other Materials & Supplies	$ 3,500
Nonrecurring		
534534	PCs & Printers	$ 12,900

Budget Changes	**$441,217 R** **$26,850 NR**
Total Position Changes	5.25
Revised Total Budget	**$9,837,700**

State Board of Elections

GENERAL FUND

Total Budget Approved 2005 Session

FY 06-07
$5,069,307

Budget Changes

1100 Administration

58 Contract Position to Permanent Status

Authorizes the use of receipts from Maintenance of Effort funds to convert a contracted IT Project Manager position to permanent status.

1.00

531211	Salaries	$75,611
531511	Social Security	$ 5,784
531521	Retirement	$ 5,157
531561	Med Ins	$ 3,854

1200 Campaign Reporting

59 Campaign Finance Staff Expansion

$446,415 R
$188,376 NR
9.00

Provides funding to create six (6) permanent positions, reallocate one (1) position, and increase the grade level of the Deputy Director ($75,611) from grade level 75 to grade level 82. The new positions include three (3) Campaign Finance Field Auditors ($54,956 each), one (1) Campaign Finance Training Specialist ($44,229) and two (2) Compliance Specialists ($54,956 each). A grade level 65 position is reallocated to a Compliance Specialist ($54,956).

Provides funding for three (3) time-limited Audit Specialists ($48,139 each) to address the auditing backlog of campaign finance reports.

Recurring

531212	Salaries	$365,750
531512	Social Security	$ 24,596
531522	Retirement	$ 24,944
531562	Med Ins	$ 23,124
532700	Travel	$ 6,000
534534	General Office Supplies	$ 2,000

Nonrecurring

531212	Salaries	$144,417
531512	Social Security	$ 11,048
531522	Retirement	$ 98,491
531562	Med Ins	$ 11,562
534511	Furniture	$ 2,500
534534	PCs & Printers	$ 6,000

1901 Computerized Voter Registration

60 Time Limited Positions (TLP) Conversion

Authorizes the use of receipts from Maintenance of Effort funds to convert nineteen (19) time limited positions to permanent positions. This action will enable the State Board of Elections to continue to meet the mandates of S.L. 2005-323.

19.00

Budget Changes	**$446,415**	**R**
	$188,376	**NR**
Total Position Changes	29.00	
Revised Total Budget	**$5,704,098**	

State Budget & Management

GENERAL FUND

Total Budget Approved 2005 Session

FY 06-07
$6,021,795

Budget Changes

1310 Office of State Budget and Management

61 Results-Based Budgeting

$135,430 R
$166,500 NR
1.00

Provides funding to introduce results-based budgeting into the state budget process during the fiscal year. The goals are to reintroduce strategic or business planning at agencies, ensure government programs are well-defined, and facilitate the introduction of key program measures. This process will require additional resources, including a Senior Budget Analyst position, training, hardware, software, and budget presentation redesign.

Recurring		
531211	Salaries	$ 80,000
531511	Social Security	$ 6,120
531521	Retirement	$ 5,456
531561	Med Ins	$ 3,854
534711	Other Computer Software	$ 40,000
Nonrecurring		
534534	PC & Printer	$ 1,500
532700	Travel/Other Employee Expense	$ 55,000
532141	WAN Support & Service	$110,000

62 Administrative Office Support Position

$43,919 R
$1,500 NR
1.00

Provides funding to establish an Administrative II position for administrative support to be shared by the Economic Research, Management, Data Services, and Statewide Information Technology sections.

Recurring		
531211	Salaries	$35,000
531511	Social Security	$ 2,678
531521	Retirement	$ 2,387
531561	Med Ins	$ 3,854
Nonrecurring		
534534	PC & Printer	$ 1,500

FY 06-07

63 Budget Analyst Position $61,089 R
$1,500 NR
1.00

Provides funding to establish a Budget Analyst position for the Justice and Public Safety section. This position's primary responsibilities will include the Department of Crime Control and Public Safety and will serve as the statewide coordinator for budget policy administration resulting from disasters.

Recurring		
531211	Salaries	$50,000
531511	Social Security	$ 3,825
531521	Retirement	$ 3,410
531561	Med Ins	$ 3,854
Nonrecurring		
534534	PC & Printer	$ 1,500

Budget Changes	**$240,438**	R
	$169,500	NR
Total Position Changes	3.00	
Revised Total Budget	**$6,431,733**	

State Budget & Management - Special Appropriati

GENERAL FUND

	FY 06-07	
Total Budget Approved 2005 Session	**$5,111,429**	
Budget Changes		
1022 OSBM - Reserve for Special Appropriation		
64 Reserve for Moving and Rent Expenses	$755,232	R
Establishes a reserve for moving and rent expenses for state agencies located in the Blount Street area. These properties are expected to be sold and all state agencies relocated during the 2006-07 fiscal year. Nonrecurring funds are recommended for moving expenses and recurring funds for rent expenses.	$598,021	NR
Budget Changes	**$755,232**	**R**
	$598,021	**NR**
Total Position Changes		
Revised Total Budget	**$6,464,682**	

Treasurer

GENERAL FUND

Total Budget Approved 2005 Session

FY 06-07
$8,295,843

Budget Changes

1130 Escheats Division

65 Escheats

Authorizes the use of receipts on a recurring basis from the Escheats Fund for two (2) Unclaimed Property Auditors ($37,994 each) to perform audits of unclaimed property holders to ensure their compliance with G.S. 116B. The receipts will also fund on a recurring basis a Securities Analyst ($32,432) to maintain securities, locate owners, and sell stock on a monthly basis.

531212	Salaries	$108,420
531512	Social Security	$ 8,294
531522	Retirement	$ 7,395
531562	Med Ins	$ 11,562
533110	Office Supplies	$ 1,000
534521	Office Equipment	$ 3,000

1150 Information Services

66 Core Banking System Maintenance $201,784 R

Provide funding for the annual support and maintenance required for the statewide Core Banking System.

1210 Investment Management Division

67 Bloomberg Portfolio Order Management System (POMS) $80,000 R

Provides funding for the annual fee to Bloomberg Portfolio Order Management System (POMS) for the Long Term and Short Term Investment Funds. The POMS system was previously included in the base fee, but Bloomberg started charging for this service as the functionality and support need increased. This action would provide uninterrupted service.

Budget Changes **$281,784** R

Total Position Changes

Revised Total Budget **$8,577,627**

Treasurer - Retirement for Fire and Rescue Squad

GENERAL FUND

	FY 06-07	
Total Budget Approved 2005 Session	**$8,651,457**	
Budget Changes		
1412 Gen. Fund Contribution to Fire Pension Fund		
68 Increase Retirement Benefits	$514,000	R
Increases the benefits in the Firemen's and Rescue Squad Workers' Pension Fund from $163 to $165 per month for retirees and future retirees effective July 1, 2006.		
Budget Changes	**$514,000**	R
Total Position Changes		
Revised Total Budget	**$9,165,457**	

TRANSPORTATION
Section K

Transportation

HIGHWAY FUND

	FY 06-07
Total Budget Approved 2005 Session	**$1,538,908,929**

Budget Changes

Administration

1 Administrative Expenses ($2,500,000) R

Reduces the administration budget for the Department of Transportation by approximately 3%.

Aeronautics

2 Rural Airport Development $2,000,000 R

Expands funding for the current State Aid to Airports program for assistance to rural airports for capital improvement projects.

Division of Motor Vehicles

3 Closure of Thirteen Driver License Offices ($581,600) R

Reduces the budget for the local driver license offices. Four offices have been closed already and an additional nine will be closed in December 2006. This savings represents disconnecting the data lines for these offices as well as other budgeted expenses associated with the operations of these offices.

4 Customer Traffic Management System $32,000 R
$448,000 NR

Provides funds to install automatic queuing systems in 32 additional driver license offices throughout the state. The systems allow for improved customer service and have already been installed in 27 high volume driver license offices.

5 License Plate Recall $1,228,301 NR

Provides funds to replace old license plates that are often in poor condition and provide limited visibility to law enforcement officers. License plates were last recalled in 1990.

6 Driver License Mobile Units $69,000 R
$391,000 NR

Provides funding for two additional driver license mobile units. These units will provide licensing and vehicle registration services to areas where population and transaction volumes do not warrant full-time offices.

7 On-line Dealer Registration ($200,000) R

Eliminates funding for development of an online dealer registration system.

DPI - Driver Training Program

8 Driver Education Funding — $457,971 R

Increases the Highway Fund transfer to the Department of Public Instruction for driver education to allow for a projected increase in Average Daily Membership (ADM) in the ninth grade for FY2006-2007.

Ferry Division

9 Ferry Division — $1,000,000 NR

Provides additional funds for the ferry maintenance facility.

Information Technology

10 Server Consolidation — $1,000,000 R

Increases information technology funds to consolidate and replace existing servers to obtain a more economical operations and management system.

11 Software Agreement — $1,500,000 R

Increases funds to replace Microsoft Office 97 with a newer version to facilitate consistency with external customers and partners.

Maintenance

12 Automated Weigh Stations — $12,824,782 NR

Provides partial funding to improve and automate weigh stations. The entire effort will cost $97.4M.

13 System Preservation — $83,135,571 R

Provides funds for highway maintenance activities that preserve and extend the life of infrastructure assets, including pavements, bridges, and traffic signal systems.

14 Contract Resurfacing — $93,143,964 R

Increases funds for contract resurfacing to offset increased material costs and to prevent further road degradation resulting from increased vehicle miles of travel and increased lane mileage.

Public Transportation

15 Reduction in New Starts Program — ($23,400,000) NR

Reduces funding for the state's New Starts program. The reduction represents decreased expenditures for the Triangle Transit Authority's commuter rail project.

	FY 06-07	
16 Statewide Grant Program Increases state funding to match increased federal funds provided through the federal transportation reauthorization bill.	$3,000,000 $2,400,000	R NR
17 Urban and Regional Program Increases funds for the State Maintenance Assistance Program for operations assistance to regional, urban, and small urban transit systems. These funds will be used to match the Federal Transit Administration's Section 5307 Urbanized Area Formula Program and Section 5309 Capital Program grants.	$2,000,000	R
18 Urban/Regional Bus and Facility Program Increases funds to assist local governments in matching federal transit administration grants authorized through the latest federal transportation reauthorization bill.	$2,000,000	NR
Rail Division		
19 Piedmont and Carolinian Operations Increases funds to cover the operational costs of the Piedmont and Carolinian passenger trains. This is a one-time increase and will allow the Transportation Oversight Committee to analyze the benefits and make a recommendation about future funding.	$1,198,750	NR
20 Short-Line Railroads Increases funds for the grant program supporting short-line railroad companies. The funds are used as rehabilitation project grants to strengthen North Carolina's short-line infrastructure.	$2,000,000	NR
Retirement Contribution		
21 Retirement System Contributions Increases the state's contribution for FY2006-2007 to provide a 3.1% cost-of-living adjustment to retirees of the Teachers' and State Employees' Retirement System.	$1,465,000	R
Salary Increases		
22 State Funded Compensation Bonus Provides a $300 one-time bonus for full-time permanent employees in the Department of Transportation and other state agencies whose positions are paid from the Highway Fund."	$4,787,939	NR
23 State Funded Compensation Increase Provides funds to support a 5% annual salary increase for full-time permanent employees in the Department of Transportation and other state agencies whose positions are paid from the Highway Fund.	$23,940,000	R

Small Construction

24 Economic Development — $38,000,000 NR

Provides additional nonrecurring funds for economic development, spot safety, and transportation improvement projects.

State Highway Patrol

25 New Permanent Positions — $552,501 R

Creates 17 permanent positions that are now temporary positions. The positions include: eight Tradesworker III positions at a pay grade 61, eight Office Assistant IV's at a pay grade 59, and one Aircraft mechanic position at a pay grade 68.

17.00

26 VIPER Maintenance — $208,892 R

Provides funding for the maintenance of the VIPER system already built.

Statutory Adjustments

27 Adjust Secondary Road Construction Funding — $1,439,500 R

Adjusts funding for secondary road construction based on revised projections in accordance with G.S. 136-44.2(a).

28 Leaking Underground Storage Tank Fund — ($150,000) R

Adjusts funding for Leaking Underground Storage Tank Fund based on revenue projections for the gasoline inspection fee in accordance with G.S. 105-119.18(a)

29 Adjust Aid to Municipalities — $1,439,500 R

Adjusts funding for Aid to Municipalities based on revised projections in accordance with G.S. 136-41.1.

Transfers

30 Leaking Underground Storage Tank Fund Reduction — ($37,160) R

Reduces funding to the Leaking Underground Storage Tank Fund to support a newly created position within the Department of Agriculture and Consumer Services. The position will be a Retail Motor Fuel Device Inspector.

31 Standards Inspector Position — $37,160 R

Transfers funds from the Highway Fund to the Department of Agriculture and Consumer Services for the support of one Retail Motor Fuel Device Inspector position.

1.00

	FY 06-07	
Budget Changes	**$211,952,299**	**R**
	$42,878,772	**NR**
Total Position Changes	18.00	
Revised Total Budget	**$1,793,740,000**	

Transportation

HIGHWAY TRUST FUND

Total Budget Approved 2005 Session

FY 06-07
$1,135,940,000

Budget Changes

Highway Trust Fund

32 Reduce Transfer of Funds to the General Fund

Reduces the transfer of funds to the General Fund under G.S. 105-187.9 by $115 million. This amount is the outstanding balance on the $125 loan from the Highway Trust Fund to the General Fund in fiscal year 2002-03.

($115,000,000) NR

33 Reduce Transfer to General Fund

Reduces transfer to General Fund by $80 million. The $80 million transfer was implemented to recognize the growth that would have occurred in the sales tax on vehicles that was repealed when the Highway Trust Fund was created in 1989.

($80,000,000) NR

34 Reduction in Transfer of Funds

Reduces the transfer to the General Fund consistent with G.S. 105-187.9(b)(2).

($176,407 NR

35 Funds for Intrastate System

Increases funds for the Intrastate System consistent with statutory formulas to reflect new revenue estimates and changes in the amount transferred from the Highway Trust Fund to the General Fund. With these changes the budget will be $597,492,253.

$100,567,595 NR

36 Funds for Urban Loops

Increases funds for urban loops consistent with statutory formulas to reflect new revenue estimates and changes in the amount transferred from the Highway Trust Fund to the General Fund. With these changes the budget will be $241,600,983.

$40,665,346 NR

37 Funds for Aid to Municipalities

Increases funds for aid to municipalities (Powell Bill) consistent with statutory formulas to reflect new revenue estimates and changes in the amount transferred from the Highway Trust Fund to the General Fund. The total amount for the Aid to Municipalities is $62,690,874.

$10,551,886 NR

38 Funds for Secondary Road Construction

Increases funds for secondary road construction consistent with statutory formulas to reflect new revenue estimates and changes in the amount transferred from the Highway Trust Fund to the General Fund. The total budget for secondary road construction is $99,630,348.

$9,271,360 NR

39 Funds for Program Administration (\$1,189,780) NR

Reduces funds for administration consistent with statutory formulas. The maximum allowance for Program Administration will be \$41,728,940.

Budget Changes	**(\$35,310,000)**	**NR**
Total Position Changes		
Revised Total Budget	**\$1,100,630,000**	

RESERVES/ DEBT SERVICE/ ADJUSTMENTS Section L

Statewide Reserves

GENERAL FUND

	FY 06-07
Total Budget Approved 2006 Session	**$1,149,242,725**

Budget Changes

A. Employee Benefits

1 State Funded Compensation Increases $629,821,550 R
$44,476,526 NR

Provide funds to support salary increases for employees of State agencies, departments and universities, community college institutions, and public schools.

2 Public School Salary Increases

Certified Teaching, School Based Administrators and Non-certified Personnel in local Public Schools, State agency based Public Schools, and the NC School of Science and Math.

Teachers and Instructional Support - Funds are provided to support an experience based step increase for teachers and instructional support personnel (average salary increase of 1.86%) and a flat annual increase in the teacher salary schedule of $2,250 for Fiscal Year 2006-2007 (total average increase of 8%).

Principals and Assistant Principals - Funds are provided to support an experience based step increase for school based administrators (average salary increase of 1.75%) and a flat annual increase in the school based administrator salary schedule of $2,250 for Fiscal Year 2006-2007 (total average increase of 7%). School based administrators who are at the top of the experience based salary schedule will receive a one-time lump sum bonus equivalent to 2%.

All other Public School Personnel - Provide funds to support a 5% annual salary increase and a $300 one-time bonus.

3 Community College Salary Increases

Faculty and Professional Staff - Provide funds to support a 6% annual salary increase and a $600 one-time bonus for full-time permanent Community College faculty and professional staff.

All other Community College Personnel - Provide funds to support a 5% annual salary increase and a $300 one-time bonus.

4 University Salary Increases

EPA Faculty and EPA Non-faculty - Provide funds to support a 6% annual salary increase for full-time permanent EPA faculty and EPA non-faculty.

All other University Personnel - Provide funds to support a 5% annual salary increase and a $300 one-time bonus.

5 State Agency/Department Salary Increases

Provide funds to support a 5% annual salary increase and a $300 one-time bonus for full-time permanent employees of State agencies and departments.

6 Add Additional Step to the Public School Teacher Salary Schedule — $10,796,786 R

Adds a 30+ step to the Public School teacher salary schedule. The 30+ step is 2% higher than the current 29+ step.

7 Fair Minimum Wage for Public School Non-certified Employees — $8,582,073 R

Provide funds to support a minimum salary of at least $20,112 for all permanent, full-time non-certified Public School employees and to support proportionate increases to permanent full-time employees working schedules requiring less than 12-months service per year.

8 Retirement System Contributions — $29,650,000 R

Increases the State's contribution for Fiscal Year 2006-07 to provide a 3.1% cost-of-living adjustment for retirees of the Teachers' and State Employees' Retirement System. This adjustment is funded in part with actuarial gains within the Retirement System.

9 Retirement System Payback — $30,000,000 NR

Continue the repayment of funds withheld from the Retirement System in FY 2000-2001 due to the budget crisis. This is the fourth installment of the five-year payback period.

B. Debt Service

10 Adjustment to Debt Service Requirements — ($50,000,000) NR

Reduces funds for debt service due to revised cash flow requirements and estimates for principal and interest payments.

C. Information Technology Fund

11 BEACON/SBIP-HR/Payroll System Replacement — $7,260,523 R; $34,527,880 NR; 50.75

Provides funds to the Information Technology Fund created by G.S. 147-33.72H for the Office of the State Controller to replace the State's aging human resources and payroll information systems with a new system, Building Enterprise Access for North Carolina's Core Operation Needs (BEACON)/State Business Infrastructure Program (SBIP). This appropriation supports phase one of the project, including system integration, staff training, software maintenance, and ITS data charges.

12 Information Technology Attorney Positions — $298,826 R; 2.00

Provides funds to the Information Technology Fund created by G.S. 147-33.72H to establish two attorney positions to assist Information Technology Services (ITS) with complex information technology procurements.

D. Trust Funds

13 MH/DD/SAS Trust Fund

$24,205,000 NR

Provides funds to the Trust Fund for Mental Health, Developmental Disabilities, and Substance Abuse Services and Bridge Funding Needs established pursuant to G.S. 143-15.3D. The following allocations are to be made as set forth below:

(a) Subsidy for Independent and Supportive Living Apartments $1,025,000

Provides operating cost subsidy for 400 new independent- and supportive living apartments for individuals with disabilities whose incomes are at or below the federal Supplemental Security Income level. Financing of the apartments is to be administered by the North Carolina Housing Finance Agency as described in Section J, Item #38 of the House Appropriations Committee Report.

(b) Psychiatric Services for Public Consumers $2,000,000

Provides funds to assist with training, recruitment and retention of psychiatrists serving consumers in the public sector.

(c) Mental Health Services $1,500,000

Allocations for mental health services funding provided to each Local Management Entity shall be equal to its percentage of the total state population below the federal poverty level.

(d) Substance Abuse Services $1,500,000

Allocations for substance abuse services funding provided to each Local Management Entity shall be equal to its percentage of the total population below the federal poverty level.

(e) Crisis Services $3,000,000

Allocations for crisis services funding provided to each Local Management Entity shall be equal to its percentage of the total population below the federal poverty level.

The balance of the expansion funds appropriated to the MH/DD/SAS Trust Fund in this act are to be administered pursuant to G.S. 143-15D.

E. Other Reserves

14 Higher Education and County Programs/Facilities

$59,825,000 NR

Establishes a reserve, to be administered by the Office of State Budget and Management for the following:

(a) Community College Capital $40,000,000

Transfers funds to the State Board of Community Colleges to establish a grant program to provide funds, up to $2,000,000 per grant, to community colleges for capital construction projects. Grant recipients must match state funds on a 1:2 non-state versus state cash basis.

(b) Mecklenburg County Juvenile Detention $2,000,000

Transfers funds to the Department of Juvenile Justice and Prevention to plan and design a new juvenile detention facility in Mecklenburg County.

(c) NC Viticulture and Enology Center $7,500,000

Transfers funds to the NC Community Colleges System Office to establish the NC Viticulture and Enology Center on the campus of Surry Community College. The Center will house a state-of-the-art winery, classrooms, resource center and other facilities in order to serve as a teaching laboratory and demonstration model for the wine industry.

(d) Inpatient Psychiatric Facility $5,000,000

Provides funds for the construction of a freestanding, 60-bed acute inpatient psychiatric facility to serve adolescents and adults in and around Wake County. Release of the funds is contingent upon a written commitment from the county to provide at least a 2:1 non-state vs state dollar basis.

(e) Agricultural Education $125,000

Transfers funds to the Department of Public Instruction to provide training programs and materials for teachers and curricula and educational programs for K-12 students for agricultural education purposes.

(f) Agricultural Leadership Funds $200,000

Transfers funds to the Board of Governors of The University of North Carolina for the College of Agriculture and Life Sciences at North Carolina State University to establish the Agricultural Leadership Program. The Program, led by the faculty of the College, shall focus on the development of leadership skills of outstanding young agriculturists from a diversity of enterprises and regions of the state.

(g) Aviation Research and Development Commerce Park $4,000,000

Provides funds for land acquisition and site development to establish the Elizabeth City Aviation Research and Development Commerce Park.

(h) Fire Protection for UNC-Pembroke $1,000,000

Provides funds to the UNC Board of Governors for a grant-in-aid to the Pembroke City Fire Department to purchase a platform fire truck and equipment needed to provide fire protection services to the high-rise facilities on the UNC Pembroke campus.

15 Establish State Emergency Response Account

Provides funds for the State Emergency Response Account, a new reserve in the General Fund. Funds in the account may be used for State disaster preparation and response programs in accordance with G.S. 166A-6.02. $20,000,000 NR

16 Reserve for Heating and Cooling Assistance

Provides funds to assist needy families with heating and cooling expenses associated with recent increases in utility and fuel costs. $10,000,000 NR

17 Economic Development Initiatives

Transfers funds to the Department of Commerce to establish an Economic Development Initiatives Program to provide grants, up to $1,000,000 each, to local businesses and governments to foster economic growth and job development across the state. $10,000,000 NR

18 Pending Ethics Legislation $401,871 R

Provides funds to implement House Bill 1843 and House Bill 1844. $21,000 NR

4.00

19 Targeted County Medicaid Relief

Provides assistance to all 100 counties for the 2006-07 fiscal year based on the percentage of Medicaid eligible individuals in each county's population. $35,000,000 NR

Budget Changes	**$686,811,629**	R
	$218,055,406	NR
Total Position Changes	56.75	
Revised Total Budget	**$2,054,109,760**	

CAPITAL
Section M

Capital

GENERAL FUND

Department of Administration

1 Veterans Affairs Nursing Homes — $8,773,300 NR

Provides capital funds for the design and construction of two 100-bed nursing homes to serve veterans in the State. One home will be sited in the eastern part of the State and one home in the west. The specific sites for these homes have not been selected. The State currently has two VA nursing homes in Fayetteville and Salisbury. These funds provide a 35% required match to secure federal grant funding. The total cost for constructing these facilities is $24,438,096.

Department of Agriculture and Consumer Services

2 Veterinary Laboratory System Study and Planning — $1,250,000 NR

Provides funds for the study of the veterinary laboratory system to determine needed capital improvements. Also provides capital planning funds for implementing the result of the statewide laboratory study. Two stated goals of the study are to determine the facilities necessary to meet the quality assurance program standards for the American Association of Veterinary Laboratory Diagnosticians and to expand the lab system's ability to address bio-security threats in the animal population.

3 Rollins Laboratory - Bio-Security Level 2 Conversion — $250,000 NR

Provides capital funds to convert a chemistry lab in Rollins Laboratory into a Bio-Security Level 2 lab. This conversion will allow Rollins Laboratory to securely handle certain infectious diseases affecting animals.

4 Oxford Complex Planning and Design — $1,000,000 NR

Provides capital planning funds for property acquisition and necessary capital improvements to establish a new laboratory in Oxford. The U.S. Department of Agriculture has proposed conveying a tobacco research facility to the State for the purpose of establishing the lab. The future purpose of the facility would be to develop a public research laboratory, potentially for avian flu research. DA&CS will also explore the potential for establishing a biotechnology incubator at this lab facility. The proposed facility would also provide a permanent home for the State's Insect Laboratory, currently located in Cary.

5 Tidewater Research Station Improvements

Provides capital funds from timber receipts for land acquisition and capital improvements at the Tidewater Research Station. $396,600 in timber receipts is authorized for this purpose.

6 Plant Conservation Program

Provides capital funds from timber receipts for land acquisitions and related activities for the Plant Conservation Program. Authorized uses also include a study of the Program's management of conservation preserves. $30,000 in timber receipts is authorized for this purpose.

7 Senator Bob Martin Eastern Agricultural Center Improvements

Provides capital funds from timber receipts for the planning and construction of two horse barns at the Eastern Agricultural Center.

Department of Commerce

8 NC Ports Authority - Container Cranes $7,500,000 NR

Provides capital funds for the purchase of four container cranes for the Port of Wilmington. The General Assembly appropriated $9 million to the Authority in FY 2005-06, part of which was used by the Authority for a down payment on the four cranes. The cranes are anticipated to be delivered to the Port of Wilmington in December 2006. The total cost for the cranes project is $33,244,000 and the balance will be covered by revenue bonds issued by the Authority.

Department of Correction

9 Regional Medical Center and Mental Health Center $20,000,000 NR

Provides capital funds for site preparation and the first phase of construction of a new 120-bed medical center and 200-bed mental health center to serve prisoners in the State prison system. The facilities will be located at Central Prison in Raleigh. Total projected cost for the construction of the medical and mental health centers is $151,864,137.

Department of Crime Control and Public Safety

10 Emergency Management Operations Center $8,500,000 NR

Provides capital funds for the design and construction of a new Emergency Operations Center that would be located in the lower level of the proposed National Guard Readiness Center. The Readiness Center received federal funds in FFY 2005-06 for planning and design. The National Guard expects to secure federal construction grants in FFY 2006-07 to complete the $30 million project. The Emergency Operations Center would consolidate most Raleigh-based Division of Emergency Management personnel in one building

11 Marion Transportation Center Motor Fleet Lot $222,700 NR

Provides capital funds to perform site preparation and expand the parking lot to house the Center's full fleet of trucks. Currently, the Center stores part of its motor fleet at a Department of Correction facility. The National Guard will soon lose access to the Department of Correction's property.

Department of Cultural Resources

12 North Carolina History Education Center — $3,000,000 NR

Provides capital planning funds to design the History Education Center at Tryon Palace Historic Sites and Gardens. The total projected cost for this project is $31,881,525.

13 Palmer Memorial Institute State Historic Site Renovations — $2,800,000 NR

Provides capital funds for various renovation projects at the Palmer Memorial Institute State Historic Site. The projects are as follows:

$1,400,000 - Kimball Hall
$800,000 - Charlotte Hawkins Brown Museum and Carrie M. Stone Teachers' Cottage
$600,000 - Massachusetts Congregational Women's House

Department of Environment and Natural Resources

14 Water Resources Development Projects — $20,000,000 NR

Provides funds for the state share of Water Resources Development Projects. Projects are specified in a special provision.

15 NC Zoo - Storage Shed — $452,800 NR

Provides capital funds for the construction of a 17,000 square foot steel shed to store supplies, equipment, and construction materials that are currently stored in the open. The shed will also secure equipment and materials from theft.

16 Forest Resources District 9 Headquarters — $2,164,500 NR

Provides capital funds for the design and construction of office, workshop, storage, and refrigerated facilities in Sylva.

Office of State Budget and Management

17 State Facilities Master Plan — $1,000,000 NR

Provides capital planning funds for the development of a new facilities master plan for State operations in Wake County. To the extent that funds are available, the scope of the master plan may be extended to State operations outside of Wake County.

UNC System - Board of Governors

18 UNC-Wilmington School of Nursing — $27,000,000 NR

Provides capital funds for the design and construction of an 80,000 square foot building for the School of Nursing. The General Assembly appropriated $500,000 in FY 2004-05 and $2,600,000 in FY 2005-06 for planning.

19 Elizabeth City State University Parking Lots and Street Repair — $1,900,000 NR

Provides capital funds for various capital improvements related to campus parking and road network.

20 NC Central University BRITE Facility — $2,300,000 NR

Provides capital funds to complete construction of a 59,000 square foot facility for the Biomanufacturing Research Institute and Technology Enterprise (BRITE). The total projected cost of the facility is $19,500,000 and the balance has been funded by the NC Golden Leaf Fund.

21 NC Central University Complete Repairs to Steam Lines — $6,400,000 NR

Provides capital funds for completing the replacement and repair of the steamline/tunnel system campus wide.

22 Appalachian State University College of Education Building — $1,820,000 NR

Provides capital planning funds for the proposed construction of the College of Education Living Learning Academic Building. Total projected cost for the facility is $35,000,000

23 Fayetteville State University Science and Technology Complex — $1,144,000 NR

Provides capital planning funds for the proposed science and technology complex. The complex would include laboratory, instruction, research, and office space. The total projected cost for the complex is $22,000,000

24 NC Agricultural and Technical State University General Classroom Facility — $1,040,000 NR

Provides capital planning funds for the proposed general classroom/instructional facility. Total projected cost for the facility is $20,000,000.

25 NC School of the Arts Library — $1,258,400 NR

Provides capital planning funds for the proposed new library. The total projected cost for the facility is $24,200,000.

26 NC State Engineering Complex III — $5,280,303 NR

Provides capital planning funds for the design of the third phase of relocating the School of Engineering to Centennial Campus. The 166,700 square foot facility would house the Departments of Mechanical and Aerospace Engineering and Biomedical Engineering. Total cost for this project is $69.7 million. The General Assembly appropriated $8.7 million to this project in FY 2005-06.

27 NC State Veterinary Hospital — $7,000,000 NR

Provides capital planning funds for the design of the Randall B. Terry Companion Animal Veterinary Medical Center. The total cost for the facility is $68 million with $34 million proposed to be funded with private donations. In addition to the $7 million in planning funds for FY 2006-07, the construction of the facility will require an additional $27 million in State funds.

28 UNC-Asheville Rhodes Hall Rehabilitation — $416,000 NR

Provides capital planning funds for the rehabilitation of Rhodes Hall to serve the needs of the environmental science, computer science, and engineering programs. The total projected cost for the improvements is $8,000,000.

29 UNC-Chapel Hill Genomics Science Building — $10,313,988 NR

Provides capital planning funds for the design of a Genomics Science Building in the Science Complex South. The 210,000 square foot facility has an estimated total cost of $145,000,000.

30 UNC-Charlotte Center City Classroom Building — $3,392,100 NR

Provides capital planning funds for the design of a 150,000 square foot classroom building to house graduate and professional programs. Belk College of Business, the College of Architecture, and Lee College of Engineering would move to this center city facility. The total projected cost for this facility is $45,827,400.

31 UNC-Greensboro Academic Classroom and Office Building — $2,279,028 NR

Provides capital planning funds for the proposed new general classroom and office building. Total projected cost for the facility is $43,827,470.

32 UNC-Pembroke Residence Hall — $1,040,000 NR

Provides capital planning funds for a proposed 360 bed residence hall. The projected cost for the facility is $20,000,000.

33 Western Carolina University School of Health/Gerontology Building — $2,402,661 NR

Provides capital planning funds for the School of Health and Gerontological Science building at WCU. The total projected cost for this project is $46,200,000.

34 Winston Salem State University Student Activities Center — $768,225 NR

Provides capital planning funds for a proposed new student activities center. Total projected cost for this facility is $14,773,560. Amount of receipts available to offset the cost of construction is not known at this time.

35 Dental Schools Planning — $7,000,000 NR

Provides capital planning funds for the expansion of the School of Dentistry at UNC-Chapel Hill and the establishment of a School of Dentistry at East Carolina University.

Total Appropriation to Capital — **$159,668,005** NR

INFORMATION TECHNOLOGY SERVICES
Section N

Information Technology Services

INTERNAL SERVICE FUND

	FY 06-07
Total Budget Approved 2005 Session	**$13,025,000**

Budget Changes

A. IT Operations

1 Information Technology Attorney Positions — $298,826 R
Provides funds for the establishment of 2.0 Attorney positions in the Office of Information Technology Services to provide specialized legal services needed for complex information technology projects. — 2.00

2 ITS Activities — $2,619,500 NR
Continues existing activities including project management assistance, security, asset management, legal support, and legacy system assessment.

3 ITS Services — $190,000 NR
Provides services previously supported by cross subsidies in the rate structure, including State portal maintenance, security services, enterprise identity management, and office operations.

B. Information Technology Projects

4 BEACON/SBIP-HR/Payroll System Replacement — $7,260,523 R
Provides funds for the Office of the State Controller to support implementation of the state's new human resources and payroll system as part of Building Enterprise Access for North Carolina's Core Operation Needs (BEACON)/Statewide Business Infrastructure Program (SBIP). — $34,930,605 NR; 50.75

5 BEACON Data Warehousing — $1,000,000 NR
Provides funding to integrate and deploy the following data warehousing projects as part of BEACON:
Department of Revenue-Guest Worker Compliance Project
Office of State Personnel-Workforce Planning Project
Office of the State Auditor-Business Intelligence Software and Data Warehousing Project

	FY 06-07	
Budget Changes	**$7,559,349**	R
	$38,740,105	NR
Total Position Changes	52.75	
Revised Total Budget	**$59,324,454**	

Attachment No. 4

HOUSE BUDGET BILL
SALARIES AND BENEFITS

SALARIES

- Public School Teachers and Instructional Support are to receive a 1.86% average experience step increase plus an additional flat annual increase in the teacher salary schedule of $2,250 for a total average increase of 8.0% in FY 2006-2007.

- Public School Principals and Assistant Principals are to receive a 1.75% average experience step increase plus an additional flat annual increase in the school based administrator salary schedule of $2,250 for a total average increase of 7.0% in FY 2006-2007. School based administrators who are at the top of the experience based salary schedule will receive a one-time lump sum bonus equivalent to 2%.

- All Other Public School Personnel are to receive a 5% annual salary increase and a $300 one-time bonus.

- Community College Faculty and Professional Staff are to receive a 6% annual salary increase and a $600 one-time bonus.

- All Other Community College Personnel are to receive a 5% annual salary increase and a $300 one-time bonus.

- University EPA Faculty and EPA Non-faculty are to receive a 6% annual salary increase. The percentage annual salary increase of 6% is to be made on an aggregated average basis in accordance to rules adopted by the Board of Governor of the University of North Carolina.

- All Other University Personnel are to receive a 5% annual salary increase and a $300 one-time bonus.

- State Agency/Departmental Personnel are to receive a 5% annual salary increase and a $300 one-time bonus.

- Additional Step to the Public School Teacher Salary Schedule – provides funding to add a 30+ step to the Public School teacher salary schedule. The 30+ step is 2% higher than the current 29+ step.

- Minimum Fair Wage for Public School Non-certified Employees - provides additional funds to support a minimum salary (after the above FY 2006-2007 increases) of $20,112 for all permanent, full-time non-certified Public School employees and to support proportionate increases to permanent full-time employees working schedules requiring less than 12-months service per year.

RETIREMENT ISSUES

- Sets the employer retirement contribution rates for all the State administered retirement systems for FY 2006-2007.

- Grants a 3.1% cost of living increase to retirees of the State, Judicial, and Legislative Systems effective July 1, 2006.

- Increases the benefit provided by the Firemen's and Rescue Squad Workers' Pension Fund from $163 to $165 monthly effective July 1, 2006.

- Increases the benefit provided by the North Carolina National Guard Pension Fund from $75 per month to $80 per month for the first 20 years of service. For each year a beneficiary works in excess of 20 years, the benefit increases from $7.50 per month to $8.00 per month. The maximum monthly benefit is increased from $150 to $160 per month.

- Appropriates $30 million to repay the retirement systems for the funds that were withheld during the 2000-2001 budget year.

Adopted 4

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1741

AMENDMENT NO. 4
(to be filled in by Principal Clerk)

S1741-ALD-23 [v.2]

Date 6-13 ,2006

Comm. Sub. [YES]
Amends Title [NO]
PCS20533-LR-52

Representative Crawford

moves to amend the bill on page 64, lines 9 through 16, be deleting those lines and substituting the following to read:

"fiscal year and used by the Department for ~~the following capital improvements projects at agricultural research stations and research farms:~~

~~(1) $378,000 for improvements at the swine facility at the Cherry Research Farm.~~

~~(2) $285,500 for renovation of dairy facilities at the Cherry Research Farm.~~

~~(3) $369,600 for~~ land acquisition and development at the Tidewater Research Station.'"; and

on page 64, lines 28 through 33, by deleting those lines and substituting the following to read:

"**SECTION 10A.1.(c)** Funds shall be transferred from the Department of Agriculture and Consumer Services' timber sales capital improvement account in the Department of Agriculture and Consumer Services as such funds become available and shall be used by the Department for capital improvements to the grounds and facilities at the Eastern North Carolina Agricultural Center at Williamston."

SIGNED J W Crawford Jr
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED ✓ FAILED _____ TABLED _____

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1741

AMENDMENT NO. 6
(to be filled in by Principal Clerk)

S1741-ALU-27 [v.1]

Date 6-13 ,2006

Comm. Sub. [YES]
Amends Title [NO]
S1741-PCS20533-LR-52

Representative Barnhart

moves to amend the bill on page 44, line 11, by rewriting the line to read:
"incorporated into the Department of Health and Human Services' rate-setting"; and

on page 57, line 42, by inserting between the words "affidavit" and "from" the words "or annual audit"; and

on page 57, line 44, by rewriting the line to read:
"of funds or use of State employee services or other State services, within six months from the nonprofit's fiscal year end. The board of directors".

SIGNED Jeffrey L Barnhart
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED ✓ FAILED _____ TABLED _____

OK 8

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1741

AMENDMENT NO. _____
(to be filled in by
Principal Clerk)

S1741-ALE-52 [v.2]

Date 6-13 ,2006

Comm. Sub. [YES]
Amends Title [NO]
PCS

Representative Tolson

moves to amend the committee report on page F-3, item 18, by adding the following language at the end of the item:

"Up to $300,000 may be transferred to the Office of the Governor to establish NC Virtual within the Education Cabinet. These funds may be used to contract for services to coordinate e-learning activities across all State educational agencies."

SIGNED _____
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED ✓ FAILED _____ TABLED _____

OK KHB

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1741

AMENDMENT NO. 9
(to be filled in by Principal Clerk)

S1741-ALN-69 [v.3]

Date _____, 2006

Comm. Sub. [YES]
Amends Title [NO]
S1741-PCS-20533-LR52

Representative Wright

moves to amend the bill on page 58, line 44, by inserting on the line the following:
"LONG TERM CARE OMBUDSMAN AND NC SOCIAL SERVICES CONSORTIUM COOPERATE ON QUALITY IMPROVEMENT PROGRAM IMPLEMENTATION

SECTION 10.1A. Of the positions funded in this act for the Long Term Care Ombudsman Program, a sufficient number shall be allocated to test the Quality Improvement Program in ~~four~~ 2 pilot counties prior to the Quality Improvement Program's implementation statewide. The Long Term care Ombudsman Program shall work with the NC Social Services Consortium to implement the requirements of this section.".

SIGNED _____
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED ✓ FAILED _____ TABLED _____

as amended ✓

12

OK KHB

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1741

AMENDMENT NO. _____
(to be filled in by Principal Clerk)

S1741-ALN-75 [v.1]

Date 6-13 ,2006

Comm. Sub. [YES]
Amends Title [NO]
S1741-PCS20833-LR52

Representative Insko

moves to amend the bill on page 63, line 15, by inserting on the line, the following:
"**SUBSTANCE ABUSE SERVICES FUNDS FOR TASC**

SECTION 10.33J. Of the funds appropriated in this act to the Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, for substance abuse services, the sum of up to three hundred thousand dollars ($300,000) shall be allocated to Treatment Accountability for Safer Communities (TASC)."; and

Further moves to amend the bill on page 61, lines 48 and 49, by deleting the words "two million dollars ($2,000,000)" and substituting "one million seven hundred thousand dollars ($1,700,000).".

SIGNED Verla Insko
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED ✓ FAILED _____ TABLED _____

OK KBB 14

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1741

AMENDMENT NO. _____
(to be filled in by
Principal Clerk)

S1741-ALB-149 [v.1]

Date 6-13 ,2006

Comm. Sub. [YES]
Amends Title [NO]
S1741-PCS20533-LR-52

Representatives Haire and Kiser

moves to amend the committee report on page I-11, by reducing Item #52 by $325,000 **NR**

moves to amend the committee report on page I-11 by adding the following new item after Item #52

" **Upgrade Computer security Equipment** $325,000 **NR**

Upgrade computer switching equipment at DOC's main computer network hub at Yonkers Road offices and at the Lenoir disaster recovery site."

adjust totals accordingly

SIGNED Kiser / Haire
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED ✓ FAILED _____ TABLED _____

15

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1741

AMENDMENT NO. _____
(to be filled in by
Principal Clerk)

S1741-ALB-148 [v.1]

Date 6-13 .2006

Comm. Sub. [YES]
Amends Title [NO]
S1741-PCS20533-LR-52

Representative Carney

moves to amend the committee report on page F-6, by adding the following after item 38

" **North Carolina Center for Advancement of Teaching (NCCAT)**
Contingent Transfer to DPI ($6,589,890) R
Transfers funding for NCCAT from UNC to DPI, contingent on passage of legislation making the programmatic transfer.
North Carolina Teacher Academy
Contingent Transfer to DPI ($5,396,824) R
Transfers funding for the North Carolina Teacher Academy from UNC to DPI, contingent on passage of legislation making the programmatic transfer."

moves to amend the committee report on page F-1, by adding the following after item 6

" **North Carolina Center for Advancement of Teaching (NCCAT)**
Contingent Transfer from UNC $6,589,890 R
Transfers funding for NCCAT from UNC to DPI, contingent on passage of legislation making the programmatic transfer.
North Carolina Teacher Academy
Contingent Transfer from UNC $5,396,824 R
Transfers funding for the North Carolina Teacher Academy from UNC to DPI, contingent on passage of legislation making the programmatic transfer."

adjust totals accordingly

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1741

AMENDMENT NO. _____
(to be filled in by
Principal Clerk)

S1741-ALB-148 [v.1]

SIGNED Bobby Carney
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED ✓ FAILED _____ TABLED _____

OK (LHD) 17

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1741

AMENDMENT NO. _____
(to be filled in by
Principal Clerk)

S1741-ALN-73 [v.2]

Date 6-13 ,2006

Comm. Sub. [YES]
Amends Title [NO]
S1741-PCS20533-LR52

Representative England

moves to amend the bill on page 55, line 21, by inserting after "Part D." the following new sentence to read:
"In developing the strategies, the Department shall specifically address the special circumstances of pharmacists that provide pharmacy services to long-term care facilities."

SIGNED _____
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED ✓ FAILED _____ TABLED _____

19

OK KHB

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1741

AMENDMENT NO. _____
(to be filled in by Principal Clerk)

S1741-AMA-48 [v.3]

Date 6-13 ,2006

Comm. Sub. [YES]
Amends Title [NO]
Third Edition

Representative Cole

moves to amend the Subcommittee on Transportation Appropriations' money report on page K-3, Item 22, by reducing the money amount by one million one hundred twelve thousand nine hundred thirty-nine dollars ($1,112,939) and adjusting the appropriate totals accordingly.

and also moves to amend the Subcommittee on Transportation Appropriations' money report on page K-2, Item 14, by increasing the money amount by one million one hundred twelve thousand nine hundred thirty-nine dollars ($1,112,939) and adjusting the appropriate totals accordingly.

SIGNED Nelson Cole
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED ✓ FAILED _____ TABLED _____

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1741

AMENDMENT NO. _____
(to be filled in by
Principal Clerk)

S1741-AMA-51 [v.4]

Date 6-13 .2006

Comm. Sub. [YES]
Amends Title [NO]
S1741-PCS20533-LR-52

Representative Cole

moves to amend the Subcommittee on Transportation Appropriations' money report on page K-2, Item 14, by reducing the money amount by three hundred ninety-three thousand fifty-six dollars ($393,056) and adjusting the appropriate totals accordingly.

and also moves to amend the Subcommittee on Transportation Appropriations' money report on page K-4, Item 25, by increasing the money amount by three hundred ninety-three thousand fifty-six dollars ($393,056) and adjusting the appropriate total accordingly.

and also moves to amend the Subcommittee on Transportation Appropriations' money report on page K-4, Item 25, by inserting, at the end of the sentence after the period at the end of the sentence the language:

"Establishes four new additional State Trooper positions."

and also moves to amend the Subcommittee on Justice and Public Safety's money report on page I-16, Item 74, by inserting , at the end of that item the language:

"Establishes four new additional State Trooper positions."

and also moves to amend the proposed committee substitute on page 6, line 34, by reducing the money amount by three hundred ninety-three thousand fifty-six dollars ($393,056) and adjusting the appropriate total accordingly.

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1741

AMENDMENT NO. _____
(to be filled in by
Principal Clerk)

S1741-AMA-51 [v.4]

and also moves to amend the proposed committee substitute on page 6, line 49, by increasing the money amount by three hundred ninety-three thousand fifty-six dollars ($393,056) and adjusting the appropriate total accordingly.

SIGNED Melissa Cole
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED ✓ FAILED _____ TABLED _____

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1741

AMENDMENT NO. _____
(to be filled in by Principal Clerk)

S1741-AMA-54 [v.4]

Date 6-13 ,2006

Comm. Sub. [YES]
Amends Title [NO]
S1741-PCS20533-LR-52

Representative Cole

Notwithstanding the limitations on in-range salary adjustment provisions in Section 29.15(b) of this act, moves to amend the Subcommittee on Transportation Appropriations' money report on page K-2, Item 14, by reducing the money amount by one million dollars ($1,000,000) and adjusting the appropriate totals accordingly.

and also moves to amend the Subcommittee on Transportation Appropriations' money report on page K-1, by creating a new "Budget Changes" Item called Salary Adjustment Reserves, with the following language:

"**23A Salary Adjustment Reserves** $1,000,000 **R**
Provides funds for in-range salary adjustments."

and also moves to amend the proposed committee substitute on page 6, line 34, by reducing the money amount by one million dollars ($1,000,000) and adjusting the appropriate totals accordingly.

and also moves to amend the proposed committee substitute on page 6, line 50, by increasing the money amount by one million dollars ($1,000,000) and adjusting the appropriate totals accordingly.

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1741

AMENDMENT NO. _____
(to be filled in by
Principal Clerk)

S1741-AMA-54 [v.4]

SIGNED _____
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED ✓ FAILED _____ TABLED _____

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1741

AMENDMENT NO. _____
(to be filled in by
Principal Clerk)

S1741-ALN-74 [v.3]

Date 6-13 ,2006

Comm. Sub. [YES]
Amends Title [NO]
S1741-PCS20833-LR-52

Representative Insko

moves to amend the House Appropriations Committee Report, June 13, 2006, on page G-1, Item 8, by decreasing the amount appropriated for that item by one million five hundred thousand dollars ($1,500,000); and

further moves to amend the House Appropriations Committee Report, June 13, 2006, on page G-5, item #28, by decreasing the amount appropriated for that item by one million dollars ($1,000,000); and

further moves to amend the House Appropriations Committee Report, June 13, 2006, on page G-7, item #46, by decreasing the amount appropriated for that item by two hundred thousand dollars ($200,000); and

further moves to amend the House Appropriations Committee Report, June 13, 2006, on page G-6, item #43, by reducing the amount appropriated for that item by three hundred thousand dollars ($300,000); and

further moves to amend the House Appropriations Committee Report, June 13, 2006, on page G-1, by inserting a new item to read:

"6A **Reimbursement Rates for Skilled Nursing Facilities.**
Provides funding to make adjustments to case-mix reimbursement rates for skilled nursing facilities. $3,000,000"; and

further moves to amend the bill on page 2, line 45, by increasing the amount appropriated on that line by three million dollars ($3,000,000); and

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1741

AMENDMENT NO. _____
(to be filled in by
Principal Clerk)

S1741-ALN-74 [v.3]

further moves to amend the bill on page 2, line 40, by decreasing the amount appropriated on that line by two hundred thousand dollars ($200,000); and

further moves to amend the bill on page 2, line 42, by decreasing the amount appropriated on that line by one million dollars s($1,000,000); and

further moves to amend the bill on page 2, line 48, by decreasing the amount appropriated on that line by one million five hundred thousand dollars ($1,500,000); and

further moves to amend the bill on page 2, line 49, by decreasing the amount appropriated on that line by three hundred thousand dollars ($300,000); and

further moves to amend the House Appropriations Committee Report, June 13, 2006, and the bill, by adjusting the appropriate totals accordingly.

SIGNED Verla Insko
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED ✓ FAILED _____ TABLED _____

OK Read 26

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1741

AMENDMENT NO. _____
(to be filled in by
Principal Clerk)

S1741-ALN-77 [v.1]

Date 6-13 ,2006

Comm. Sub. [YES]
Amends Title [NO]
S1741-PCS20533-LR52

Representative Rapp

moves to amend the House Appropriations Committee Report, June 13, 2006, on page G-1, item #8, by reducing the amount appropriated for that item by five hundred thousand dollars ($500,000); and

further moves to amend the House Appropriations Committee Report, June 13, 2006, on page G-2, item #15, by increasing the amount of funds appropriated for that item by five hundred thousand dollars ($500,000) in nonrecurring funds; and

further moves to amend the House Appropriations Committee Report, June 13, 2006, by adjusting the appropriate totals accordingly.

SIGNED Ray Rapp
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED ✓ FAILED _____ TABLED _____

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1741

AMENDMENT NO. _____
(to be filled in by
Principal Clerk)

S1741-ALB-150 [v.2]

Date 6-13 .2006

Comm. Sub. [YES]
Amends Title [NO]
S1741-PCS20533-LR-52

Representatives Haire and Kiser

moves to amend the committee report on page I-6, by rewriting item #28 to read:

"28 SBI Staff Expansion 563,716 **R**
266,153 **NR**
12.0

Provides funding for 12 investigative and forensic analysis positions: three field agent positions are effective July 1, 2006 and will be added to the recruitment for the six new meth response agent positions which became effective on June 1, 2006. The remaining nine positions are effective January 1, 2007 when construction of the SBI laboratory expansion is completed.

Moves to amend the committee report on page I-7 line 34, by rewriting the item as follows:

"34 Receipt-Supported Tort Claims positions

2.0

Using receipts per the signed June 2006 cooperative agreement with the Department of Public Instruction establish two positions to handle the increased demand for tort claims processing services."

adjust totals accordingly

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1741

AMENDMENT NO. _____
(to be filled in by
Principal Clerk)

S1741-ALB-150 [v.2]

SIGNED _____
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED ✓ FAILED _____ TABLED _____

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1741

AMENDMENT NO. _____
(to be filled in by Principal Clerk)

S1741-ALE-59 [v.1]

Date 6-13 ,2006

Comm. Sub. [YES]
Amends Title [NO]
PCS

Representative Tolson

moves to amend the bill on page 38, line 52, by deleting "an average of ".

SIGNED _____
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED ✓ FAILED _____ TABLED _____

32

OK
KBB

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1741

AMENDMENT NO. _____
(to be filled in by
Principal Clerk)

S1741-ALE-60 [v.2]

Date _____ ,2006

Comm. Sub. [YES]
Amends Title [NO]
S1741-PCS20533-LR-52

Representative Tolson

moves to amend the committee report on page L-4 by rewriting subsection (e) to read:

"(e) Agricultural Education $125,000
Transfers funds to the Department of Public Instruction to provide training programs and materials for teachers and curricula and educational programs for K-12 students for the Foundation for Agriculture in the Classroom."

SIGNED _____
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED ✓ FAILED _____ TABLED _____

33

6K

KHB

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1741

AMENDMENT NO. _____
(to be filled in by
Principal Clerk)

S1741-ALU-30 [v.3]

Date 6-13 ,2006

Comm. Sub. [YES]
Amends Title [NO]
S1741-PCS20533-LR-52

Representative Crawford

moves to amend the House of Representatives Committee Report on the Continuation, Expansion and Capital Budgets dated June 13, 2006, on page G-7, item 50, by rewriting the language to read:

"**50 More at Four Expansion**

Authorizes use of $17,989,056 in receipts from the NC Education Lottery Fund to support the following program expansions: creation of 3,200 additional program slots; increased funding of $200 per slot for all 18,653 slots; and establishment of three new staff positions, an Educational Development & Planning Consultant II, an Educational Consultant II, and an Education Processing Assistant who will perform monitoring and technical assistance functions."; and

further moves to amend the Money Report on page G-7, item 51, by deleting the item; and

further moves to amend the bill on page 63, lines 42-49, by deleting the lines.

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1741

AMENDMENT NO. _____
(to be filled in by Principal Clerk)

S1741-ALU-30 [v.3]

SIGNED J. Crawford Jr.
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED ✓ FAILED _____ TABLED _____

35

GK

KHB

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1741

AMENDMENT NO. _____
(to be filled in by
Principal Clerk)

S1741-ALN-72 [v.6]

Date 6-13 ,2006

Comm. Sub. [YES]
Amends Title [NO]
S1741-PCS20533-LR52

Representative Stam

moves to amend the bill on page 5, between lines 44 and 45, by adding the following:
"Transfer from Master Settlement Agreement Funds 6,300,000 ";

and,
further moves to amend the bill on page 56, lines 38, by inserting the following on that line:
"GOLDEN LEAF FOUNDATION GRANT-IN-AID TO SUPPORT EARLY INTERVENTION PROGRAMS

SECTION 10.15A.(a) Pursuant to Section 2(b) of S.L. 1999-2, 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 2006-2007 fiscal year, the sum of six million three hundred thousand dollars ($6,300,000) for the 2006-2007 fiscal year is transferred to the State Controller to be deposited in Nontax Budget Code 19978 (Intra State Transfers) to supplement General Fund appropriations for early intervention programs. These funds shall be used to support early intervention programs and services in tobacco dependent regions of the State or those communities receiving impact assistance under the Tobacco Litigation Master Settlement Agreement. 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

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1741

AMENDMENT NO. _____
(to be filled in by
Principal Clerk)

S1741-ALN-72 [v.6]

the administrators of the State Specific Account established under the Master Settlement Agreement of this action by the General Assembly redirecting this payment.

SECTION 10.15A.(b) Of the funds transferred to the State Controller for deposit in Nontax Budget Code 19978 as provided in subsection (a) of this section, the sum of six million three hundred thousand dollar ($6,300,000) for the 2006-2007 fiscal year is appropriated to the Department of Health and Human Services, Division of Public Health, to support early intervention programs and services."; 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 _____

37

OK

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1741

AMENDMENT NO. _____
(to be filled in by
Principal Clerk)

S1741-ALG-14 [v.2]

Date 6-13 ,2006

Comm. Sub. [YES]
Amends Title [NO]
PCS20533-LR-52

Representative Adams

moves to amend the House Appropriations Committee Report on the Continuation, Expansion and Capital Budgets on page M-3, Item 13, by deleting the phrase "Carrie M. Stone Teachers' Cottage" and substituting the phrase "Elliot Hall".

SIGNED Alma Adams
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED ✓ FAILED _____ TABLED _____

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1741

Replaces #4

OK

AMENDMENT NO. _____
(to be filled in by
Principal Clerk)

S1741-ALH-72 [v.3]

Date _____ ,2006

Comm. Sub. [YES]
Amends Title [NO]
S1741-PCS20533-LR-2

Representative Sutton

moves to amend the House Appropriations Committee Report dated June 13, 2006, on page I-11, by reducing the amount in Item #49 by $89,927 NR and by inserting a new item to read:

"49A Evergreen Substance Abuse Treatment Beds **$89,927 NR**

Provide funding to increase the contract for private, minimum custody inmate treatment beds at Evergreen Rehabilitation Center. The funding allows for increasing total contract beds from 90 beds to 95 beds and continuing the requirement for 100% occupancy for FY 06/07 only. The funding is effective October 1, 2006 and is contingent upon approval of an amended contract by the State Purchase and Contract Division. The Department of Correction shall report to the Joint Appropriations Subcommittee on Justice and Public Safety by March 1, 2007, on the Evergreen Rehabilitation Center program and the contract for treatment beds, including the impact of adding five new beds.";

and

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1741

AMENDMENT NO. _____
(to be filled in by
Principal Clerk)

S1741-ALH-72 [v.3]

By adjusting the appropriate totals accordingly.

SIGNED _____
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED ✓ FAILED _____ TABLED _____

41

OK
KBB

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1741

AMENDMENT NO. _____
(to be filled in by
Principal Clerk)

S1741-ALH-70 [v.2]

Date 6-13 .2006

Comm. Sub. [YES]
Amends Title [NO]
S1741-PCS20533-LR-52

Representative Hilton

moves to amend the committee report on page F-9, by reducing the funding for item #62 by $1,100,000 NR; and

further moves to amend the committee report on page F-9, by adding the following new item immediately after Item #62:

"62A North Carolina Engineering Technology Center $1,100,000 NR

To help establish the North Carolina Engineering Technology Center and to support the use of two adjoining buildings in Hickory for the development of engineering technology programs."

SIGNED Mark Hilton
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED ✓ FAILED _____ TABLED _____

OK 42

RHO

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1741

AMENDMENT NO. _____
(to be filled in by
Principal Clerk)

S1741-ALD-29 [v.1]

Date 6-13 ,2006

Comm. Sub. [YES]
Amends Title [NO]
PCS20533-LR-52

Representative Harrison

moves to amend the bill on page 66, lines 17 through 23,
by deleting those lines and substituting the following to read:

"The Emergency Drinking Water Fund is established within the Department. The Fund shall be a nonreverting, interest-bearing fund consisting of monies appropriated to the Fund by the General Assembly and investment interest credited to the Fund. The Fund may be used to pay for notification, to the extent practicable, of persons who reside in the same dwelling unit or who work at the same business at which drinking water is supplied from a private drinking water well that is located within 1,500 feet of known groundwater contamination, to cover the costs of testing private drinking water wells for contamination, and for the provision of alternative drinking water supplies to persons whose drinking water well is contaminated. The Department shall disburse monies from the Fund based on financial need and on the risk to public health posed by groundwater contamination and shall give priority to the provision of services under this section to instances when an alternative source of funds is not available. The funds shall not be used for remediation of groundwater contamination. Nothing in this section expands, contracts, or modifies the obligation of responsible parties under Article 9 or 10 of Chapter 130A of the General Statutes, this Article, or Article 21A of this Chapter to assess contamination, identify receptors, or remediate groundwater or soil contamination. The Department shall establish criteria by which the Department is to evaluate applications and disburse funds from this Fund and may adopt any rules necessary to implement this section."; and

To amend the House Appropriations Committee Budget Report on page H-7, by deleting the description for Item 26, Establish Emergency Drinking Water Fund, and substituting the following to read:

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1741

AMENDMENT NO. _____
(to be filled in by
Principal Clerk)

S1741-ALD-29 [v.1]

"Create a fund to pay for notification of persons who reside in the same dwelling unit or work at the same business at which drinking water is supplied from a private drinking water well that is located within 1,500 feet of known groundwater contamination, to cover the costs of testing private drinking water wells for contamination, and for the provision of alternative drinking water supplies to persons whose drinking water well is contaminated."

SIGNED APH
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED ✓ FAILED _____ TABLED _____

46

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1741

AMENDMENT NO. _____
(to be filled in by Principal Clerk)

S1741-ALU-28 [v.5]

Date 6-13, 2006

Comm. Sub. [YES]
Amends Title [NO]
S1741-PCS20533-LR-52

Representative Insko

moves to amend the House of Representatives Appropriations Committee Report on the Continuation, Expansion and Capital Budgets dated June 13, 2006, on page G-6, by adding a new item to read:

"**39A Work First Cash Assistance** ($2,287,393) **NR**
Reduces funding for Work First Cash Assistance payments for fiscal year 2006-2007.

further moves to amend the Money Report on page G-6, by inserting after item 45 a new item to read:

"**45A Child Support Enforcement Call Center** $2,287,393 **NR**
Provides funding to replace the voice response unit and upgrade the telephone system for the Child Support Call Center in Martin County.".

SIGNED Verla Insko
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED ✓ FAILED _____ TABLED _____

NORTH CAROLINA GENERAL ASSEMBLY

AMENDMENT

Senate Bill 1741

Replaces #9 OK

AMENDMENT NO. _____
(to be filled in by
Principal Clerk)

S1741-ALE-57 [v.6]

Date _____ ,2006

Comm. Sub. [YES]
Amends Title [NO]
S1741-PCS20533-LR-52

Representative Tolson

moves to amend the bill on page 36, line 6, by adding a new section after the line to read:

"21ST CENTURY LITERACY COACHES

SECTION 7.13.(a) Local boards of education are strongly encouraged to use restored base budget funds, low-wealth supplemental funding, or other funds available to them, to hire literacy coaches in middle schools or other public schools with an eighth grade. These coaches shall provide middle school teachers with research-based teaching practices and job-embedded professional development to enable them to address the needs of students who lack the literacy skills needed to master 21st century skills.

SECTION 7.13.(b) Local boards of education are strongly encouraged to contract with the North Carolina Teacher Academy to train middle school teachers in methods for supporting the following student competencies:

(1) Basic Literacy;
(2) Technological Literacy;
(3) Visual Literacy;
(4) Informational Literacy;
(5) Higher Order Thinking;
(6) Cultural Competency; and
(7) Self-Direction.

As part of the training, the North Carolina Teacher Academy is encouraged to provide an online professional development network for additional training opportunities for participants.

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1741

AMENDMENT NO. _____
(to be filled in by
Principal Clerk)

S1741-ALE-57 [v.6]

SECTION 7.13.(c) The State Board of Education shall report to the Joint Legislative Education Oversight Committee prior to January 15, 2007, on the use of funds for literacy coaches.";

And moves to amend the committee report on page F-2, by rewriting item 10 to read:

"10 **Low Wealth Supplemental Funding** **$41,893,391 R**
Provides full funding for the Low Wealth Supplemental Funding allotment.".

SIGNED _____
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED _____ FAILED _____ TABLED _____

50

OK

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1741

AMENDMENT NO. _____
(to be filled in by
Principal Clerk)

S1741-ALE-61 [v.3]

Date 6-13 ,2006

Comm. Sub. [YES]
Amends Title [NO]
PCS

Representative Tolson

moves to amend the bill on page 32, lines 29-35, by deleting the lines and substituting the following:

"School Administrator I	$3,079	$5,781
School Administrator II	$3,268	$6,132
School Administrator III	$3,468	$6,505
School Administrator IV	$3,608	$6,764
School Administrator V	$3,753	$7,037
School Administrator VI	$3,982	$7,463
School Administrator VII	$4,142	$7,764";

and further moves to amend the bill on page 32, lines 44-48, by deleting the lines and substituting the following:

"Superintendent I	$4,396	$8,236
Superintendent II	$4,667	$8,734

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1741

AMENDMENT NO. _____
(to be filled in by
Principal Clerk)

S1741-ALE-61 [v.3]

Superintendent III	$4,952	$9,266
Superintendent IV	$5,255	$9,828
Superintendent V	$5,578	$10,428".

SIGNED _____
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED ✓ FAILED _____ TABLED _____

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1741

AMENDMENT NO. _____
(to be filled in by
Principal Clerk)

S1741-ALN-79 [v.2]

Date 6-13 ,2006

Comm. Sub. [YES]
Amends Title [NO]
S1741-PCS20833-LR52

Representative Earle

moves to amend the House Appropriations Committee Report, June 13, 2006, on page G-1, by adding the following new item to read:

"**3A. Medicaid Reserve Fund** **($3,000,000) NR**
Transfers funding from the G.S. 143-23.2 reserve to support current services and reduce State appropriations."; and

further moves to amend the House Appropriations Committee Report, June 13, 2006, on page G-5, item 29, by reducing the amount appropriated for that item by three million dollars ($3,000,000) in recurring funds and appropriating three million dollars ($3,000,000) in nonrecurring funds; and

further moves to amend the House Appropriations Committee Report, June 13, 2006, on page G-1, by adding the following new item to read:

"**6A. In-home Services Rate Adjustment** **$3,000,000 R**
Provides funding for inflationary increases for home health And personal care services providers."; and

Further moves to amend the bill on page 53, lines 50 and 51, by deleting "fifty million dollars ($50,000,000)", and substituting "fifty-three million dollars ($53,000,000)"; and

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1741

AMENDMENT NO. _____
(to be filled in by
Principal Clerk)

S1741-ALN-79 [v.2]

further moves to amend the House Appropriations Committee Report, June 13, 2006, by adjusting the appropriate totals accordingly.

SIGNED Beverly Earle
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED ✓ FAILED _____ TABLED _____

52

OK KHB

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1741

AMENDMENT NO. _____
(to be filled in by Principal Clerk)

S1741-ALG-15 [v.2]

Date 6-13 ,2006

Comm. Sub. [YES]
Amends Title [NO]
PCS20533-LR-52

Representative Parmon

moves to amend the House Appropriations Committee Report on the Continuation, Expansion and Capital Budgets on page J-10, Item 30, by reducing that item by $100,000; and

on page J-4, by adding the following new Item to read:

"**14A Rape Crisis/Sexual Assault** $100,000 NR
Provides increased funding for rape crisis and sexual assault services."; and

by adjusting the appropriate totals accordingly.

SIGNED Earline W. Parmon
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED ✓ FAILED _____ TABLED _____

53

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1741

AMENDMENT NO. _____
(to be filled in by
Principal Clerk)

S1741-ALB-152 [v.1]

Date 6-13 ,2006

Comm. Sub. [NO]
Amends Title [NO]
PCS

Representative Jeffus

moves to amend the committee report on page F-5 by adding a new item to read:
"**36 Kids Voting NC Funds** $100,000 **NR**
Provides funding to Kids Voting of North Carolina, Inc, a nonprofit corporation, to support Kids Voting Programs. (HB 1919)";

and further moves to amend the bill on page F2, item 14, by reducing the amount appropriated for item 14 by $100,000 **NR**; and

by adjusting the totals accordingly.

SIGNED Maggie Jeffus
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED V FAILED _____ TABLED _____

54

OK KWB

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1741

AMENDMENT NO. _____
(to be filled in by
Principal Clerk)

S1741-ALN-80 [v.4]

Date 6-13 ,2006

Comm. Sub. [YES]
Amends Title [NO]
S1741-PCS20533-LR52

Representative Insko

moves to amend the bill on page 54, line 6, by inserting on the line the following:

PILOT PROJECTS TO CONTROL COST AND IMPROVE QUALITY OF CARE FOR AGED, BLIND, AND DISABLED MEDICAID RECIPIENTS

SECTION 10.7A.(a) Section 10.17.(a) of S.L. 2005-276 reads as rewritten:

"**SECTION 10.17.(a)** The Department of Health and Human Services shall expand the scope of Community Care of NC care management model to recipients of Medicaid and dually eligible individuals with a chronic condition and long-term care needs. In expanding the scope, the Department shall focus on the Aged, Blind, and Disabled, and CAP-DA populations for improvement in management, cost-effectiveness, and local coordination of services through Community Care of NC and in collaboration with local providers of care. The Department shall target personal care services, private duty nursing, home health, durable medical equipment, ancillary professional services, specialty care, residential services, including skilled nursing facilities, home infusion therapy, pharmacy, and other services determined target-worthy by the Department. The Department shall pilot communitywide initiatives and shall expand statewide successful models. The initiatives may include one or more pilot projects to control costs and improve quality of care for the aged, blind, and disabled recipients of Medicaid."

SECTION 10.7A.(b) Section 10.14 of S.L. 2005-276 reads as rewritten:

"**SECTION 10.14.** The Department of Health and Human Services may use not more than three million dollars ($3,000,000) in the 2005-2006 fiscal year and not more than three million dollars ($3,000,000) in the 2006-2007 fiscal year in Medicaid funds budgeted for program services to support the cost of administrative activities when cost-effectiveness and savings are demonstrated. The funds shall be used to support activities that will contain the cost of the Medicaid Program, including contracting for



NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1741

AMENDMENT NO. _____
(to be filled in by
Principal Clerk)

S1741-ALN-80 [v.4]

~~services or hiring additional staff.~~services, hiring additional staff, or providing grants through the office of Rural Health and Community Care to plan, develop, and implement cost containment programs.

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, plastic magnetic stripped Medicaid identification cards for issuance to Medicaid enrollees, fraud detection software or other fraud detection activities, technology that improves clinical decision making, credit balance recovery and data mining services, and other cost-containment activities. Funds may be expended under this section only after the Office of State Budget and Management has approved a proposal for the expenditure submitted by the Department. Proposals for expenditure of funds under this section shall include the cost of implementing the cost-containment activity and documentation of the amount of savings expected to be realized from the cost-containment activity. The Department shall provide a copy of proposals for expenditures under this section to the Fiscal Research Division."

SIGNED _____
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED ✓ FAILED _____ TABLED _____

(All Amendments - Attach. No. 5 OK RHD)

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1741

AMENDMENT NO. 8
(to be filled in by
Principal Clerk)

S1741-ALL-40 [v.6]

Date 6-13 ,2006

Comm. Sub. [NO]
Amends Title [NO]
S1741-PCS20533-LR-52

Representative Dickson

moves to amend the report on page I-10, Item 44,
by reducing the recurring amount for that item by $500,000;

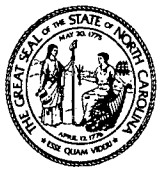
and on page I-10, Item 44,
by deleting "(up to 300)" on the fourth line of the item
description and substituting "(up to 100)";

and on page I-5,
by inserting a new item on that line to read:

"**26A Restore Sentencing Services** $500,000 R
Appropriates $500,000 to partially restore a funding cut in the 2005-2006 budget to the Sentencing Services Program, which provides assessment services to pre-sentenced offenders.";

and to amend the bill on page 3, line 16,
by reducing the amount on that line by $500,000;

and on page 3, line 21,
by increasing the amount on that line by $500,000;



NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1741

AMENDMENT NO. _____
(to be filled in by
Principal Clerk)

S1741-ALL-40 [v.6]

and by adjusting the appropriate totals accordingly.

SIGNED _____
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED _____ FAILED _____ TABLED _____

OR:3

ok 2

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1741

AMENDMENT NO. 8
(to be filled in by Principal Clerk)

S1741-ALH-69 [v.3]

Date June 13 ,2006

Comm. Sub. [YES]
Amends Title [NO]
S1741-PCS20533-LR-52

Representative Current

moves to amend the bill on page 104, line 50,
by reducing the figure on that line by $3,000,000; and

moves to amend the bill on page 107, line 5,
by deleting "seven million dollars ($7,000,000)" and substituting "four million dollars ($4,000,000)"; and

on page 107, lines 7-18,
by rewriting those lines to read:
"Chapel Hill, and (ii) to conduct a study regarding the feasibility of establishing a School of Dentistry at East Carolina University and the impact that the School would have on the other dental programs provided by The University of North Carolina.

SECTION 23.11.(b) The Board of Governors shall contract with a private consultant to conduct the feasibility study required by subsection (a) of this section."; and

Moves to amend the House Appropriations Committee Report dated June 13, 2006,
On page M-5, Item #35,
By decreasing the amount for that item by $3,000,000, and rewriting the explanatory language for that item as follows:
"Provides capital planning funds for the expansion of the School of Dentistry at UNC-Chapel Hill and provides funds to study the feasibility of establishing a School of Dentistry at East Carolina University."; and

By adjusting the appropriate totals in both the bill and the committee report accordingly.

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1741

AMENDMENT NO. _____
(to be filled in by
Principal Clerk)

S1741-ALH-69 [v.3]

SIGNED William A. Current, Sr.
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED _____ FAILED ✓ TABLED _____

3

Withdrawn

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1741

AMENDMENT NO. _____
(to be filled in by
Principal Clerk)

S1741-ALB-146 [v.2]

Date _____,2006

Comm. Sub. [YES]
Amends Title [NO]
S1741-PCS20533-LR-52

Representative Hilton

moves to amend the committee report on page M-4, by reducing the funding for item #27 by $1,760,000 **NR**

moves to amend the committee report on page M-5, by adding the following after item 35

" North Carolina Engineering Technology Center $1,760,000 **NR**

To help establish the North Carolina Engineering Technology Center and to support the use of two adjoining buildings in Hickory for the development of engineering technology programs. "

SIGNED _____
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED _____ FAILED _____ TABLED Withdrawn

OUT #13 6

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1741

AMENDMENT NO. _____
(to be filled in by
Principal Clerk)

S1741-ALN-72 [v.5]

Date 6-13 ,2006

Comm. Sub. [YES]
Amends Title [NO]
S1741-PCS20533-LR52

Representative Stam

moves to amend the bill on page 5, between lines 44 and 45, by adding the following:
"Transfer from Master Settlement Agreement Funds 6,300,000 ";

and,
further moves to amend the bill on page 56, lines 38, by inserting the following on that line:
"GOLDEN LEAF FOUNDATION GRANT-IN-AID TO SUPPORT EARLY INTERVENTION PROGRAMS

SECTION 10.15A. Pursuant to Section 2(b) of S.L. 1999-2, 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 2006-2007 fiscal year, the sum of six million three hundred thousand dollars ($6,300,000) for the 2006-2007 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 early intervention programs. These funds shall be used to support early intervention programs and services in tobacco dependent regions of the State or those communities receiving impact assistance under the Tobacco Litigation Master Settlement Agreement. 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

6

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1741

AMENDMENT NO. _____
(to be filled in by
Principal Clerk)

S1741-ALN-72 [v.5]

the administrators of the State Specific Account established under the Master Settlement Agreement of this action by the General Assembly redirecting this payment."; and

further moves to amend the bill by adjusting the appropriate totals accordingly.

SIGNED Stam
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED _____ FAILED _____ TABLED w/d

7

Ot

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1741

AMENDMENT NO. _____
(to be filled in by
Principal Clerk)

S1741-ALN-68 [v.4]

Date 6-13 ,2006

Comm. Sub. [YES]
Amends Title [NO]
S1741-PCS20533-LR-52

Representative Stam

moves to amend the House Appropriations Committee Report, June 13, 2006, on page G- 2, by adding a sentence to the descriptive text of that item to read: "No funds appropriated under this item shall be allocated to Planned Parenthood of North Carolina, Inc."

SIGNED Stam
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED _____ FAILED _____ TABLED w/d

OUT KHB 10

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1741

AMENDMENT NO. _____
(to be filled in by
Principal Clerk)

S1741-ALH-70 [v.2]

Date 6-13 ,2006

Comm. Sub. [YES]
Amends Title [NO]
S1741-PCS20533-LR-52

Representative Hilton

moves to amend the committee report on page M-4, by reducing the funding for item #27 by $1,100,000 **NR**

moves to amend the committee report on page M-5, by adding the following after item #35

" North Carolina Engineering Technology Center $1,100,000 **NR**

To help establish the North Carolina Engineering Technology Center and to support the use of two adjoining buildings in Hickory for the development of engineering technology programs."

SIGNED Mark Hilton
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED _____ FAILED _____ TABLED W/D

11

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1741

AMENDMENT NO. _____
(to be filled in by
Principal Clerk)

S1741-ALM-22 [v.4]

Date 6-13 ,2006

Comm. Sub. [YES]
Amends Title [NO]
PCS20533-LR-52

Representative Harrison

moves to amend the bill on page 87, lines 30-31, by inserting between those lines, the following new section:

"STATE OFFICE SUPPLY CONTRACT

SECTION 17.6. If the Department of Administration, Division of Purchase and Contracts (Division), issues a new request for proposals (or uses another authorized method to solicit bids) for Term Contract 615A (Office Supply), the Division shall ensure that the bid specifications are framed in a way that secure fair competition upon equal terms to all bidders. The Division shall, after evaluating all qualified offers or bids received, award the contract to a minimum of four vendors, whose offers or bids satisfy the criteria provided in G.S. 143-52, to increase competition and the likelihood that the State will receive the best price and service. The Division shall give preference to North Carolina bidders to the extent allowed in G.S. 143-59. Any office supply contract awarded by the Division shall also allow that State departments, institutions, and agencies may go off contract up to two hundred fifty dollars ($250.00) to purchase office supply products if the department, institution, or agency can purchase the products cheaper and quicker from another vendor."

SIGNED _____
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED _____ FAILED _____ TABLED w/d

OUT KHB 13

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1741

AMENDMENT NO. _____
(to be filled in by
Principal Clerk)

S1741-ALD-18 [v.5]

Date 6-13 ,2006

Comm. Sub. [YES]
Amends Title [NO]
PCS20533-LR-52

Representative Harrison

moves to amend the bill on page 66, lines 17 through 23,
by deleting those lines and substituting the following to read:

"The Emergency Drinking Water Fund is established within the Department. The Fund shall be a nonreverting, interest-bearing fund consisting of monies appropriated to the Fund by the General Assembly and investment interest credited to the Fund. The Fund may be used to pay for notification, to the extent practicable, of persons who reside in the same dwelling unit or who work at the same business at which drinking water is supplied from a private drinking water well that is located within 1,500 feet of known groundwater contamination, to cover the costs of testing private drinking water wells for contamination, and for the provision of alternative drinking water supplies to persons whose drinking water well is contaminated. The Department shall disburse monies from the Fund based on financial need and on the risk to public health posed by groundwater contamination and shall give priority to the provision of services under this section to instances when an alternative source of funds is not available. The funds shall not be used for remediation of groundwater contamination. Nothing in this section expands, contracts, or modifies the obligation of responsible parties under Article 9 or 10 of Chapter 130A of the General Statutes, this Article, or Article 21A of this Chapter

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1741

AMENDMENT NO. _____
(to be filled in by
Principal Clerk)

S1741-ALD-18 [v.5]

to assess contamination, identify receptors, or remediate groundwater or soil contamination. The Department shall establish criteria by which the Department is to evaluate applications and disburse funds from this Fund and may adopt any rules necessary to implement this section."

SIGNED _____
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED _____ FAILED _____ TABLED w/d

16

OK JLHB

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1741

AMENDMENT NO. _____
(to be filled in by
Principal Clerk)

S1741-ALD-26 [v.2]

Date 6-13 ,2006

Comm. Sub. [YES]
Amends Title [NO]
PCS20533-LR-52

Representative Harrison

moves to amend the House Appropriations Committee Budget Report on page H-11, by reducing the amount for Item 44, One North Carolina Small Business Fund, by the sum of $500,000; and

to amend the House Appropriations Committee Budget Report on page H-1, after Item 4, by adding the following to read:

"**Farmland Preservation**

4A North Carolina Agricultural Development and Farmland Preservation Trust Fund

Provide funds for the North Carolina Agricultural Development and Farmland Preservation Trust Fund"; and	$500,000	**NR**

by adjusting the appropriate totals accordingly.

SIGNED _____
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED _____ FAILED ✓ TABLED _____

18

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1741

AMENDMENT NO. _____
(to be filled in by
Principal Clerk)

S1741-ALH-71 [v.4]

Date _____,2006

Comm. Sub. [YES]
Amends Title [NO]
S1741-PCS20533-LR-52

Representative Jones

moves to amend the bill on page 72, line 28,
by rewriting that line to read:
"6A ~~23~~ 23 Halifax"; and

On page 73, line 55,
By inserting after the designation "3B," the designation "6A,"; and

moves to amend the House Appropriations Committee Report dated June 13, 2006, on page I-2,
by reducing Item #7 by $67,404 R and $11,144 NR; and

further moves to amend the report on page I-3, by amending Item #10 as follows:
By increasing the amount listed for that item by $67,404 R and by $11,144 NR, and by increasing the number of positions by 1; and in the description by adding immediately after "Pamlico" the following: "6A –Halifax"; and

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1741

AMENDMENT NO. _____
(to be filled in by
Principal Clerk)

S1741-ALH-71 [v.4]

By adjusting the appropriate totals accordingly.

SIGNED _____
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED _____ FAILED ✓ TABLED _____

06 KHB 22

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1741

AMENDMENT NO. _____
(to be filled in by
Principal Clerk)

S1741-ALU-29 [v.1]

Date 6-13 ,2006

Comm. Sub. [YES]
Amends Title [NO]
S1741-PCS20533-LR-52

Representative Culp

moves to amend the bill on page 18, line 47, by adding at the end of the sentence the following new sentence to read:
"Of the funds appropriated in this subsection for Boys and Girls Clubs, thirty thousand dollars ($30,000) shall be allocated to the Central Boys and Girls Club of Greater High Point, Inc., in Asheboro.".

SIGNED Willie F. Culp
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED _____ FAILED ✓ TABLED _____

OUT KHD 24

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1741

AMENDMENT NO. _____
(to be filled in by
Principal Clerk)

S1741-ALU-28 [v.3]

Date 6-13, 2006

Comm. Sub. [YES]
Amends Title [NO]
S1741-PCS20533-LR-52

Representative Insko

moves to amend the House of Representatives Appropriations Committee Report on the Continuation, Expansion and Capital Budgets dated June 13, 2006, on page G-6, item 40, by reducing the item by two million two hundred eighty-seven thousand three hundred ninety-three dollars ($2,287,393) for the 2006-2007 fiscal year; and

further moves to amend the Money Report on page G-6, by inserting after item 45 a new item to read:

"**45A Child Support Enforcement Call Center** $2,287,393 **NR**
Provides funding to replace the voice response unit and upgrade the telephone system for the Child Support Call Center in Martin County."; and

further moves to amend the bill on page 19, line 26, by adding the following new subsection to read:

"**SECTION 5.1.(s1)** The Department of Health and Human Services shall reallocate up to two million two hundred eighty-seven thousand three hundred ninety-three dollars ($2,287,393) from General Fund appropriations for Work First Cash Assistance payments for fiscal year 2006-2007 to the Adoption and Foster Care Programs to fund shortfalls in foster care and adoption services during fiscal year 2006-2007. The Department shall use State funds reallocated under this subsection only after all other appropriated State and federal funding for adoption assistance and foster care services have been exhausted and may only use these funds for adoption and foster care services or to maintain the State TANF cash assistance maintenance of effort (MOE).".

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1741

AMENDMENT NO. _____
(to be filled in by
Principal Clerk)

S1741-ALU-28 [v.3]

SIGNED Ursla C Jackson
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED _____ FAILED _____ TABLED w/D

OK KHB 25

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1741

AMENDMENT NO. _____
(to be filled in by
Principal Clerk)

S1741-ALL-42 [v.2]

Date 6-13 ,2006

Comm. Sub. [NO]
Amends Title [NO]
S1741-PCS20533-LR-52

Representative Cunningham

moves to amend the report on page I-3, Item 11,
by deleting the word "Seventy-five" in the item description and
substituting the words "One hundred ten";

and by deleting the words "October 1, 2006." in the item description
and substituting the words "January 1, 2007.";

by reducing the recurring amount for that item by $13,770;

by deleting the position amount "75.00" for that item and substituting "110.00";

and by adjusting the appropriate totals accordingly.

SIGNED W. Pete
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED _____ FAILED ✓ TABLED _____

OK KHB 2.8

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1741

AMENDMENT NO. _____
(to be filled in by
Principal Clerk)

S1741-ALE-58 [v.2]

Date 6-13 ,2006

Comm. Sub. [NO]
Amends Title [NO]
PCS

Representative Jeffus

moves to amend the committee report on page F-5 by adding a new item to read:
"36 Kids Voting NC Funds $100,000 **NR**
Provides funding to Kids Voting of North Carolina, Inc, a nonprofit corporation, to support Kids Voting Programs. (HB 1919)";

and further moves to amend the bill on page F13, item 89, by reducing the amount appropriated for item 89 by $100,000; and

by adjusting the totals accordingly.

SIGNED Maggie Jeffus
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED _____ FAILED _____ TABLED _____

OUT
VAB 09

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1741

AMENDMENT NO. _____
(to be filled in by
Principal Clerk)

S1741-ALE-49 [v.5]

Date 6-13 ,2006

Comm. Sub. [YES]
Amends Title [NO]
PCS

Representative Tolson

moves to amend the committee report on page F-3, item 19 by adding a new sentence at the end of the item to read:

"To the extent that these funds are not needed to support increased diesel fuel expenditures, the State Board may use the excess funding to address irregularities that occurred when the transportation formula was developed."

SIGNED _____
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED _____ FAILED _____ TABLED w/D

OK RHD 31

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1741

Wi

AMENDMENT NO. _____
(to be filled in by
Principal Clerk)

S1741-ALE-57 [v.3]

Date 6-13 ,2006

Comm. Sub. [YES]
Amends Title [NO]
S1741-PCS20533-LR-52

Wi Withdraw
New version

Representative Tolson

moves to amend the bill on page 36, line 6, by adding a new section after the line to read:

"21ST CENTURY LITERACY COACHES

SECTION 7.13.(a) Local boards of education are strongly encouraged to use restored base budget funds to hire literacy coaches in middle schools or other public schools with an eighth grade. These coaches shall provide research-based teaching practices and job-embedded professional development to assist teachers in the development of curricula that enable students to develop mastery of 21st century skills.

SECTION 7.13.(b) Local boards of education are strongly encouraged to contract with the North Carolina Teacher Academy to train middle school teachers in methods for supporting the following student competencies:

(1) Basic Literacy;
(2) Technological Literacy;
(3) Visual Literacy;
(4) Informational Literacy;
(5) Higher Order Thinking;
(6) Cultural Competency; and
(7) Self-Direction.

As part of the training, North Carolina Teacher Academy is encouraged to provide an online professional development network for additional training opportunities for participants.";

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1741

AMENDMENT NO. _____
(to be filled in by
Principal Clerk)

S1741-ALE-57 [v.3]

And moves to amend the committee report on page F-2, by rewriting item 10 to read:

"**10** **Low Wealth Supplemental Funding** **$41,893,391 R**
Provides full funding for the Low Wealth Supplemental Funding allotment.".

SIGNED _____
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED _____ FAILED _____ TABLED 6/10

Revised

34

OK

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1741

AMENDMENT NO. _____
(to be filled in by
Principal Clerk)

S1741-ALD-28 [v.2]

Date 6-13 ,2006

Comm. Sub. [YES]
Amends Title [NO]
PCS20533-LR-52

Representative Harrison

moves to amend the House Appropriations Committee Budget Report on page H-12, by reducing the amount for Item 50, Expand 21st Century Communities Program, by the sum of $66,621; and

to amend the House Appropriations Committee Budget Report on page H-12, by deleting the description following Item 50 and substituting the following to read:
"Establish two (2.0) Community Development Planner I positions 2.0
and provide operating funds to expand the program
to 5 new communities annually

Salaries and Benefits	$131,838
Rent	$ 6,400
Supplies and Office Equipment	$ 17,190
Printing and Postage	$ 1,650
Other Expenses	$ 21,000"; and

to amend the House Appropriations Committee Budget Report on page H-8, between Items 28 and 29, by adding the following to read:
"(2.0) Land Resources
28A Fund Sedimentation Position

Fund one (1.0) position to provide	$66,621	**R**
improved monitoring of land disturbing activities,	1.00	
to increase technical assistance, and to encourage		
development of improved methods of sediment control.		

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1741

AMENDMENT NO. _____
(to be filled in by
Principal Clerk)

S1741-ALD-28 [v.2]

Environmental Specialist III 1.0

Salaries and Benefits	$51,086
Supplies	1,700
Property & Equipment	$4,810
Purchased Services	$7,025
Transfer to Reg. Office	$2,000"; and

by adjusting the appropriate totals accordingly.

SIGNED _____
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED _____ FAILED _____ TABLED Withdrawn

36

OK KBB

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1741

AMENDMENT NO. _____
(to be filled in by
Principal Clerk)

S1741-ALN-68 [v.5]

Date 6-13 ,2006

Comm. Sub. [YES]
Amends Title [NO]
S1741-PCS20533-LR-52

Representative Stam

moves to amend the House Appropriations Committee Report, June 13, 2006, on page G-2, item #11, by adding a sentence to the descriptive text of that item to read: "No funds appropriated under this item shall be allocated to Planned Parenthood of North Carolina, Inc."

SIGNED Stam
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED _____ FAILED ✓ TABLED _____

38

ok KHB

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1741

AMENDMENT NO. _____
(to be filled in by
Principal Clerk)

S1741-ALG-13 [v.4]

Date 6-13 ,2006

Comm. Sub. [YES]
Amends Title [NO]
PCS20533-LR-52

Representative Adams

moves to amend the House Appropriations Committee Report on the Continuation, Expansion and Capital Budgets on page J-9, Item 26, by reducing that amount by $47,040; and

on page J-10, Item 27, by reducing that amount by $25,000; and

on page J-11, by adding the following new item to read:

"**1500 Museum of History**
35 International Civil Rights Museum $72,040 NR
Provides funding in FY 2006-07 to support the museum.";

and by adjusting the appropriate totals accordingly.

SIGNED _____
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED _____ FAILED _____ TABLED _____

39

OK KBB

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1741

AMENDMENT NO. _____
(to be filled in by
Principal Clerk)

S1741-ALD-27 [v.2]

Date 6-13 ,2006

Comm. Sub. [YES]
Amends Title [NO]
PCS20533-LR-52

Representative Harrison

moves to amend the House Appropriations Committee Budget Report on page H-11, by reducing the amount for Item 47, Replace Electronic Document System, by the sum of $500,000; and

to amend the House Appropriations Committee Budget Report on page H-11, by deleting the description under Item 47 and substituting the following to read:
"Provide funds to replace electronic document system. State funds will be used in addition to existing fee receipts ($2,100,000) for FY 06/07 and FY 07/08 to fund the new system over a three-year period.

Total Requirements:	$3,600,000
Less Anticipated Receipts (2 yrs.):	($2,100,000)
TOTAL State Funds Required:	$1,500,000

State Funds Required FY 06/07:	$250,000
State Funds Required FY 07/08:	$750,000
State Funds Required FY 08/09	$500,000"; and

to amend the House Appropriations Committee Budget Report on page H-1, after Item 4, by adding the following to read:
"**Farmland Preservation**
4A North Carolina Agricultural Development and Farmland Preservation Trust Fund

Provide funds for the North Carolina Agricultural Development and	$500,000 **NR**

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1741

AMENDMENT NO. _____
(to be filled in by
Principal Clerk)

S1741-ALD-27 [v.2]

Farmland Preservation Trust Fund"; and

by adjusting the appropriate totals accordingly.

SIGNED _____
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED _____ FAILED ✓ TABLED _____

43

OUT

KHB

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1741

AMENDMENT NO. _____
(to be filled in by
Principal Clerk)

S1741-ALN-78 [v.1]

Date 6-13 ,2006

Comm. Sub. [YES]
Amends Title [NO]
S1741-PCS20533-LR52

Representative Coleman

moves to amend the House Appropriations Committee Report, June 13, 2006, on page G-5, item #31, by reducing the amount appropriated for that item by two hundred fifty thousand dollars ($250,000); and

further moves to amend the House Appropriations Committee Report, June 13, 2006, on page G-5, by adding the following new item to read:

"**27A. Regional Advisory Committees** **$250,000 R**

Provides funding for the State's 8 regional advisory Committees."; and

Further moves to amend the bill on page 2, line 42, by reducing the amount appropriated on that line by two hundred fifty thousand dollars ($250,000); and

Further moves to amend the bill on page 2, line 44, by increasing the amount appropriated on that line by two hundred fifty thousand dollars ($250,000); and

Further moves the House Appropriations Committee Report, June 13, 2006, and the bill, by adjusting the appropriate totals accordingly.

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1741

AMENDMENT NO. _____
(to be filled in by
Principal Clerk)

S1741-ALN-78 [v.1]

SIGNED Lynda Coleman
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED _____ FAILED _____ TABLED w/D

OVT KHB 44

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1741

AMENDMENT NO. _____
(to be filled in by
Principal Clerk)

S1741-ALU-32 [v.2]

Date 6-13 ,2006

Comm. Sub. [YES]
Amends Title [NO]
S1741-PCS20533-LR-52

Representative Insko

moves to amend the bill on page 19, line 26, by adding the following new subsection to read:

"**SECTION 5.1.(s1)** Of the funds appropriated to the Department of Health and Human Services in the TANF Block Grant for the 2006-2007 fiscal year, up to two million dollars ($2,000,000) shall be used to fund replacement equipment for the North Carolina Child Support Call Center.".

SIGNED Verla Insko
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED _____ FAILED _____ TABLED w/d

45

* Replacement for #28

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1741

AMENDMENT NO. _____
(to be filled in by
Principal Clerk)

S1741-ALE-58 [v.3]

Date _____,2006

Comm. Sub. [NO]
Amends Title [NO]
PCS

Representative Jeffus

moves to amend the committee report on page F-5 by adding a new item to read:
"**36 Kids Voting NC Funds** $100,000 **NR**
Provides funding to Kids Voting of North Carolina, Inc, a nonprofit corporation, to support Kids Voting Programs. (HB 1919)";

and further moves to amend the bill on page F13, item 89, by reducing the amount appropriated for item 89 by $100,000; and

by adjusting the totals accordingly.

SIGNED Maggie Jeffus
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED _____ FAILED _____ TABLED a/D

47

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1741

AMENDMENT NO. _____
(to be filled in by
Principal Clerk)

S1741-ALN-78 [v.3]

Date 6-13 ,2006

Comm. Sub. [YES]
Amends Title [NO]
S1741-PCS20533-LR52

Representative Coleman

moves to amend the House Appropriations Committee Report, June 13, 2006, on page G-5, item #31, by reducing the amount appropriated for that item by two hundred fifty thousand dollars ($250,000); and

further moves to amend the House Appropriations Committee Report, June 13, 2006, on page G-5, by adding the following new item to read:

"**27A. Regional Advisory Committees** **$250,000** **NR**
Provides funding for the State's 8 regional advisory Committees."; and

Further moves to amend the bill on page 2, line ~~42~~ 39, by reducing the amount appropriated on that line by two hundred fifty thousand dollars ($250,000); and

Further moves to amend the bill on page 2, line 44, by increasing the amount appropriated on that line by two hundred fifty thousand dollars ($250,000); and

Further moves the House Appropriations Committee Report, June 13, 2006, and the bill,

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1741

AMENDMENT NO. _____
(to be filled in by
Principal Clerk)

S1741-ALN-78 [v.3]

by adjusting the appropriate totals accordingly.

SIGNED Rep. Linda Coleman
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED _____ FAILED _____ TABLED _____

48

OUT KHO

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1741

AMENDMENT NO. _____
(to be filled in by
Principal Clerk)

S1741-ALN-80 [v.3]

Date 6-13 ,2006

Comm. Sub. [YES]
Amends Title [NO]
S1741-PCS20533-LR52

Representative Insko

moves to amend the bill on page 54, line 22, by inserting on the line the following:

"FUNDS FOR OFFICE OF RURAL HEALTH PILOT PROJECTS

SECTION 10.7A.(a) The Department of Health and Human Services may transfer up to seven hundred fifty thousand dollars ($750,000) for the 2006-2007 fiscal year from the Division of Medical Assistance, to the Office of the Secretary for the Office of Rural Health and Community Care, to plan, develop, and implement one or more pilot projects to control cost and improve quality of care for the aged, blind, and disabled recipients of Medicaid in accordance with Section 10.14 of S.L. 2005-276.

RETAINED

SECTION 10.7A.(b) Section 10.14 of S.L. 2005-276 reads as rewritten:

"SECTION 10.14. The Department of Health and Human Services may use not more than three million dollars ($3,000,000) in the 2005-2006 fiscal year and not more than three million dollars ($3,000,000) in the 2006-2007 fiscal year in Medicaid funds budgeted for program services to support the cost of administrative activities when cost-effectiveness and savings are demonstrated. The funds shall be used to support activities that will contain the cost of the Medicaid Program, including contracting for ~~services or hiring additional staff.~~services, hiring additional staff, or providing grants through the office of Rural Health and Community Care to plan, develop, and implement cost containment programs.

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, plastic magnetic stripped Medicaid identification cards for issuance to Medicaid enrollees, fraud detection software or other fraud detection activities, technology that improves clinical decision making, credit balance recovery and data mining services, and other cost-containment activities. Funds may be

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1741

AMENDMENT NO. _____
(to be filled in by
Principal Clerk)

S1741-ALN-80 [v.3]

expended under this section only after the Office of State Budget and Management has approved a proposal for the expenditure submitted by the Department. Proposals for expenditure of funds under this section shall include the cost of implementing the cost-containment activity and documentation of the amount of savings expected to be realized from the cost-containment activity. The Department shall provide a copy of proposals for expenditures under this section to the Fiscal Research Division."

SIGNED _____
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED _____ FAILED _____ TABLED w/d

Attachment No. 6

2005 COMMITTEE REPORT
HOUSE OF REPRESENTATIVES

The following report(s) from standing committee(s) is/are presented:

By Representative Clary, Crawford, Earle, Nye, Owens, Sherrill, Yongue (Chairs) for the Committee on APPROPRIATIONS.

☐ Committee Substitute for

SB 1741 A BILL TO BE ENTITLED AN ACT TO MODIFY THE CURRENT OPERATIONS AND CAPITAL APPROPRIATIONS ACT OF 2005, TO ENACT AN EARLY REDUCTION IN THE SALES TAX RATE AND AN EARLY REDUCTION IN THE INCOME TAX RATE APPLICABLE TO MOST SMALL BUSINESSES, TO CAP THE VARIABLE WHOLESALE COMPONENT OF THE MOTOR FUEL TAX RATE AT ITS CURRENT RATE, TO INCREASE THE MINIMUM WAGE, AND TO PROVIDE FOR THE FINANCING OF CONSTRUCTION OF PSYCHIATRIC HOSPITALS AND OTHER CAPITAL PROJECTS.

☒ With a favorable report as to the House committee substitute bill as amended, which changes the title, unfavorable as to the original bill, and recommendation that the House committee substitute bill be re-referred to the Committee on FINANCE.

(FOR JOURNAL USE ONLY)

_____ Pursuant to Rule 32(a), the bill/resolution is re-referred to the Committee on _____.

_____ Pursuant to Rule 36(b), the (House/Senate) committee substitute bill/(joint) resolution (No._____) is placed on the Calendar of _____. (The original bill resolution No._____) is placed on the Unfavorable Calendar.

_____ The (House) committee substitute bill/(joint) resolution (No. ____) is re-referred to the Committee on _____. (The original bill/resolution) (House/Senate Committee Substitute Bill/(Joint) resolution No. ___) is placed on the Unfavorable Calendar.

VISITOR REGISTRATION SHEET

Appropriations — 6-13-06

Name of Committee — Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Joanne Stevens	NCNA
Tommy Stevens	NCPC
Lee Hoke	KCCI
M. Smith	NCSA
Lu Ann	NCPA
Lydia Varn	NCACC
Steve Shaber	Poyner + Spruill
Jim Stegall	U.C.P.S.
Roz Savitt	NC Child Care Coalition
Jim Rapp	NCTA
Gary Brown	Northampton County

VISITOR REGISTRATION SHEET

Name of Committee _____ Date _____

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Sally Cameron	NC Psychological Assoc + Coalition 2007
Robin Huffman	NC Psychiatric Assoc + Coalition 2007
Emily Ellis	NCPAPA
Molly Ryan	NCSBA
Kevin Q Bryce	NCCCS
Tom Nolan	OSMC
Tony Spence	DOT / DMV
Paula Windley	DOT/DMV
Hope McLamb	DOT/DMV
Becky McCanless	DPI
Stephanie Record	ESC
N. David Smith Semi Director	Agriculture Agriculture

VISITOR REGISTRATION SHEET

Appropriations
Name of Committee

6/13/06
Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Patricia Lawler	NCACC
Erin Gilmore	PORL
Katherine Joyce	NCASA
[illegible] Norris	Public School Forum of NC
Deborah Rowe	NCALHD / NCPNA
Josie Douglas	NCAD
Fred Nickel	Eastern Seals UCP
Sue Perry	NCMRDC
B.J. Simmons	NCDOT
Miriam Perry	NCDOT
Jill Hinton Keel	Autism Society of NC / C2001
[illegible]	NAMI - NC

VISITOR REGISTRATION SHEET

Name of Committee _____ Date _____

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Cady Hardy	DENR
Mary Bethel	AARP-NC
DAVID BARNES	Payment Spruce
Elizabeth Dillon	NCRMA
Gregg Horne	NCMS
RS Nelson	CINC
George Irving	TNT
Lanier Canales	Canales Fuguay
Mark Lanier	UNCW
Gene Causby	NCCA
Sarah	

VISITOR REGISTRATION SHEET

Name of Committee _____ Date _____

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Ebonie Alexander	NC Faith Advocacy
[illegible]	NC. Licensed Child Care
[illegible]	Commerce
[illegible]	NCAIC
[illegible]	S.C.S.
[illegible]	RANC
Colleen Cochrane	Smith Moore
David Joyce	NCACC
Linda Dunkley	NCAE
NECS ROSEMAN	NCDOT
Doug Hoon	NC Bar Assoc.
Bill Rowe	NC Justice Center

VISITOR REGISTRATION SHEET

Appropriations — Name of Committee

6-13-06 — Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Trey O'Quinn	OSBM
Bryan Conrad	OSBM
Christine Wunsche	Environment North Carolina
Stephanie Lynn	OSBM
Kirsten Crosse	OSBM
Karen London	NCPC
[illegible]	DCD
[illegible]	C2001 - ESOP
Dave Richard	C2001 - TL Arc
Bob Hedrick	NCPC
Jane Larson	DMA/DHHS
Thomas Gallagher	DMA/DHHS
Allen Hawkins	NC Public Health

VISITOR REGISTRATION SHEET

Name of Committee _____ Date _____

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Shannon Blosser	Rope Center / SLF / Carolina Journal
Joseph Coletti	John Locke Foundation
Terry Stoops	John Locke Foundation
Tracy Little	NC DOC
Henry Mustaff	N.C.B.A.
Anita McNeil	DENR
Rodney Bass	NCGA
Carrie Randa	NCCASA
Allison Berry	NCCASA
Jim Lora	OSBM
JENNIFER LUMMUS	OSBM
ADAM BRUEGGEMANN	OSBM
Wayne Williams	OSBM

VISITOR REGISTRATION SHEET

Name of Committee

Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Kari Barsness	OSBM
Dana Brown	OSBM
Meredith Benton	OSBM
Pam Kilpatrick	OSBM
Julie Mitchell	↓
Donna S. Cox	OSBM
Celia S. Cox	OSBM
Lanier McRee	OSBM
Peter A. Clancy	FRLTC/APPCNC/MOD/LLPP
Jackie Sheppard	DHHS
Charles Perusse	OSBM
Vicky Young	DOT
Sheryl Shelton	OSBM
Marc Nielsen	OSBM

VISITOR REGISTRATION SHEET

Name of Committee _____ Date _____

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
[signature]	NCABO
[signature]	Edwards Mech.
[signature]	DHHS DSAS
[signature]	DHHS DSAS
[signature]	"
[signature]	"
Jim Slate	DHHS
Pam Dearadorff	NCRSP
Jane Smith	DHHS
Sherry Bradsher	DHHS | DSS
Becky Brown	Labor
[signature]	SBE
[signature]	SBE
[signature]	DHHS/DMA

VISITOR REGISTRATION SHEET

Name of Committee _____ Date _____

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Phil Price	NC DPI
Mildred Spearman	NCDOC
Mark Fleming	University
Lon Turner	DHHS / DPH
Rex Whaley	AOC
Kosta Nowell	AOC
Mitch Kokai	John Locke Foundation
Michael Hoover	NCAE
David Ingram	WSJ
Chris Fitzsimon	NC Policy Watch
PATRICK BUFFKIN	ALLEY ASSOC DC
Laura Dix	DJJDP
Lacy Love	NCDOT

VISITOR REGISTRATION SHEET

Name of Committee _____ Date _____

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Courtney Crowder	Capstrat
McKinley Wooten	DOA
Kellie Visker	AARP
Solari	SMART START
[illegible]	[illegible]
K Hibbard	NCLM
B Mayo	NCAndCart
Kevin Leonard	WCSR
Carmen Hoover Olson	DHHS
Paula X. [illegible]	Central Park / PPHS / El Pueblo
Wayne Goodwin	DOI
Frank W. Foker	Helms Mullis McLeo
Wendy Kelly	HHW

VISITOR REGISTRATION SHEET

Name of Committee | Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Steve Woolson	NC Farm Bureau
Leanora White	NC CCPS
Ashley Mattock	Low Wealth School Consortium
Mary Penny	VT C
	JD. Al Pt
Chris Edge	PHI HC
Brigette Roseberry	NCACDC
Dennis Herrington	BPIL
Suzanne Ward	NCCCS
Cecil Bell	NCAE
John Rose	NCFPC

MINUTES
HOUSE COMMITTEE ON APPROPRIATIONS
JUNE 29, 2006

The House Committee on Appropriations met on Thursday, June 29, 2006 in Room 643 at 4:15 p.m. Chairman Doug Yongue convened the meeting. There were 45 House members present as well as staff to the Appropriations Committee. A visitor registration is attached and made a part of these minutes.

HB 2351 2006 GOVERNOR'S BUDGET

Chairman Yongue convened the meeting with Representative Nye moving to consider the proposed committee substitute for discussion. Representative Sherrill seconded the motion which carried. Representative Michaux was recognized to present the proposed continuing resolution which would allow state government to continue to operate in the event a budget is not passed prior to July 1. Chairman Yongue asked Phyllis Pickett, Bill Drafting, to explain the finer points included in the resolution which would expire on July 14. Representative Sherrill moved to give the proposed committee substitute a favorable report, unfavorable to the original bill. Representative Carney seconded the motion which carried.

The meeting adjourned at 4:25 pm.

Representative Doug Yongue, Chair

Linda Winstead, Committee Assistant

Representative Debbie Clary
Representative Jim Crawford
Representative Beverly Earle
Representative Edd Nye
Representative Bill Owens
Representative Wilma Sherrill

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

HOUSE APPROPRIATIONS COMMITTEE
AGENDA
Thursday, June 29, 2006
4:15 pm., Room 643

Comments of the Presiding Chair

Bills

HB 2351 2006 GOVERNOR'S BUDGET

Adjourn

Chairs

Representative Jim Crawford
Representative Debbie Clary
Representative Beverly Earle
Representative Edd Nye
Representative Bill Owens
Representative Wilma Sherrill
Representative Doug Yongue

2005 COMMITTEE REPORT
HOUSE OF REPRESENTATIVES

The following report(s) from standing committee(s) is/are presented:

By Representative Clary, Crawford, Earle, Nye, Owens, Sherrill, Yongue (Chairs) for the Committee on APPROPRIATIONS.

☐ Committee Substitute for

HB 2351 A BILL TO BE ENTITLED AN ACT TO MODIFY THE CURRENT OPERATIONS AND CAPITAL APPROPRIATIONS ACT OF 2005 AND TO MAKE OTHER CHANGES IN THE BUDGET OPERATIONS OF THE STATE, AS RECOMMENDED BY THE GOVERNOR.

☒ With a favorable report as to the committee substitute bill, which changes the title, unfavorable as to the original bill.

(FOR JOURNAL USE ONLY)

_____ Pursuant to Rule 32(a), the bill/resolution is re-referred to the Committee on _____.

_____ Pursuant to Rule 36(b), the (House/Senate) committee substitute bill/(joint) resolution (No._____) is placed on the Calendar of _____. (The original bill resolution No._____) is placed on the Unfavorable Calendar.

_____ The (House) committee substitute bill/(joint) resolution (No. ____) is re-referred to the Committee on ____. (The original bill/resolution) (House/Senate Committee Substitute Bill/(Joint) resolution No. ___) is placed on the Unfavorable Calendar.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2005

H D

HOUSE BILL 2351*
PROPOSED COMMITTEE SUBSTITUTE H2351-PCS60844-LB-139

Short Title: Continuing Appropriations. (Public)

Sponsors:

Referred to:

May 23, 2006

A BILL TO BE ENTITLED

AN ACT TO MAKE CONTINUING APPROPRIATIONS AND EXTEND CERTAIN BUDGET PROVISIONS UNTIL JULY 14, 2006.

The General Assembly of North Carolina enacts:

BUDGET CONTINUATION

SECTION 1. The Director of the Budget may continue to allot funds for expenditure by State departments, institutions, and agencies at a level not to exceed the level of recurring expenditures authorized for the 2006-2007 fiscal year in S.L. 2005-276, as amended.

The Director of the Budget shall not allocate funds for any of the purposes set out in the budget reductions contained in Senate Bill 1741, third edition, and Senate Bill 1741, sixth edition, that are not in controversy.

Vacant positions subject to the proposed budget reductions in either Senate Bill 1741, third edition, or Senate Bill 1741, sixth edition, shall not be filled.

To the extent necessary to implement this authorization, there is appropriated from the appropriate State funds and cash balances, federal receipts, and departmental receipts for the 2006-2007 fiscal year funds necessary to carry out this section.

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 2006 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 2006 becomes law, the Director of the Budget shall adjust allotments to give effect to that act from July 1, 2006.

Except as otherwise provided by this act, the limitations and directions for the 2005-2006 fiscal year set out in S.L. 2005-276, as amended, shall 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 section.

NO AUTOMATIC STEP INCREASE FOR STATE AND PUBLIC SCHOOL EMPLOYEES

SECTION 2. 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.

FUNDS SHALL NOT REVERT

SECTION 3.(a) If the provisions of either Senate Bill 1741, third edition, or Senate Bill 1741, sixth edition, or both, direct that funds shall not revert, the funds shall not revert on June 30, 2006. Unless these funds are encumbered on or before June 30, 2006, these funds shall not be expended after June 30, 2006, except as provided by a law enacted after June 30, 2006.

SECTION 3.(b) This section becomes effective June 30, 2006.

STATE CONTROLLER SHALL NOT TRANSFER FUNDS ON JUNE 30

SECTION 4.(a) Notwithstanding G.S. 143-15.2 and G.S. 143-15.3A, for the 2005-2006 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, 2006.

SECTION 4.(b) Notwithstanding G.S. 143-15.2 and G.S. 143-15.3, for the 2005-2006 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, 2006.

SECTION 4.(c) This section becomes effective June 30, 2006.

DHHS BLOCK GRANTS

SECTION 5.1.(a) Appropriations from federal block grant funds are made for the fiscal year ending June 30, 2007, according to the following schedule:

TEMPORARY ASSISTANCE TO NEEDY FAMILIES
(TANF) BLOCK GRANT

Local Program Expenditures

Division of Social Services

01.	Work First Family Assistance (Cash Assistance)	$102,625,680

02.	Work First County Block Grants	94,653,315
03.	County Demonstration Grants	19,048,322
04.	Child Protective Services – Child Welfare Workers for Local DSS	12,452,391
05.	Work First – Boys and Girls Clubs	1,500,000
06.	Work First – After-School Services for At-Risk Children	2,249,642
07.	Work First – After-School Programs for At-Risk Youth in Middle Schools	500,000
08.	Work First – Work Central	550,000
09.	Adoption Services – Special Children's Adoption Fund	3,000,000
10.	Family Violence Prevention	2,200,000
11.	Foster Care	2,000,000
	Division of Child Development	
12.	Subsidized Child Care Program	48,563,266
DHHS Administration		
13.	Division of Social Services	586,931
14.	Office of the Secretary	65,836
15.	Office of the Secretary/DIRM – TANF Automation Projects	592,500
16.	Office of the Secretary/DIRM – NC FAST Implementation	1,800,000
Transfers to Other Block Grants		
	Division of Child Development	

17.	Transfer to the Child Care and Development Fund	81,292,880
	Division of Social Services	
18.	Transfer to Social Services Block Grant for Department of Juvenile Justice and Delinquency Prevention – Support Our Students	2,749,642
19.	Transfer to Social Services Block Grant for Child Protective Services – Child Welfare Training in Counties	2,550,000
20.	Transfer to Social Services Block Grant for Maternity Homes	838,000
21.	Transfer to Social Services Block Grant for Teen Pregnancy Prevention Initiatives	2,500,000
22.	Transfer to Social Services Block Grant for County Departments of Social Services for Children's Services	4,500,000
23.	Transfer to Social Services Block Grant for Foster Care Services	1,181,907
	TOTAL TEMPORARY ASSISTANCE TO NEEDY FAMILIES (TANF) BLOCK GRANT	$388,000,312
	SOCIAL SERVICES BLOCK GRANT	
	Local Program Expenditures	
	Divisions of Social Services and Aging and Adult Services	
01.	County Departments of Social Services (Transfer from TANF – $4,500,000)	$ 28,868,189
02.	State In-Home Services Fund	2,101,113
03.	State Adult Day Care Fund	2,155,301
04.	Child Protective Services/CPS Investigative Services-Child Medical Evaluation Program	238,321

05.	Foster Care Services (Transfer from TANF – $1,181,907)	1,706,063
06.	Child Protective Services-Child Welfare Training for Counties (Transfer from TANF)	2,550,000
07.	Maternity Homes (Transfer from TANF)	838,000
08.	Local DSS Services for Hurricane Victims	509,272
	Division of Aging and Adult Services	
09.	Home and Community Care Block Grant (HCCBG)	1,834,077
	Division of Mental Health, Developmental Disabilities, and Substance Abuse Services	
10.	Mental Health Services Program	422,003
11.	Developmental Disabilities Services Program	5,000,000
12.	Mental Health Services-Adult/Mental Health Services-Child/Developmental Disabilities Program/ Substance Abuse Services-Adult	3,234,601
	Division of Child Development	
13.	Subsidized Child Care Program	3,150,000
	Division of Vocational Rehabilitation	
14.	Vocational Rehabilitation Services – Easter Seal Society/UCP	188,263
	Office of the Secretary – Office of Economic Opportunity	
15.	Elderly Supplemental Grant Program	41,302
	Division of Public Health	
16.	Teen Pregnancy Prevention Initiatives	2,500,000

	(Transfer from TANF)	
DHHS Program Expenditures		
Division of Aging and Adult Services		
17.	UNC-CARES Training Contract	247,920
Division of Services for the Blind		
18.	Independent Living Program	3,314,114
Division of Facility Services		
19.	Adult Care Licensure Program	411,897
20.	Mental Health Licensure and Certification Program	205,668
DHHS Administration		
21.	Division of Aging and Adult Services	630,636
22.	Division of Social Services	869,058
23.	Office of the Secretary/Controller's Office	123,059
24.	Office of the Secretary/DIRM	82,009
25.	Division of Child Development	15,000
26.	Division of Mental Health, Developmental Disabilities, and Substance Abuse Services	18,098
27.	Division of Facility Services	62,986
28.	Office of the Secretary-NC Inter-Agency Council For Coordinating Homeless Programs	250,000
29.	Office of the Secretary-Housing Coalition	100,000
Transfers to Other State Agencies		
Department of Administration		

30. NC Commission of Indian Affairs In-Home Services for the Elderly	203,198
Department of Juvenile Justice and Delinquency Prevention	
31. Support Our Students (Transfer from TANF)	2,749,642
Transfers to Other Block Grants	
Division of Public Health	
32. Transfer to Preventive Health Services Block Grant for HIV/STD Prevention and Community Planning	145,819
TOTAL SOCIAL SERVICES BLOCK GRANT	$ 64,765,609
LOW-INCOME ENERGY BLOCK GRANT	
Local Program Expenditures	
Division of Social Services	
01. Low-Income Energy Assistance Program (LIHEAP)	$ 28,684,494
02. Crisis Intervention Program (CIP)	20,831,114
Office of the Secretary – Office of Economic Opportunity	
03. Weatherization Program	9,431,545
04. Heating Air Repair & Replacement Program (HARRP)	4,399,042
Local Administration	
Division of Social Services	
05. County DSS Administration	2,057,992
Office of the Secretary – Office of Economic Opportunity	
06. Local Residential Energy Efficiency Service Providers – Weatherization	257,185

07.	Local Residential Energy Efficiency Service Providers – HARRP	119,955
DHHS Administration		
08.	Division of Social Services	319,774
09.	Division of Mental Health, Developmental Disabilities, and Substance Abuse Services	7,146
10.	Office of the Secretary/DIRM	245,395
11.	Office of the Secretary/Controller's Office	11,211
12.	Office of the Secretary/Office of Economic Opportunity – Weatherization	257,185
13.	Office of the Secretary/Office of Economic Opportunity – HARRP	119,955
Transfers to Other State Agencies		
14.	Department of Administration – N.C. State Commission of Indian Affairs	58,455
TOTAL LOW-INCOME ENERGY BLOCK GRANT		$ 66,800,448
CHILD CARE AND DEVELOPMENT FUND BLOCK GRANT		
Local Program Expenditures		
Division of Child Development		
01.	Subsidized Child Care Services	$165,102,685
02.	Subsidized Child Care Services (TANF to CCDF)	81,292,880
DHHS Program Expenditures		
Division of Child Development		
03.	Quality and Availability Initiatives	34,951,707

Local Administrations	
Division of Child Development	
04. Administrative Expenses (Nondirect Subsidy Services Support)	1,849,000
DHHS Administration	
05. DCD Administrative Expenses	6,028.354
TOTAL CHILD CARE AND DEVELOPMENT FUND BLOCK GRANT	$289,224,626
MENTAL HEALTH SERVICES BLOCK GRANT	
Local Program Expenditures	
01. Mental Health Services -- Adult	$ 7,184.481
02. Mental Health Services – Child	3,921,991
03. Comprehensive Treatment Service Program	1,500,000
Local Administration	
04. Division of Mental Health	100.000
TOTAL MENTAL HEALTH SERVICES BLOCK GRANT	$ 12,706.472
SUBSTANCE ABUSE PREVENTION AND TREATMENT BLOCK GRANT	
Local Program Expenditures	
01. Substance Abuse Services – Adult	$ 20,537.390
02. Substance Abuse Treatment Alternative for Women	8,069,524
03. Substance Abuse – HIV and IV Drug	4,816,378
04. Substance Abuse Prevention – Child	5,835,701

05. Substance Abuse Services – Child	4,940,500
06. Substance Abuse Strengthening Families - Prevention	851,156
Division of Public Health	
07. Risk Reduction Projects	383,980
08. Aid-to-Counties	209,576
09. Maternal Health	37,779
DHHS Administration	
10. Division of Mental Health	500,000
TOTAL SUBSTANCE ABUSE PREVENTION AND TREATMENT BLOCK GRANT	$ 46,181,984
MATERNAL AND CHILD HEALTH BLOCK GRANT	
Local Program Expenditures	
Division of Public Health	
01. Healthy Mothers/Healthy Children	9,359,236
02. Children's Health Services	4,114,216
03. Healthy Beginnings	404,559
04. Maternal Health	397,761
05. Teen Pregnancy Prevention Initiatives	85,710
DHHS Program Expenditures	
Division of Public Health	
06. Children's Health Services	3,149,826
07. Maternal Health	185,488

08.	State Center for Health Statistics	29,432
09.	Local Technical Assistance & Training	47,424
10.	Injury and Violence Prevention	149,438
11.	Office of Minority Health	98,236
12.	Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)	22,856
13.	Immunization Program – Vaccine Distribution	414,175

DHHS Administration

14.	Division of Public Health Administration	550,681

TOTAL MATERNAL AND CHILD HEALTH BLOCK GRANT $ 19,009,038

PREVENTIVE HEALTH SERVICES BLOCK GRANT

Local Program Expenditures

01.	NC Statewide Health Promotion	$1,755,653
02.	Services to Rape Victims	197,112
03.	HIV/STD Prevention and Community Planning (Transfer from Social Services Block Grant)	145,819

DHHS Program Expenditures

04.	NC Statewide Health Promotion	431,444
05.	Oral Health	114,251
06.	Osteoporosis Program	67,593

DHHS Administration

07.	Division of Public Health	109,211

TOTAL PREVENTIVE HEALTH SERVICES BLOCK GRANT	$2,821,083
COMMUNITY SERVICES BLOCK GRANT	
Local Program Expenditures	
Office of Economic Opportunity – Community Services Block Grant	
01. Community Action Agencies	$ 15,071,666
02. Limited Purpose Agencies	823,261
DHHS Administration	
03. Office of Economic Opportunity	823,261
TOTAL COMMUNITY SERVICES BLOCK GRANT	$ 16,718,188

GENERAL PROVISIONS

SECTION 5.1.(b) Information To Be Included in Block Grant Plans. – The Department of Health and Human Services shall submit a separate plan for each Block Grant received and administered by the Department, and each plan shall include the following:

(1) A delineation of the proposed allocations by program or activity, including State and federal match requirements.

(2) A delineation of the proposed State and local administrative expenditures.

(3) An identification of all new positions to be established through the Block Grant, including permanent, temporary, and time-limited positions.

(4) A comparison of the proposed allocations by program or activity with two prior years' program and activity budgets and two prior years' actual program or activity expenditures.

(5) A projection of current year expenditures by program or activity.

(6) A projection of federal Block Grant funds available, including unspent federal funds from the current and prior fiscal years.

SECTION 5.1.(c) Changes in Federal Fund Availability. – If the Congress of the United States increases the federal fund availability for any of the Block Grants administered by the Department of Health and Human Services from the amounts appropriated in this section, the Department shall allocate the increase proportionally across the program and activity appropriations identified for that Block Grant in this section. In allocating an increase in federal fund availability, the Department shall not propose funding for new programs or activities not appropriated in this section or increase State administrative expenditures.

If the Congress of the United States decreases the federal fund availability for any of the Block Grants administered by the Department of Health and Human Services from the amounts appropriated in this section, the Department shall reduce State administration by at least the percentage of the reduction in federal funds. After determining the State administration, the remaining reductions shall be allocated proportionately across the program and activity appropriations identified for that Block Grant in this section. In allocating a decrease in federal fund availability, the Department shall not eliminate the funding for a program or activity appropriated in this section unless it is related to the State administration.

Prior to allocating the change in federal fund availability, the proposed allocation must be approved by the Office of State Budget and Management. If the Department adjusts the allocation of any Block Grant due to changes in federal fund availability, then a report shall be made to the Joint Legislative Commission on Governmental Operations, 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.

SECTION 5.1.(d) All changes to the budgeted allocations to the Block Grants administered by the Department of Health and Human Services that are not specifically addressed in this section shall be approved by the Office of State Budget and Management, and a report shall be submitted to the Joint Legislative Commission on Governmental Operations for review prior to implementing the changes. All changes to the budgeted allocations to the Block Grant shall be reported immediately 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. This subsection does not apply to Block Grant changes caused by legislative salary increases and benefit adjustments.

SECTION 5.1.(e) The Department of Health and Human Services 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 positions funded from federal Block Grants. The report shall include the following for each Block Grant:

(1) All State positions currently funded through the Block Grant, including permanent, temporary, and time-limited positions.
(2) Budgeted salary and fringe benefits for each position.
(3) Identify the percentage of Block Grant funds used to fund each position.

The report shall be submitted no later than December 1, 2006.

TEMPORARY ASSISTANCE FOR NEEDY FAMILIES BLOCK GRANT (TANF)

SECTION 5.1.(f) The sum of five hundred eighty-six thousand nine hundred thirty-one dollars ($586,931) appropriated in this section in the TANF Block Grant to the Department of Health and Human Services, Division of Social Services, for the

2006-2007 fiscal year shall be used to support administration of TANF-funded programs.

SECTION 5.1.(g) The sum of two million two hundred thousand dollars ($2.200.000) appropriated under this section in the TANF Block Grant to the Department of Health and Human Services, Division of Social Services, for the 2006-2007 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 support 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, 2006. 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, 2006, 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, 2006. The Division of Social Services may reallocate unspent funds to counties that submit a written request for additional funds.

SECTION 5.1.(h) The sum of two million two hundred forty-nine thousand six hundred forty-two dollars ($2,249,642) appropriated in this section in the TANF Block Grant to the Department of Health and Human Services, Division of Social Services, for the 2006-2007 fiscal year 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, school dropout, and gang participation. 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 fund one position within the Division of Social Services to coordinate at-risk after-school programs and shall not be used for other State administration.

SECTION 5.1.(i) The sum of twelve million four hundred fifty-two thousand three hundred ninety-one dollars ($12,452,391) appropriated in this section to the Department of Health and Human Services, Division of Social Services, in the TANF Block Grant for the 2006-2007 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 postadoption services for eligible families.

SECTION 5.1.(j) 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, Special Children Adoption Fund, for the 2006-2007 fiscal year shall be used in accordance with Section 10.48 of S.L. 2005-276. 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.(k) The sum of one million eight hundred thousand dollars ($1,800,000) in this section appropriated to the Department of Health and Human Services in the TANF Block Grant for the 2006-2007 fiscal year shall be used to implement N.C. FAST (North Carolina Families Accessing Services through Technology). The N.C. FAST Program involves the entire automation initiative through which families access services and local departments of social services deliver benefits, supervised by the Department of Health and Human Services, Divisions of Social Services, Aging and Adult Services, Medical Assistance, and Child Development. The statewide automated initiative shall be implemented in compliance with federal regulations in order to ensure federal financial participation in the project. The Department of Health and Human Services shall report on its compliance with this subsection 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 no later than January 1, 2007.

SECTION 5.1.(l) The sum of five hundred thousand dollars ($500,000) appropriated in this section to the Department of Health and Human Services, Division of Social Services, in the TANF Block Grant for the 2006-2007 fiscal year shall be used to expand after-school programs for at-risk children attending middle school. The Department shall develop and implement a grant program to award funds to community-based programs demonstrating the capacity to reach children at risk of teen pregnancy, school dropout, and gang participation. These funds shall not be used for training or administration at the State level. All funds shall be distributed to community-based programs, focusing on those communities where similar programs do not exist in middle schools.

SECTION 5.1.(m) In implementing the TANF Block Grant, the Department of Health and Human Services shall review policies, programs, and initiatives to ensure that they support men in their role as fathers and strengthen fathers' involvement in their children's lives. The Department shall encourage county departments of social services to ensure their Work First programs emphasize responsible fatherhood and increased participation by noncustodial fathers.

SECTION 5.1.(n) The sum of five hundred fifty thousand dollars ($550,000) appropriated in this section to the Department of Health and Human Services in the TANF Block Grant for the 2006-2007 fiscal year shall be transferred to Work Central, Inc. Work Central, Inc., shall report on the number of people served and the services received as a result of the receipt of funds. The report shall contain expenditure data, including the amount of funds used for administration and direct training. The report shall also include the number of people who have been employed as a direct result of services provided by Work Central, Inc., including the length of employment in the new position. The Department of Health and Human Services shall evaluate the program and ensure that services provided are not duplicative of local employment security commissions in the nine counties served by Work Central, Inc. The evaluation report shall be submitted 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 no later than May 1, 2007.

SECTION 5.1.(o) The sum of one million five hundred thousand dollars ($1,500,000) appropriated in this section to the Department of Health and Human Services in the TANF Block Grant for Boys and Girls Clubs for the 2006-2007 fiscal year 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 gang participation, 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.(p) The sum of nineteen million forty-eight thousand three hundred twenty-two dollars ($19,048,322) appropriated in this section to the Department of Health and Human Services, Division of Social Services, in the TANF Block Grant for the 2006-2007 fiscal year for county demonstration grants shall be used for Work First demonstration projects implemented by county departments of social services. The county demonstration grants may be awarded for up to three years with all projects ending no later than the end of fiscal year 2008-2009. The purpose of the county demonstration grants is to identify best practices that can be used by counties to improve the work participation rates. The Division of Social Services is authorized to establish two time-limited positions to manage the grant award process and monitor the demonstration projects through fiscal year 2008-2009.

Funding provided under the county demonstration grants shall not be used to supplant local funds and counties shall be required to maintain the current level of effort and funding for the Work First program.

SOCIAL SERVICES BLOCK GRANT

SECTION 5.1.(q) Social Services Block Grant funds appropriated to the North Carolina Inter-Agency Council for Coordinating Homeless Programs and the North Carolina Housing Coalition are exempt from the provisions of 10A NCAC 71R .0201(3).

SECTION 5.1.(r) The sum of two million seven hundred forty-nine thousand six hundred forty-two dollars ($2,749,642) appropriated in this section in the Social Services Block Grant to the Department of Health and Human Services and transferred to the Department of Juvenile Justice and Delinquency Prevention for the 2006-2007 fiscal year shall be used to support the existing Support Our Students Program, including gang prevention, 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.(s) The sum of two million five hundred fifty thousand dollars ($2,550,000) appropriated in this section in the Social Services Block Grant to the Department of Health and Human Services, Division of Social Services, for the 2006-2007 fiscal year 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 caring facilities.
(4) Provide for various other child welfare training initiatives.

SECTION 5.1.(t) The sum of eight hundred thirty-eight thousand dollars ($838,000) appropriated in this section in the Social Services Block Grant to the Department of Health and Human Services for the 2006-2007 fiscal year shall be used to purchase services at maternity homes throughout the State.

SECTION 5.1.(u) The sum of one million seven hundred six thousand sixty-three dollars ($1,706,063) appropriated in this section in the Social Services Block Grant for child caring agencies for the 2006-2007 fiscal year shall be allocated to the State Private Child Caring Agencies Fund.

SECTION 5.1.(v) The Department of Health and Human Services is authorized, subject to the approval of the Office of State Budget and Management, to transfer Social Services Block Grant funding allocated for departmental administration between divisions that have received administrative allocations from the Social Services Block Grant.

LOW-INCOME HOME ENERGY ASSISTANCE PROGRAM

SECTION 5.1.(w) Additional emergency contingency funds received may be allocated for Energy Assistance Payments or Crisis Intervention Payments without

prior consultation with the Joint Legislative Commission on Governmental Operations. Additional funds received shall be reported to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division upon notification of the award. The Department of Health and Human Services shall not allocate funds for any activities, including increasing administration, other than assistance payments, without prior consultation with the Joint Legislative Commission on Governmental Operations.

CHILD CARE AND DEVELOPMENT FUND BLOCK GRANT

SECTION 5.1.(x) The sum of no more than four hundred thousand dollars ($400,000) appropriated in this section to the Department of Health and Human Services in the Child Care and Development Fund Block Grant for the 2006-2007 fiscal year may be used for the operations of the Medical Child Care Pilot.

SECTION 5.1.(y) 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.(z) 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.

MENTAL HEALTH BLOCK GRANT

SECTION 5.1.(aa) 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 2006-2007 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 2006-2007 fiscal year shall be used to continue a Comprehensive Treatment Services Program for Children in accordance with Section 10.25 of S.L. 2005-276.

SECTION 5.1.(bb) The Department of Health and Human Services shall contract with the University of North Carolina at Chapel Hill for the purpose of providing psychology student stipends in the amount of fifty thousand dollars ($50,000) for the 2006-2007 fiscal year. Twenty-five thousand dollars ($25,000) of this contract shall be paid from the Mental Health Block Grant.

MATERNAL AND CHILD HEALTH BLOCK GRANT

SECTION 5.1.(cc) 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 2006-2007 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.(dd) The Department of Health and Human Services shall ensure that there will be follow-up testing in the Newborn Screening Program.

NER BLOCK GRANTS

SECTION 5.2.(a) Appropriations from federal block grant funds are made for fiscal year ending June 30, 2007, 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 – 2007 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; not less than

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, including Urban Redevelopment Grants and Small Business or Entrepreneurial Assistance; 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) The Department of Commerce will create a small business/entrepreneurship program in coordination with micro-lending programs and other small business assistance groups in the State. The Department of Commerce shall award up to one million dollars ($1,000,000) in grants to local governments to provide assistance to low-to-moderate income individuals for small business and entrepreneurship development.

SECTION 5.2.(g) The Department of Commerce shall consult with the Joint Legislative Commission on Governmental Operations prior to reallocating Community Development Block Grant Funds. Notwithstanding the provisions of this subsection, whenever the Director of the Budget finds that:

(1) A reallocation is required because of an emergency that poses an imminent threat to public health or public safety. The Director of the Budget may authorize the reallocation without consulting the Commission. The Department of Commerce shall report to the Commission on the reallocation no later than 30 days after it was authorized and shall identify in the report the emergency, the type of action taken, and how it was related to the emergency.

(2) The State will lose federal block grant funds or receive less federal block grant funds in the next fiscal year unless a reallocation is made. The Department of Commerce shall provide a written report to the Commission on the proposed reallocation and shall identify the reason that failure to take action will result in the loss of federal funds. If the Commission does not hear the issue within 30 days of receipt of the report, the Department may take the action without consulting the Commission.

EXPAND LEA ACCESS TO EDUCATION VALUE ADDED ASSESSMENT SYSTEM (EVAAS)

SECTION 6.(a) The State Board of Education shall identify local school administrative units to receive funds for purchasing licenses to EVAAS diagnostic software based on criteria that shall include (i) identified need, (ii) readiness, and (iii) county wealth, as defined in the Low-Wealth Supplemental Funding Formula. The Board shall identify as many units as possible within funds available for this purpose.

SECTION 6.(b) Funds appropriated for EVAAS in the 2005-2006 fiscal year shall not revert but shall be carried forward to the 2006-2007 fiscal year for expenditures for training related to expanding local school administrative units' access to the EVAAS tool. Any such funds not spent by June 30, 2007, shall revert to the General Fund.

SECTION 6.(c) This section becomes effective June 30, 2006.

USE OF FUNDS FOR THE COLLEGE INFORMATION SYSTEM PROJECT

SECTION 7.(a) Funds appropriated to the Community Colleges System Office for the College Information System Project shall not revert at the end of the 2005-2006 fiscal year but shall remain available until expended.

SECTION 7.(b) Notwithstanding G.S. 143-23, the Community Colleges System Office may, subject to the approval of the Office of State Budget and Management, in consultation with the Office of Information Technology Services, and after consultation with the Joint Legislative Commission on Governmental Operations, use funds appropriated in this act for the College Information System Project to create a maximum of 20 positions or incur expenditures necessary to transfer the maintenance and administration of the College Information System Project from the vendor to the System Office.

SECTION 7.(c) The Community Colleges System Office shall report on a quarterly basis to the Joint Legislative Education Oversight Committee on the implementation of the College Information System Project.

SECTION 7.(d) Subsection (a) of this section becomes effective June 30, 2006.

CARRYFORWARD FOR EQUIPMENT

SECTION 8.(a) Subject to the approval of the Office of State Budget and Management and cash availability, the North Carolina Community Colleges System Office may carry forward an amount not to exceed ten million dollars ($10,000,000) of the operating funds that were not reverted in fiscal year 2005-2006 to be reallocated to the State Board of Community Colleges' Equipment Reserve Fund. These funds shall be distributed to colleges consistent with G.S. 115D-31.

SECTION 8.(b) This section becomes effective June 30, 2006.

ADVANCED VEHICLE RESEARCH CENTER/FUNDS SHALL NOT REVERT

SECTION 9.(a) Funds appropriated to the Advanced Vehicle Research Center Reserve for the 2005-2006 fiscal year for the Advanced Vehicle Research Center of North Carolina, Inc., that are unexpended and unencumbered as of June 30, 2006, shall not revert to the General Fund on June 30, 2006, but shall remain available in the Reserve.

SECTION 9.(b) This section becomes effective June 30, 2006.

WANCHESE SEAFOOD INDUSTRIAL PARK/OREGON INLET FUNDS

SECTION 10. Section 13.1 of S.L. 2005-276 reads as rewritten:

"**SECTION 13.1.(a)** Funds appropriated to the Department of Commerce for the ~~2004-2005~~2005-2006 fiscal year for the Wanchese Seafood Industrial Park that are unexpended and unencumbered as of ~~June 30, 2005,~~June 30, 2006, shall not revert to the General Fund on ~~June 30, 2005,~~June 30, 2006, but shall remain available to the Department to be expended by the Wanchese Seafood Industrial Park for operations, maintenance, repair, and capital improvements in accordance with Article 23C of Chapter 113 of the General Statutes.

SECTION 13.1.(b) Funds appropriated to the Department of Commerce for the ~~2004-2005~~2005-2006 fiscal year for the Oregon Inlet Project that are unexpended and unencumbered as of ~~June 30, 2005,~~June 30, 2006, shall not revert to the General Fund on ~~June 30, 2005.~~June 30, 2006.

SECTION 13.1.(c) This section becomes effective ~~June 30, 2005.~~June 30, 2006."

COLLECTION OF WORTHLESS CHECK FUNDS

SECTION 11. 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, 2006, for the purchase or repair of office or information technology equipment during the 2006-2007 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 Justice and Public Safety on the equipment to be purchased or repaired and the reasons for the purchases.

PAYMENT OF USUB PENALTIES TO CIVIL PENALTY AND FORFEITURE FUND

SECTION 12.(a) Notwithstanding G.S. 143-18, the Department of Revenue shall be allowed to expend up to two million four hundred thirty-four thousand two hundred seventy dollars and seventy-one cents ($2,434,270.71) of unencumbered maintenance appropriations as of June 30, 2006, for the purpose of paying the Civil Penalty and Forfeiture Fund. The amount to be expended represents Unauthorized Substance Tax penalty collections that were paid to local law enforcement agencies for the period of July 1, 2005, through December 31, 2005. The source of the unencumbered funds shall come entirely from the Department of Revenue. If unencumbered funds are not sufficient on June 30, 2006, the Department shall use anticipated unencumbered funds as of July 1, 2006.

SECTION 12.(b) Through the 2008-2009 fiscal year, the Department of Revenue shall reduce succeeding distributions to a law enforcement agency under G.S. 105-113.113 to offset the amount that was improperly distributed to that agency, as described in subsection (a) of this section, and the Department shall deposit the funds collected into a reserve account which shall revert at the end of each fiscal year.

ONLINE DEALER REGISTRATION FUNDS

SECTION 13.(a) Notwithstanding the provisions of Section 28.22(b) of S.L. 2005-276, for fiscal year 2006-2007, the Division of Motor Vehicles is prohibited from spending any funds appropriated to it for Online Dealer Registration enhancements.

SECTION 13.(b) This section becomes effective June 30, 2006.

EFFECTIVE DATE

SECTION 14. Sections 5.1 and 5.2 of this act become effective July 1, 2006. Except for Sections 5.1 and 5.2, the remainder of this act becomes effective June 30, 2006, and expires July 14, 2006.

HOUSE BILL 2351:
Continuing Appropriations

BILL ANALYSIS

Committee:	House Appropriations	**Introduced by:**	Rep. Crawford
Date:	June 29, 2006	**Summary by:**	Legal Counsel & Budget Development Staff

SUMMARY: ***Proposed Committee Substitute for House Bill 2351 continues the directives and limitations enacted last session in the 2005 Appropriations Act, as amended. The bill provides that no automatic step increases shall be paid to State employees and public school employees. The bill includes the health and human services block grant and the natural and economic resources block grants. In addition, the bill includes certain time sensitive special provisions that were identical in the third and sixth editions of House Bill 1741 in order to maintain the status quo as to those provisions.***

BILL ANALYSIS:

-- SECTION 1. BUDGET CONTINUATION

States that the Director of the Budget may continue to allot funds for expenditure by State departments, institutions, and agencies at a level not to exceed the level of recurring expenditures authorized for the 2006-2007 fiscal year in S.L. 2005-276, as amended. Appropriates from the appropriate State funds and cash balances, federal receipts, and departmental receipts for the 2006-2007 fiscal year funds necessary to carry out this section.

-- SECTION 2. NO AUTOMATIC STEP INCREASE FOR STATE AND PUBLIC SCHOOL EMPLOYEES

State employees and public school teachers will not move up on salary schedules or receive automatic increases until authorized by the General Assembly.

-- SECTION 3. FUNDS SHALL NOT REVERT

If the provisions of either Senate Bill 1741, third edition, or Senate Bill 1741, sixth edition, or both, direct that funds shall not revert, the funds shall not revert on June 30, 2006. Unless these funds are encumbered on or before June 30, 2006, these funds shall not be expended after June 30, 2006

-- SECTION 4. STATE CONTROLLER SHALL NOT TRANSFER FUNDS ON JUNE 30

Funds will 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, 2006.

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, 2006.

-- SECTIONS 5.1 & 5.2 DHHS AND NER BLOCK GRANTS

Makes the Human Services and NER block grant appropriations from federal block grant funds for the fiscal year ending June 30, 2007.

THE FOLLOWING SPECIAL PROVISIONS ARE IDENTICAL IN BOTH BUDGETS AND RELATE TO JUNE 30, 2006 EXPIRATIONS. THESE WILL REMAIN IN EFFECT UNTIL ADOPTION OF THE MAIN BUDGET.

-- SECTION 6. EXPAND LEA ACCESS TO EDUCATION VALUE ADDED ASSESSMENT SYSTEM (EVAAS)

(a) The State Board of Education shall identify local school administrative units to receive funds for purchasing licenses to EVAAS diagnostic software based on criteria that shall include (i) identified need, (ii) readiness, and (iii) county wealth, as defined in the Low-Wealth Supplemental Funding Formula. The Board shall identify as many units as possible within funds available for this purpose.

(b) Funds appropriated for EVAAS in the 2005-2006 fiscal year shall not revert but shall be carried forward to the 2006-2007 fiscal year for expenditures for training related to expanding local school administrative units' access to the EVAAS tool. Any such funds not spent by June 30, 2007, shall revert to the General Fund.

Effective June 30, 2006.

-- SECTION 7. USE OF FUNDS FOR THE COLLEGE INFORMATION SYSTEM PROJECT

Non Revert: Funds appropriated to the Community Colleges System Office for the College Information System Project shall not revert at the end of the 2005-2006 fiscal year but shall remain available until expended.

Effective June 30, 2006.

-- SECTION 8. CARRYFORWARD FOR EQUIPMENT

Subject to the approval of the Office of State Budget and Management and cash availability, the North Carolina Community Colleges System Office may carry forward an amount not to exceed ten million dollars ($10,000,000) of the operating funds that were not reverted in fiscal year 2005-2006 to be reallocated to the State Board of Community Colleges' Equipment Reserve Fund. These funds shall be distributed to colleges consistent with G.S. 115D-31.

Effective June 30, 2006.

-- SECTION 9. ADVANCED VEHICLE RESEARCH CENTER/FUNDS SHALL NOT REVERT

Funds appropriated to the Advanced Vehicle Research Center Reserve for the 2005-2006 fiscal year for the Advanced Vehicle Research Center of North Carolina, Inc., that are unexpended and unencumbered as of June 30, 2006, shall not revert to the General Fund on June 30, 2006, but shall remain available in the Reserve.

Effective June 30, 2006.

-- SECTION 10. WANCHESE SEAFOOD INDUSTRIAL PARK/OREGON INLET FUNDS

Funds remain available to the Department to be expended by the Wanchese Seafood Industrial Park for operations, maintenance, repair, and capital improvements in accordance with Article 23C of Chapter 113 of the General Statutes and do not revert.

Effective June 30, 2006.

-- SECTION 11. COLLECTION OF WORTHLESS CHECK FUNDS

Allows the Judicial Department to use any balance remaining in the Collection of Worthless Checks Fund on June 30, 2006, for the purchase or repair of office or information technology equipment during the 2006-2007 fiscal year.

-- SECTION 12. PAYMENT OF USUB PENALTIES TO CIVIL PENALTY AND FORFEITURE FUND

Allows the Department of Revenue to expend up to two million four hundred thirty-four thousand two hundred seventy dollars and seventy-one cents ($2,434,270.71) of unencumbered maintenance appropriations as of June 30, 2006, for the purpose of paying the Civil Penalty and Forfeiture Fund. The amount to be expended represents Unauthorized Substance Tax penalty collections that were paid to local law enforcement agencies for the period of July 1, 2005, through December 31, 2005.

-- SECTION 13. ONLINE DEALER REGISTRATION FUNDS

Notwithstanding the provisions of Section 28.22(b) of S.L. 2005-276, for fiscal year 2006-2007, the Division of Motor Vehicles is prohibited from spending any funds appropriated to it for Online Dealer Registration enhancements.

Effective June 30, 2006.

-- SECTION 14. EFFECTIVE DATE

Sections 5.1 and 5.2 of this act become effective July 1, 2006. Except for Sections 5.1 and 5.2, the remainder of this act becomes effective June 30, 2006, and expires July 14, 2006.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2005

H 1

HOUSE BILL 2351*

Short Title: 2006 Governor's Budget. (Public)

Sponsors: Representatives Crawford, Clary, Earle, and Michaux (Primary Sponsors).

Referred to: Appropriations.

May 23, 2006

A BILL TO BE ENTITLED

AN ACT TO MODIFY THE CURRENT OPERATIONS AND CAPITAL APPROPRIATIONS ACT OF 2005 AND TO MAKE OTHER CHANGES IN THE BUDGET OPERATIONS OF THE STATE, AS RECOMMENDED BY THE GOVERNOR.

The General Assembly of North Carolina enacts:

PART I. INTRODUCTION AND TITLE OF ACT

INTRODUCTION

SECTION 1. The appropriations made in this act are for maximum amounts necessary to provide the services and accomplish the purposes described in the budget. Savings shall be effected where the total amounts appropriated are not required to perform these services and accomplish these purposes and, except as allowed by the Executive Budget Act, or this act, the savings shall revert to the appropriate fund at the end of each fiscal year.

TITLE OF ACT

SECTION 1.2. This act shall be known as "The Current Operations and Capital Improvements Appropriations Act of 2005."

PART II. CURRENT OPERATIONS AND EXPANSION/GENERAL FUND

SECTION 2.1. Appropriations from the General Fund of the State for the maintenance of the State's departments, institutions, and agencies, and for other purposes as enumerated are made for the fiscal year ending June 30, 2007, according to

the following schedule. Amounts set out in brackets are reductions from General Fund appropriations for the 2006-2007 fiscal year.

State Agency or Division	FY 2006-2007 Adjustments
Health and Human Services:	
Central Administration	$(64,030,678)
Aging	3,000,000
Child Development	30,465,513
Smart Start	
Education Services	828,548
Public Health	20,305,744
Social Services	14,686,546
Medical Assistance	(150,000,000)
Child Health	0
Services for the Blind	0
Mental Health/DD/SAS	89,133,395
Facility Services	0
Vocational Rehabilitation	699,856
Total Health & Human Services	**(54,911,076)**
Natural and Economic Resources:	
Agriculture & Consumer Services	1,320,839
Commerce	19,246,828
Commerce – State Aid to Non-State Entities	2,000,000
Environment and Natural Resources	11,225,028
Clean Water Management Trust Fund	0
Labor	450,000
Total Natural and Economic Resources	**34,242,695**
Justice and Public Safety:	
Correction	31,529,391
Crime Control & Public Safety	3,968,741
Judicial	26,158,821
Judicial – Indigent Defense	6,213,600
Justice	4,571,760
Juvenile Justice	3,060,852
Total Justice and Public Safety	**75,503,165**
General Government:	
Administration	5,691,818
State Auditor	407,564

Cultural Resources	4,252,602
Cultural Resources – Roanoke Island	0
General Assembly	238,346
Governor's Office	100,000
Insurance	597,903
Insurance – Workers' Compensation Fund	0
Lieutenant Governor	2,600
Office of Administrative Hearings	365,000
Revenue	1,360,060
NC Housing Finance	5,000,000
Secretary of State	838,671
State Board of Elections	143,279
State Budget and Management (OSBM)	409,938
OSBM – Special Appropriations	1,255,000
Office of State Controller	0
State Treasurer	281,274
State Treasurer – Retirement/Benefits	0
Total General Government	**20,944,565**
Education:	
Public Schools	127,574,985
Community Colleges	39,838,763
University System	123,385,910
Total Education	**290,799,658**
Debt Service:	
General Debt Service	(50,000,000)
Federal Reimbursement	0
Total Debt Service	**(50,000,000)**
Reserves & Adjustments:	
Compensation Increase Reserve	594,536,890
Minimum Fair Wage Noncertified Public School Employees	8,582,073
Salary Adjustment Fund	20,000,000
Retirement System COLA	48,000,000
Reserve for Lawsuits	2,000,000
Reserve for Innovative IT Initiatives	3,000,000
Reserve for Disaster Expenses	50,000,000
BEACON Project	41,788,403
Retirement System Payback	30,000,000
Total Reserves & Adjustments	**808,206,192**
Capital:	
Capital Improvements	329,453,300

Total General Fund Budget Changes **$1,454,238,499**

GENERAL FUND AVAILABILITY STATEMENT

SECTION 2.2.(a) The General Fund availability used in adjusting the 2006-2007 budget is shown below:

Description	FY 2006-2007 Recommended (In Millions)
Beginning Availability:	
Unappropriated Balance FY 2005-2006	$113.4
Overcollections FY 2005-2006	1,072.1
Reversions FY 2005-2006	125.0
Credit to Savings Reserve Account	(324.0)
Credit to Repair and Renovations Reserve Account	(200.0)
Beginning Unreserved Credit Balance	**$771.5**
Revenue:	
Tax:	
Income (Individual & Corporate)	10,753.0
Sales and Use	4,973.0
Other Tax	1,699.0
Total Tax	**$17,425.0**
Nontax/Transfers	655.0
Total Revenue	**$18,080.0**
Total Availability	**$18,850.5**

SECTION 2.2.(b) Notwithstanding the allocations outlined in G.S.143-15.2 and G.S.143-15.3, the sum of three hundred twenty-four million dollars ($324,000,000) shall be transferred to the Savings Reserve Account from the beginning credit balance on June 30, 2006.

SECTION 2.2.(c) Notwithstanding the allocations outlined in G.S.143-15.2 and G.S.143-15.3, the sum of two hundred million dollars ($200,000,000) shall be transferred to the Repairs and Renovations Reserve Account from the credit balance on June 30, 2006.

PART III. CURRENT OPERATIONS/HIGHWAY FUND

SECTION 3.1. Revised 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 2006-2007 fiscal year, according to the following schedule. Amounts set out in brackets are reductions from Highway Fund appropriations for the 2006-2007 fiscal year.

Current Operations – Highway Fund	2006-2007 Adjustments
DOT – General Administration	$2,500,000
Highway Division Administration	
State Match for Federal Aid-Planning and Research	
Construction Program:	
State Secondary System	1,439,500
Small Urban Construction	38,000,000
Total Construction Program	**39,439,500**
Maintenance Program	
Contract Resurfacing	82,853,280
General Maintenance Reserve	57,481,289
Total Maintenance Program	**140,334,569**
State Aid to Municipalities	1,439,500
State Aid to Railroads	3,198,750
State Aid for Public Transportation	(14,000,000)
State Aid for Airports	2,000,000
Division of Motor Vehicles	2,168,301
Total Department of Transportation	**$ 177,080,620**
Appropriations to Other State Agencies:	
Public Instruction – Driver Education	457,971
CCPS – Highway Patrol	15,017,698
Total – Other State Agencies	**15,325,669**
Reserves and Transfers:	
Salary Adjustment	1,000,000
Weigh Station Improvements	12,824,782
Reserve for Legislative Increase	19,500,000
Reserve for Retirement Adjustment	2,500,000
Total Reserves and Transfers	**35,824,782**
Total Highway Fund Appropriation	**$ 228,231,071**

HIGHWAY FUND AVAILABILITY STATEMENT

SECTION 3.2. The Highway Fund appropriations availability used in developing modifications to the 2006-2007 Highway Fund budget contained in this act is shown below:

Beginning Credit Balance	$-
Transfer from General Fund	17,662,725
Estimated Revenue	1,749,477,275
TOTAL HIGHWAY FUND AVAILABILITY	**$ 1,767,140,000**

HIGHWAY TRUST FUND

SECTION 4.1. Appropriations from the Highway Trust Fund are made for the fiscal year ending June 30, 2007, according to the following schedule. Amounts set out in brackets are reductions from Highway Trust Fund appropriations for the 2006-2007 fiscal year.

Highway Trust Fund	**2006-2007 Adjustments**
Department of Transportation:	
Maximum Allowance for Administration	$ 3,180,220
Construction Allocation:	
Intrastate System	169,102,879
Urban Loop System	68,378,162
Secondary Roads	16,462,310
State Aid to Municipalities	17,742,836
Transfer to the General Fund	(195,176,407)
Total Highway Trust Fund	**$ 79,690,000**

CAP GAS TAX RATE/HOLD HIGHWAY FUND HARMLESS

SECTION 4.2.(a) Notwithstanding G.S.105-449.80, the motor fuel excise tax rate shall not exceed 29.9 cents per gallon. The sum of seventeen million six hundred sixty-two thousand seven hundred twenty-five dollars ($17,662,725) shall be transferred from Nontax Budget Code 19978 (Intrastate Transfers) to Highway Fund Budget Code 84210 by April 30, 2007, if the motor fuel excise tax rate is scheduled to exceed 29.9 cents per gallon at any time during FY 2006-2007.

SECTION 4.2.(b) G.S. 105-449.80(a) reads as rewritten:

"(a) Rate. – The motor fuel excise tax rate is a flat rate of seventeen and one-half cents (17 1/2¢)a gallon plus a variable wholesale component. The variable wholesale component is either three and one-half cents (3 1/2¢) a gallon or seven percent (7%) of the average wholesale price of motor fuel for the applicable base period, whichever is greater. In no case may the variable wholesale component be greater than twelve and four-tenths cents (12.4¢) a gallon.

The two base periods are six-month periods; one ends on September 30 and one ends on March 31. The Secretary must set the tax rate twice a year based on the wholesale

price for each base period. A tax rate set by the Secretary using information for the base period that ends on September 30 applies to the six-month period that begins the following January 1. A tax rate set by the Secretary using information for the base period that ends on March 31 applies to the six-month period that begins the following July 1."

SECTION 4.2.(c) Subsection (b) of this section is effective when it becomes law.

REDUCE HIGHWAY TRUST FUND TRANSFER TO GENERAL FUND

SECTION 4.3. Section 2.2(e) of S.L. 2005-276 is repealed. Notwithstanding any other provision of law, the sum of fifty-one million five hundred ninety-nine thousand twenty-seven dollars ($51,599,027) shall be transferred from the Highway Trust Fund to the General Fund for fiscal year 2006-2007.

PART V. BLOCK GRANTS

NATURAL AND ECONOMIC RESOURCES BLOCK GRANTS

SECTION 5.1.(a) Appropriations from federal block grant funds are made for fiscal year ending June 30, 2007, according to the following schedule:

COMMUNITY DEVELOPMENT BLOCK GRANT

01. State Administration	$ 850,000
02. Urgent Needs and Contingency	600,000
03. Scattered Site Housing	11,550,000
04. Economic Development	7,500,000
05. Small Business/Entrepreneurship	1,000,000
06. Community Revitalization	11,000,000
07. State Technical Assistance	375,000
08. Housing Development	1,500,000
09. Infrastructure	3,125,000

TOTAL COMMUNITY DEVELOPMENT
BLOCK GRANT – 2007 Program Year
$ 37,500,000

SECTION 5.1.(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 5.1.(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 5.1.(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 eight hundred fifty thousand dollars ($850,000) may be used for State Administration; not less than six hundred thousand dollars ($600,000) may be used for Urgent Needs and Contingency; up to eleven million five hundred fifty thousand dollars ($11,550,000) may be used for Scattered Site Housing; up to seven million five hundred thousand dollars ($7,500,000) may be used for Economic Development; up to one million dollars ($1,000,000) may be used for Small Business/Entrepreneurship; not less than eleven million dollars ($11,000,000) shall be used for Community Revitalization; up to three hundred seventy-five thousand dollars ($375,000) may be used for State Technical Assistance; up to one million five hundred thousand dollars ($1,500,000) may be used for Housing Development; up to three million one hundred twenty-five thousand dollars ($3,125,000) 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 5.1.(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 5.1.(f) Department of Commerce Demonstration will create a small business/entrepreneurship program in coordination with micro-lending programs and other small business assistance groups in the State. The Department of Commerce shall award up to one million dollars ($1,000,000) in grants to local governments to provide assistance to low-to-moderate income individuals for small business and entrepreneurship development as a means of achieving economic independence during these times of structural change in North Carolina's economy.

SECTION 5.1.(g) The Department of Commerce shall consult with the Joint Legislative Commission on Governmental Operations prior to reallocating Community Development Block Grant Funds. Notwithstanding the provisions of this subsection, whenever the Director of the Budget finds that:

(1) A reallocation is required because of an emergency that poses an imminent threat to public health or public safety, the Director of the Budget may authorize the reallocation without consulting the Commission. The Department of Commerce shall report to the Commission on the reallocation no later than 30 days after it was authorized and shall identify in the report the emergency, the type of action taken, and how it was related to the emergency.

(2) The State will lose federal block grant funds or receive less federal block grant funds in the next fiscal year unless a reallocation is made. The Department of Commerce shall provide a written report to the Commission on the proposed reallocation and shall identify the reason that failure to take action will result in the loss of federal funds. If the Commission does not hear the issue within 30 days of receipt of the report, the Department may take the action without consulting the Commission.

PART VI. GENERAL PROVISIONS

INCREASE MINIMUM WAGE

SECTION 6.1.(a) G.S. 95-25.3(a) reads as rewritten:

"(a) Every employer shall pay to each employee who in any workweek performs any work, wages of at least ~~the minimum wage set forth in paragraph 1 of section 6(a) of the FairLabor Standards Act, 29 U.S.C. 206(a)(1), as that wage may change from time to time,~~ six dollars ($6.00) per hour, except as otherwise provided in this section."

SECTION 6.1.(b) This act is effective January 1, 2007.

GENERAL FUND OPERATING APPROPRIATIONS CAP

SECTION 6.2. Article 1 of Chapter 143 of the General Statutes is amended by adding the following new sections to read:

"**§ 143-2.1. Definitions and determination of the General Fund appropriations cap.**

(a) Definitions. – The following definitions apply in this section and in G.S. 143-2.2:

(1) Fiscal growth factor. – The average of total State personal income change for each of the preceding 10 State fiscal years. If income change for any of the preceding 10 fiscal years is negative, then that change shall be counted as zero. For fiscal year 2006-2007, the fiscal growth factor is 5.6 percent.

(2) Total State personal income change. – The annual percentage change in State personal income for each State fiscal year as reported by the Office of State Budget and Management.

(3) General Fund appropriations limit. – The General Fund appropriations limit for each fiscal year shall be the previous fiscal year's General Fund appropriations for operations increased by a percentage rate that equals the fiscal growth factor.

(4) Exemptions from the limit. – Any increases in appropriations for the following purposes shall be excluded from the appropriations limit:

a. Repayments to the Retirement Fund for moneys intercepted in order to balance the State budget in previous years.

b. Compliance with a court order or directive.

c. Mental Health Trust Fund.

d. To implement the teacher pay plan required under Section 2.2(j) of S.L. 2005-276.

e.5. Disaster reserve funds and utility assistance.

(b) Fiscal Reports. – On or before March 15 of each year, the Fiscal Research Division and the Office of State Budget and Management shall issue a determination of the General Fund appropriations limit for the fiscal year beginning July 1 of that year and a projection of the General Fund appropriations limit for the next fiscal year.

"**§ 143-2.2. Increase in General Fund appropriations limited.**

(a) Governor Bound by General Fund Appropriations Limit. – In preparing a budget for a fiscal year, the Governor shall not propose appropriations from the General Fund for the ensuing fiscal period in excess of the projected General Fund appropriations limit established under G.S. 143-2.1. For purposes of this section, transfers, appropriations, or other deposits to the Savings Reserve Account established in G.S. 143-15.3 and the Repairs and Renovations Reserve Account established in G.S. 143-15.3A shall not count toward the calculation of the limit.

(b) General Assembly Bound by General Fund Appropriations Limit. – In enacting a budget for the fiscal year, the General Assembly shall not make appropriations from the General Fund in excess of the projected General Fund appropriations limit established in G.S. 143-2.1. For purposes of this section, transfers, appropriations, or other deposits to the Savings Reserve Account established in G.S. 143-15.3 and the Repairs and Renovations Reserve Account established in G.S. 143-15.3A shall not count toward the calculation of the limit."

REQUIRE VOTER APPROVAL FOR DEBT EXCEEDING TWENTY-FIVE MILLION DOLLARS

SECTION 6.3. G.S. 142-83 reads as rewritten:

"**§ 142-83. Authorization of special indebtedness; General Assembly approval.**

The State may incur or issue special indebtedness subject to the terms and conditions provided in this Article for the purpose of financing the cost of capital facilities that meet one of the following conditions:

(1) The General Assembly has enacted legislation describing the capital facility and authorizing its financing by the incurrence or issuance of special indebtedness up to a specific maximum ~~amount.~~ amount, or legislation authorizing the incurrence or issuance of special indebtedness up to a specific maximum amount for a specific category of capital facilities and the capital facility meets all of the conditions set in that legislation.

(2) The General Assembly has enacted legislation authorizing the incurrence or issuance of special indebtedness up to a specific maximum amount for a specific category of capital facilities and the capital facility meets all of the conditions set in that legislation.

(3) The authorization of special indebtedness, except for matters of public safety, public health, or to enforce a court order, shall not exceed twenty-five million dollars ($25,000,000). The authorization cap of

twenty-five million dollars ($25,000,000) shall include all authorizations made by the General Assembly during one fiscal year."

RECEIPT SUPPORTED POSITIONS CONSULTATION REQUIREMENT

SECTION 6.4. G.S. 143-34.1(a1) is repealed.

PART VII. PUBLIC SCHOOLS

TEACHER SALARY SCHEDULES

SECTION 7.1.(a) Effective for the 2006-2007 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 2006-2007 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, 2006, 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 2006-2007 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.

2006-2007 Monthly Salary Schedule
"A" Teachers

Years of Experience	"A" Teachers	NBPTS Certification
0	$2,851	N/A
1	$2,893	N/A
2	$2,937	N/A
3	$3,093	$3,464
4	$3,233	$3,621
5	$3,367	$3,771
6	$3,496	$3,916
7	$3,600	$4,032
8	$3,648	$4,086
9	$3,697	$4,141
10	$3,747	$4,197
11	$3,796	$4,252

12	$3,847	$4,309
13	$3,898	$4,366
14	$3,951	$4,425
15	$4,005	$4,486
16	$4,060	$4,547
17	$4,115	$4,609
18	$4,174	$4,675
19	$4,232	$4,740
20	$4,290	$4,805
21	$4,352	$4,874
22	$4,413	$4,943
23	$4,479	$5,016
24	$4,543	$5,088
25	$4,608	$5,161
26	$4,674	$5,235
27	$4,742	$5,311
28	$4,813	$5,391
29+	$4,884	$5,470

2006-2007 Monthly Salary Schedule
"M" Teachers

Years of Experience	"M" Teachers	NBPTS Certification
0	$3,136	N/A
1	$3,182	N/A
2	$3,231	N/A
3	$3,402	$3,810
4	$3,556	$3,983
5	$3,704	$4,148
6	$3,846	$4,308
7	$3,960	$4,435
8	$4,013	$4,495
9	$4,067	$4,555
10	$4,122	$4,617
11	$4,176	$4,677
12	$4,232	$4,740
13	$4,288	$4,803
14	$4,346	$4,868
15	$4,406	$4,935
16	$4,466	$5,002
17	$4,527	$5,070
18	$4,591	$5,142
19	$4,655	$5,214

20	$4,719	$5,285
21	$4,787	$5,361
22	$4,854	$5,436
23	$4,927	$5,518
24	$4,997	$5,597
25	$5,069	$5,677
26	$5,141	$5,758
27	$5,216	$5,842
28	$5,294	$5,929
29+	$5,372	$6,017

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 2006-2007 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 2006-2007 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.

SECTION 7.1.(g) As used in this section, the term "teacher" shall also include instructional support personnel.

SCHOOL-BASED ADMINISTRATOR SALARY SCHEDULE

SECTION 7.2.(a) Effective for the 2006-2007 school year, the Director of the Budget shall transfer from the Reserve for Compensation Increases for the 2006-2007 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 2006-2007 fiscal year, commencing July 1, 2006, is as follows:

2006-2007
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	$3,592				
5	$3,741				
6	$3,884				
7	$4,000				
8	$4,053	$4,053			
9	$4,108	$4,108			
10	$4,163	$4,163	$4,218		
11	$4,218	$4,218	$4,274		
12	$4,274	$4,274	$4,331	$4,389	
13	$4,331	$4,331	$4,389	$4,450	$4,511
14	$4,389	$4,389	$4,450	$4,511	$4,572
15	$4,450	$4,450	$4,511	$4,572	$4,637
16	$4,511	$4,511	$4,572	$4,637	$4,702
17	$4,572	$4,572	$4,637	$4,702	$4,766
18	$4,637	$4,637	$4,702	$4,766	$4,835
19	$4,702	$4,702	$4,766	$4,835	$4,903
20	$4,766	$4,766	$4,835	$4,903	$4,976
21	$4,835	$4,835	$4,903	$4,976	$5,047
22	$4,903	$4,903	$4,976	$5,047	$5,120
23	$4,976	$4,976	$5,047	$5,120	$5,192

24	$5,047	$5,047	$5,120	$5,192	$5,268
25	$5,120	$5,120	$5,192	$5,268	$5,347
26	$5,192	$5,192	$5,268	$5,347	$5,426
27	$5,268	$5,268	$5,347	$5,426	$5,535
28	$5,347	$5,347	$5,426	$5,535	$5,646
29	$5,426	$5,426	$5,535	$5,646	$5,759
30	$5,535	$5,535	$5,646	$5,759	$5,874
31	$5,646	$5,646	$5,759	$5,874	$5,991
32		$5,759	$5,874	$5,991	$6,111
33			$5,991	$6,111	$6,233
34			$6,111	$6,233	$6,358
35				$6,358	$6,485
36				$6,485	$6,615
37					$6,747

Principal and Assistant Principal Salary Schedules
Classification

Yrs. of Exp	PrinV (44-54)	PrinVI (55-65)	PrinVII (66-100)	PrinVIII (101+)
0-14	$4,637			
15	$4,702			
16	$4,766	$4,835		
17	$4,835	$4,903	$5,047	
18	$4,903	$4,976	$5,120	$5,192
19	$4,976	$5,047	$5,192	$5,268
20	$5,047	$5,120	$5,268	$5,347
21	$5,120	$5,192	$5,347	$5,426
22	$5,192	$5,268	$5,426	$5,535
23	$5,268	$5,347	$5,535	$5,646
24	$5,347	$5,426	$5,646	$5,759
25	$5,426	$5,535	$5,759	$5,874
26	$5,535	$5,646	$5,874	$5,991
27	$5,646	$5,759	$5,991	$6,111
28	$5,759	$5,874	$6,111	$6,233
29	$5,874	$5,991	$6,233	$6,358
30	$5,991	$6,111	$6,358	$6,485
31	$6,111	$6,233	$6,485	$6,615
32	$6,233	$6,358	$6,615	$6,747
33	$6,358	$6,485	$6,747	$6,882
34	$6,485	$6,615	$6,882	$7,020
35	$6,615	$6,747	$7,020	$7,160

36	$6,747	$6,882	$7,160	$7,303
37	$6,882	$7,020	$7,303	$7,449
38	$7,020	$7,160	$7,449	$7,598
39		$7,303	$7,598	$7,750
40		$7,449	$7,750	$7,905
41			$7,905	$8,063

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:

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 and in cooperative innovative high 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 1999-2000 school years 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) Longevity pay for principals and assistant principals shall be as provided for State employees under the State Personnel Act.

SECTION 7.2.(g) 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.

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.(h) 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. The stipend shall not exceed the difference between the beginning salary of an assistant principal and any fellowship funds received by the intern as a full-time student, including awards of the Principal Fellows Program. The Principal Fellows Program or the school of education where the intern participates in a full-time masters in school administration program shall supply the Department of Public Instruction with certification of eligible full-time interns.

SECTION 7.2.(i) During the 2006-2007 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.

CENTRAL OFFICE SALARIES

SECTION 7.3.(a) The monthly salary ranges that follow apply to assistant superintendents, associate superintendents, directors/coordinators, supervisors, and finance officers for the 2006-2007 fiscal year, beginning July 1, 2006.

School Administrator I	$2,932	$5,726
School Administrator II	$3,112	$6,074
School Administrator III	$3,303	$6,443
School Administrator IV	$3,436	$6,700
School Administrator V	$3,574	$6,970
School Administrator VI	$3,792	$7,392
School Administrator VII	$3,945	$7,690

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, 2006.

SECTION 7.3.(b) The monthly salary ranges that follow apply to public school superintendents for the 2006-2007 fiscal year, beginning July 1, 2006.

Superintendent I	$4,187	$8,158
Superintendent II	$4,445	$8,651
Superintendent III	$4,716	$9,178
Superintendent IV	$5,005	$9,734
Superintendent V	$5,312	$10,328

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 7.2(f) of this act.

SECTION 7.3.(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 7.3.(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 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 7.3.(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 7.3.(f) The annual salary increase for all permanent full-time personnel paid from the Central Office Allotment shall be four percent (4%), commencing July 1, 2006. The State Board of Education shall allocate these funds to local school administrative units. The local boards of education shall establish guidelines for providing salary increases to these personnel.

NONCERTIFIED PERSONNEL SALARY AND FAIR MINIMUM PAY

SECTION 7.4.(a) The annual salary increase for permanent, full-time noncertified public school employees whose salaries are supported from the State's General Fund shall be four percent (4%), commencing July 1, 2006.

SECTION 7.4.(b) Local boards of education shall increase the rates of pay for such employees who were employed for all or part of fiscal year 2005-2006 and who continue their employment for fiscal year 2006-2007 by providing an annual salary increase for employees of four percent (4%). For part-time employees, the pay increase shall be pro rata based on the number of hours worked.

SECTION 7.4.(c) The State Board of Education may adopt salary ranges for noncertified personnel to support increases of four percent (4%) for the 2006-2007 fiscal year.

SECTION 7.4.(d) Effective July 1, 2006, permanent noncertified public school employees whose salaries are supported from the State's General Fund shall be paid a minimum monthly or hourly salary equivalent to the minimum salary of State employees subject to the State Personnel Act.

BONUS FOR CERTIFIED PERSONNEL AT THE TOP OF THEIR SALARY SCHEDULES

SECTION 7.5. Effective July 1, 2006, any permanent certified personnel employed on July 1, 2006, and paid on the teacher salary schedule with 29+ years of experience shall receive a one-time bonus equivalent to the average increase of the 26- to 29-year steps, one and fifty-eight hundredths percent (1.58%). Effective July 1, 2006, any permanent personnel employed on July 1, 2006, and paid at the top of the principal and assistant principal salary schedule shall receive a one-time bonus equivalent to two percent (2%). For permanent part-time personnel, the one-time bonus shall be adjusted pro rata. Personnel defined under G.S. 115C-325(a)(5a) are not eligible to receive the bonus.

FUNDS TO IMPLEMENT THE ABCS OF PUBLIC EDUCATION

SECTION 7.6.(a) The State Board of Education shall use funds appropriated in this act for State Aid to Local School Administrative Units to provide incentive funding for schools that met or exceeded the projected levels of improvement in student performance during the 2005-2006 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 7.6.(b) The State Board of Education may use funds appropriated to the State Public School Fund to provide assistance to low-performing schools.

CHILDREN WITH DISABILITIES

SECTION 7.7. The State Board of Education shall allocate funds for children with disabilities on the basis of two thousand nine hundred sixty-six dollars and sixty-five cents ($2,966.65) per child for a maximum of 172,040 children for the 2006-2007 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 2006-2007 allocated average daily membership in the local school administrative unit.

The dollar amounts allocated under this section for children with disabilities shall also adjust in accordance with legislative salary increments, retirement rate adjustments, and health benefit adjustments for personnel who serve children with disabilities.

FUNDS FOR ACADEMICALLY GIFTED CHILDREN

SECTION 7.8. The State Board of Education shall allocate funds for academically or intellectually gifted children on the basis of nine hundred sixty-one dollars and sixty cents ($961.60) per child. A local school administrative unit shall receive funds for a maximum of four percent (4%) of its 2006-2007 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 57,419 children for the 2006-2007 school year.

The dollar amounts allocated under this section for academically or intellectually gifted children shall also adjust in accordance with legislative salary increments, retirement rate adjustments, and health benefit adjustments for personnel who serve academically or intellectually gifted children.

LEA ASSISTANCE PROGRAM

SECTION 7.9.(a) The State Board of Education shall report on a plan to provide assistance to low-performing schools and LEAs and to assist schools and LEAs not meeting adequate yearly progress as identified in the No Child Left Behind Act of 2001. The report shall include historical data on assistance that has been provided and the quantitative outcomes, including student academic performance for each school and LEA assisted. The report shall also include research-based data regarding state LEA and school assistance programs. The plan shall ensure that all assistance to LEAs and schools that is provided on behalf of the State Board of Education (SBE) by the Department of Public Instruction and its contractors shall be consolidated into the LEA Assistance Program (LEAAP) created in the 2003 Session of the General Assembly.

SECTION 7.9.(b) The State Board of Education shall develop the criteria for LEA Assistance Teams (i) the criteria for selecting LEAs and schools to receive assistance, (ii) measurable goals and objectives for the assistance program, (iii) an explanation of the type of assistance to be provided with these combined resources. The Department will develop a revised organizational structure and budget for the provision of assistance services to LEAs to ensure the department can meet the needs of the LEAs. This structure and budget must be approved by the State Board of Education. The report to the Office of State Budget and Management, the Fiscal Research Division, and the Joint Legislative Education Oversight Committee on the criteria and the new organizational structure, proposed budget, functions, and projected workloads shall be submitted by August 15, 2006.

SECTION 7.9.(c) To implement the plan, notwithstanding G.S. 143-23, funds shall be transferred from within existing appropriations to the LEAAP. The State Board of Education may, subject to the approval of the Office of State Budget and Management, use these funds to create positions. For 2006-2007 only, the State Board may transfer General Fund appropriations between personnel service and nonpersonnel service line items provided that it has been approved by the State Board and has prior approval from the Office of State Budget and Management, in order to have the flexibility during the transition year to structure itself most efficiently for the delivery of services. However, all funds transferred under this provision are only for this program and for the services described herein. Funds are not to be used to raise the salary of

existing employees. These funds shall come from appropriations currently supporting positions, and related operating costs within the Department of Public Instruction for school improvement teams and for Closing the Gap positions, and from the funds appropriated to the State Public School Fund being used for contractual services and associated costs for the Assistance Teams. The Office of State Budget and Management shall approve the plan prior to the transfer of funds.

SECTION 7.9.(d) A report shall be submitted on the prior year's expenditure of these funds by August 31 of each year. The report shall contain: (i) the criteria for selecting LEAs and schools to receive assistance, (ii) measurable goals and objectives for the assistance program, (iii) an explanation of the assistance provided, (iv) findings from the assistance program, (v) actual expenditures by category, (vi) recommendations for the continuance of this program, and (vii) any other information the State Board deems necessary. These funds shall not revert at the end of each fiscal year but shall remain available until expended for this purpose.

DISADVANTAGED STUDENT SUPPLEMENTAL FUNDING

SECTION 7.10. Section 7.8 of S.L. 2005-276 is amended adding a new subsection to read:

"**SECTION 7.8.(c)** Beginning in the 2006-2007 fiscal year, funds appropriated for disadvantaged student supplemental funding (DSSF) shall be allotted based upon a teacher-to-student ratio for the eligible DSSF population using the following formula: (i) local education agencies (LEAs) in counties with wealth greater than ninety percent (90%) of the statewide average as calculated under the low-wealth supplemental formula shall receive one teaching position per 20.5 DSSF population, (ii) LEAs in counties with wealth not less than eighty percent (80%) and not greater than ninety percent (90%) of the statewide average as calculated under the low-wealth supplemental formula shall receive one teaching position per 20 DSSF population, (iii) LEAs in counties with less wealth than eighty percent (80%) of the statewide average as calculated under the low-wealth supplemental formula shall receive one teaching position per 19.5 DSSF population, and (iv) LEAs receiving DSSF funds in 2005-2006 shall receive one teaching position per 16 DSSF population. LEAs receiving DSSF funds in 2005-2006 shall receive no less than the DSSF amount allotted in 2005-2006."

LEARN AND EARN HIGH SCHOOLS

SECTION 7.11.(a) Funds are appropriated in this act for the Learn and Earn high school workforce development program. The purpose of the program is to create rigorous and relevant high school options that provide students with the opportunity and assistance to earn an associate degree or two years of college credit by the conclusion of the year after their senior year in high school. The State Board of Education shall work closely with the Education Cabinet and the New Schools Project in administering the program.

SECTION 7.11.(b) These funds shall be used to establish new high schools in which a local school administrative unit, two- and four-year colleges and universities, and local employers work together to ensure that high school and postsecondary college

curricula operate seamlessly and meet the needs of participating employers. Funds shall not be allotted until Learn and Earn high schools are certified as operational.

SECTION 7.11.(c) During the first year of its operation, a high school established under G.S. 115C-238.50 shall be allotted a principal regardless of the number of State-paid teachers assigned to the school or the number of students enrolled in the school. The budget flexibility authorized by G.S. 115C-105.25 does not apply to these positions.

SECTION 7.11.(d) The State Board of Education, in consultation with the State Board of Community Colleges and The University of North Carolina Board of Governors, shall conduct an annual evaluation of this program. The evaluation shall include measures as identified in G.S. 115C-238.55. It shall also include: (i) an accounting of how funds and personnel resources were utilized and their impact on student achievement, retention, and employability; (ii) recommended statutory and policy changes; and (iii) recommendations for improvement of the program. The State Board of Education shall report the results of this evaluation to the Office of State Budget and Management, the Joint Legislative Education Oversight Committee, and the Fiscal Research Division by January 15 of each fiscal year.

SECTION 7.11.(e) Funds appropriated in this act will expand the number of Learn and Earn sites to 34 in 2006-2007. Enrollment and tuition for The University of North Carolina courses in which Learn and Earn students are enrolled is an allowable use of these funds. Tuition costs may include laboratory fees assessed to all students enrolled in the course or a similar course.

SECTION 7.11.(f) Textbooks required for college courses in which Learn and Earn students are enrolled may be purchased with these funds.

SECTION 7.11.(g) Payment of fees by LEAs to partnering community colleges and universities are restricted to technology or course fees. Funds appropriated in this act shall not be used to support the cost of athletic or other student activity or campus fees not required by enrollment in a specific course.

SECTION 7.11.(h) Nonrecurring funds are appropriated to support planning sites in 2006-2007. These funds may be used for planning and start-up costs, and principal salary for the four months immediately prior to the academic year in which the site becomes operational.

SECTION 7.11.(i) The State Board of Education shall allot funds for university enrollment, tuition and fees, and textbooks on the basis of and after verification of the credit hour enrollment of Learn and Earn students in university courses. The State Board of Education shall allot funds for community college fees and textbooks on the basis of and after verification of the credit hour enrollment of Learn and Earn students in community college courses.

NEW SCHOOLS PROJECT HIGH SCHOOLS

SECTION 7.12.(a) Funds are appropriated in this act to expand the Small Specialty Schools pilot. This appropriation will support the redesign of an additional 21 new schools in 2006-2007. The purpose of the program is to improve graduation rates and to achieve higher student performance as measured by standard tests and

postgraduate gainful employment or admission into an institution of higher education. The State Board of Education shall work closely with the Education Cabinet and the New Schools Project in administering the program.

SECTION 7.12.(b) Nonrecurring funds are appropriated to support 10 planning sites in 2006-2007 for redesigned schools focused on science, technology, engineering, and/or mathematics (STEM). The State Board of Education shall work closely with the NC New Schools Project in administering the program. These funds may be used for planning and start-up costs and principal salaries for the four months immediately prior to the academic year in which the site becomes operational. Any implementation grants for STEM schools shall come from non-State sources, such as private and other public sources.

NC WISE POSITIONS

SECTION 7.13.(a) Notwithstanding G.S. 143-23, the State Board of Education may, subject to the approval of the Office of State Budget and Management, and in consultation with the Office of Information Technology Services, use funds appropriated in this act for NC WISE to create positions or incur expenditures necessary to transfer the maintenance and administration of the NC WISE system from the vendor to the Department of Public Instruction.

SECTION 7.13.(b) The Department of Public Instruction shall report on a quarterly basis to the Joint Legislative Education Oversight Committee on the implementation of the NC WISE project.

ONLINE PROFESSIONAL DEVELOPMENT RESOURCE CENTER

SECTION 7.14.(a) Funds appropriated to the State Board of Education for the Online Professional Development Resource Center Web portal will be placed in a reserve in the Professional Teaching Standards Commission budget until an IT project plan is developed and approved.

SECTION 7.14.(b) Funds will be released upon approval of the IT project plan by the State Budget Director and the Chief Information Officer.

21ST CENTURY LITERACY COACHES

SECTION 7.15.(a) Funds in the amount of four million seven hundred sixty-seven thousand four hundred dollars ($4,767,400) are appropriated to support the selection and hiring of 100 21st Century Literacy Coaches. Coaches will be hired and placed in 100 middle schools or other public schools with an eighth grade class. A site selection process including formal criteria will be developed by the State Board of Education in consultation with the North Carolina Teacher Academy. The site must receive formal approval of the State Board of Education to receive funds for this purpose. Sites prioritized for selection will include representation from a wide demographic and will include, but will not be limited to, feeder schools to Learn and Earn schools, New Schools Project schools, Disadvantaged Student Supplemental Funding (DSSF) districts, or select schools with the lowest tier of reading scores in the most recent three years on end-of-grade tests. To be selected, schools must (i) contain

an eighth grade class, and (ii) ensure that Literacy Coaches will have no administrative responsibilities in the schools in which they are placed.

SECTION 7.15.(b) National Board for Professional Teaching Standards (NBPTS) certified teachers serving in these positions shall be exempt from the requirements in G.S.115C-296.2(b)(2)d. and shall remain on the NBPTS teacher salary schedule.

EDUCATION VALUES ADDED ASSESSMENT SYSTEM (EVAAS) – ALLOW LEAS TO PARTICIPATE

SECTION 7.16. Effective July 1, 2006, the Education Value Added Assessment System (EVAAS) will be made available to LEAs as a tool to provide in-depth analysis of student performance and to help identify strategies for improving student achievement. The State Board of Education shall identify LEAs to receive funding in 2006-2007 based on criteria that shall include (i) identified need, (ii) readiness, and (iii) county wealth, as defined in the Low-Wealth Supplemental Funding Formula.

NORTH CAROLINA VIRTUAL SCHOOL

SECTION 7.17.(a) Funds are appropriated in this act for the North Carolina Virtual Public School (NCVPS) program. The NCVPS shall report to the State Board of Education and shall maintain an administrative office at the Department of Public Instruction. Funds shall be used for eight positions for administration of the program; course reviews, consolidation, acquisition and development; an NCVPS management system; employment of instructional staff; and operating expenses of the program. The purpose of the North Carolina Virtual Public School (NCVPS) program is to ensure that North Carolina public school students and faculty can access a standard set of quality educational resources online.

SECTION 7.17.(b) The Director of NCVPS will ensure that course quality standards are established and met and that all e-learning opportunities offered to public school students are consolidated under the NC Virtual Public School Program, eliminating course duplication. Assessment will be conducted by the director who shall evaluate current course offerings for rigor and quality. A report on the proposed consolidation and operating plan for 2007-2008 will be made to the Joint Legislative Education Oversight Committee, the Office of State Budget and Management, and the Fiscal Research Division no later than January 15, 2007. Consolidation will be completed by June 30, 2007. Notwithstanding G.S 143-23, the State Board of Education may move funds within the budget to implement the consolidation.

SECTION 7.17.(c) Subsequent to course consolidation, the Director will prioritize e-learning course offerings for students residing in rural and low-wealth county LEAs, in order to expand available instructional opportunities. First-available e-learning instructional opportunities should include courses required as part of the standard course of study for high school graduation and AP offerings not otherwise available.

SECTION 7.17.(d) Beginning in fiscal year 2007-2008 funds for e-learning opportunities for public school students will be budgeted as an ADM adjustment within the State Public School Fund.

SECTION 7.17.(e) The appropriation for the information technology component of this initiative is placed in a reserve in the Department of Public Instruction. This project component must be approved by the State Budget Director and the Chief Information Officer prior to the expenditure of funds.

DISTANCE EDUCATION

SECTION 7.18. Notwithstanding G.S. 143-23, the State Board of Education may use monies from the State Public School Fund in 2006-2007 only to pay for the additional costs associated with an increased number of registration fees for students enrolling in distance education courses.

DEPARTMENT OF PUBLIC INSTRUCTION LEGACY SYSTEM MIGRATION AND UPGRADE

SECTION 7.19. Nonrecurring funds in the amount of two million dollars ($2,000,000) are placed in a reserve in the Department of Public Instruction for Legacy System Migration and Update. The department must obtain approval from the Chief Information Officer and the State Budget Director prior to the expenditure of funds for this project. Funds in the reserve may be carried forward to fiscal year 2007-2008 to complete the project. Unexpended funds will revert to the General Fund June 30, 2008.

SCHOOL CONNECTIVITY

SECTION 7.20. A nonrecurring appropriation of four million dollars ($4,000,000) shall support the NC Education Network and expand the number of the State's K-12 public schools to use technology as an instructional tool to prepare students for the demands of the 21st century workforce. Funding shall be placed in reserve in the Department of Public Instruction. The State Board of Education and the Department of Public Instruction, in collaboration with ITS, shall work with pilot districts to provide "last mile connectivity" and infuse technology into schools' instructional efforts. Funding for support, network operations, security, and other appropriate expenditures shall be managed out of the appropriation.

CONVERT 100 TEACHING FELLOWS SCHOLARSHIP LOANS FOR PROSPECTIVE MATHEMATICS AND SCIENCE TEACHERS

SECTION 7.21.(a) Beginning in the 2007-2008 fiscal year, 100 of the 500 teaching fellows scholarship loans as established in G.S. 115C-363.23A shall be changed from four-year scholarship loans to two-year scholarship loans for North Carolina college juniors who intend to obtain licensure in middle school or high school mathematics or science.

SECTION 7.21.(b) G.S. 115C-363.23A reads as rewritten:

"**§ 115C-363.23A. Teaching Fellows Program established; administration.**

(a) A Teaching Fellows Program shall be administered by the North Carolina Teaching Fellows Commission. The Teaching Fellows Program shall be used to provide a four-year scholarship loan of six thousand five hundred dollars ($6,500) per year to North Carolina high school seniors interested in preparing to teach in the public schools of the State. Beginning July 1, 2007, the Teaching Fellows Program shall be used to provide 100 two-year scholarship loans of six thousand five hundred dollars ($6,500) per year to North Carolina college juniors who intend to obtain licensure in middle school or high school mathematics or science. The Commission shall adopt very stringent standards, including minimum grade point average and scholastic aptitude test scores, for awarding these scholarship loans to ensure that only the best high school seniors receive them.

(b) The Commission shall administer the program in cooperation with teacher training institutions selected by the Commission. Teaching Fellows should be exposed to a range of extra-curricular activities while in college. These activities should be geared to instilling a strong motivation not only to remain in teaching but to provide leadership for tomorrow's schools.

(c) The Commission shall form regional review committees to assist it in identifying the best high school seniors or college juniors for the program. The Commission and the review committees shall make an effort to identify and encourage minority students and students who may not otherwise consider a career in teaching to enter the program.

(d) All scholarship loans shall be evidenced by notes made payable to the Commission that shall bear interest at the rate of ten percent (10%) per year beginning September 1 after completion of the program, or immediately after termination of the scholarship loan, whichever is earlier. The scholarship loan may be terminated by the recipient withdrawing from school or by the recipient not meeting the standards set by the Commission.

(e) The Commission shall forgive the four-year loan if, within seven years after graduation, the recipient teaches for four years and forgive the two-year loan if the recipient teaches for three years at a North Carolina public school or at a school operated by the United States government in North Carolina. The Commission shall also forgive the four-year loan if, within seven years after graduation, the recipient teaches for three consecutive years and forgive the two-year loan if the recipient teaches for two years, unless the recipient takes an approved leave of absence, at a North Carolina public school in a local school administrative unit that, at the time the recipient accepts employment with the unit, is a low-performing school system identified in accordance with Article 6A of this Chapter or is on warning status as defined by the State Board of Education. The Commission shall also forgive the four-year loan and the two-year loan if it finds that it is impossible for the recipient to teach ~~for four years~~, within seven years after graduation, at a North Carolina public school or at a school operated by the United States government in North Carolina, because of the death or permanent disability of the recipient."

PUBLIC SCHOOL BUILDING CAPITAL FUND - SMALL COUNTY MINIMUM GUARANTEE

SECTION 7.22.(a) G.S. 115C-546.2(a) reads as rewritten:

"(a) Monies in the Fund shall be allocated to the counties on a per average daily membership basis according to the average daily membership for the budget year as determined and certified by the State Board of Education. Interest earned on funds allocated to each county shall be allocated to that county. It is provided, however, any county defined as low-wealth and eligible for funds under subsection (d) of this section shall receive an additional allocation per annum equal to the remainder of five hundred thousand dollars ($500,000) less the funds provided under subsection (d) of this section. It is further provided that subsection (c) of this section does not apply to this additional allocation."

SECTION 7.22.(b) The State Board of Education may use monies within the Public School Building Capital Fund to establish an engineer position in the Division of School Planning.

TRANSFER MORE AT FOUR PROGRAM AND OFFICE OF SCHOOL READINESS TO THE DEPARTMENT OF PUBLIC INSTRUCTION

SECTION 7.23.(a) The More at Four program and the Office of School Readiness are transferred from the Office of the Governor to the Department of Public Instruction effective July 1, 2006. This transfer shall have all of the elements of a Type I transfer, as defined in G.S. 143A-6. The Office of School Readiness will provide oversight to the More at Four program and other related early childhood and prekindergarten education experiences. An Executive Director for the Office of School Readiness will be appointed by the State Board of Education.

SECTION 7.23.(b) Section 10.67(a) of S.L. 2005-276 is repealed.

SECTION 7.23.(c) Section 10.67(b) of S.L. 2005-276 reads as rewritten:

"**SECTION 10.67.(b)** The Department of Health and Human Services and the Department of Public Instruction~~, with guidance from the Task Force,~~ shall continue the implementation of the "More at Four" prekindergarten program for at-risk four-year-olds who are at risk of failure in kindergarten. The program is available statewide to all counties that choose to participate, including underserved areas. The goal of the program is to provide quality prekindergarten services to a greater number of at-risk children 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 and the Department of Public Instruction. 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 are not being served ~~first priority~~ in formal early education programs, such as child care, public or private preschools, Head Start, Early Head Start, early intervention programs, or other such programs, who demonstrate

educational needs, and who are eligible to enter kindergarten the next school year, as well as children who are underserved.

(3) A curriculum or several curricula that are research-based and/or built on sound instructional theory.~~recommended by the Task Force. The Task Force will identify and approve appropriate research-based curricula.~~ 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 a ~~preassessment and postassessment of children in the~~ statewide evaluation, 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.

(7) A system built upon existing local school boards and systems, private child care providers, and other entities that 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 and 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) Consideration of the reallocation of existing funds. In order to maximize current funding and resources, the Department of Health and Human Services and 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."

SECTION 7.23.(d) Section 10.67(c) of S.L. 2005-276 reads as rewritten:

"**SECTION 10.67.(c)** The ~~Department of Health and Human Services~~ Department of Public Instruction shall implement a plan to expand ~~plan for expansion of the~~ "More

at Four" program standards within existing resources to include four- and five-star-rated centers and schools serving four-year-olds and develop guidelines for these programs. ~~The Department shall analyze guidelines for use of the "More at Four" funds, State subsidy funds, and Smart Start subsidy funds and devise a complementary plan for administration of funds for all four-year-old classrooms.~~ The "NC Prekindergarten Program Standards" initiative shall recognize four- and five-star-rated centers that choose to apply and meet equivalent "More at Four" program standards as high quality pre-k classrooms. Classrooms meeting these standards shall, have ~~at a minimum, receive curricula and~~ access to training and workshops for "More at Four" programs. Whenever expansion slots are available, these classrooms shall have first priority to receive them.~~and be considered along with other "More at Four" programs for T.E.A.C.H. funding. The Department shall ensure that no individual receives funding from more than one source for the same purpose or activity during the same funding period. For purposes of this subsection, sources shall include T.E.A.C.H., W.A.G.E.$., and T.E.A.C.H. Health Insurance programs for individual recipients.~~

The "More at Four" program shall review the number of slots filled by counties on a monthly basis and shift the unfilled slots to counties with waiting lists. The shifting of slots shall occur through ~~December 30, 2005,~~ January 31 of each year, at which time any remaining funds for slots unfilled shall be used to meet the needs of the waiting list for subsidized child care."

SECTION 7.23.(e) Section 10.67(d) of S.L. 2005-276 reads as rewritten:

"**SECTION 10.67.(d)** ~~The Department of Health and Human Services, the Department of Public Instruction, and the Task Force shall submit a report by February 1, 2006~~ The Department of Public Instruction shall submit a report by February 1, 2007, to the Joint Legislative Commission on Governmental Operations, the Joint Legislative Education Oversight Committee, the Senate Appropriations Committee on ~~Health and Human Services~~ Education, the House of Representatives Appropriations Subcommittee on ~~Health and Human Services~~ Education, and the Fiscal Research Division. 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 programs and the source of the local match for each grantee.

(4) The location of program sites and the corresponding number of children participating in the program at each site.

~~(5) Activities involving Child Find in counties.~~

~~(6)~~(5) A comprehensive cost analysis of the program, including the cost per child served by the program.

~~(7)~~(6) The ~~plan for expansion of "More at Four" through existing resources~~ status of the NC Prekindergarten initiatives as outlined in this section."

SECTION 7.23.(f) Section 10.67(e) of S.L. 2005-276 reads as rewritten:

"**SECTION 10.67.(e)** For the 2005-2006 and the 2006-2007 fiscal years, the "More at Four" program shall establish income eligibility requirements for the program not to exceed seventy-five percent (75%) of the State median income ~~to make the program consistent with the child care subsidy requirements~~. Up to twenty percent (20%) of children enrolled may have family incomes in excess of seventy-five percent (75%) of median income if they have other designated risk factors."

SECTION 7.23.(g) Section 10.67(f) of S.L. 2005-276 reads as rewritten:

"**SECTION 10.67.(f)** The "More at Four" program funding shall not supplant any funding for classrooms serving four-year-olds as of the ~~2003-2004~~ 2005-2006 fiscal year. Support of existing four-year-old classrooms with "More at Four" program funding shall be permitted when current funding is eliminated, reduced, or redirected as required to meet other specified federal or state educational mandates."

SECTION 7.23.(h) Section 10.67(g) of S.L. 2005-276 is repealed.

SECTION 7.23.(i) G.S. 115C-242(1) reads as rewritten:

"(1) A school bus may be used for the transportation of pupils enrolled in and employees in the operation of the school to which such bus is assigned by the superintendent of the local school administrative unit. Except as otherwise herein provided, such transportation shall be limited to transportation to and from such school for the regularly organized school day, and from and to the points designated by the principal of the school to which such bus is assigned, for the receiving and discharging of passengers. No pupil or employee shall be so transported upon any bus other than the bus to which such pupil or employee has been assigned pursuant to the provisions of this Article: Provided, that children enrolled in a Headstart program or any More at Four program ~~which is housed in a building owned and operated by a local school administrative unit where school is being conducted~~ may be transported on public school buses, and any additional costs associated with such ~~so long as the~~ contractual arrangements shall be incurred by the benefitting Head Start or More at Four program ~~made cause no extra expense to the State~~: Provided further, that children with special needs may be transported to and from the nearest appropriate private school having a special education program approved by the State Board of Education if the children to be transported are or have been placed in that program by a local school administrative unit as a result of the State or the unit's duty to provide such children with a free appropriate public education."

PROHIBIT USE OF STATE FUNDS FOR LOBBYING EXPENSES

SECTION 7.24. State funds appropriated by this act for local school administrative units shall not be used for the payment of dues to organizations that conduct lobbying or legislative advocacy.

AMEND CIVIL PENALTY AND FORFEITURE FUND AVAILABILITY

SECTION 7.25.(a) Section 6.37(a) of S. L. 2005-276 reads as rewritten:

"**SECTION 6.37.(a)** Availability. – The availability used to support appropriations made in this act from the Civil Penalty and Forfeiture Fund is based upon estimated collections of fines and forfeitures from the agencies and in the amounts listed below:

	FY 2005-2006	FY 2006-2007
Department of Revenue	$ 80,000,000	$ ~~85,000,000~~63,000,000
Department of Transportation	$ 15,000,000	$ 15,000,000
Employment Security Commission	$ 3,000,000	$ 3,000,000
Department of Insurance	$ 3,000,000	$ ~~3,000,000~~ 1,000,000
University of North Carolina	$ 5,000,000	$ ~~5,000,000~~ 3,500,000
Other Agencies	$ 14,500,000	$ ~~14,500,000~~10,000,000
Total Funds Available	$ 120,500,000	$ ~~125,500,000~~95,500,000

SECTION 7.25.(b) Section 6.37(b) of S.L. 2005-276 reads as rewritten:

"**SECTION 6.37.(b)** Appropriations. – Appropriations are made from the Civil Penalty and Forfeiture Fund for the fiscal biennium ending June 30, 2007, as follows:

	2005-2006	2006-2007
School Technology Fund	$ 18,000,000	$ 18,000,000
State Public School Fund	$ 102,500,000	$ ~~107,500,000~~77,500,000
Total Appropriation	$ 120,500,000	$ ~~125,500,000~~95,500,000

SECTION 7.25. (c) G.S. 115C-457.2, as amended by Section 6.37(v) of S.L. 2005-276 reads as rewritten:

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

The clear proceeds of all civil penalties, civil forfeitures, and civil fines that are collected by a State agency and that the General Assembly is authorized to place in a State fund pursuant to Article IX, Section 7(b) of the Constitution shall be remitted to the Office of State Budget and Management by the officer having custody of the funds within 10 days after the close of the calendar month in which the revenues were received or collected. Notwithstanding any other law, all such funds shall be deposited in the Civil Penalty and Forfeiture Fund. The clear proceeds of these funds include the full amount of all civil penalties, civil forfeitures, and civil fines collected under Page 48 Session Law 2005-276 SL2005-0276 authority conferred by the State, diminished only by the actual costs of collection, not to exceed twenty percent (20%) of the amount collected. The collection cost percentage to be used by a State agency shall be established and approved by the Office of State Budget and Management on an annual basis based upon the computation of actual collection costs by each agency for the prior fiscal year."

SECTION 7.26. The State Board of Education may use up to five hundred thousand dollars ($500,000) from the State Public School Fund to support the Senior Project Initiative. These funds shall be used for training for LEA staff and teachers to implement this graduation requirement which was approved by the State Board of Education in 2004.

PART VIII. COMMUNITY COLLEGES

USE OF FUNDS FOR THE COLLEGES INFORMATION SYSTEM PROJECT

SECTION 8.1.(a) Funds appropriated to the Community Colleges System Office for the College Information System Project shall not revert at the end of the 2005-2006 fiscal year but shall remain available until expended.

SECTION 8.1.(b) Notwithstanding G.S. 143-23, the Community Colleges System Office may, subject to the approval of the Office of State Budget and Management and in consultation with the Office of Information Technology Services, use funds appropriated in this act for the College Information System Project to create positions or incur expenditures necessary to transfer the maintenance and administration of the College Information System Project from the vendor to the System Office.

SECTION 8.1.(c) The Community Colleges System Office shall report on a quarterly basis to the Joint Legislative Education Oversight Committee on the implementation of the College Information System Project.

SECTION 8.1.(d) Subsection (a) of this section becomes effective June 30, 2006.

CARRYFORWARD FOR EQUIPMENT

SECTION 8.2.(a) Subject to the approval of the Office of State Budget and Management and cash availability, the North Carolina Community Colleges System Office may carry forward an amount not to exceed ten million dollars ($10,000,000) of the operating funds that were not reverted in fiscal year 2005-2006 to be reallocated to the State Board of Community Colleges' Equipment Reserve Fund. These funds shall be distributed to colleges consistent with G.S. 115D-31.

SECTION 8.2.(b) This section becomes effective June 30, 2006.

SALARIES OF COMMUNITY COLLEGE FACULTY AND PROFESSIONAL STAFF

SECTION 8.3.(a) Funds appropriated in this act for salary increases shall be used to increase faculty and professional staff salaries by an average of four percent (4%). These increases are in addition to other salary increases provided for in this act and shall be calculated on the average salaries prior to the issuance of the compensation increase. Colleges may provide additional increases from funds available.

SECTION 8.3.(b) The State Board of Community Colleges shall adopt rules to ensure that these funds are used only to move faculty and professional staff salaries to the respective national averages. These funds shall not be transferred by the State Board or used for any other budget purpose by the community colleges.

USE OF NEW AND EXPANDING INDUSTRY TRAINING PROGRAM FUNDS FOR CUSTOMIZED INDUSTRY TRAINING

SECTION 8.4. Notwithstanding any other provision of law, the State Board of Community Colleges may use funds appropriated to it for the New and Expanding

Industry Training Program to operate programs under the Customized Industry Training Program.

UNC-NCCCS 2+2 E-LEARNING INITIATIVE FUNDS

SECTION 8.5.(a) Funds appropriated in this act to The University of North Carolina and the North Carolina Community College System for the UNC-NCCCS 2+2 E-Learning Initiative shall be used to fund further development of online courses for 2+2 programs. Based on a mutually agreed upon decision by the State Board of Education Chairman, the President of the Community Colleges, and the President of The University of North Carolina as to the areas of greatest need, to include mathematics and science teacher licensure fields, funds are available to support joint technology development, systems to track student progress and articulation between a North Carolina community college and a University of North Carolina campus, and develop technology needed to support online courses and 2+2 programs.

SECTION 8.5.(b) The University of North Carolina and Community Colleges System Office shall report by September 1, 2006, and annually thereafter, to the Joint Legislative Education Oversight Committee, the Office of State Budget and Management, and the Fiscal Research Division of the General Assembly on the implementation of the UNC-NCCCS 2+2 E-Learning Initiative. This report shall include:

(1) The courses and programs within the 2+2 E-Learning Initiative;

(2) The total number of prospective teachers that have taken or are taking part in this initiative to date broken down by the current academic period and each of the previous academic periods since the program's inception;

(3) The total number of teachers currently in the State's classroom, by local school administrative unit, who have taken part in this initiative;

(4) The change in the number of teachers available to schools since the program's inception;

(5) The qualitative data from students, teachers, local school administrative unit personnel, university personnel, and community college personnel as to the impact of this initiative on our State's teaching pool; and

(6) An explanation of the expenditures and collaborative programs between the NC Community College System and The University of North Carolina, including recommendations for improvement.

NC COMMUNITY COLLEGE SYSTEM MAY USE STATE FUNDS IN LIEU OF FEDERAL FUNDS DUE TO FEDERAL MANDATES

SECTION 8.6.(a) Changes in Guidelines Governing the Use of Federal Funds. – If the Congress of the United States or the granting federal agency changes the eligibility or guidelines governing grant monies awarded to the North Carolina Community College System, the Community Colleges System Office shall adjust its budget accordingly. In allocating an increase in federal funds, the Community Colleges

System Office shall not propose funding for new programs or activities not approved as a condition of the grant award. In allocating a decrease in federal funds, the Department shall not eliminate the funding for a program or activity appropriated in this act unless it is related to the State administration or is mandated by the granting federal agency.

SECTION 8.6.(b) Prior to making any budget adjustments due to changes in federal fund availability, the proposed allocation must be approved by the Office of State Budget and Management, and a report shall be submitted to the Joint Legislative Commission on Governmental Operations for review prior to implementing the changes. All budget adjustments shall be reported immediately to the Office of State Budget and Management, the Joint Legislative Commission on Governmental Operations, and the Fiscal Research Division of the General Assembly.

SECTION 8.6.(c) Notwithstanding G.S. 143-23, the Community Colleges System Office may use State literacy funds to fund the State administration of the GED office. Federal funds previously used to support the State administration functions shall be reallocated to the colleges.

REPORT ON THE NCCCS BIONETWORK

SECTION 8.7. The Community Colleges System Office shall report by November 1, 2006, to the Joint Legislative Education Oversight Committee, the Office of State Budget and Management, and the Fiscal Research Division on the implementation of the NCCCS BioNetwork. This report shall include an explanation of the BioNetwork's activities, accomplishments, and expenditures.

DISTRIBUTION OF ENROLLMENT RESERVE FUND

SECTION 8.8.(a) Funds appropriated to the North Carolina Community College System for the Enrollment Reserve Fund shall be used to assist colleges that experience high enrollment growth in the Fall Semester. Funds shall be distributed to colleges in which enrollment growth in curriculum full-time-equivalent (FTE) in the Fall Semester exceeds five percent (5%) over the previous year.

SECTION 8.8.(b) The State Board of Community Colleges shall approve any allocation of funds occurring under subsection (a) of this section and may adopt additional rules governing the distribution of these funds.

COMMUNITY COLLEGE DISTANCE LEARNING SOFTWARE MUST BE COMPATIBLE WITH K-12 AND UNC DISTANCE LEARNING SOFTWARE

SECTION 8.9.(a) Funds are appropriated in this act to the Community Colleges System Office for the purchase and development of a Course Management System and Learning Object Repository common to all community colleges. This software shall be compatible and able to be integrated with course management and distance learning software adopted by The University of North Carolina and the State Board of Education.

SECTION 8.9.(b) The Office of Information Technology Services shall approve any software purchases and ensure compatibility pursuant to subsection (a) of this section.

NEW EQUIPMENT FUNDS SHALL BE DIRECTED TOWARDS PROGRAMS TO REDUCE WAITING LISTS

SECTION 8.10. The eleven million dollars ($11,000,000) appropriated in this act to the North Carolina Community College System for the purchase of new or replacement equipment at the community colleges shall be directed first, to the maximum extent feasible, towards the purchase of new or replacement equipment for those programs with waiting lists, including allied health programs. The State Board of Community Colleges must approve the allocation of these funds.

STUDY OF NEW AND EXPANDING INDUSTRY TRAINING

SECTION 8.11. The Office of State Budget and Management shall conduct a study to analyze and evaluate the New and Expanding Industry Training program of the North Carolina Community College System. This study shall examine the companies served, the number of times each company has been served, the number of jobs created, the length of time the company has remained in North Carolina after receiving New and Expanding Industry Training funds, and whether the company has maintained employment levels at the same level promised when training was received. The findings of the study shall be reported to the Joint Legislative Education Oversight Committee no later than April 1, 2007.

VIRTUAL LEARNING COMMUNITY CURRICULUM DEVELOPMENT CENTERS

SECTION 8.12. Of the Virtual Learning Community development centers created in this act, the three curriculum development centers shall focus first on developing courses included in the program of study for teacher licensure and allied health programs.

PART IX. UNIVERSITIES

UNC-NCCCS 2+2 E-LEARNING INITIATIVE

SECTION 9.1.(a) Funds appropriated in this act to The University of North Carolina and the North Carolina Community College System for the UNC-NCCCS 2+2 E-Learning Initiative shall be used to fund further development of online courses for 2+2 programs. Based on a mutually agreed upon decision by the State Board of Education Chairman, the President of the Community Colleges, and the President of The University of North Carolina as to the areas of greatest need, to include mathematics and science teacher licensure fields, funds are available to support joint technology development, systems to track student progress and articulation between a North Carolina community college and a University of North Carolina constituent institution, and develop technology needed to support online courses and 2+2 programs.

SECTION 9.1.(b) The University of North Carolina and Community Colleges System Office shall report by September 1, 2006, and annually thereafter, to the Joint Legislative Education Oversight Committee, the Office of State Budget and

Management, and the Fiscal Research Division of the General Assembly on the implementation of the UNC-NCCCS 2+2 E-Learning Initiative. This report shall include:

(1) The courses and programs within the 2+2 E-Learning Initiative;
(2) The total number of prospective teachers that have taken or are taking part in this initiative to date broken down by the current academic period and each of the previous academic periods since the program's inception;
(3) The total number of teachers currently in the State's classroom, by local school administrative unit, who have taken part in this initiative;
(4) The change in the number of teachers available to schools since the program's inception;
(5) The qualitative data from students, teachers, local school administrative unit personnel, university personnel, and community college personnel as to the impact of this initiative on our State's teaching pool; and
(6) An explanation of the expenditures and collaborative programs between the North Carolina Community College System and The University of North Carolina, including recommendations for improvement.

ENROLLMENT GROWTH FUND/ENCOURAGE PARTNERSHIPS FOR NEW 2 + 2 PROGRAMS

SECTION 9.2. The University of North Carolina Board of Governors' Task Force on Meeting Teacher Supply and Demand called for the President to develop a plan for enrollment growth in the University system's teacher education programs to respond to the State's shortage of teachers. In a presentation to the Joint Legislative Education Oversight Committee and to the Board of Governors, a commitment was made to increase the number of teacher education graduates. The University of North Carolina General Administration shall obtain plans from each constituent institution as to how they will maintain their current enrollment in the teacher education programs and achieve their growth targets to ensure that such increases in those programs occur. Plans may include using enrollment growth funds for targeted admissions, enhanced student support, and advising, recruiting, increases in faculty in necessary instructional areas that lead to certification, and other methods the General Administration believes will achieve those results. The University of North Carolina General Administration shall report back to the Office of State Budget and Management and the Joint Legislative Education Oversight Committee no later than December 30, 2006, on each constituent institution's plan. No later than March 31, 2007, the University of North Carolina General Administration shall submit a report on progress towards meeting this priority for the 2007-2008 academic year, based on each constituent institution's current students in the education programs, and the students who have been accepted for the 2007-2008 fiscal year who are enrolling in the education programs. The report shall also explain the distribution of enrollment growth funds by specific initiative.

DESTINY LAB AT THE UNIVERSITY OF NORTH CAROLINA AT CHAPEL HILL

SECTION 9.3. Of the funds appropriated in this act to the Board of Governors of The University of North Carolina, the sum of two million dollars ($2,000,000) shall be used for the DESTINY Lab program at the University of North Carolina at Chapel Hill. Specifically, this appropriation shall be used for the purchase of an additional mobile DESTINY Lab and the personnel and nonpersonnel costs needed to provide statewide access to DESTINY's resources and curricula to help meet the current demand.

INITIATIVE TO IMPROVE THE MANAGEMENT AND LEADERSHIP SKILLS OF THE PRINCIPALS IN HIGH NEED SCHOOLS (PRINCIPALS' EXECUTIVE PROGRAM)

SECTION 9.4. Of the funds appropriated to the Board of Governors of The University of North Carolina, the sum of two hundred fifty thousand dollars ($250,000) shall be used for the Principals' Executive Program to enhance and link its Instructional Leadership Reform Program to provide focused support to eligible high schools based on criteria set by the State Board of Education. PEP shall provide a customized professional development program and a coaching/mentor component that provides assistance at the school level. Important components of this overall initiative are teacher recruitment and retention in responding to the Teacher Working Conditions Survey and data-driven decision making.

NORTH CAROLINA TEACHER ACADEMY TRAINING OF 21ST CENTURY LITERACY COACHES

SECTION 9.5. Of the funds appropriated to the Board of Governors of The University of North Carolina, one million nine hundred thousand dollars ($1,900,000) shall be used by the North Carolina Teacher Academy (NCTA), a part of the Center for School Leadership Development of the University of North Carolina General Administration, to provide training to 21st Century Literacy coaches to provide in-service professional development to a wide demographic of schools, as determined by the State Board of Education, all containing an eighth grade.

The NCTA will train the Literacy coaches to be able to deliver professional development to teachers in their assigned schools in the following areas:

(1) Basic Literacy
(2) Technological Literacy
(3) Visual Literacy
(4) Informational Literacy
(5) Higher Order Thinking
(6) Cultural Competency
(7) Self Direction

The NCTA will also provide an online professional development network for additional training opportunities for the Literacy coaches.

NURSE SCHOLARS PROGRAM EXPANSION

SECTION 9.6. G.S. 90-171.61(b) reads as rewritten:

"(b) The Nursing Scholars Program shall be used to provide ~~the following:~~ scholarship loans up to an amount of six thousand five hundred dollars ($6,500) awarded at the discretion of the Nursing Scholars Commission.

~~(1) A four-year scholarship loan in the amount of per year, per recipient, to North Carolina high school seniors or other persons interested in preparing to become a registered nurse through a baccalaureate degree program.~~

~~(2) A two-year scholarship loan in the amount of three thousand dollars ($3,000) per year, per recipient, to persons interested in preparing to be a registered nurse through an associate degree nursing program or a diploma nursing program.~~

~~(3) A two-year scholarship loan in the amount of three thousand dollars ($3,000) per year, per recipient, for two years of baccalaureate nursing study for college juniors or community college graduates interested in preparing to be a registered nurse.~~

~~(4) A two-year scholarship loan of three thousand dollars ($3,000) per year, per recipient, for two years of baccalaureate study in nursing for registered nurses who do not hold a baccalaureate degree in nursing.~~

~~(5) A two-year scholarship loan of six thousand dollars ($6,000) per year, per recipient, for two years of study leading to a master of science in nursing degree for people already holding a baccalaureate degree in nursing.~~

~~In addition to the scholarship loans awarded pursuant to subdivisions (1) through (5) of this subsection, the Commission may award pro rata scholarship loans to recipients enrolled at least half-time in study leading to a master of science in nursing degree who already hold a baccalaureate degree in nursing and to recipients enrolled at least half-time in study leading to a baccalaureate degree in nursing who already are licensed as registered nurses.~~ In awarding all scholarship loans, the Commission ~~shall give priority to full-time students over~~ shall prorate the scholarship loan amount for eligible part-time students. ~~The State Education Assistance Authority shall adopt specific rules to regulate scholarship loans to part-time master of science in nursing students and part-time baccalaureate degree students.~~

~~Within current funds available or with any additional funds provided by the General Assembly for this purpose, the Commission may set aside slots for scholarship loans prescribed by subdivisions (1) and (2) of this subsection to enable licensed practical nurses to become registered nurses.~~ The State Education Assistance Authority shall adopt specific rules to regulate all Nursing Scholars Program ~~these~~ scholarship loans."

GRADUATE NURSE SCHOLARSHIP PROGRAM FOR FACULTY PRODUCTION

SECTION 9.7. Article 9H of Chapter 90 of the General Statutes is amended by adding the following new sections to read:

"**§ 90-171.95. Graduate Nurse Scholarship Program for Faculty Production established; administration.**

(a) There is established the Graduate Nurse Scholarship Program for Faculty Production. The North Carolina Nursing Scholars Commission shall determine selection criteria, methods of selection, and shall select recipients of scholarship loans made under the Graduate Nurse Scholarship Program for Faculty Production.

(b) The Graduate Nurse Scholarship Program for Faculty Production shall be used to provide the following:

(1) A scholarship loan for up to two years in the amount of fifteen thousand dollars ($15,000) per year, per recipient, to students enrolled in a masters degree program in nursing education or any other area of the nursing field that would permit them to become a nursing instructor at a North Carolina community college or university.

(2) A scholarship loan for up to three years in the amount of fifteen thousand dollars ($15,000) per year, per recipient, to students enrolled in a doctoral degree program in nursing education or any other area of the nursing field that would permit them to become a nursing instructor at a North Carolina community college or university.

The State Education Assistance Authority shall adopt specific rules to regulate these scholarship loans.

(b1) If a recipient is awarded a scholarship loan under this program and is enrolled, or accepted for enrollment, in an eligible program, but is unable to pursue the course of study in nursing for a semester due to limited faculty resources at the institution for that semester, then the recipient shall continue to receive the scholarship loan for that semester and shall not be required to forfeit or repay the scholarship loan for that semester, provided that the recipient remains otherwise eligible for the program. This waiver shall be valid for only one semester of study and may extend a recipient's eligibility for funding under the program by no more than one semester.

(c) The Commission shall adopt stringent standards, which may include minimum grade point average, scholastic aptitude test scores, and other standards deemed appropriate by the Commission, to ensure that only the best potential students receive loans under the Graduate Nurse Scholarship Program for Faculty Production. Standards adopted by the Commission shall include provisions for ensuring that the qualifications of applicants who are or would be nontraditional students are considered fairly in providing them with opportunities to compete for the loans. Loans under the Graduate Nurse Scholarship Program for Faculty Production shall be awarded only to applicants who meet the standards set by the Commission and who agree to teach in a North Carolina public nursing program upon completion of the nursing education program supported by the loan.

(d) The Commission shall develop and administer the Graduate Nurse Scholarship Program for Faculty Production in cooperation with nursing schools at institutions approved by the Commission and the North Carolina Board of Nursing. The

Graduate Nurse Scholarship Program for Faculty Production shall provide for participants to be exposed to a range of extracurricular activities while in school, which activities shall be aimed at instilling in students a strong motivation to remain in the practice of nursing education and to provide leadership for the nursing profession.

(e) The Commission may form regional review committees to assist it in identifying the best high school seniors and other applicants for the program. The Commission and the review committees shall make an effort to identify and encourage minority students and students who may not otherwise consider a career in nursing to apply for the Graduate Nurse Scholarship Program for Faculty Production.

(f) Upon the naming of recipients of loans from the Graduate Nurse Scholarship Program for Faculty Production, the Commission shall inform the State Education Assistance Authority (SEAA) of its decisions. The SEAA shall perform all of the administrative functions necessary to implement this Article, which functions shall include: rulemaking, dissemination of information to the public, distribution and receipt of applications for scholarship loans, and the functions necessary for the execution, payment, and enforcement of promissory notes required under this Article.

"**§ 90-171.96. Terms of loans; receipt and disbursement of funds.**

(a) All scholarship loans shall be evidenced by notes made payable to the State Education Assistance Authority that bear interest at the rate of ten percent (10%) per year beginning 90 days after completion of the nursing education program, or 90 days after termination of the scholarship loan, whichever is earlier. The scholarship loan may be terminated upon the recipient's withdrawal from school or by the recipient's failure to meet the standards set by the Commission.

(b) The State Education Assistance Authority shall forgive the loan if, within seven years after graduation from a nursing education program, the recipient teaches in a public nursing education program in a public educational institution in North Carolina for one year for every year a scholarship loan was provided. If the recipient repays the scholarship loan by cash payments, all indebtedness shall be repaid within 10 years. The Authority may provide for accelerated repayment and for less than full-time employment options to encourage the practice of nursing education in either geographic or nursing specialty shortage areas. The Authority shall adopt specific rules to designate these geographic areas and these nursing specialty shortage areas, upon recommendations of the North Carolina Center for Nursing. The North Carolina Center for Nursing shall base its recommendations on objective information provided by interested groups or agencies and upon objective information collected by the Center. The Authority may forgive the scholarship loan if it determines that it is impossible for the recipient to teach in a public nursing program in North Carolina for a sufficient time to repay the loan because of the death or permanent disability of the recipient within 10 years following graduation or termination of enrollment in a nursing education program.

(c) All funds appropriated to or otherwise received by the Graduate Nurse Scholarship Program for Faculty Production 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 may be used only for scholarship loans granted under the Graduate Nurse Scholarship Program for Faculty Production."

INFORMATION TECHNOLOGY

SECTION 9.8. Of the funds appropriated to the Board of Governors of The University of North Carolina for constituent institution level information technology, two million four hundred thousand dollars ($2,400,000) is to be distributed to institutions according to policy determined by the Board of Governors. The Board is encouraged to develop a policy with consideration for the constituent institutions that are implementing the Banner Information System. Each constituent institution is strongly encouraged, where applicable, to use its portion of these funds for Banner related costs including but not limited to:

(1) Temporary employees to relieve current employees to allow for Banner system training;

(2) Consultants and/or trainers to assist the constituent institution with troubleshooting once the constituent institution goes live on any of the Banner modules; and

(3) Report writers to be able to create automatic reports in common formats.

Each constituent institution is also encouraged to use these funds toward preparation for disaster recovery.

MANAGEMENT FLEXIBILITY TO REORGANIZE BUDGET CODE 16012 UNC BOARD OF GOVERNORS RELATED EDUCATIONAL PROGRAMS

SECTION 9.9. Notwithstanding G.S. 143-23, for the 2006-2007 fiscal year, the General Administration of The University of North Carolina and the State Educational Assistance Authority shall, with the approval of the Office of State Budget and Management, reorganize budget code 16012, UNC Board of Governors Related Educational Programs, so that the budget reflects and segregates each specific program individually. The Office of State Budget and Management shall work with The University of North Carolina General Administration and the State Educational Assistance Authority to ensure that each program represented in code 16012 is identified and budgeted separately.

TRANSFERS OF APPROPRIATION

SECTION 9.10. G.S. 116-30.2.(a) reads as rewritten:

"(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. 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. Special responsibility constituent institutions may transfer

appropriations between budget codes. These transfers shall be considered certified even if as a result of agreements between special responsibility constituent institutions. 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."

NORTH CAROLINA AGRICULTURAL AND TECHNICAL STATE UNIVERSITY FUNDS

SECTION 9.11. Of the funds appropriated by this act to the Board of Governors of The University of North Carolina for the 2006-2007 fiscal year the sum of one million three hundred thousand dollars ($1,300,000) shall be allocated to North Carolina Agricultural and Technical State University for agricultural and research extension programs.

UNIVERSITY OF NORTH CAROLINA SYSTEM/EPA SALARY INCREASES

SECTION 9.12.(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 Increase, created in this act for fiscal year 2006-2007, to provide an annual average salary increase of four percent (4%), including funds for the employer's retirement and social security contributions, commencing July 1, 2006, 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 9.12.(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 Increase, created in this act for fiscal year 2006-2007, to provide an annual average salary increase of eight percent (8%), including funds for the employer's retirement and social security contributions, commencing July 1, 2006, 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, as appropriate, and may not be used for any purpose other than for salary increases and necessary employer contributions provided by this section.

NORTH CAROLINA IN THE WORLD PROJECT

SECTION 9.13. In collaboration with the State Board of Education and the NC Department of Commerce, the NC Center for International Understanding shall develop a plan to ensure that public K-12 international education efforts such as teacher and student exchanges, curriculum development, and other initiatives for students, teachers, and administrators are focused on key countries and regions of strategic economic interest to North Carolina. The NC Center for International Understanding shall report to the Office of State Budget and Management and the Joint Legislative Education Oversight Committee on the activities and accomplishments of the two hundred thousand dollar ($200,000) recurring appropriation for North Carolina in the World Project no later than March 31, 2007.

DISTANCE EDUCATION PROFESSIONAL DEVELOPMENT FOR MATH AND SCIENCE

SECTION 9.14. The Board of Governors of The University of North Carolina shall work with the Center for School Leadership Development constituent programs, the State Board of Education, and the constituent institutions of ECU, ECSU, and UNCW to develop a multicampus distance education professional development initiative focused on support for mathematics and science teachers and to make the initiative results available to school districts throughout the State. The Board of Governors shall report to the Joint Legislative Education Oversight Committee on the activities and accomplishments of the partnership no later than March 31, 2007.

PROSPECTIVE TEACHER SCHOLARSHIP LOAN

SECTION 9.15. There is appropriated one million dollars ($1,000,000) for an additional 400 scholarship loans of two thousand five hundred dollars ($2,500) each from the Prospective Teacher Scholarship Loan Fund. Priority for the 400 additional scholarship/loans shall be given to students seeking licensure in middle and high school mathematics and science and students participating in a 2+2 program between constituent institutions in The University of North Carolina and the NC Community College System.

PART X. DEPARTMENT OF HEALTH AND HUMAN SERVICES

BLOCK GRANT CHANGES TO FUND LEGISLATIVE SALARY ADJUSTMENTS

SECTION 10.1. The Department of Health and Human Services with the approval of the Office of State Budget and Management may change the budgeted allocations to Block Grants administered by the Department of Health and Human Services to establish funding for adjustments in salary and related benefits authorized by the General Assembly for positions that are fully or partially funded by the block grant allocations.

COUNTY GRANTS TO IMPROVE TANF WORK PARTICIPATION RATES

SECTION 10.2. Of the funds budgeted in the TANF block grant, twelve million five hundred thousand dollars ($12,500,000) shall be used for Work First demonstration grants for the county social service offices. These funds shall be allocated during State fiscal years 2006-2007, 2007-2008 and 2008-2009. The Department of Health and Human Services, Division of Social Services, in conjunction with the County Departments of Social Service, shall use this money to support demonstration grants. The demonstration grants will be awarded to those counties whose proposals meet all the established requirements and demonstrate a need for additional funding to improve their work participation rates. The division will also establish two time-limited positions to manage the grant award process and document all efforts.

There shall be no supplanting of local funds with these block grant funds. Counties shall maintain their current level of effort and funding for Work First efforts.

SOCIAL SERVICES BLOCK GRANT

SECTION 10.3. Section 5.1(g) of S.L. 2005-276 reads as rewritten:

"**SECTION 5.1.(g)** Social Services Block Grant funds appropriated to the North Carolina Inter-Agency Council for Coordinating Homeless Programs and to the North Carolina Housing Coalition are exempt from the provisions of 10A NCAC 71R.0201.(3)."

INCREASE HEALTH CARE ACCESS FOR UNINSURED

SECTION 10.4.(a) The Secretary of the Department of Health and Human Services shall develop and execute a plan to expand health care access for uninsured North Carolinians through the use of public/private partnerships, federal flexibility and resources, and through promotion of charity care. The goals of the plan are to:

(1) Aid small businesses that want to provide health care coverage;
(2) Expand health care coverage for the working uninsured;
(3) Secure all available federal funds to support the project; and
(4) Promote charity care by health care providers.

SECTION 10.4.(b) In developing the plan, the Secretary shall:

(1) Consider previous studies on increased access to health care and covering the uninsured to determine their feasibility;
(2) Draw on the experience of other states that have successfully increased access to health care and covered the uninsured;
(3) Take all appropriate steps to secure federal funding available through 1115 Demonstration Waivers and other federal waivers to cover the uninsured;
(4) Employ options such as those available through the Deficit Reduction Act of 2005 (DEFRA) to adjust Medicaid eligibility and benefits to cover the uninsured;
(5) Consider the use of existing funding that might be used to leverage additional federal matching funds including certified public

expenditures (CPE), and appropriate federal Disproportionate Share Hospital Program (DSH) funds;

(6) Pursue an agreement with the Centers for Medicare and Medicaid Services (CMS) to develop a methodology for investing Medicare savings realized from the expansion of the scope of Community Care of North Carolina Program to help fund the plan; and

(7) Determine in conjunction with the Office of State Budget and Management the fiscal impact of the plan for a five-year period.

SECTION 10.4.(c) Of the funds appropriated in this act to the Department of Health and Human Services, Division of Medical Assistance, up to two hundred thousand dollars ($200,000) for the 2006-2007 fiscal year may be used to support the development of the plan. The plan shall be completed by January 1, 2007.

CERTAIN AUDIT REQUIREMENTS MODIFIED

SECTION 10.5. G.S. 143B-139.4.(b) reads as rewritten:

"**§ 143B-139.4. Department of Health and Human Services; authority to assist private nonprofit organizations.**

(a) The Secretary of the Department of Health and Human Services may allow employees of the Department or provide other appropriate services to assist any private nonprofit organization which works directly with services or programs of the Department and whose sole purpose is to support the services and programs of the Department. Except as provided in G.S. 143B-164.18, a Department employee shall be allowed to work with an organization no more than 20 hours in any one month. These services are not subject to the provisions of Chapter 150B of the General Statutes.

(b) The board of directors of each private, nonprofit organization shall secure and pay for the services of the State Auditor's Office or employ a certified public accountant to conduct an annual audit of the financial accounts of the organization. The board of directors shall transmit to the Secretary of the Department a copy of the annual financial audit report of the private nonprofit organization. The Secretary of the Department has the authority to waive audits or require an alternative service from a certified public accountant for organizations which exhibit special circumstances and are not the recipient of State funding.

(c) Notwithstanding the limitations of subsection (a) of this section, the Secretary of the Department of Health and Human Services may assign employees of the Office of Rural Health and Resource Development to serve as in-kind match to nonprofit organizations working to establish health care programs that will improve health care access while controlling costs."

RATE SETTING FOR CHILD CARING INSTITUTIONS

SECTION 10.6. G.S. 110-93.1 is repealed.

MEDICAID RESERVE FUND TRANSFER

SECTION 10.7. Of the funds transferred to the Department of Health and Human Services for Medicaid programs pursuant to G.S. 143-23.2, the sum of five

million four thousand five hundred four dollars ($5,004,504) for the 2006-2007 fiscal year shall be allocated as prescribed by G.S. 143-23.2(b) for the implementation of the Medicaid Management Information System (MMIS).

REGULATORY CHANGES TO IMPROVE QUALITY AND SAFETY IN HOME CARE SERVICES, MENTAL HEALTH FACILITIES, ADULT CARE HOMES, AND CERTAIN HOSPITAL FACILITIES

SECTION 10.8. Section 10.40(p), S.L. 2005-276 reads as rewritten:

"**SECTION 10.40.(p)** The Department's Division of Aging and Adult Services shall develop a Quality Improvement Consultation Program for Adult Care Homes. The purpose of the Program is to promote better care and improve quality of life in a safe environment for residents in adult care homes through consultation and assistance with adult care home providers. The county departments of social services shall be responsible for implementation of the Program with all adult care homes located in the respective county, based on a timetable for statewide implementation.

The Division of Aging and Adult Services shall consult with adult care home providers, county departments of social services, consumer advocates, and other interested stakeholders and parties in the development of the Quality Improvement Consultation Program for Adult Care Homes.

The Department shall submit a progress report to the North Carolina Study Commission on Aging and to the Senate Appropriations Committee on Health and Human Services and to the House of Representatives Subcommittee on Health and Human Services on or before ~~April 1, 2006.~~ January 1, 2007.

The report will address the following topics:

(1) Principles and philosophies that are resident-centered and promote independence, dignity, and choice for residents;

(2) Approaches to develop continuous quality improvement with a focus on resident satisfaction and optimal outcomes;

(3) Dissemination of best practice models that have been used successfully elsewhere;

(4) A determination of the availability of standardized instruments, and their use to the extent possible, to assess and measure adult care home performance according to quality of life indicators;

(5) Utilization of quality improvement plans for adult care homes that identify and resolve issues that adversely affect quality of care and services to residents. The plans include agreed upon time frames for completion of improvements and identification of needed resources;

(6) Training required to equip county departments of social services' staff to implement the Program;

(7) A distinction of roles between the regulatory role of the Department's Division of Facility Services and the quality improvement consultation and monitoring responsibilities of the county departments of social services; and

(8) Identification of staffing and other resources needed to implement the Program.

The Division of Aging and Adult Services shall conduct a pilot of the Quality Improvement Consultation Program for Adult Care Homes. No more than four county departments of social services shall participate in the pilot. The Division of Aging and Adult Services shall consider geographic balance and size in carrying out the pilot. At the conclusion of the pilot, the Division of Aging and Adult Services shall make recommendations regarding the effectiveness of the Quality Improvement Consultation Program for Adult Care Homes. If the Division recommends expansion of the pilot to other counties or statewide implementation of the Program, its report shall include the cost and a proposed timetable for implementing these recommendations, including the identification of any necessary statutory and administrative rule changes. The recommendations shall be made to the Secretary of the Department of Health and Human Services, the North Carolina Study Commission on Aging, the Senate Appropriations Committee on Health and Human Services, and the House of Representatives Subcommittee on Health and Human Services."

LOCAL PARTNERSHIPS AND PRIVACY OF PERSONNEL RECORDS

SECTION 10.9. G.S. 143B-168.14 reads as rewritten:

"**§ 143B-168.14. Local partnerships; conditions.**

In order to receive State funds, the following conditions shall be met:

(1) Each local partnership shall develop a comprehensive, collaborative, long-range plan of services to children and families in the service-delivery area. No existing local, private, nonprofit 501(c)(3) organization, other than one established on or after July 1, 1993, and that meets the guidelines for local partnerships as established under this Part, shall be eligible to apply to serve as the local partnership for the purpose of this Part. The Board of the North Carolina Partnership may authorize exceptions to this eligibility requirement.

(2) Each local partnership shall agree to adopt procedures for its operations that are comparable to those of Article 33C of Chapter 143 of the General Statutes, the Open Meetings Law, and Chapter 132 of the General Statutes, the Public Records Law, and provide for enforcement by the Department. Such procedures may provide for the confidentiality of personnel files that are comparable to Article 7 of Chapter 126 of the General Statutes.

(3) Each local partnership shall adopt procedures to ensure that all personnel who provide services to young children and their families under this Part know and understand their responsibility to report suspected child abuse, neglect, or dependency, as defined in G.S. 7B-101.

(4) Each local partnership shall participate in the uniform, standard fiscal accountability plan developed and adopted by the North Carolina Partnership.

(b) Each local partnership shall be subject to audit and review by the State Auditor under Article 5A of Chapter 147 of the General Statutes. The State Auditor shall conduct annual financial and compliance audits of local partnerships that are rated "needs improvement" in performance assessments authorized in G.S. 143B-168.12(a)(7). Local partnerships that are rated "superior" or "satisfactory" in performance assessments authorized in G.S. 143B-168.12(a)(7) shall undergo biennial financial and compliance audits by the State Auditor."

NORTH CAROLINA PARTNERSHIP FOR CHILDREN AND PRIVACY OF PERSONNEL RECORDS

SECTION 10.10. G.S. 143B-168.12(b) reads as rewritten:

"(b) The North Carolina Partnership shall be subject to audit and review by the State Auditor under Article 5A of Chapter 147 of the General Statutes. The State Auditor shall conduct annual financial and compliance audits of the North Carolina Partnership. Such procedures may provide for the confidentiality of personnel files that are comparable to Article 7 of Chapter 126 of the General Statutes."

CHILD CARE FUNDS MATCHING REQUIREMENT

SECTION 10.11. Section 10.60 of S.L. 2005-276 reads as rewritten:

"**SECTION 10.60.** No local matching funds may be required by the Department of Health and Human Services as a condition of any locality's receiving its initial allocation of ~~any State~~ child care funds appropriated by this act unless federal law requires a match. ~~This shall not prohibit any locality from spending local funds for child care services.~~ Additional funds above twenty-five thousand dollars ($25,000) that are reallocated by the Department to local purchasing agencies beyond their initial allocation shall require a twenty-five percent (25%) local match in order to receive the reallocated funds. Matching requirements do not apply when funds are allocated as a result of a disaster as defined in G.S. 166A-4(1)."

CHILD CARE ALLOCATION FORMULA

SECTION 10.12. Section 10.61(c) of S.L. 2005-276 reads as rewritten:

"**SECTION 10.61.(c)** Notwithstanding subsection (a) of this section, the Department of Health and Human Services shall allocate up to twenty-two million dollars ($22,000,000) in federal block grant funds and State funds appropriated for fiscal years ~~2004-2005~~ 2005-2006 and ~~2005-2006~~ 2006-2007 for child care services. These funds shall be allocated to prevent termination of child care services."

PRIVATE WELL WATER TESTING

SECTION 10.13. G.S. 130A-5 is amended by adding a new subdivision to read:

"(16) To charge a fee of forty dollars ($40.00) for analyzing Private Well Water samples sent to the State Laboratory of Public Health by local health departments. In July 2007, and each succeeding July, the fee shall be recomputed by the Director of the State Laboratory of Public

Health by analyzing the previous year's testing at the State Laboratory of Public Health, and the total cost of the Private Well Water testing minus State appropriations that support this effort. The fee amount determined in July 2007 and succeeding months of July shall be effective during that current State fiscal year. This fee shall be in addition to the charge for the Private Well Water panel test kit."

MEDICAID TRANSFER OF ASSETS

SECTION 10.14.(a) G.S. 108A-58 is repealed.

SECTION 10.14.(b) Part 6 of Article 2 of Chapter 108A of the General Statutes is amended by adding the following new section to read:

"**§ 108A-58.1. Ineligibility for medical assistance based on transferring assets for less than fair market value.**

(a) General rule. – Except as otherwise provided herein, an individual who is otherwise eligible to receive medical assistance under this Part is ineligible for Medicaid coverage and payment for the services specified in subsection (d) during the period specified in subsection (c) if the individual or the individual's spouse transfers an asset for less than fair market value on or after the "lookback date" specified in subsection (b).

(b) Lookback date. –

(1) Except as otherwise provided herein, the lookback date is the date specified in 42 U.S.C. § 1396p(c)(1)(B).

(2) Notwithstanding subdivision (1), the lookback date with respect to the medical services specified in subdivision (d)(2) is the date specified in 42 U.S.C. § 1396p(c)(1)(B) or February 1, 2003, whichever is later.

(c) Penalty period. – The penalty period for the transfer of assets for less than fair market value is the period specified in 42 U.S.C. § 1396p(c)(1)(D), (E), and (H).

(d) Medical services.–

(1) In the case of an institutionalized individual, the transfer of assets penalty applies with respect to nursing facility services, a level of care in any institution equivalent to that of nursing facility services, and to home or community-based services furnished under the State's Community Alternatives Program waiver pursuant to 42 U.S.C. § 1396n(c) or (d).

(2) In the case of a noninstitutionalized individual, the transfer of assets penalty applies with respect to home health services and personal care services as defined in 42 U.S.C. § 1396d(a)(7) and (24) and, to the extent permitted by federal law, such other long-term care services specified by rules adopted by the Department of Health and Human Services pursuant to subsection (k) of this section.

(e) Assets. – Assets are the income and resources of an individual or the individual's spouse (including the individual's or spouse's home) as defined in 42 U.S.C. § 1396p(e) and 42 U.S.C. § 1396p(c)(1)(G), (I), and (J).

(f) Fair market value and uncompensated value. –

(1) The fair market value of an asset is the value (minus any valid and legally enforceable liens, mortgages, and encumbrances against the asset) that would have been received if the asset had been sold for good and valuable consideration at the prevailing market price at the time the asset was transferred. In the case of real or personal property that is taxable under Subchapter II of Chapter 105 of the General Statutes, there is a rebuttable presumption that the fair market value of the property is its most recent value as ascertained under Subchapter II of Chapter 105 of the General Statutes (minus any valid and legally enforceable liens, mortgages, and encumbrances against the property).

(2) The uncompensated value of an asset is its fair market value minus the amount of good and valuable consideration received in exchange for the asset's transfer.

(g) Individual. – An individual is a person who applies for or is receiving medical assistance under this Part regardless of whether the person was, at the time an asset was transferred, a Medicaid applicant or recipient. The term "individual" also includes an individual's legal representative, anyone acting at the individual's direction or request, and any person, agency, or court acting lawfully on behalf of the individual.

(h) Institutionalized and noninstitutionalized individuals. –

(1) An institutionalized individual is an individual who meets the criteria set forth in 42 U.S.C. § 1396p(f)(3), regardless of whether the individual was institutionalized at the time an asset was transferred.

(2) A noninstitutionalized individual is any individual who (i) is not an institutionalized individual, (ii) is an aged, blind, or disabled person who is categorically or medically needy pursuant to 42 C.F.R. § 435.120 or a qualified Medicare beneficiary as defined in 42 U.S.C. § 1396d(p)(1), and (iii) is not eligible for medical assistance under this Part based on his or her eligibility for an optional State supplement pursuant to 42 C.F.R. § 435.130.

(i) Exceptions. –

(1) This section does not apply if an individual establishes by the greater weight of the evidence that the transfer was exclusively for some purpose other than establishing or retaining eligibility for medical assistance under this Part.

(2) This section does not apply to any transfer specified in 42 U.S.C. § 1396p(c)(2)(A), (B), (C)(i), or (C)(iii).

(j) Hardship waiver. – The Department of Health and Human Services shall waive a transfer of assets penalty that has been imposed or is imposable under this section if the Department determines that imposition of the penalty would create an undue hardship.

(k) Rules and compliance with federal law. –

(1) This section shall be interpreted and administered consistently with governing federal law, including 42 U.S.C. § 1396p(c).

(2) The Department of Health and Human Services shall determine and publish at least annually the average monthly cost of nursing facility services for private patients that will be used in determining the length of a penalty period under this section.

(3) The Department of Health and Human Services shall provide for a hardship waiver process in accordance with 42 U.S.C. § 1396p(c)(2)(D).

(4) The Department of Health and Human Services may adopt administrative rules that are necessary and appropriate to implement this section or the requirements of 42 U.S.C. § 1396p(c) or other federal laws governing the transfer of assets and Medicaid eligibility."

SECTION 10.14.(c) This section is effective when it becomes law. This section does not affect the validity of any Medicaid transfer of assets penalty that was validly imposed before the date this act becomes law under prior federal or State law or rules.

REQUIRED DATA SHARING BY PRIVATE HEALTH INSURERS

SECTION 10.15. Part 1 of Article 50 of Chapter 58 of the General Statutes is amended by adding the following new section to read:

"**§ 58-50-46. Insurers to provide certain information to Department of Health and Human Services.**

(a) As used in this section, the terms:

(1) 'Department' means the Department of Health and Human Services.

(2) 'Division' means the Division of Medical Assistance of the Department of Health and Human Services.

(3) 'Health insurer' includes self-insured plans, group health plans (as defined in section 607(1) of the Employee Retirement Income Security Act of 1974, [29 USC Section 1167(1)], service benefit plans, managed care organizations, pharmacy benefit managers, or other parties that are, by statute, contract, or agreement, legally responsible for payment of a claim for a health care item or service as a condition of doing business in the State.

(4) 'Medical assistance' means medical assistance benefits provided under the State Medical Assistance Plan.

(b) Notwithstanding any other provision of law, every insurer issuing a health benefit plan shall provide, in a timely manner and at no cost, to the Department of Health and Human Services, upon its request, information, including automated data matches conducted under the direction of the Department of Health and Human Services, Division of Medical Assistance, as necessary to (i) identify individuals covered under the insurer's health benefit plans who are also recipients of medical assistance; (ii) determine the period during which the individual or his or her spouses or their dependents may be or may have been covered by the health benefit plan; and (iii) determine the nature of the coverage. To facilitate the Division in obtaining this and other related information, every insurer shall:

(1) Cooperate with the Division to determine whether a named individual who is a recipient of medical assistance may be covered under the insurer's health benefit plan and eligible to receive benefits under the health benefit plan for services provided under the State Medical Assistance Plan;

(2) Accept the Division's authorization for the provision of medical services on behalf of the recipient of medical assistance as the insurer's authorization for the provision of the services;

(3) Respond to the request for information within 30 working days after receipt of written proof of loss or claim for payment for health care services provided to a recipient of medical assistance who is covered by the insurer's health benefit plan."

STUDY OF MEDICAID PROVIDER RATE INCREASES

SECTION 10.16.(a) The Secretary of the Department of Health and Human Services shall study and develop a proposal for an equitable standard for providing inflationary increases and other cost related increases to service providers in the Medicaid Program. The Department shall seek the assistance of external consultants and other appropriate financial experts to validate any methodologies used in the development of the standard.

SECTION 10.16.(b) Of the funds appropriated in this act to the Department of Health and Human Services, Division of Medical Assistance, up to one hundred thousand dollars ($100,000) for the 2006-2007 fiscal year shall be used to support the study.

MEDICAID

SECTION 10.17.(a) Sub-subdivision b. of Subdivision (22) of Subsection 10.11.(a) of S.L. 2005-276 reads as rewritten:

"b. For children eligible for EPSDT services provided by:

1. Licensed or certified psychologists, licensed clinical social workers, certified clinical nurse specialists in psychiatric mental health advanced practice, nurse practitioners certified as clinical nurse specialists in psychiatric mental health advanced practice, licensed psychological associates, licensed professional counselors, licensed marriage and family therapists, licensed ~~certified~~ clinical addictions specialists, and licensed ~~certified~~ clinical supervisors, when Medicaid-eligible children are referred by the Community Care of North Carolina primary care physician, a Medicaid-enrolled psychiatrist, or the area mental health program or local management entity, 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."

SECTION 10.17.(b) Subsection 10.11.(d) of S.L. 2005-276 reads as rewritten:

SECTION 10.11.(d) Eligibility. – Eligibility for Medicaid shall be determined in accordance with the following:

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~~	
~~Family Size~~	~~WFFA* Standard Of Need~~	~~Families and Children Income Level~~	~~AA, AB, AD*~~

Family Size	WFFA Standard of Need & Families and Children Categorically Needy Income Limit	WFFA Income Level	Medically Needy Income Level for Families and Children, 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 10.17.(c) Subsection 10.11(g) of S.L. 2005-276 reads as rewritten:

"**SECTION 10.11.(g)** Dental Coverage Limits. – Dental services shall be provided on a restricted basis in accordance with criteria ~~rules~~ adopted by the Department to implement this subsection."

SECTION 10.17.(d) Subsection 10.11(t) of S.L. 2005-276 reads as rewritten:

"**SECTION 10.11.(t)** Except as otherwise provided in State law, the Department shall apply transfer of asset laws in accordance with 42 U.S.C. 1396p(c). This act is effective when it becomes law and does not affect the validity of any Medicaid transfer of assets penalty that was validly imposed prior to the date this act becomes law under prior federal or state law or rules. ~~For the purposes of determining eligibility for Medical Assistance, 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 (i) life estates purchased by or on behalf of the recipient, other than life estates excluded from countable resources under this section, and (ii) 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 Department shall exclude from countable resources any life estate in real property that is in the recipient's home, is measured by the recipient's life, and is the result of the transfer of a remainder interest.~~

~~Federal transfer of assets policies applied to "income producing" real property under Title XIX, section 1902(r)(2) of the Social Security Act shall become effective not earlier than October 1, 2001. Federal transfer of assets policies and attachment of liens applied to real property 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. Federal transfer of assets policies applied to life estates in accordance with this subsection shall become effective not earlier than October 1, 2005.~~"

SECTION 10.17.(e) Subsection 10.11(z) of S.L. 2005-276 reads as rewritten:

"**SECTION 10.11(z)** G.S. 108A-55.1 reads as rewritten:

"**§ 108A-55.1. Medicare enrollment required.**

The Department shall require State Medical Assistance (Medicaid) Program recipients who qualify for Medicare to enroll in all Medicare Parts for which they are qualified, in accordance with Title XIX of the Social Security Act, in order to pay medical expenditures that qualify for payment under Medicare Parts A, B, C and D~~Part B~~. Enrollment in Part D shall not be required if the recipient has creditable drug coverage as defined in federal law. Failure to enroll in Medicare shall result in ineligibility~~nonpayment of these expenditures~~ under the State Medical Assistance (Medicaid) Program. A provider may seek payment for services from ~~Medicaid enrollees~~ persons who are otherwise eligible for Medicaid, but made ineligible for failure to enroll in Medicare Parts A, B, C, and D when eligible.~~who are eligible for but not enrolled in Medicare Part B.~~ A provider may also seek payment for services from Medicaid enrollees who are enrolled in Medicare but do not use or refuse to use Medicare to pay for Medicaid services."

MEDICAID ESTATE RECOVERY TO INCLUDE LIENS ON REAL PROPERTY

SECTION 10.18. G.S. 108A-70.5, 108A-70.6, 108A-70.7, 108A-70.8, and 108A-70.9 are repealed.

HEALTH CARE FACILITY LICENSURE FEE UPPER LIMIT

SECTION 10.19. G.S. 131E-267 is amended as follows:

"**§ 131E-267. Fees for departmental review of health care facility construction projects.**

The Department of Health and Human Services shall charge a fee for the review of each health care facility construction project to ensure that project plans and construction are in compliance with State law. The fee shall be charged on a one-time, per-project basis, as follows, and shall not exceed ~~twelve thousand five hundred dollars ($12,500)~~ twenty-five thousand dollars ($25,000) for any single project:

Institutional Project	**Project Fee**
Hospitals	$300.00 plus $0.20/square foot of project space
Nursing Homes	$250.00 plus $0.16/square foot of project space
Ambulatory Surgical Facility	$200.00 plus $0.16/square foot of project space
Psychiatric Hospital	$200.00 plus $0.16/square foot of project space
Adult Care Home	$175.00 plus $0.10/square foot of project space

Residential Project	**Project Fee**
Family Care Homes	$175.00 flat fee
ICF/MR Group Homes	$275.00 flat fee
Group Homes: 1-3 beds	$100.00 flat fee
Group Homes: 4-6 beds	$175.00 flat fee
Group Homes: 7-9 beds	$225.00 flat fee
Other residential: More than 9 beds	$225.00 plus $0.075/square foot of project space."

FACILITY LICENSURE FEES

SECTION 10.20. G.S. 122C-23(h) is amended as follows:

"(h) The Department shall charge facilities licensed under this Chapter ~~that have licensed beds~~ a nonrefundable annual base license fee plus a nonrefundable annual per-bed fee as follows:

Type of Facility	Number of Beds	Base Fee	Per-Bed Fee
Facilities (with no beds)	0	$175.00	$0
Facilities (non-ICF/MR):	6 or fewer beds	$250.00	$0
	More than 6 beds	$350.00	$12.50
ICF/MR Only:	6 or fewer beds	$650.00	$0
	More than 6 beds	$650.00	$12.50"

PART XI. DEPARTMENT OF AGRICULTURE AND CONSUMER SERVICES

PLANT CONSERVATION PROGRAM FUNDS

SECTION 11.1. From funds that are deposited with the State Treasurer pursuant to G.S. 146-30 to the credit of the Department of Agriculture and Consumer Services in a capital improvement account, the sum of thirty thousand dollars ($30,000) shall be transferred to the Department of Agriculture and Consumer Services to be used by the Department in the plant conservation program under Article 19B of Chapter 106 of the General Statutes for costs incidental to the acquisition of land such as land appraisals, land surveys, title searches, and environmental studies and for management of plant conservation program preserves owned by the Department.

PART XII. DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES

CONSERVATION RESERVE ENHANCEMENT PROGRAM

SECTION 12.1. Of the funds appropriated to the Department of Environment and Natural Resources, Division of Soil and Water Conservation, for the Conservation Reserve Enhancement Program for acquiring conservation easements and leases and for contracts for the 2006-2007 State fiscal year, one million seven hundred twenty-three thousand eight hundred dollars ($1,723,800) shall not revert, but shall remain available until expended.

WATER QUALITY FEE CHANGES

SECTION 12.2. G. S. 143-215.3D reads as rewritten:

"**§ 143-215.3D. Fee schedule for water quality permits.**

(a) Annual fees for discharge and nondischarge permits under G.S. 143-215.1. –

(1) Major Individual NPDES Permits. – The annual fee for an individual permit for a point source discharge of 1,000,000 or more gallons per day, a publicly owned treatment works (POTW) that administers a POTW pretreatment program, as defined in 40 Code of Federal Regulations § 403.3 (1 July 1996 Edition), or an industrial waste treatment works that has a high toxic pollutant potential shall be ~~two thousand eight hundred sixty-five dollars ($2,865)~~ three thousand four hundred twenty-five dollars ($3,425).

(2) Minor Individual NPDES Permits. – The annual fee for an individual permit for a point source discharge other than a point source discharge to which subdivision (1) of this subsection applies shall be seven hundred fifteen dollars ($715.00).

(3) Single-Family Residence. – The annual fee for a certificate of coverage under a general permit for a point source discharge or an individual nondischarge permit from a single-family residence shall be fifty dollars ($50.00).

(4) Stormwater and Wastewater Discharge General Permits. – The annual fee for a certificate of coverage under a general permit for a point

source discharge of stormwater or wastewater shall be ~~eighty dollars ($80.00).~~ one hundred twenty dollars ($120.00)."

ANIMAL WASTE FEE CHANGES

SECTION 12.3. G.S. 143-215.10G reads as rewritten:

"**§ 143-215.10G. Fees for animal waste management systems.**

(a) The Department shall charge an annual permit fee to an animal operation that is subject to a permit under G.S. 143-215.10C for an animal waste management system according to the following schedule:

(1) For a system with a design capacity of 38,500 or more and less than 100,000 pounds steady state live weight, ~~fifty dollars ($50.00).~~one hundred dollars ($100.00).

(2) For a system with a design capacity of 100,000 or more and less than 800,000 pounds steady state live weight, ~~one hundred fifty dollars ($150.00).~~three hundred dollars ($300.00).

(3) For a system with a design capacity of 800,000 pounds or more steady state live weight, ~~three hundred dollars ($300.00).~~ six hundred dollars ($600.00)."

HAZARDOUS WASTE FEE CHANGES

SECTION 12.4. G.S. 130A-294.1 reads as rewritten:

"**§ 130A-294.1. Fees applicable to generators and transporters of hazardous waste, and to hazardous waste storage, treatment, and disposal facilities.**

(a) It is the intent of the General Assembly that the fee system established by this section is solely to provide funding in addition to federal and State appropriations to support the State's hazardous waste management program.

(b) Funds collected pursuant to this section shall be used for personnel and other resources necessary to:

(1) Provide a high level of technical assistance and waste minimization effort for the hazardous waste management program;

(2) Provide timely review of permit applications;

(3) Insure that permit decisions are made on a sound technical basis and that permit decisions incorporate all conditions necessary to accomplish the purposes of this Part;

(4) Improve monitoring and compliance of the hazardous waste management program;

(5) Increase the frequency of inspections;

(6) Provide chemical, biological, toxicological, and analytical support for the hazardous waste management program; and

(7) Provide resources for emergency response to imminent hazards associated with the hazardous waste management program.

(c) It is the intent of the General Assembly that the total funds collected per year pursuant to this section not exceed thirty percent (30%) of the total funds budgeted from

all sources for the hazardous waste management program. This subsection shall not be construed to limit the obligation of any person to pay any fee imposed by this section.

(d) The Hazardous Waste Management Account is established as a nonreverting account within the Department. All fees collected under this section shall be credited to the Account and shall be used for the purposes listed in subsection (b).

(e) A person who generates either one kilogram or more of any acute hazardous waste as listed in 40 C.F.R. § 261.30(d) or § 261.33(e) as revised 1 July 1987, or 1000 kilograms or more of hazardous waste, in any calendar month during the year beginning 1 July and ending 30 June shall pay an annual fee of ~~one thousand dollars ($1,000).~~ one thousand two hundred fifty dollars ($1,250).

(f) A person who generates 100 kilograms or more of hazardous waste in any calendar month during the year beginning 1 July and ending 30 June but less than 1000 kilograms of hazardous waste in each calendar month during that year shall pay an annual fee of ~~one hundred twenty-five dollars ($125.00).~~ one hundred fifty dollars ($150.00).

(g) A person who generates one kilogram or more of acute hazardous waste or 1000 kilograms or more of hazardous waste in any calendar month during the calendar year shall pay, in addition to any fee under subsections (e) and (f) of this section, a tonnage fee of fifty cents ($0.50) per ton or any part thereof of hazardous waste generated during that year up to a maximum of 25,000 tons.

(h) A person who generates less than one kilogram of acute hazardous waste and less than 100 kilograms of hazardous waste in each calendar month during the year beginning 1 July and ending 30 June shall not be liable for payment of a fee under subsections (e) and (f) of this section for that year.

(i) Hazardous waste generated as a result of any type of remedial action or by collection by a local government of hazardous waste from households shall not be subject to a tonnage fee under subsections (g) and (l) of this section.

(j) A person who transports hazardous waste shall pay an annual fee of ~~six hundred dollars ($600.00).~~ seven hundred dollars ($700.00).

(k) A storage, treatment, or disposal facility shall pay an annual activity fee of ~~one thousand two hundred dollars ($1,200)~~ one thousand four hundred dollars ($1,400) for each activity.

(l) A commercial hazardous waste storage, treatment, or disposal facility shall pay annually, in addition to the fees applicable to all hazardous waste storage, treatment, or disposal facilities, a single tonnage charge of one dollar and seventy-five cents ($1.75) per ton or any part thereof of hazardous waste stored, treated, or disposed of at the facility. A manufacturing facility that receives hazardous waste generated from the use of a product typical of its manufacturing process for the purpose of recycling is exempt from this tonnage charge. A facility must have a permit issued under this Article which includes the recycling activity and specifies the type and amount of waste allowed to be received from off-site for recycling.

(m) An applicant for a permit for a hazardous waste storage, treatment, or disposal facility that proposes to operate as a commercial facility shall pay an application fee for each proposed activity as follows:

(1) Storage facility $10,000;
(2) Treatment facility $15,000;
(3) Disposal facility $25,000.

(n) The Commission may adopt rules setting fees for modifications to permits. Such fees shall not exceed fifty percent (50%) of the application fee.

(o) Annual fees established under this section are due no later than 31 July for the fiscal year beginning 1 July in the same year. Tonnage fees established under this section are due no later than 31 July for the previous calendar year.

(p) The Department shall make an annual report to the General Assembly and its Fiscal Research Division on the cost of the hazardous waste management program. The report shall include, but is not limited to, beginning fund balance, fees collected under this section, anticipated revenue from all sources, total expenditures (by activities and categories) for the hazardous waste management program, ending fund balance, any recommended adjustments in the annual and tonnage fees which may be necessary to assure the continued availability of funds sufficient to pay the State's share of the cost of the hazardous waste management program, and any other information requested by the General Assembly. In recommending adjustments in annual and tonnage fees, the Department may propose fees for hazardous waste generators, and for hazardous waste treatment facilities which treat waste generated on-site, which are designed to encourage reductions in the volume or quantity and toxicity of hazardous waste."

PART XIII. DEPARTMENT OF COMMERCE

EMPLOYMENT SECURITY FUNDS

SECTION 13.1.(a) Funds from the Employment Security Commission Reserve Fund shall be available to the Employment Security Commission to use as collateral to secure federal funds and to pay the administrative costs associated with the collection of the Employment Security Commission Reserve Fund surcharge. The total administrative costs paid with funds from the Reserve shall not exceed the total administrative costs paid in fiscal year 2005-2006.

SECTION 13.1.(b) There is appropriated from the Employment Security Commission Reserve Fund to the Employment Security Commission of North Carolina the sum of six million three hundred thousand dollars ($6,300,000) for the 2006-2007 fiscal year to be used for the following purposes:

(1) $6,000,000 for the operation and support of local offices.
(2) $200,000 for the State Occupational Information Coordinating Committee to develop and operate an interagency system to track former participants in State education and training programs.
(3) $100,000 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.

ONE NORTH CAROLINA FUND

SECTION 13.2. Of the funds appropriated in this act to the One North Carolina Fund, the Department of Commerce may use up to three hundred thousand dollars ($300,000) to cover its expenses in administering the One North Carolina Fund and other economic development incentive grant programs in the 2006-2007 fiscal year.

RURAL ECONOMIC DEVELOPMENT CENTER

SECTION 13.3. Notwithstanding any other provision of law, the North Carolina Rural Economic Development Center shall provide up to two hundred fifty-five thousand dollars ($255,000) to the Yadkin-Pee Dee Lakes Project for the Central Park of North Carolina from its appropriation for economic development projects.

PART XIV. DEPARTMENT OF LABOR

REPEAL FEE FOR MINE SAFETY EDUCATION/TRAINING PROGRAMS

SECTION 14.1. G.S. 74-24.16(d) is repealed.

PART XV. OFFICE OF ADMINISTRATIVE HEARINGS

NC REGISTER CHANGES

SECTION 15.1. G.S. 150B-21.17 reads as rewritten:

"**§ 150B-21.17. North Carolina Register.**

(a) Content. – The Codifier of Rules must publish the North Carolina Register. The North Carolina Register must be published at least two times a month and must contain the following:

(1) Temporary rules entered in the North Carolina Administrative Code.

(1a) The text of proposed rules, and the text of permanent rules approved by the Commission.

(1b) Emergency rules entered into the North Carolina Administrative Code.

(2) Notices of receipt of a petition for municipal incorporation, as required by G.S. 120-165.

(3) Executive orders of the Governor.

(4) Final decision letters from the United States Attorney General concerning changes in laws that affect voting in a jurisdiction subject to section 5 of the Voting Rights Act of 1965, as required by G.S. 120-30.9H.

(5) Orders of the Tax Review Board issued under G.S. 105-241.2.

(6) Other information the Codifier determines to be helpful to the public.

(b) Form. – When an agency publishes notice in the North Carolina Register of the proposed text of a new rule, the Codifier of Rules must publish the complete text of the proposed new rule. In publishing the text of a proposed new rule, the Codifier must indicate the rule is new by underlining the proposed text of the rule.

When an agency publishes notice in the North Carolina Register of the proposed text of an amendment to an existing rule, the Codifier must publish the complete text of the rule that is being amended unless the Codifier determines that publication of the complete text of the rule being amended is not necessary to enable the reader to understand the proposed amendment. In publishing the text of a proposed amendment to a rule, the Codifier must indicate deleted text with overstrikes and added text with underlines.

When an agency publishes notice in the North Carolina Register of the proposed repeal of an existing rule, the Codifier must publish the complete text of the rule the agency proposes to repeal unless the Codifier determines that publication of the complete text is impractical. In publishing the text of a rule the agency proposes to repeal, the Codifier must indicate the rule is to be repealed.

(c) The Codifier may authorize and license the private indexing, marketing, sales, reproduction, and distribution of the Register."

PART XVI. OFFICE OF STATE CONTROLLER

NEW PAYROLL DEDUCTION SLOTS

SECTION 16.1. Pending the implementation of the State's Human Resources/Payroll infrastructure, a temporary suspension of new payroll deduction slots is authorized. The State Controller may, at his discretion, elect to authorize a new payroll deduction slot if it is deemed to be in the immediate best interest of the State's employees.

PROPOSED LEGISLATIVE CHANGES PERTAINING TO CREDIT CARDS

SECTION 16.2.(a) G.S. 66-58.12 reads as rewritten:

"**§ 66-58.12. Agencies may provide access to services through electronic and digital transactions; fees authorized.**

(a) Public agencies are encouraged to maximize citizen and business access to their services through the use of electronic and digital transactions. A public agency may determine, through program and transaction analysis, which of its services may be made available to the public through electronic means, including the Internet. The agency shall identify any inhibitors to electronic transactions between the agency and the public, including legal, policy, financial, or privacy concerns and specific inhibitors unique to the agency or type of transaction. An agency shall not provide a transaction through the Internet that is impractical, unreasonable, or not permitted by laws pertaining to privacy or security.

(b) An agency may charge a convenience fee to cover ~~its~~ all or a portion of the costs of permitting a person to complete a transaction through the World Wide Web or other means of electronic access, including the cost of electronic payments pursuant to G.S. 147-86.22(b). ~~The fee may be applied on a per transaction basis and may be calculated either as a flat fee or a percentage fee, as determined under an agreement between a person and a public agency.~~ The convenience fee shall be levied in accordance with applicable payment card industry standards, consistent with policies

promulgated by the State Controller pursuant to G.S. 147-86.22(b).The convenience fee may be collected by the agency or by its third party agent.

(c) The fee imposed under subsection (b) of this section must be approved by the Office of State Budget and Management, in consultation with the State Chief Information Officer and the Joint Legislative Commission on Governmental Operations. The revenue derived from the fee must be credited to a nonreverting agency reserve account. The funds in the account may be expended only for the e-commerce initiatives from which the funds were collected and only if the e-commerce initiative has been approved ~~and projects approved~~ by the State Chief Information Officer, in consultation with the Joint Legislative Oversight Committee on Information Technology. For purposes of this subsection, the term "public agencies" does not include a county, unit, special district, or other political subdivision of government.

(d) This section does not apply to the Judicial Department."

SECTION 16.2.(b) G.S. 147-86.22(b) reads as rewritten:

"(b) Electronic Payment. – Notwithstanding the provisions of G.S. 147-86.20 and G.S. 147-86.21, this subsection applies to debts owed a community college, a local school administrative unit, an area mental health, developmental disabilities, and substance abuse authority, and the Administrative Office of the Courts, and to debts payable to or through the office of a clerk of superior court or a magistrate, as well as to debts owed to other State agencies as defined in G.S. 147-86.20.

The State Controller shall establish policies that allow accounts receivable to be payable under certain conditions by electronic payment. These policies shall be established with the concurrence of the State Treasurer. In addition, any policies that apply to debts payable to or through the office of a clerk of superior court or a magistrate shall be established with the concurrence of the Administrative Officer of the Courts. The Administrative Officer of the Courts may also establish policies otherwise authorized by law that apply to these debts as long as those policies are not inconsistent with the Controller's policies.

~~A condition of payment by electronic payment is receipt by the appropriate State agency of the full amount of the account receivable owed to the State agency. A debtor who pays by electronic payment may be required to pay any fee or charge associated with the use of electronic payment. Fees associated with processing electronic payments may be paid out of the General Fund and Highway Fund if the payment of the fee by the State is economically beneficial to the State and the payment of the fee by the State has been approved by the State Controller and State Treasurer.~~

~~The State Controller and State Treasurer shall consult with the Joint Legislative Commission on Governmental Operations before establishing policies that allow accounts receivable to be payable by electronic payment and before authorizing fees associated with electronic payment to be paid out of the General Fund and Highway Fund. A State agency must also consult with the Joint Legislative Commission on Governmental Operations before implementing any program to accept payment under the policies established pursuant to this subsection.~~

Costs associated with the use of electronic payments shall be paid by an agency from either receipts-supported or appropriated funds, as approved by the Office of State

Budget and Management. Any convenience fees levied and collected pursuant to G.S. 66-58.12 shall only be utilized to pay the costs specified therein. This provision shall not prohibit an agency from absorbing a portion or all the costs associated with accepting electronic payments if deemed economical to either the agency or the State's cash management program, or if deemed appropriate to provide the convenience to the payor.

A payment of an account receivable that is made by electronic payment and is not honored by the issuer of the card or the financial institution offering electronic funds transfer does not relieve the debtor of the obligation to pay the account receivable."

SECTION 16.2.(c) G.S. 159-32.1 reads as rewritten:

"**§ 159-32.1. Electronic payment.**

A unit of local government, public hospital, or public authority may, in lieu of payment by cash or check, accept payment by electronic payment as defined in G.S. 147-86.20 for any tax, assessment, rate, fee, charge, rent, interest, penalty, or other receivable owed to it. A unit of local government, public hospital, or public authority may pay any negotiated discount, processing fee, transaction fee, or other charge imposed by a credit card, charge card, or debit card company, or by a third-party merchant bank, as a condition of contracting for the unit's or the authority's acceptance of electronic payment. A unit of local government, public hospital, or public authority may impose the fee or charge as a ~~surcharge~~ convenience fee on the amount paid by the person using electronic ~~payment.~~ payment, provided the fee is levied in accordance with applicable payment card industry standards, consistent with either policies promulgated by the State Controller pursuant to G.S. 147-86.22(b) or with other policies promulgated by the governing board, as applicable."

SECTION 16.2.(d) G.S. 105-357(b) reads as rewritten:

"(b) Acceptance of Checks and Electronic Payment. – The tax collector may accept checks and electronic payments, as defined in G.S. 147-86.20, in payment of taxes, as authorized by G.S. 159-32.1. Acceptance of a check or electronic payment is at the tax collector's own risk. A tax collector who accepts electronic payment of taxes may add a convenience fee to each electronic payment transaction to offset the service charge the taxing unit pays for electronic payment ~~service.~~ service, provided the fee is levied in accordance with applicable payment card industry standards, consistent with policies promulgated by the State Controller pursuant to G.S. 147-86.22(b) or with other policies promulgated by the governing board, as applicable. A tax collector who accepts electronic payment or check in payment of taxes may issue the tax receipt immediately or withhold the receipt until the check has been collected or the electronic payment invoice has been honored by the issuer.

If a tax collector accepts a check or an electronic payment and issues a tax receipt and the check is returned unpaid (without negligence on the part of the tax collector in presenting the check for payment) or the electronic payment invoice is not honored by the issuer, the taxes for which the check or electronic payment was given shall be deemed unpaid; the tax collector shall immediately correct the copy of the tax receipt and other appropriate records to show the fact of nonpayment, and shall give written notice by certified or registered mail to the person to whom the tax receipt was issued to

return it to the tax collector. After correcting the records to show the fact of nonpayment, the tax collector shall proceed to collect the taxes by the use of any remedies allowed for the collection of taxes or by bringing a civil action on the check or electronic payment."

SECTION 16.2.(e) G.S. 14-113.24 reads as rewritten:

"**§ 14-113.24. Credit, charge, or debit card numbers on receipts.**

(a) For purposes of this section, the word "person" means the person that owns or leases the cash register or other machine or device that electronically prints receipts of credit, charge, or debit card transactions.

(b) Except as provided in this section, no person that accepts credit, charge, or debit cards for the transaction of business shall print more than ~~five~~ the last four digits of the credit, charge, or debit card account number or print the expiration date upon any receipt with the intent to provide the receipt to the cardholder at the point of sale. This section applies to a person who employs a cash register or other machine or device that electronically prints receipts for credit, charge, or debit card transactions. This section does not apply to a person whose sole means of recording a credit, charge, or debit card number for the transaction of business is by handwriting or by an imprint or copy of the credit, charge, or debit card."

PART XVII. UTILITIES COMMISSION

REGULATORY FEE FOR UTILITIES COMMISSION

SECTION 17.1.(a) The percentage rate to be used in calculating the public utility regulatory fee under G.S. 62-302(b)(2) is twelve-hundredths of one percent (0.12%) for each public utility's North Carolina jurisdictional revenues earned during each quarter that begins on or after July 1, 2006.

SECTION 17.1.(b) The electric membership corporation regulatory fee imposed under G.S. 62-302(b1) for the 2006-2007 fiscal year is two hundred thousand dollars ($200,000).

SECTION 17.1.(c) This section becomes effective July 1, 2006.

PART XVIII. INFORMATION TECHNOLOGY

ESTABLISH INFORMATION TECHNOLOGY INNOVATION FUND

SECTION 18.1.(a) There is established an Information Technology Innovation Fund in the Office of State Budget and Management. This Fund will support technology projects that:

(1) Implement a legislative mandate, increase safety of staff and citizens, or improve the overall efficiency of a business process demonstrated through cost savings or future cost avoidance.

(2) Facilitate consolidation of information technology services in State agencies and/or an enterprise approach across agencies.

(3) Improve customer service to the public.

Projects must complete a detailed analysis and clearly demonstrate that benefits are greater than costs.

SECTION 18.1.(b) A review board comprised of the State Budget Officer, the State CIO, and the State Controller will review agency requests to evaluate their validity, costs and benefits, and overall return to the State. The Office of State Budget and Management, in consultation with Information Technology Services, shall establish the timeline, criteria, and review process by which department requests will be evaluated.

SECTION 18.1.(c) The review board shall consult with the Joint Committee on Information Technology prior to transferring monies from the Fund.

SECTION 18.1.(d) Funds will be provided to departments from the Information Technology Innovation Fund during the implementation period only. Any remaining funds shall revert to the Information Technology Innovation Fund for reprioritization and allocation at the end of project implementation.

GEOGRAPHICAL INFORMATION SYSTEMS STUDY

SECTION 18.2.(a) The Office of State Budget and Management (OSBM) shall conduct a study to identify the utilization of Geographical Information Systems (GIS) in State agencies. The study shall identify the purpose for which each system exists, any duplication of effort across agencies, actual staffing for each system, the data used and developed for the systems, the organizational location of each system, and the hardware and software inventories associated with each system. As a result of the study, OSBM should make recommendations on the governance, organization, and staffing of GIS in and across State agencies. The findings of this study shall be reported to the Joint Committee on Information Technology by March 1, 2007.

SECTION 18.2.(b) This section does not apply to The University of North Carolina and to the Judicial Branch.

PART XIX. CRIME CONTROL AND PUBLIC SAFETY

ESTABLISH DISASTER RELIEF RESERVE

SECTION 19.1.(a) G.S. 166A-6.01(2) 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%)~~ one percent (1.0 %) of the annual operating budget;
3. For a state of disaster proclaimed pursuant to G.S. 166A-6(a) after 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."

SECTION 19.1.(b) G.S. 166A-5 is amended by adding a new subdivision to read:

"(4) Disaster Relief Reserve. – There is established a Disaster Relief Reserve as a restricted reserve in the General Fund. The Governor may access these funds to (i) initially prepare for, and respond to, an emergency, (ii) contribute to the required nonfederal cost share for federal emergency and disaster assistance programs, and (iii) implement State disaster assistance programs as authorized in Chapter 166A of the General Statutes. The Governor shall report to the Joint Legislative Commission on Governmental Operations on any expenditures from the Disaster Relief Reserve no later than 30 days after making the expenditure. The report shall include a description of the emergency and type of action taken."

HOUSING ASSISTANCE FUNDS

SECTION 19.2. Section 5.1(c) of S.L. 2005-1 reads as rewritten:

"**SECTION 5.1.(c)** The Department of Crime Control and Public Safety shall modify the Crisis Housing Assistance Fund (CHAF) to provide money to persons who do not qualify for CHAF assistance solely because they failed to apply for federal assistance through FEMA or the Small Business Administration's (SBA) Real Property Disaster loan program."

HOPE MILLS DAM

SECTION 19.3. Of the funds appropriated in this act to the Reserve for Disaster Expenses, the sum of two million one hundred seventeen thousand one hundred thirty-nine dollars ($2,117,139) shall be allocated to the town of Hope Mills in the 2006-2007 fiscal year for additional costs associated with repairing the dam, roadway, and bridge from flooding in 2003.

PART XX. SALARIES AND BENEFITS

GOVERNOR AND COUNCIL OF STATE/SALARY INCREASES

SECTION 20.1.(a) Effective July 1, 2006, G.S. 147-11(a) is rewritten to read:

"(a) The salary of the Governor shall be one hundred twenty-eight thousand seven hundred seventy-two dollars ($128,772) annually, payable monthly."

SECTION 20.1.(b) Effective July 1, 2006, the annual salaries for the members of the Council of State, payable monthly, for the 2006-2007 fiscal year are:

Council of State	Annual Salary
Lieutenant Governor	$113,650
Attorney General	113,650
Secretary of State	113,650
State Treasurer	113,650
State Auditor	113,650
Superintendent of Public Instruction	113,650
Agriculture Commissioner	113,650
Insurance Commissioner	113,650
Labor Commissioner	113,650

NONELECTED DEPARTMENT HEADS/SALARY INCREASES

SECTION 20.2. In accordance with G.S. 143B-9, the maximum annual salaries, payable monthly, for the nonelected heads of the principal State departments for the 2006-2007 fiscal year are:

Nonelected Department Heads	Annual Salary
Secretary of Administration	$111,036
Secretary of Correction	111,036
Secretary of Crime Control and Public Safety	111,036
Secretary of Cultural Resources	111,036
Secretary of Commerce	111,036
Secretary of Environment and Natural Resources	111,036
Secretary of Health and Human Services	111,036
Secretary of Juvenile Justice and Delinquency Prevention	111,036
Secretary of Revenue	111,036
Secretary of Transportation	111,036

CERTAIN EXECUTIVE BRANCH OFFICIALS/SALARY INCREASES

SECTION 20.3. The annual salaries, payable monthly, for the 2006-2007 fiscal year for the following executive branch officials are:

Executive Branch Officials	Annual Salary
Chairman, Alcoholic Beverage Control Commission	$101,062
State Controller	141,437
Commissioner of Motor Vehicles	101,062
Commissioner of Banks	113,650

Chairman, Employment Security Commission	138,487
State Personnel Director	111,036
Chairman, Parole Commission	92,282
Members of the Parole Commission	42,598
Chairman, Utilities Commission	126,569
Members of the Utilities Commission	113,650
Executive Director, Agency for Public Telecommunications	85,198
Director, Museum of Art	103,556
Executive Director, North Carolina Agricultural Finance Authority	98,370
State Chief Information Officer	141,352

JUDICIAL BRANCH OFFICIALS/SALARY INCREASES

SECTION 20.4.(a) The annual salaries, payable monthly, for specified Judicial Branch officials for the 2006-2007 fiscal year are:

Judicial Branch Officials	Annual Salary
Chief Justice, Supreme Court	$128,772
Associate Justice, Supreme Court	125,406
Chief Judge, Court of Appeals	122,271
Judge, Court of Appeals	120,181
Judge, Senior Regular Resident Superior Court	116,916
Judge, Superior Court	113,650
Chief Judge, District Court	103,200
Judge, District Court	99,935
Administrative Officer of the Courts	116,916
Assistant Administrative Officer of the Courts	106,791

SECTION 20.4.(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-five thousand four hundred forty-seven dollars ($65,447), and the minimum salary of any assistant district attorney or assistant public defender is at least thirty-four thousand two hundred dollars ($34,200), effective July 1, 2006.

SECTION 20.4.(c) Effective July 1, 2006, the annual salaries of permanent, full-time employees of the Judicial Department whose salaries are not itemized in this act shall be increased by four percent (4%).

SECTION 20.4.(d) Effective July 1, 2006, the annual salaries of permanent, part-time employees of the Judicial Department whose salaries are not itemized in this act shall be increased by pro rata amounts of four percent (4%).

CLERK OF SUPERIOR COURT/SALARY INCREASES

SECTION 20.5. Effective July 1, 2006, G.S. 7A-101(a) is rewritten to read:

"(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	$76,016
100,000 to 149,999	85,302
150,000 to 249,999	94,590
250,000 and above	103,879.

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."

ASSISTANT AND DEPUTY CLERKS OF COURT/SALARY INCREASES

SECTION 20.6. Effective July 1, 2006, G.S. 7A-102(c1) is rewritten to read:

"(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	$29,500
Maximum	50,522

Deputy Clerks	Annual Salary
Minimum	$25,392
Maximum	39,295."

MAGISTRATES' SALARY INCREASES

SECTION 20.7.(a) Effective July 1, 2006, G.S. 7A-171.1(a) is rewritten to read:

"(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	$29,889
Step 1	32,630
Step 2	35,613
Step 3	38,868
Step 4	42,434
Step 5	46,452
Step 6	50,957.

(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, a magistrate who is licensed to practice law in North Carolina or any other state shall receive the annual salary provided in the table in subdivision (1) of this subsection for Step 4."

SECTION 20.7.(b) Effective July 1, 2006, G.S. 7A-171.1(a1) is rewritten to read:

"(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	$24,102
1 or more but less than 3 years of service	25,209
3 or more but less than 5 years of service	27,435.

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."

GENERAL ASSEMBLY PRINCIPAL CLERKS/SALARY INCREASES

SECTION 20.8. Effective July 1, 2006, G.S. 120-37(c) is rewritten to read:

"(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 ninety-six thousand seventeen dollars ($96,017) 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."

SERGEANTS-AT-ARMS AND READING CLERKS

SECTION 20.9. Effective July 1, 2006, G.S. 120-37(b) is rewritten to read:

"(b) The sergeant-at-arms and the reading clerk in each house shall be paid a salary of three hundred forty dollars ($340.00) 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."

LEGISLATIVE EMPLOYEES

SECTION 20.10. Effective July 1, 2006, the Legislative Services Officer shall increase the salaries of nonelected employees of the General Assembly in effect for fiscal year 2005-2006 by four percent (4%). Nothing in this act limits any of the provisions of G.S. 120-32.

COMMUNITY COLLEGE PERSONNEL/SALARY INCREASES

SECTION 20.11. The Director of the Budget shall transfer from the Reserve for Compensation Increases, created in this act for fiscal year 2006-2007, funds to the North Carolina Community Colleges System Office necessary to provide an annual salary increase of four percent (4%), including funds for the employer's retirement and social security contributions, commencing July 1, 2006, for all community college employees supported by State funds.

UNIVERSITY OF NORTH CAROLINA SYSTEM/EPA COMPENSATION

SECTION 20.12.(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 year 2006-2007, to provide an annual salary increase of four percent (4%), including funds for the employer's retirement and social security contributions, commencing July 1, 2006, 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). The percentage annual salary increase of four percent (4%) authorized by this section shall be made on an aggregated average basis, and these funds shall be allocated according to the rules adopted by the Board of Governors of The University of North Carolina 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 20.12.(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 year 2006-2007, to provide an average annual salary increase of four percent (4%), including funds for the employer's retirement and social security contributions, commencing July 1, 2006, 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.

MOST STATE EMPLOYEES/SALARY INCREASES

SECTION 20.13.(a) The salaries in effect June 30, 2006, 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, effective July 1, 2006, by four percent (4%), unless otherwise provided by this act.

SECTION 20.13.(b) Except as otherwise provided in this act, the fiscal year 2006-2007 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 four percent (4%), effective July 1, 2006, unless otherwise provided by this act.

SECTION 20.13.(c) The salaries in effect for fiscal year 2006-2007 for all permanent part-time State employees shall be increased, effective July 1, 2006, by pro rata amounts of four percent (4%).

SECTION 20.13.(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, effective July 1, 2006, 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 20.13.(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 four percent (4%) increase provided for permanent full-time employees covered by the provisions of subsection (a) of this section, commencing July 1, 2006.

ALL STATE-SUPPORTED PERSONNEL/SALARY INCREASES

SECTION 20.14.(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 20.14.(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 20.14.(c) The salary increases provided in this act are to be effective July 1, 2006, and 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, 2006.

Payroll checks issued to employees after July 1, 2006, which represent payment of services provided prior to July 1, 2006, 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 20.14.(d) The Director of the Budget shall transfer from the Reserve for Compensation Increases in this act for fiscal year 2006-2007 all funds necessary for the salary increases provided by this act, including funds for the employer's retirement and social security contributions.

SECTION 20.14.(e) Nothing in this act authorizes the transfer of funds between the General Fund and the Highway Fund for salary increases.

SECTION 20.14.(f) Permanent full-time employees who work a nine-, ten-, or eleven-month work year schedule shall receive the four percent (4%) annual increase provided by this act.

SALARY ADJUSTMENT FUND

SECTION 20.15.(a) Any remaining appropriations in the Reserve for Compensation Increases authorized for employee salary increases not required for that purpose may be used to supplement the Salary Adjustment Fund.

SECTION 20.15.(b) The purpose of the Salary Adjustment Fund is to provide salary adjustments for job groups in response to changes in labor market rates to assist the State in recruiting and retaining employees. Funds appropriated or otherwise transferred to the Salary Adjustment Fund by this act or any other provision of law may be used for the following purposes:

(1) Salary range revisions, special minimum wage rates, and career-banding adjustments to provide competitive salary rates for affected job groups.

(2) Reallocation of positions to higher-level job groups to compensate employees for more difficult duties.

(3) In-range adjustments in order to recognize job change, establish equitable salary relationships, or to respond to market conditions.

Funds shall only be used for salary adjustments that are in compliance with State Personnel Commission policies.

SECTION 20.15.(c) The Director of the Budget shall consult with the Joint Legislative Commission on Governmental Operations prior to transferring any salary adjustment funds for any State agency.

SECTION 20.15.(d) The Director of the Budget may transfer to General Fund budget codes from the General Fund Salary Adjustment Fund and may transfer to Highway Fund budget codes from the Highway Fund Salary Adjustment Fund amounts required to support salary adjustments authorized by this section.

SECTION 20.15.(e) The Judicial Department is eligible for the funding authorized in subsection (a) of this section.

SECTION 20.15.(f) Employees subject to the State Personnel Act in The University of North Carolina System are eligible to receive funds for career-banding adjustments as authorized in subdivision (1) of subsection (b) of this section.

STATE AGENCY TEACHERS' COMPENSATION

SECTION 20.16. Funds in the Reserve for Compensation Increases shall be used for experience step increases for employees of schools operated by the Department of Health and Human Services, the Department of Correction, or the Department of Juvenile Justice and Delinquency Prevention, who are paid on the Teacher Salary Schedule or the School-Based Administrator Salary Schedule.

PROVIDE COST-OF-LIVING INCREASES FOR RETIREES OF THE TEACHERS' AND STATE EMPLOYEES' RETIREMENT SYSTEM, THE JUDICIAL RETIREMENT SYSTEM, THE LOCAL RETIREMENT SYSTEM, AND THE LEGISLATIVE RETIREMENT SYSTEM

SECTION 20.17.(a) G.S. 135-5 is amended by adding a new subsection to read:

"(nnn) From and after July 1, 2006, the retirement allowance to or on account of beneficiaries whose retirement commenced on or before July 1, 2005, shall be increased by three and seven-tenths percent (3.7%) of the allowance payable on June 1, 2006, in accordance with G.S. 135-5(o). Furthermore, from and after July 1, 2006, the retirement allowance to or on account of beneficiaries whose retirement commenced after July 1, 2005, but before June 30, 2006, shall be increased by a prorated amount of three and seven-tenths percent (3.7%) 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, 2005, and June 30, 2006."

SECTION 20.17.(b) G.S. 135-65 is amended by adding a new subsection to read:

"(z) From and after July 1, 2006, the retirement allowance to or on account of beneficiaries whose retirement commenced on or before July 1, 2005, shall be increased by three and seven-tenths percent (3.7%) of the allowance payable on June 1, 2006. Furthermore, from and after July 1, 2006, the retirement allowance to or on account of beneficiaries whose retirement commenced after July 1, 2005, but before June 30, 2006, shall be increased by a prorated amount of three and seven-tenths percent (3.7%) 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, 2005, and June 30, 2006."

SECTION 20.17.(c) G.S. 120-4.22A is amended by adding a new subsection to read:

"(t) In accordance with subsection (a) of this section, from and after July 1, 2006, the retirement allowance to or on account of beneficiaries whose retirement commenced on or before January 1, 2006, shall be increased by three and seven-tenths percent (3.7%) of the allowance payable on June 1, 2006. Furthermore, from and after July 1, 2006, the retirement allowance to or on account of beneficiaries whose retirement commenced after January 1, 2006, but before June 30, 2006, shall be increased by a

prorated amount of three and seven-tenths percent (3.7%) 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, 2006, and June 30, 2006."

SECTION 20.17.(d) G.S. 128-27 is amended by adding a new subsection to read:

"(ggg) From and after July 1, 2006, the retirement allowance to or on account of beneficiaries whose retirement commenced on or before July 1, 2005, shall be increased by three and seven-tenths percent (3.7%) of the allowance payable on June 1, 2006, in accordance with subsection (k) of this section. Furthermore, from and after July 1, 2006, the retirement allowance to or on account of beneficiaries whose retirement commenced after July 1, 2005, but before June 30, 2006, shall be increased by a prorated amount of three and seven-tenths percent (3.7%) 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, 2005, and June 30, 2006."

PART XXI. CAPITAL PROVISIONS

GENERAL FUND CAPITAL APPROPRIATIONS/INTRODUCTION

SECTION 21.1. The appropriations made by the 2005 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.

CAPITAL APPROPRIATIONS/GENERAL FUND

SECTION 21.2. There is appropriated from the General Fund for the 2006-2007 fiscal year the following amount for capital improvements:

Capital Improvements – General Fund	**2006-2007**
Department of Administration	
Asheville and Kinston Veterans Affairs Nursing Homes	$ 8,773,300
Department of Agriculture	
Constable Lab Renovation	537,500
Expansion/Renovation to Rollins Laboratory – planning and design	1,250,000
NCDA & CS Oxford Complex Planning and Design	1,000,000
State Ports Authority	
Port of Wilmington Container Cranes	7,500,000
Commerce	
Wanchese Industrial Park Office Addition	519,500
Correction	
Gatehouse/Security Drives at Morrison Correctional Institution	2,986,200

Department of Crime Control and Public Safety	
Emergency Operations Center and Access Road	8,500,000
Marion Transportation Center – parking	222,700
Department of Cultural Resources	
Horne Creek Visitors Center	378,700
Museum of Art Expansion	40,000,000
Department of Environment and Natural Resources	
Division of Water Quality Laboratory – Modular Office Building	257,100
Forest Resources District 9 Headquarters Complex	2,164,500
North Carolina Zoo- Children's Discovery Center	1,500,000
North Carolina Zoo- Exhibit Storage Building	452,800
New DENR Office Building	50,005,300
Water Resources Development Projects	18,500,000
Chimney Rock Tract, Hickorynut Gorge State Park Expansion	15,000,000
Museum of Natural Sciences – Nature Resource Center	10,000,000
Information Technology Services	
New Backup Data Center – Planning, Design and Construction	24,841,300
Department of Juvenile Justice and Delinquency Prevention	
Safety/Security Fixtures and Furnishings for new Youth Development Centers	500,000
University of North Carolina System – Board of Governors	
North Carolina Center for the Advancement of Teaching – Ocracoke Island Station Renovation Phase III, Furnishing and Equipment	737,000
North Carolina State University Engineering Complex III	61,000,000
University of North Carolina at Wilmington School of Nursing	27,000,000
University of North Carolina at Charlotte – Center City Classroom Building	45,827,400
TOTAL CAPITAL IMPROVEMENTS – GENERAL FUND	**$ 329,453,300**

WATER RESOURCES DEVELOPMENT PROJECT FUNDS

SECTION 21.3.(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	**2006-2007**

(1)	Wilmington Harbor Deepening *	$ 5,275,000
(2)	Morehead City Harbor Sand Management	1,200,000
(3)	Manteo (Shallowbag) Bay Channel Maintenance*	-
(4)	Wilmington Harbor Maintenance Dredging*	-
(5)	Morehead City Harbor Maintenance Dredging**	0
(6)	Carolina Beach Renourishment	1,125,000
(7)	Carolina Beach Renourishment (Kure Beach)	681,000
(8)	Brunswick County Beaches Study**	0
(9)	Ocean Isle Beach Renourishment (Brunswick County)	435,000
(10)	Beaufort Harbor Maintenance Dredging	300,000
(11)	B. Everett Jordan Reservoir Water Supply Storage	100,000
(12)	Aquatic Weed Control – Lake Gaston and Statewide	400,000
(13)	Waterway Connecting Pamlico Sound to Beaufort Harbor (Carteret)	400,000
(14)	John H. Kerr Reservoir Operations Evaluation	188,000
(15)	Currituck Sound Water Management Study	386,000
(16)	Surf City / North Topsail Beach Protection Study*	-
(17)	West Onslow Beach (Topsail) Study (Pender County)	85,000
(18)	Hurricane Steam Restoration – Western NC (Phase II)	2,000,000
(19)	Hurricane Isabel Emergency Management Stream Cleanup (Phase III)	850,000
(20)	Bogue Banks Shore Protection Study (Carteret County)*	-
(21)	Neuse River Basin Study	280,000
(22)	Beach and Inlet Management Study	500,000
(23)	Dredging Contingency Fund***	2,295,000
(24)	State – Local Projects	2,000,000
	TOTALS	**$ 18,500,000**

* State share will include additional funds allocated in prior fiscal years

** All funds are from federal and/or local share

*** For dredging shallow draft navigation channels and inlets to offset reduced federal funding

SECTION 21.3.(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 funded under subsection (a) of this section are delayed and the budgeted State funds cannot be used during the 2006-2007 fiscal year, or if the projects funded under 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) U.S. Army Corps of Engineers project feasibility studies.

(2) U.S. Army Corps of Engineers projects whose schedules have advanced and require State-matching funds in fiscal year 2006-2007.

(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 2007-2008 fiscal year.

SECTION 21.3.(c) The Department shall make semiannual 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 semiannual 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.

RESEARCH BUILDING ON THE JOINT MILLENNIAL CAMPUS OF NORTH CAROLINA AGRICULTURAL AND TECHNICAL STATE UNIVERSITY AND THE UNIVERSITY OF NORTH CAROLINA AT GREENSBORO; NURSING AND ALLIED HEALTH BUILDING AT THE UNIVERSITY OF NORTH CAROLINA AT PEMBROKE; CENTER FOR DESIGN INNOVATION IN THE PIEDMONT-TRIAD RESEARCH PARK

SECTION 21.4.(a) Section 1.1 of S.L. 2004-179 reads as rewritten:

"**SECTION 1.1.** In accordance with G.S. 142-83, this section authorizes the issuance or incurrence of special indebtedness in the following maximum aggregate principal amounts to finance the costs of the following projects. The table below provides the maximum principal amounts. The first column is the aggregate maximum principal amount. The second column is the maximum portion of this amount that can be issued or incurred before July 1, 2005. The State, with the prior approval of the State Treasurer and the Council of State, as provided in Article 9 of Chapter 142 of the General Statutes is authorized to issue or incur special indebtedness in order to provide funds to the State to be used, together with other available funds, to pay the cost of these projects.

Aggregate Maximum	**Maximum before 7/1/05**	**Project**
$180,000,000	$110,000,000	Acquiring, constructing, and equipping a new cancer rehabilitation and treatment center, a nearby physicians' office building, and a walkway between the two, all to be located at the University of North Carolina Hospitals at Chapel Hill.
60,000,000	30,000,000	Acquiring, constructing, and equipping the North Carolina Cardiovascular Diseases Institute at East Carolina University.

35,000,000	25,000,000	Acquiring, constructing, and equipping a Bioinformatics Center at the University of North Carolina at Charlotte.
28,000,000	25,000,000	Acquiring, constructing, and equipping a stand-alone facility to house the new Pharmacy School program to be located at Elizabeth City State University, and interim temporary facilities to house the program during construction of the facility.
35,000,000	25,000,000	Acquiring, constructing, and equipping a Center for Health Promotion and Partnerships at the University of North Carolina at Asheville.
10,000,000	10,000,000	Land acquisition, site preparation, engineering, architectural, and other consulting services, and construction for the Southeastern North Carolina Nursing Education and Research Center at Fayetteville State University.
10,000,000	10,000,000	~~Land acquisition, site~~ Site preparation, ~~and~~ engineering, architectural, and other consulting~~-services~~ services, and construction of a research building on the ~~for facilities for development of the~~ joint Millennial Campus of North Carolina Agricultural and Technical State University and the University of North Carolina at Greensboro.
10,000,000	10,000,000	Land acquisition, site preparation, ~~and~~ engineering, architectural, and other consulting services and construction for ~~an Optometry School facility~~ a Nursing and Allied Health Building at the University of North Carolina at Pembroke.
10,000,000	10,000,000	To Western Carolina University for land acquisition, site preparation, and engineering, architectural, and other consulting services for Western Carolina University and the Mountain Area Health Education Consortium for the North Carolina Center for Health and Aging to be operated as a consortium among Western Carolina University, the University of North Carolina at Asheville, and the Mountain Area Health Education Consortium

10,000,000	10,000,000	~~Property acquisition in Piedmont Triad Research Park for Winston-Salem State University programming related to biotechnology education and research; and land~~ Land acquisition, site preparation, and engineering, architectural, and other consulting ~~services~~ services, and construction of ~~for~~ a Center for Design Innovation in the Piedmont Triad Research Park to be operated jointly by Winston-Salem State University and the North Carolina School of the Arts.
TOTAL:		
$388,000,000	$265,000,000"	

THE NORTH CAROLINA CENTER FOR HEALTH AND AGING

SECTION 21.4.(b) If The University of North Carolina – Board of Governors approves the request of Western Carolina University to revise the project description of the North Carolina Center for Health and Aging at its board meeting of May 12, 2006, the ninth project listed in Section 1.1 of S.L. 2004-179 reads as rewritten:

"10,000,000	10,000,000	To Western Carolina University for land acquisition, site preparation, and engineering, architectural, and other consulting ~~services~~ services, and construction of a building for Western Carolina University and the Mountain Area Health Education Consortium for the North Carolina Center for Health and Aging to be operated as a consortium among Western Carolina University, the University of North Carolina at Asheville, and the Mountain Area Health Education Consortium. Additional funding for this project will be provided by the Mountain Area Health Education Consortium."

REPAIR AND RENOVATION RESERVE ALLOCATION

SECTION 21.5. Of the funds in the Reserve for Repairs and Renovations for the 2006-2007 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.

The Board of Governors and the Office of State Budget and Management shall consult with the Joint Legislative Commission on Governmental Operations prior to the allocation or reallocation of these funds.

STATE PUBLIC HEALTH LABORATORY AND OFFICE OF CHIEF MEDICAL EXAMINER – DEPARTMENT OF HEALTH AND HUMAN SERVICES; REGIONAL MEDICAL CENTER AND MENTAL HEALTH CENTER AT CENTRAL PRISON – DEPARTMENT OF CORRECTION

SECTION 21.6.(a) In accordance with G.S. 142-83, this section authorizes the issuance or incurrence of special indebtedness in the following maximum aggregate principal amounts to finance the costs of the following projects. The table below provides the maximum principal amounts. The first column is the aggregate maximum principal amount. The second column is the maximum portion of this amount that can be issued or incurred before July 1, 2007.

Aggregate Maximum	Maximum before 7/1/07	Project
$101,000,000	$15,000,000	Acquiring, constructing, and equipping a new 204,000 square foot facility to house the State Laboratory of Public Health and Office of the Chief Medical Examiner.
144,000,000	20,000,000	Acquiring, constructing, and equipping a new 473,000 square foot facility for the Department of Correction's Regional Medical Center and Mental Health Center and infrastructure improvements to sustain the facility at the North Carolina Central Prison in Raleigh.
TOTAL:		
$245,000,000	$35,000,000	

SECTION 21.6.(b) Authorization of Financing Contracts. – The State, with the prior approval of the State Treasurer and the Council of State, as provided in Article 9 of Chapter 142 of the General Statutes, is authorized to issue or incur special indebtedness in order to provide funds to the State to be used, together with other available funds, to pay the cost of these projects.

PART XXII: TAX PROVISIONS

ADOPTION TAX CREDIT

SECTION 22.1. Part 2 of Article 4 of Chapter 105 of the General Statutes is amended by adding a new section to read:

"§ 105-151.30. Credit for adoption expenses.

(a) Credit. – An individual who is allowed a federal adoption tax credit under section 23 of the Code for the taxable year is allowed a credit against the tax imposed by this Part in an amount equal to fifty percent (50%) of the amount of the federal adoption tax credit claimed effective as of January 1, 2006.

(b) Limitations. – A nonresident or part-year resident who claims the credit allowed by this section shall reduce the amount of the credit by multiplying it by the fraction calculated under G.S. 105-134.5(b) or (c), as appropriate. The credit allowed under this section may not exceed the amount of tax imposed by this Part for the taxable year reduced by the sum of all credits allowed, except payments of tax made by or on behalf of the taxpayer."

ELIMINATE SALES TAX ON RESEARCH AND DEVELOPMENT EQUIPMENT/INSTALL PRIVILEGE TAX OF ONE PERCENT OR EIGHTY DOLLARS

SECTION 22.2.(a) G.S. 105-164.3 is amended by adding a new subdivision to read:

"(33a) Research and development equipment. – Equipment used by a taxpayer to perform experimental or laboratory activity that has as its ultimate goal one or more of the following:

a. The development of new manufactured products.

b. The improvement of existing manufactured products.

c. The development of new uses for existing manufactured products.

d. The development or improvement of methods for producing manufactured products.

The term does not include equipment used for testing or inspection for quality control purposes, efficiency surveys, management studies, consumer surveys or other market research, advertising or promotional activities, or research in connection with literacy, historical, or similar projects."

SECTION 22.2.(b) G.S. 105-164.13 is amended by adding a new subdivision to read:

"(54) Research and development equipment that is subject to tax under Article 5F of this Chapter."

SECTION 22.2.(c) G.S. 105-187.51(a) is amended by adding a new subdivision to read:

"(4) A qualified taxpayer who purchases research and development equipment for storage, use, or consumption in this State. A qualified taxpayer is a taxpayer whose primary business is as a research and development company in the physical, engineering, and life sciences, as defined by NAICS. The term 'NAICS' has the same meaning as defined in G.S. 105-129.2."

SECTION 22.2.(d) This section becomes effective January 1, 2007.

SALES TAX CHANGES-CUT STATE SALES TAX BY ONE-QUARTER CENT EFFECTIVE OCTOBER 1, 2006

SECTION 22.3.(a) G.S. 105-164.4(a) reads as rewritten:

"(a) A privilege tax is imposed on a retailer at the following percentage rates of the retailer's net taxable sales or gross receipts, as appropriate. The general rate of tax is ~~four percent and one-half (4.5%).~~ four and one-quarter percent (4.25%)."

SECTION 22.3.(b) Section 34.13(c) of S.L. 2001-424, as amended by Section 38.1 of S.L. 2003-284 and Section 9.1 of S.L. 2005-144 and Section 33.1 of S.L. 2005-276, reads as rewritten:

"**SECTION 34.13.(c)** This section becomes effective October 16, 2001, and applies to sales made on or after that date. This section is repealed effective for sales made on or after ~~July 1, 2007.~~ October 1, 2006. This section does not affect the rights or liabilities of the State, a taxpayer, or another person arising under a statute amended or repealed by this section before the effective date of its amendment or repeal; nor does it affect the right to any refund or credit of a tax that accrued under the amended or repealed statute before the effective date of its amendment or repeal."

SALES TAX REFUND FOR COMPONENT PARTS

SECTION 22.4.(a) G.S. 105-164.3 reads as rewritten:

"**§ 105-164.3. Definitions.**

The following definitions apply in this Article:

...

(30a) Professional motorsports racing team. – A racing team that satisfies all of the following conditions:

a. The team is operated for profit.

b. A majority of the revenues of the team is derived from sponsorship of the racing team and prize money.

c. The team competes in at least sixty-six percent (66%) of the races sponsored in a single season by a motorsports sanctioning body.

(30b) Prosthetic device. – A replacement, corrective, or supporting device worn on or in the body that meets one of the conditions of this subdivision. The term includes repair and replacement parts for the device.

a. Artificially replaces a missing portion of the body.

b. Prevents or corrects a physical deformity or malfunction.

c. Supports a weak or deformed portion of the body.

..."

SECTION 22.4.(b) G.S. 105-164.14(l) reads as rewritten:

"(l) Aviation Fuel for Motorsports Events. – A professional motorsports racing team or a motorsports sanctioning body is allowed a refund of the sales and use tax paid by it in this State on aviation fuel that is used to travel to or from a motorsports event in this State, to travel to a motorsports event in another state from a location in this State,

or to travel to this State from a motorsports event in another state. For the purposes of this subsection, a "motorsports event"includes a motorsports race, a motorsports sponsor event, and motor sports testing. A request for a refund must be in writing and must include any information and documentation the Secretary requires. 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. This subsection is repealed for purchases made on or after January 1, 2007."

SECTION 22.4.(c) G.S. 105-164.14 is amended by adding a new subsection to read:

"(m) Professional Motor Racing Vehicles. – A professional motorsports racing team is allowed a refund of the sales and use tax paid by it in this State on tangible personal property, other than tires or accessories, that comprises any part of a professional motor racing vehicle. For the purposes of this subsection, 'accessories' includes instrumentation, telemetry, consumables, and paint. A request for a refund must be in writing and must include any information and documentation the Secretary requires. 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 22.4.(d) Section 62 of S.L. 2005-435 reads as rewritten:

"**SECTION 62.** This part becomes effective January 1, 2005, and applies to purchases made on or after that date. ~~This part~~Section 61 is repealed effective for purchases made on or after January 1, 2007. This part does not affect the rights or liabilities of the State, a taxpayer, or another person arising under a statute amended or repealed by this part before the effective date of its amendment or repeal; nor does it affect the right to any refund or credit of a tax that accrued under the amended or repealed statute before the effective date of its amendment or repeal."

SECTION 22.4.(e) This act becomes effective January 1, 2006, and applies to purchases made on or after that date. This act does not affect the rights or liabilities of the State, a taxpayer, or another person arising under a statute amended or repealed by this act before the effective date of its amendment or repeal; nor does it affect the right to any refund or credit of a tax that accrued under the amended or repealed statute before the effective date of its amendment or repeal.

PART XXIII. MISCELLANEOUS PROVISIONS

EXECUTIVE BUDGET ACT APPLIES

SECTION 23.1. 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.

MOST TEXT APPLIES ONLY TO THE 2005-2007 FISCAL BIENNIUM

SECTION 23.2. Except for statutory changes or other provisions that clearly indicate an intention to have effects beyond the 2006-2007 fiscal year, the textual provisions of this act apply only to funds appropriated for, and activities occurring during, the 2006-2007 fiscal year.

EFFECT OF HEADINGS

SECTION 23.3. 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.

SEVERABILITY CLAUSE

SECTION 23.4. 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.

EFFECTIVE DATE

SECTION 23.5. Except as otherwise provided, this act becomes effective July 1, 2006.

VISITOR REGISTRATION SHEET

Appropriations — 6/29/06

Name of Committee — Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Kevin Leonard	WCSR
John Motley	COC GOVT Affairs
Patricia Rawls	NCACC
Rebecca Troxler	NCACC
Jill Shutzberger	ACLU-NC
Ardis Watkins	SEANC
Suzanne B. Malysz	SEANC
Katherine Joyce	NCASA
Michael Houser	NCAE
Rebekah Gonzales	ACLU-NC
Mark Benton	Capitol Group AD

VISITOR REGISTRATION SHEET

Approp
Name of Committee

6/29/06
Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Gary Robertson	AP
Crystal Hanson	Covenant

NORTH CAROLINA HOUSE OF REPRESENTATIVES
MINUTES OF HOUSE APPROPRIATIONS MEETING
July 6, 2006 – 9:00 a.m.
Room 643 – Legislative Office Building

The North Carolina House of Representatives met on July 6, 2006 at 9:00 a.m. in Room 643 of the Legislative Office Building. There were 60 members present. Representative Jim Crawford, Chair presided at this meeting in the absence of Representative Debbie Clary.

Rep. Crawford called the meeting to order and welcomed the members present, staff; Karen Hammonds Blanks, Canaan Huie and Marilyn Chism. He also thanked the Sgt. at Arms staff and the pages for their services at the meeting.

Representative Bruce Goforth was called on to explain HB 1871 – "Sex Offender/Out of State Registry/DMV Check" which is "AN ACT TO PROVIDE THAT A PERSON CONVICTED OF AN OFFENSE IN ANOTHER STATE THAT REQUIRES REGISTRATION AS A SEX OFFENDER MUST ALSO REGISTER IN NORTH CAROLINA; TO REQUIRE THE DIVISION OF MOTOR VEHICLES TO PROVIDE NOTICE OF SEX OFFENDER REGISTRATION REQUIREMENTS TO APPLICANTS FOR A DRIVERS LICENSE, LERNER'S PERMIT, INSTRUCTION PERMIT, OR IDENTIFICATION CARD; AND TO REQUIRE THE DIVISION OF MOTOR VEHICLES TO SEARCH THE NATIONAL SEX OFFENDER PUBLIC REGISTRY FOR AN APPLICANT'S NAME BEFORE ISSUING EITHER A DRIVERS LICENSE OR SPECIAL IDENTIFICATION CARD". (Attachment No. 1 – which includes the Bill, Fiscal Note, Summary and Committee Report to the Principal Clerk's Office) The bill was given a favorable report.

Representative George Cleveland explained HB 1942 – "Verify Public Employee Legal Status/Funds" which is "AN ACT PROVIDING FOR THE USE OF THE BASIC PILOT PROGRAM FOR VERIFICATION OF THE LEGAL STATUS OF NEWLY HIRED EMPLOYEES OF THE STATE; LOCAL EDUCATION AGENCIES; AND COMMUNITY COLLEGES; AND APPROPRIATING FUNDS FOR THAT PURPOSE." (Attachment No. 2 – which includes the Bill, the Summary, Rep. Cleveland's Amendment and the Committee Report to the Principal Clerk's office) The bill was given a favorable report as to Committee Substitute Bill #2, unfavorable as to Committee Substitute Bill #1.

ESTABLISHING THE WINSTON-SALEM FIREMEN'S RETIREMENT FUND." (Attachment No. 3 – which includes the Bill, the Summary, the Fiscal Note and the Committee Report to the Principal Clerk's office) The bill received a favorable report.

Representative Thomas Wright explained HB 2181 – "Revise Capital Improvement Plan" which is AN ACT TO INCLUDE IN THE SIX-YEAR CAPITAL IMPROVEMENT PLAN THE RECOMMENDED FUNDING SOURCES FOR THE PROJECTS PROPOSED." (Attachment No. 4 which includes the Bill and the Committee Report to the Principal Clerk's office) The bill received a favorable report.

Representative Bill Owens explained HB 2744 – "Economic Development Program Modifications" which is AN ACT TO MAKE MODIFICATIONS TO THE JOB DEVELOPMENT INVESTMENT GRANT PROGRAM, TO EXTEND THE WILLIAM S. LEE QUALIFY JOBS AND BUSINESS EXPANSION ACT FOR CERTAIN TAXPAYERS, AND TO EXTEND CERTAIN SALES AND USE TAX REFUNDS." (Attachment No. 5 which includes the Bill and the Committee Report to the Principal Clerk's office) The bill received a favorable report as to Committee Substitute Bill #2, unfavorable as to Committee Substitute Bill #1.5

Representative Jim Harrell and Representative Bill Daughtridge explained HB 2170 – "Bill Lee Changes" which is AN ACT TO REPLACE THE TAX CREDITS GENERALLY AVAILABLE UNDER THE WILLIAM S. LEE QUALITY JOBS AND BUSINESS EXPANSION ACT WITH MORE NARROWLY FOCUSED CREDITS FOR JOB CREATION AND BUSINESS INVESTMENT." (Attachment No. 6 which includes the Bill, the Fiscal Note, the Summary, an Amendment by Representative Stam which failed, an Amendment by Representative Owens which passed and the Committee Report to the House Principal Clerk's office.) The bill received a favorable report as to Committee Substitute Bill #2, unfavorable as to Committee Substitute Bill #1.

Representative Bernard Allen explained HB 2212 – "Lottery Oversight Committee" which is AN ACT TO ESTABLISH THE JOINT LEGISLATIVE LOTTERY OVERSIGHT COMMITTEE, AND TO PROVIDE FOR THE LOTTERY COMMISSION TO SEND REPORTS TO THAT COMMITTEE." (Attachment No. 7 which includes the Bill, an Amendment by Representative Nye which was adopted and the Committee Report to the House Principal Clerk's office.) The bill received a favorable report as to the Committee Substitute Bill, unfavorable as to the original bill.

A copy of the attendance sheet is included in these minutes as Attachment No. 8.

A Visitor's Sheet is attachment to these minutes as Attachment No. 9.

There being no further business, the meeting adjourned at 12:40 p.m.

J. W. Crawford, Jr.

Representative Jim Crawford, Chair

Rosa S. Kelley

Rosa S. Kelley, Committee Assistant

NORTH CAROLINA HOUSE OF REPRESENTATIVES
COMMITTEE MEETING NOTICE
AND
BILL SPONSOR NOTIFICATION
2005-2006 SESSION

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

DAY & DATE: **Thursday, July 6, 2006 ADDS ADDITIONAL BILLS**

TIME: **9:00 a.m.**

LOCATION: **643**

The following bills will be considered (Bill # & Short Title & Bill Sponsor):
H 2447 Lumbee Tribe/Access to Aging Funds - Sutton, Yongue, Pierce
H 2170 Bill Lee Act Changes - Harrell, Daughtridge, Gibson, Owens
H 2744 Economic Development Program Modifications - Owens, Daughtridge
H 1871 Sex Offender/Out of State Reg/DMV Check - Goforth, Ray, Glazier
H 1902 GPS Monitoring of Some Sex Offenders - Ray, Goforth, Glazier, Farmer-Butterfield
H 1903 Increase Protection from Sex Offenders - Ray, Goforth, Glazier, Farmer-Butterfield
H 2212 Lottery Oversight Committee - B. Allen, Owens, Harrison, Holliman
H 2181 Revise Capital Improvement Plan - Crawford, Wright
S 383 Amend Winston-Salem Firemen's Retirement Fund - Garrou
H 1942 Verify Public Employee Legal Status / Jones

Respectfully,
Representative Clary, Crawford, Earle, Nye,
Owens, Sherrill, Yongue
Chair

I hereby certify this notice was filed by the committee assistant at the following offices at **3:00 p.m.** on **Wednesday, July 5, 2006.**

___Principal Clerk
___Reading Clerk - House Chamber

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

HOUSE APPROPRIATIONS COMMITTEE
AGENDA
Thursday, July 6, 2006
9:00 A.M.

Representative Debbie Clary, Presiding

Chair's Comments

Bills

HB 1871	SEX OFFENDER/OUT OF STATE REGISTRY/DMV CHECK Representatives Goforth, Ray, Glazier
HB 1902	GPS MONITORING OF SOME SEX OFFENDERS/FUNDS Representatives Ray, Goforth, Glazier, Farmer-Butterfield
HB 1903	INCREASE PROTECTION FROM SEX OFFENDERS/FUNDS Representatives Ray, Goforth, Glazier, Farmer-Butterfield
HB 1942	VERIFY PUBLIC EMPLOYEE LEGAL STATUS/FUNDS Representative Cleveland
HB 2170	BILL LEE CHANGES Representatives Harrell, Daughtridge, Gibson, Owens
HB 2181	REVISE CAPITAL IMPROVEMENT PLAN Representatives Crawford, Wright
HB 2212	LOTTERY OVERSIGHT COMMITTEE Representatives B.Allen, Owens, Harrison, Holliman
HB 2447	LUMBEE TRIBE/ACCESS TO AGING FUNDS Representatives Sutton, Yongue, Pierce
HB 2744	ECONOMIC DEVELOPMENT PROGRAM MODIFICATIONS Representatives Owens, Daughtridge
SB 383	AMEND WINSTON-SALEM FIREMEN'S RETIREMENT FUNDS Senator Garrou

Adjourn

2005 COMMITTEE REPORT
HOUSE OF REPRESENTATIVES

The following report(s) from standing committee(s) is/are presented:

By Representative Clary, Crawford, Earle, Nye, Owens, Sherrill, Yongue (Chairs) for the Committee on APPROPRIATIONS.

☒Committee Substitute for

HB 1871 A BILL TO BE ENTITLED AN ACT TO PROVIDE THAT A PERSON CONVICTED OF AN OFFENSE IN ANOTHER STATE THAT REQUIRES REGISTRATION AS A SEX OFFENDER MUST ALSO REGISTER IN NORTH CAROLINA; TO REQUIRE THE DIVISION OF MOTOR VEHICLES TO PROVIDE NOTICE OF SEX OFFENDER REGISTRATION REQUIREMENTS TO APPLICANTS FOR A DRIVERS LICENSE, LEARNER'S PERMIT, INSTRUCTION PERMIT, OR IDENTIFICATION CARD; AND TO REQUIRE THE DIVISION OF MOTOR VEHICLES TO SEARCH THE NATIONAL SEX OFFENDER PUBLIC REGISTRY FOR AN APPLICANT'S NAME BEFORE ISSUING EITHER A DRIVERS LICENSE OR SPECIAL IDENTIFICATION CARD.

☒ With a favorable report.

(FOR JOURNAL USE ONLY)

_____ Pursuant to Rule 32(a), the bill/resolution is re-referred to the Committee on _____.

_____ Pursuant to Rule 36(b), the bill/resolution is placed on the Calendar of _____.

Attachment No. 1

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2005

H 2

HOUSE BILL 1871
Committee Substitute Favorable 6/7/06

Short Title: Sex Offender/Out of State Registry/DMV Check. (Public)

Sponsors:

Referred to:

May 11, 2006

A BILL TO BE ENTITLED

AN ACT TO PROVIDE THAT A PERSON CONVICTED OF AN OFFENSE IN ANOTHER STATE THAT REQUIRES REGISTRATION AS A SEX OFFENDER MUST ALSO REGISTER IN NORTH CAROLINA; TO REQUIRE THE DIVISION OF MOTOR VEHICLES TO PROVIDE NOTICE OF SEX OFFENDER REGISTRATION REQUIREMENTS TO APPLICANTS FOR A DRIVERS LICENSE, LEARNER'S PERMIT, INSTRUCTION PERMIT, OR IDENTIFICATION CARD; AND TO REQUIRE THE DIVISION OF MOTOR VEHICLES TO SEARCH THE NATIONAL SEX OFFENDER PUBLIC REGISTRY FOR AN APPLICANT'S NAME BEFORE ISSUING EITHER A DRIVERS LICENSE OR SPECIAL IDENTIFICATION CARD.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 14-208.6(4) reads as rewritten:

"(4) 'Reportable conviction' means:

a. A final conviction for an offense against a minor, a sexually violent offense, or an attempt to commit any of those offenses unless the conviction is for aiding and abetting. A final conviction for aiding and abetting is a reportable conviction only if the court sentencing the individual finds that the registration of that individual under this Article furthers the purposes of this Article as stated in G.S. 14-208.5.

b. A final conviction in another state of an offense, which if committed in this State, is substantially similar to an offense against a minor or a sexually violent offense as defined by this section.

c. A final conviction in a federal jurisdiction (including a court martial) of an offense, which is substantially similar to an offense against a minor or a sexually violent offense as defined by this section.

d. A final conviction for a violation of G.S. 14-202(d), (e), (f), (g), or (h), or a second or subsequent conviction for a violation of G.S. 14-202(a), (a1), or (c), only if the court sentencing the individual issues an order pursuant to G.S. 14-202(l) requiring the individual to register.

e. A final conviction in another state of an offense that requires registration under the sex offender registration statutes of that state."

SECTION 2. Article 2 of Chapter 20 of the General Statutes is amended by adding a new section to read:

"**§ 20-9.3. Notification of requirements for sex offender registration.**

The Division shall provide notice to each person who applies for the issuance of a drivers license, learner's permit, or instruction permit to operate a motor vehicle, and to each person who applies for an identification card, that if the person is a sex offender, then the person is required to register pursuant to Article 27A of Chapter 14 of the General Statutes."

SECTION 3. G.S. 20-9 is amended by adding a new subsection to read:

"(i) The Division shall not issue a drivers license to an applicant from another state until the Division has searched the National Sex Offender Public Registry to determine if the person is currently registered as a sex offender in another state.

(1) If the Division finds that the person is currently registered as a sex offender in another state, the Division shall not issue a drivers license to the person until the person submits proof of registration pursuant to Article 27A of Chapter 14 of the General Statutes issued by the sheriff of the county where the person resides.

(2) If the person does not appear on the National Sex Offender Public Registry, the Division shall issue a drivers license but shall require the person to sign an affidavit acknowledging that the person has been notified that if the person is a sex offender, then the person is required to register pursuant to Article 27A of Chapter 14 of the General Statutes.

(3) If the Division is unable to access all states' information contained in the National Sex Offender Public Registry, but the person is otherwise qualified to obtain a drivers license, then the Division shall issue the drivers license but shall first require the person to sign an affidavit stating that: (i) the person does not appear on the National Sex Offender Public Registry and (ii) acknowledging that the person has been notified that if the person is a sex offender, then the person is required to register pursuant to Article 27A of Chapter 14 of the General Statutes. The Division shall search the National Sex Offender Public Registry for the person within a reasonable time after access to the Registry is restored. If the person does appear in the National Sex Offender Public Registry, the person is in violation of G.S. 20-30, and the Division shall immediately revoke the drivers license and shall

promptly notify the sheriff of the county where the person resides of the offense.

(4) Any person denied a license or whose license has been revoked by the Division pursuant to this subsection shall have a right to file a petition within 30 days thereafter for a hearing in the matter in the superior court of the county wherein such person shall reside, or to the resident judge of the district or judge holding the court of that district, or special or emergency judge holding a court in such district, and such court or judge is hereby vested with jurisdiction and it shall be its or his duty to set the matter for hearing upon 30 days' written notice to the Division, and thereupon to take testimony and examine into the facts of the case, and to determine whether the petitioner is entitled to a license under the provisions of this subsection and whether the petitioner is in violation of G.S. 20-30."

SECTION 4. G.S. 20-37.7 is amended by adding a new subsection to read:

"(b1) Search National Sex Offender Public Registry. – The Division shall not issue a special identification card to an applicant from another state until the Division has searched the National Sex Offender Public Registry to determine if the person is currently registered as a sex offender in another state.

(1) If the Division finds that the person is currently registered as a sex offender in another state, the Division shall not issue a special identification card to the person until the person submits proof of registration pursuant to Article 27A of Chapter 14 of the General Statutes issued by the sheriff of the county where the person resides.

(2) If the person does not appear on the National Sex Offender Public Registry, the Division shall issue a special identification card but shall require the person to sign an affidavit acknowledging that the person has been notified that if the person is a sex offender, then the person is required to register pursuant to Article 27A of Chapter 14 of the General Statutes.

(3) If the Division is unable to access all states' information contained in the National Sex Offender Public Registry, but the person is otherwise qualified to obtain a special identification card, then the Division shall issue the card but shall first require the person to sign an affidavit stating that: (i) the person does not appear on the National Sex Offender Public Registry and (ii) acknowledging that the person has been notified that if the person is a sex offender, then the person is required to register pursuant to Article 27A of Chapter 14 of the General Statutes. The Division shall search the National Sex Offender Public Registry for the person within a reasonable time after access to the Registry is restored. If the person does appear in the National Sex Offender Public Registry, the person is in violation of G.S. 20-37.8, and the Division shall promptly notify the sheriff of the county where the person resides of the offense.

(4) Any person denied a special identification card by the Division pursuant to this subsection shall have a right to file a petition within 30 days thereafter for a hearing in the matter in the superior court of the county wherein such person shall reside, or to the resident judge of the district or judge holding the court of that district, or special or emergency judge holding a court in such district, and such court or judge is hereby vested with jurisdiction and it shall be its or his duty to set the matter for hearing upon 30 days' written notice to the Division, and thereupon to take testimony and examine into the facts of the case, and to determine whether the petitioner is entitled to a special identification card under the provisions of this subsection and whether the petitioner is in violation of G.S. 20-37.8."

SECTION 5. G.S. 14-208.7 is amended by adding a new subsection to read:

"(d) At the time a person registers, the sheriff with whom the person registered shall provide written proof of registration to the person."

SECTION 6. This act becomes effective December 1, 2006, and applies to all applications for a drivers license, learner's permit, instruction permit, or special identification card submitted on or after that date.

GENERAL ASSEMBLY OF NORTH CAROLINA

Session 2005

Legislative Fiscal Note

BILL NUMBER: House Bill 1871 (First Edition)

SHORT TITLE: Sex Offender/Out of State Registry/DMV Check.

SPONSOR(S): Representatives Glazier, Goforth, and Ray

FISCAL IMPACT

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

	FY 2006-07	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11
REVENUES:	-	-	-	-	-
DMV Personnel	**$0 - $60,400**	**$0 - $106,648**	**$0 - $109,847**	**$0 - $113,143**	**$0 - $116,537**
Equipment	**$0-$11,100**	-	-	-	-
Uniforms	**$0 - $900**	**$0 - $900**	**$0 - $900**	**$0 - $900**	**$0 - $900**
Range of Total Costs	**$0 - $115,542**	**$0 - $107,548**	**$0 - $110,747**	**$0 - $114,043**	**$0 - $117,437**
POSITIONS (cumulative):	**0 – 3**	**0 – 3**	**0 – 3**	**0 – 3**	**0 - 3**
Department of Crime Control and Public Safety	**No estimate available**				

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

Division of Motor Vehicles

EFFECTIVE DATE: December 1, 2006

BILL SUMMARY:

This bill rewrites the General Statute governing the North Carolina reportable sex offenses to include convictions in other states that require registration under the sex offender registration statutes of that state. The Division of Motor Vehicles will not be allowed to issue a drivers license or a special identification card to an applicant from another state until the Division has searched the National Sex Offender Public Registry to determine if the applicant is registered as a sex offender in another state. If the individual's name appears on the national registry, the driver license and special identification card will not be issued until the applicant submits proof of registration pursuant to Article 27A of Chapter 14 of the General Statutes.

If the internet is nonworking in the driver license office at which the applicant is seeking a license or special identification, the individual must sign an affidavit stating that he/she is not on the National Sex Offender Public Registry in order to receive the license or identification. When the internet is accessible, the Division must verify that the individual did not appear on the registry. If it is found that the individual does appear on the national registry, the Division shall immediately revote the drivers license and notify an appropriate law enforcement officer of the offense. The officer shall obtain a warrant for the person's arrest and take the individual into custody.

ASSUMPTIONS AND METHODOLOGY:

- All local driver license offices and mobile units are currently equipped with computers and internet connections. This service could be provided at no additional costs; however, in order to maintain the current quality level of customer service, additional positions could be added to handle the additional workload that this added service would entail.
- The North Carolina Department of Transportation, Division of Motor Vehicles estimates that approximately 320,000 individuals present as first time customers to drivers license offices. Of those, approximately 40% are projected to be born in other states; therefore, it is estimated that approximately 128,000 searches will be conducted each year. Each search is estimated to take approximately 1-2 minutes on average, and the printing and signing of the affidavit would take one minute, for a total of approximately 6,400 additional customer hours. It is estimated that an additional three full-time equivalent positions are estimated to cover the additional hours of service.
- Any positions would be filled in December, per the effective date of the bill. The fiscal estimate accounts for up to three positions beginning in December and these positions are annualized beginning in FY2007-08 with a 3% cost of living adjustment included.
- It is projected that the impact this of this act on the Department of Crime Control and Public Safety will be minimal.

SOURCES OF DATA:
North Carolina Department of Transportation

TECHNICAL CONSIDERATIONS: None
FISCAL RESEARCH DIVISION: (919) 733-4910

PREPARED BY: Lisa Hollowell

APPROVED BY: Lynn Muchmore, Director
Fiscal Research Division

DATE: May 23, 2006



Signed Copy Located in the NCGA Principal Clerk's Offices

HOUSE BILL 1871:
Sex Offender/Out of State Registry/DMV Check

BILL ANALYSIS

Committee:	House Judiciary IV	**Date:**	May 30, 2006
Introduced by:	Reps. Goforth, Ray, Glazier	**Summary by:**	Jennifer McGinnis
Version:	PCS to First Edition H1871-CSRI-22		Committee Counsel

SUMMARY: The Proposed Committee Substitute (PCS) for House Bill 1871 would: (i) provide that a person convicted of an offense in another state that requires registration as a sex offender must also register in North Carolina, (ii) require that the Division of Motor Vehicles (DMV) provide notice of sex offender registration requirements in the State to applicants for a drivers license, learner's permit, instruction permit, and identification card; and (iii) require that the Division of Motor Vehicles (DMV) must search the National Sex Offender Public Registry (National Registry) for an applicant's name before issuing either a drivers license or special identification card.

CURRENT LAW: G.S. 14-208.7 requires a person who is a State resident and who has a reportable conviction to maintain registration as a sex offender with the sheriff of the county where the person resides. If the person moves to North Carolina from outside this State, the person is required to register within 10 days of establishing residence in this State, or whenever the person has been present in the State for 15 days, whichever comes first. Sex offenders who are released from penal institutions in North Carolina and sex offenders who are sentenced by North Carolina courts are notified before release or at the time of sentencing of the duty to register under the State's Sex Offender and Public Protection Registration Programs. If the offender moves to North Carolina from another state and has been convicted in another state of an offense that is substantially similar to an offense that would require registration in North Carolina, then that person must also register here.

Failure to comply with the registration requirements is a Class F felony.

BILL ANALYSIS: House Bill 1871 would:

- Provide that a person convicted of an offense in another state that requires registration as a sex offender must also register in North Carolina.
- Require that DMV must provide notice of the State's sex offender registration requirements to applicants for driver's licenses, learner's permits, instruction permits, and identification cards.
- Require that, with regard to applicants from other states, DMV must search the National Registry for the person before issuing either a drivers license or special identification card.
  - If DMV finds that the person appears on the National Registry as registered as a sex offender in another state, DMV must not issue a license until the person submits proof of registration in North Carolina.
  - If the person does not appear on the National Registry, DMV must issue the license but require the person to sign an affidavit that the person has been notified of the State's sex offender registration requirements.
  - If DMV is unable to access the National Registry it must issue a license to an otherwise qualified applicant but have the applicant sign an affidavit stating that they (i) received notification of the State registration requirements, and (ii) are not listed on the National Registry. If DMV finds

after accessing the National Registry that the person is in fact listed on the National Registry, DMV shall revoke the person's license and notify appropriate law enforcement.

CHANGES MADE BY PCS: The PCS makes the following changes:

- Adds a new Section 2 that requires DMV to provide notice of sex offender registration requirements.
- Clarifies that "proof of registration", as used in the 1st edition of the bill on page 2, lines 16-17 and 41-42, must be issued by the sheriff of the county where the person resides. Adds a new subdivision to G.S. 14-208.7 to require sheriffs to provide proof of registration to persons at the time of registration.
- Clarifies who "the appropriate law enforcement officer" is, as used in the 1st edition of the bill on page 2, line 22 and page 3, lines 13-14 (now sheriff of the county where the person resides).
- Deletes language on page 2, lines 33-34 and page 3, lines 14-15 in the 1st edition of the bill requiring that a law enforcement officer must apply for a warrant for a person's arrest and take a person into custody (for violation of the provisions of the subsection).
- Adds a process that entitles a person denied a license or special identification card, or whose license was revoked, pursuant to the subsection to a hearing on the matter.
- Makes other technical and clarifying changes.

EFFECTIVE DATE: This bill would become effective December 1, 2006, and apply to applications for licenses and identification cards submitted on or after that date.

H1871e1-SMRI-CSRI

2005 COMMITTEE REPORT
HOUSE OF REPRESENTATIVES

The following report(s) from standing committee(s) is/are presented:

By Representative Clary, Crawford, Earle, Nye, Owens, Sherrill, Yongue (Chairs) for the Committee on APPROPRIATIONS.

☒Committee Substitute for

HB 1942 A BILL TO BE ENTITLED AN ACT PROVIDING FOR THE USE OF THE BASIC PILOT PROGRAM FOR VERIFICATION OF THE LEGAL STATUS OF NEWLY HIRED EMPLOYEES OF THE STATE; LOCAL EDUCATION AGENCIES; AND COMMUNITY COLLEGES; AND APPROPRIATING FUNDS FOR THAT PURPOSE.

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

(FOR JOURNAL USE ONLY)

_____ Pursuant to Rule 32(a), the bill/resolution is re-referred to the Committee on _____.

_____ Pursuant to Rule 36(b), the (House/Senate) committee substitute bill/(joint) resolution (No._____) is placed on the Calendar of _____. (The original bill resolution No._____) is placed on the Unfavorable Calendar.

_____ The (House) committee substitute bill/(joint) resolution (No. ____) is re-referred to the Committee on _____. (The original bill/resolution) (House/Senate Committee Substitute Bill/(Joint) resolution No. ___) is placed on the Unfavorable Calendar.

Attachment No. 2

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2005

H 3

HOUSE BILL 1942

Committee Substitute Favorable 6/20/06
Committee Substitute #2 Favorable 7/6/06

Short Title: Verify Public Employee Legal Status/Funds. (Public)

Sponsors:

Referred to:

May 15, 2006

A BILL TO BE ENTITLED

AN ACT PROVIDING FOR THE USE OF THE BASIC PILOT PROGRAM FOR VERIFICATION OF THE LEGAL STATUS OF NEWLY HIRED EMPLOYEES OF THE STATE; LOCAL EDUCATION AGENCIES; AND COMMUNITY COLLEGES.

The General Assembly of North Carolina enacts:

SECTION 1. Chapter 126 of the General Statutes is amended by adding a new Article to read:

"Article 16.

"Verification of Employee Legal Status.

"**§ 126-95. Verification of employee legal status.**

(a) Definitions. – The following definitions apply in this section:

(1) Basic Pilot Program. – The electronic verification of work authorization program authorized under 8 U.S.C. § 1101, et seq.

(2) Employee. – Any person employed by a State agency, department, institution, university, and local subdivision under G.S. 126-5(a)(2) and (3); a local education agency; and a community college. The term shall not include a person under contract or subcontract.

(b) Verification Required. – Each State agency, department, institution, university, and local subdivision under G.S. 126-5(a)(2)and (3); local education agency; and community college shall verify, in accordance with the Basic Pilot Program administered by the United States Department of Homeland Security, each individual's legal status or authorization to work in the United States after hiring the individual as an employee.

(c) Application. – The provisions of this section apply to all newly hired employees as defined by subsection (a) of this section."

SECTION 2. G.S. 126-5 is amended by adding a new subsection to read:

"(c9) Article 16 of this Chapter shall apply to all State employees, including all employees of The University of North Carolina, public school employees, and community college employees."

SECTION 3. By August 1, 2006, the State Personnel Commission, The University of North Carolina, the State Board of Education, and the Community Colleges System Office shall take all steps necessary to participate in the Basic Pilot Program operated by the United States Department of Homeland Security for the verification of the legal status of newly hired employees.

SECTION 4. From funds appropriated to the Department of Administration, the Office of State Personnel shall provide technical assistance and training to State agencies, departments, institutions, universities, local subdivisions under G.S. 126-5(a)(2) and (3); local education agencies or the Department of Public Instruction; and community colleges in carrying out and monitoring compliance with the provisions of this act.

SECTION 5. This act becomes effective July 1, 2006, and applies to employees hired on or after August 1, 2006.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2005

H 2

HOUSE BILL 1942
Committee Substitute Favorable 6/20/06

Short Title: Verify Public Employee Legal Status/Funds. (Public)

Sponsors:

Referred to:

May 15, 2006

A BILL TO BE ENTITLED

AN ACT PROVIDING FOR THE USE OF THE BASIC PILOT PROGRAM FOR VERIFICATION OF THE LEGAL STATUS OF NEWLY HIRED EMPLOYEES OF THE STATE; LOCAL EDUCATION AGENCIES; AND COMMUNITY COLLEGES; AND APPROPRIATING FUNDS FOR THAT PURPOSE.

The General Assembly of North Carolina enacts:

SECTION 1. Chapter 126 of the General Statutes is amended by adding a new Article to read:

"Article 16.

"Verification of Employee Legal Status.

"**§ 126-95. Verification of employee legal status.**

(a) Definitions. – The following definitions apply in this section:

(1) Basic Pilot Program. – The electronic verification of work authorization program authorized under 8 U.S.C. § 1101, et seq.

(2) Employee. – Any person employed by a State agency, department, institution, university, and local subdivision under G.S. 126-5(a)(2) and (3); a local education agency; and a community college. The term shall not include a person under contract or subcontract.

(b) Verification Required. – Each State agency, department, institution, university, and local subdivision under G.S. 126-5(a)(2)and (3); local education agency; and community college shall verify, in accordance with the Basic Pilot Program administered by the United States Department of Homeland Security, each individual's legal status or authorization to work in the United States after hiring the individual as an employee.

(c) Application. – The provisions of this section apply to all newly hired employees as defined by subsection (a) of this section."

SECTION 2. G.S. 126-5 is amended by adding a new subsection to read:

"(c9) Article 16 of this Chapter shall apply to all State employees, including all employees of The University of North Carolina, public school employees, and community college employees."

SECTION 3. By August 1, 2006, the State Personnel Commission, The University of North Carolina, the State Board of Education, and the Community Colleges System Office shall take all steps necessary to participate in the Basic Pilot Program operated by the United States Department of Homeland Security for the verification of the legal status of newly hired employees.

SECTION 4. There is appropriated from the General Fund to the Department of Administration, Office of State Personnel, the sum of fifty thousand dollars ($50,000) for the 2006-2007 fiscal year to provide technical assistance and training to State agencies, departments, institutions, universities, local subdivisions under G.S. 126-5(a)(2) and (3); local education agencies or the Department of Public Instruction; and community colleges in carrying out and monitoring compliance with the provisions of this act.

SECTION 5. This act becomes effective July 1, 2006, and applies to employees hired on or after August 1, 2006.

HOUSE BILL 1942:
Verify Public Employee Legal Status/Funds

BILL ANALYSIS

Committee:	House State Personnel	**Date:**	June 19, 2006
Introduced by:	Rep. Cleveland	**Summary by:**	Theresa Matula Committee Staff
Version:	PCS to First Edition H1942-CSSH-66		

SUMMARY: ***The Proposed Committee Substitute for House Bill 1942 requires all State agencies, departments, institutions, universities, local subdivisions under G.S. 126-5 (a)(2) and (3); local education agencies; and community colleges to use the Basic Pilot Program to verify a newly-hired employee's legal status or authorization to work in the United States. The bill also appropriates $50,000 to the Office of State Personnel for technical assistance and training and has a serial referral to Appropriations.***

BILL ANALYSIS:

Section 1 of the Proposed Committee Substitute (PCS) for House Bill 1942 establishes a new Article 16 in Chapter 126 pertaining to the verification of employee legal status.

- G.S. 126-95(a) provides definitions of the Basic Pilot Program and employee.
- G.S. 126-95(b) requires that each State agency, department, institution, university, and local subdivision under G.S. 126-5(a)(2) and (3); local education agency; and community college shall verify in accordance with the Basic Pilot Program, each individual's legal status or authorization to work in the United States prior to hiring the individual as an employee.
- G.S. 126-95 (c) provides that this section applies to all newly-hired employees.

Section 2 of the PCS amends G.S. 126-5 to add a new subsection providing that Article 16 applies to all State employees, including all employees of The University of North Carolina, public school employees, and community college employees.

Section 3 requires the State Personnel Commission, The University of North Carolina, the State Board of Education, and the Community Colleges System office to take all steps necessary to participate in the Basic Pilot Program by August 1, 2006.

Section 4 appropriates $50,000 for technical assistance and training to the Department of Administration, Office of State Personnel, for the 2006-2007 fiscal year.

The act becomes effective July 1, 2006, and applies to employees hired on or after August 1, 2006.

BACKGROUND:

The Illegal Immigration Reform and Immigrant Responsibility Act of 1996 required the Immigration and Naturalization Service (INS), now the Department of Homeland Security (DHS), and the Social Security Administration to conduct three employment verification pilot programs, one of these was the Basic Pilot program. Initially, the Basic Pilot program operated in California, Florida, Illinois, New York, and Texas. Nebraska was later added.

The Basic Pilot Program Extension and Expansion Act of 2003 (P.L. 108-156) extended the pilot to 2008, expanded the program to all 50 states by December 1, 2004, and required the Secretary of Homeland Security to submit a report by June 1, 2004. The report was to be submitted to the Committees on the Judiciary of the House of Representatives and the Senate evaluating previously identified problems (from a June 2002 evaluation of the program) and describing actions to be taken prior to expansion to all 50 states. The 2004 report was submitted

and stated that, "Available information shows that CIS [US Citizenship and Immigration Services] and SSA [Social Security Administration] have made considerable progress toward ameliorating the problems identified in the Basic Pilot evaluation. SSA and CIS have made large strides in addressing the data accuracy problems noted by the pilot evaluations." Additionally, the report stated, "no problems are currently anticipated that would prevent CIS from opening the Basic Pilot program to all U.S. employers by December 1."

H1942e1-SMSH-CSSH-66

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
House Bill 1942

AMENDMENT NO. 1
(to be filled in by Principal Clerk)

H1942-ARC-69 [v.1]

Date 7-6 ,2006

Comm. Sub. [NO]
Amends Title [YES]
Second Edition

Representative Cleveland

moves to amend the bill on page 1, by rewriting line 5 to read: "COLLEGES.";

and on page 2, by rewriting lines 9-15 to read:

"**SECTION 4.** From funds appropriated to the Department of Administration, the Office of State Personnel shall provide technical assistance and training to State agencies, departments, institutions, universities, local subdivisions under G.S. 126-5(a)(2) and (3); local education agencies or the Department of Public Instruction; and community colleges in carrying out and monitoring compliance with the provisions of this act.".

SIGNED _____
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED ✓ FAILED _____ TABLED _____

2005 COMMITTEE REPORT
HOUSE OF REPRESENTATIVES

The following report(s) from standing committee(s) is/are presented:

By Representative Clary, Crawford, Earle, Nye, Owens, Sherrill, Yongue (Chairs) for the Committee on APPROPRIATIONS.

House

☒ Committee Substitute for

SB 383 A BILL TO BE ENTITLED AN ACT TO AMEND THE LAW ESTABLISHING THE WINSTON-SALEM FIREMEN'S RETIREMENT FUND.

☒ With a favorable report.

(FOR JOURNAL USE ONLY)

_____ Pursuant to Rule 32(a), the bill/resolution is re-referred to the Committee on _____.

_____ Pursuant to Rule 36(b), the bill/resolution is placed on the Calendar of _____.

Attachment No. 3

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2005

S 2

SENATE BILL 383
House Committee Substitute Favorable 6/13/06

Short Title: Amend Winston-Salem Firemen's Retirement Fund. (Local)

Sponsors:

Referred to:

March 7, 2005

A BILL TO BE ENTITLED

AN ACT TO AMEND THE LAW ESTABLISHING THE WINSTON-SALEM FIREMEN'S RETIREMENT FUND.

The General Assembly of North Carolina enacts:

SECTION 1. Section 18 of Chapter 388 of the 1973 Session Laws, as amended by Chapter 15 of the 1977 Session Laws, Chapter 284 of the 1979 Session Laws, Chapter 647 of the 1981 Session Laws, Chapter 464 of the 1983 Session Laws, Chapter 508 of the 1987 Session Laws, Chapter 793 of the 1989 Session Laws, S.L. 1998-92, and S.L. 2003-35, reads as rewritten:

"**Sec. 18.** If at any time there shall not be sufficient assets in the retirement fund of the Association to pay fully the persons entitled to benefits provided herein, such persons shall be paid such benefits on a pro rata basis to the extent the assets of such fund will allow, as shall be determined by the ~~Trustees; provided, that the assets of such fund determined as of the close of any fiscal year of the Association shall in no event be less than one hundred thirty percent (130%) of the present value of current retirees determined as of the close of that fiscal year.~~ Trustees acting upon the advice of the Association's actuary. Effective on or after July 1, 1998, the Trustees shall obtain a written report from the Association's actuary as of July 1 of each year evenly divisible by two, or more frequently if the Trustees deem advisable, setting forth the present value of the assets of the fund and the present value of current liabilities of current retirees."

SECTION 2. The provisions of this act do not create an additional liability for the Winston-Salem Firemen's Retirement Fund unless sufficient funds are available to pay fully for the liability.

SECTION 3. This act becomes effective July 1, 2006.

GENERAL ASSEMBLY OF NORTH CAROLINA

Session 2005

Legislative Actuarial Note

RETIREMENT

BILL NUMBER: Senate Bill 383 (First Edition)

SHORT TITLE: Amend Winston-Salem Firemen's Retirement Fund.

SPONSOR(S): Senator Horton

FUNDS AFFECTED: Funds of the City of Winston-Salem.

SYSTEM OR PROGRAM AFFECTED: Winston-Salem Firemen's Retirement Fund.

EFFECTIVE DATE: July 1, 2005

BILL SUMMARY: Amends provision regarding payment of pro rata benefits to remove requirement that retirement fund may not fall below a minimum amount and substitute requirement that pro rata benefits be determined upon the advice of an actuary.

ESTIMATED IMPACT ON THE CITY OF WINSTON-SALEM: Both the Fund's actuary, Aon Consulting, and the General Assembly's actuary, Hartman & Associates, LLC, agree that there would be no material financial impact as a result of this change.

ASSUMPTIONS AND METHODOLOGY: Winston-Salem Firemen's Retirement Fund Association: The cost estimates of the Fund's Actuary are based on the employee data, actuarial assumptions and actuarial methods used to prepare the July 1, 2004 actuarial valuation of the fund. The data included 309 active members and 168 retired members. Significant actuarial assumptions used include (a) an investment return rate of 7.5%, (b) salary increase rate of 2% compounded annually, (c) the 1983 Group Annuity Mortality Tables for deaths in service and after retirement. 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 – Aon Consulting
General Assembly Actuary - Hartman & Associates, LLC

TECHNICAL CONSIDERATIONS: None

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, Director
Fiscal Research Division

DATE: April 4, 2005



Signed Copy Located in the NCGA Principal Clerk's Offices

SENATE BILL 383:
Amend Winston-Salem Firemen's Retirement Fund

BILL ANALYSIS

Committee:	House Appropriations	**Date:**	July 6, 2006
Introduced by:	Sen. Garrou	**Summary by:**	Karen Cochrane-Brown
Version:	Second Edition		Staff Attorney

SUMMARY: Senate Bill 383 amends the law governing the Winston-Salem Firemen's Retirement Fund relating to the payment of benefits in the event there are insufficient assets to pay full benefits to all those entitled to receive the benefits.

CURRENT LAW:

The Winston-Salem Firemen's Retirement Fund Association was established in 1973. The law provides a plan for retirement benefits for eligible members of the Association. The plan contains a provision relating to the payment of benefits in the event there are insufficient assets to fully pay all those entitled to receive the benefits. The plan currently provides that the benefits shall be paid on a pro rata basis provided the assets at the close of any fiscal year are no less than 130% of the present value of the current retirees at the close of the fiscal year.

BILL ANALYSIS:

Senate Bill 383 amends the provision relating to the payment of benefits in the event of insufficient funds to delete the requirement that the payments can only be made if there are at least 130% of the present value of the current retiree liability. The bill adds language authorizing the Trustees of the plan to make pro rata payments upon the advice of the Association's actuary.

EFFECTIVE DATE: This act becomes effective July 1, 2006.

S0383e1-SMRO

2005 COMMITTEE REPORT
HOUSE OF REPRESENTATIVES

The following report(s) from standing committee(s) is/are presented:

By Representative Clary, Crawford, Earle, Nye, Owens, Sherrill, Yongue (Chairs) for the Committee on APPROPRIATIONS.

☐ Committee Substitute for

HB 2181 A BILL TO BE ENTITLED AN ACT TO INCLUDE IN THE SIX-YEAR CAPITAL IMPROVEMENT PLAN THE RECOMMENDED FUNDING SOURCES FOR THE PROJECTS PROPOSED.

☒ With a favorable report.

(FOR JOURNAL USE ONLY)

_____ Pursuant to Rule 32(a), the bill/resolution is re-referred to the Committee on _____.

_____ Pursuant to Rule 36(b), the bill/resolution is placed on the Calendar of _____.

Attachment No. 4

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2005

H 1

HOUSE BILL 2181*

Short Title:	Revise Capital Improvement Plan.	(Public)
Sponsors:	Representatives Crawford, Wright (Primary Sponsors); Jeffus, Luebke, and Owens.	
Referred to:	Rules, Calendar, and Operations of the House.	

May 18, 2006

A BILL TO BE ENTITLED

AN ACT TO INCLUDE IN THE SIX-YEAR CAPITAL IMPROVEMENT PLAN THE RECOMMENDED FUNDING SOURCES FOR THE PROJECTS PROPOSED.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 143-34.45 reads as rewritten:

"**§ 143-34.45. Six-year capital improvement plan.**

(a) The State capital improvement plan shall address the long-term capital improvement needs of all State government agencies and shall incorporate all capital projects, however financed, proposed to meet those needs, except that transportation infrastructure projects shall be excluded. On or before December 31 of each even-numbered year, the Director of the Budget shall prepare and transmit to the General Assembly a six-year capital improvement plan. When preparing the plan, the Director of the Budget shall consider the capital improvement needs estimates submitted by State agencies as required in G.S. 143-34.44. The plan shall be prepared in two parts.

(b) The first part of the capital improvement plan shall set forth repair and renovations requirements that, in the judgment of the Director of the Budget, must be met to protect and preserve existing capital improvement facilities. ~~General Fund expenditure levels anticipated in this part of the plan shall be consistent with the formula establishing the repair and renovation reserve in G.S. 143-15.3A.~~ The plan shall identify individual projects in priority order by State agency and shall specify the proposed means of financing.

(c) The second part of the capital improvement plan shall set forth an integrated schedule for land acquisition, new construction, or rehabilitation of existing facilities that, in the judgment of the Director of the Budget, should be initiated within each year of the six-year planning period. ~~The plan shall contain an estimated schedule for each project, along with estimates of planning, design, and construction cost.~~ The plan shall contain all of the following for each project:

(1) An estimate of land acquisition and construction or rehabilitation costs.

(2) The proposed means of financing the project. Where the means of financing would involve direct or indirect debt service obligations, the plan shall include a schedule of those obligations.

(3) An estimated schedule for the completion of the project."

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

2005 COMMITTEE REPORT
HOUSE OF REPRESENTATIVES

The following report(s) from standing committee(s) is/are presented:

By Representative Clary, Crawford, Earle, Nye, Owens, Sherrill, Yongue (Chairs) for the Committee on APPROPRIATIONS.

☒Committee Substitute #1 for

HB 2744 A BILL TO BE ENTITLED AN ACT TO MAKE MODIFICATIONS TO THE JOB DEVELOPMENT INVESTMENT GRANT PROGRAM, TO EXTEND THE WILLIAM S. LEE QUALITY JOBS AND BUSINESS EXPANSION ACT FOR CERTAIN TAXPAYERS, AND TO EXTEND CERTAIN SALES AND USE TAX REFUNDS.

☒ With a favorable report as to Committee Substitute Bill 2, unfavorable as to Committee Substitute Bill 1.

(FOR JOURNAL USE ONLY)

_____ Pursuant to Rule 32(a), the bill/resolution is re-referred to the Committee on _____.

_____ Pursuant to Rule 36(b), the (House/Senate) committee substitute bill/(joint) resolution (No._____) is placed on the Calendar of _____. (The original bill resolution No._____) is placed on the Unfavorable Calendar.

_____ The (House) committee substitute bill/(joint) resolution (No. ____) is re-referred to the Committee on _____. (The original bill/resolution) (House/Senate Committee Substitute Bill/(Joint) resolution No. ___) is placed on the Unfavorable Calendar.

Attachment #10.5

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2005

H D

HOUSE BILL 2744*

Committee Substitute Favorable 6/27/06

PROPOSED COMMITTEE SUBSTITUTE H2744-PCS70793-LY-99

Short Title: Economic Development Program Modifications. (Public)

Sponsors:

Referred to:

May 30, 2006

A BILL TO BE ENTITLED

AN ACT TO MAKE MODIFICATIONS TO THE JOB DEVELOPMENT INVESTMENT GRANT PROGRAM, TO EXTEND THE WILLIAM S. LEE QUALITY JOBS AND BUSINESS EXPANSION ACT FOR CERTAIN TAXPAYERS, AND TO EXTEND CERTAIN SALES AND USE TAX REFUNDS.

The General Assembly of North Carolina enacts:

PART I. JDIG CHANGES

SECTION 1.1. G.S. 143B-437.51 reads as rewritten:

"**§ 143B-437.51. Definitions.**

The following definitions apply in this Part:

(1) Agreement. – A community economic development agreement under G.S. 143B-437.57.

(2) Base ~~years.~~period. – The ~~first 24 months following the date set by the Committee for performance to begin under the agreement.~~period of time set by the Committee during which new employees are to be hired for the positions on which the grant is based.

(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-437.54.

(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.~~period.

(5a) Enterprise tier. – The classification assigned to an area pursuant to G.S. 105-129.3.

(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 in consultation with the Attorney General. 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. ~~The term includes an employee who previously filled an eligible position who is 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) Overdue tax debt. – Defined in G.S. 105-243.1.

(9) Related member. – Defined in G.S. 105-130.7A.

(10) 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."

SECTION 1.2. G.S. 143B-437.52 reads as rewritten:

"**§ 143B-437.52. 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, in consultation with the Attorney General, 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 calendar year is 25.

(c) Ceiling. – ~~The~~ Except as provided in this section, the maximum amount of total annual liability for grants for agreements entered into in any single calendar ~~year~~ year, including amounts transferred to the Utility Account pursuant to G.S. 143B-437.61, may not exceed fifteen million dollars ($15,000,000). The maximum amount of total annual liability for grants for agreements entered into in 2006, including amounts transferred to the Utility Account pursuant to G.S. 143B-437.61, may not exceed thirty million dollars ($30,000,000). No agreement may be entered into that, when considered together with other existing agreements entered into during that calendar year, could cause the State's potential total annual liability for grants entered into in that calendar year to exceed this amount.

(d) Measuring Employment. – For the purposes of subdivision (a)(1) of this section and G.S. 143B-437.51(5), 143B-437.51(7), and 143B-437.57(a)(11), the Committee may designate that the increase or maintenance of employment is measured at the level of a division or another operating unit of a business, rather than at the business level, if both of the following conditions are met:

(1) The Committee makes an explicit finding that the designation is necessary to secure the project in this State.

(2) The ~~designation~~ agreement contains terms to ensure that the business does not create eligible positions by transferring or shifting to the project existing positions from another project of the business or a related member of the business."

SECTION 1.3. G.S. 143B-437.53(b) reads as rewritten:

"(b) Ineligible Businesses. – 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.

A project that consists of a professional or semiprofessional sports team or ~~club~~ club, other than a professional motorsports racing team, is not eligible for a grant under this Part."

SECTION 1.4. G.S. 143B-437.55 reads as rewritten:

"**§ 143B-437.55. 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 financial statements of the business prepared by a certified public accountant 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~~for the project 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.~~project as required by G.S. 143B-437.53(c).
(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.

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 Secretary of Commerce, the Secretary of Revenue, and the Director of the Office of State Budget and Management shall determine the allocation of the fee imposed by this section among their agencies.~~ The proceeds of the fee ~~are receipts of the agency to which they are credited.~~ shall be credited to the General Fund.

(c) Annual Reports. – The Committee shall publish a report on the Job Development Investment Grant Program on or before April 30 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 calendar 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.

(2) An update on the status of projects under agreements entered into before the preceding calendar year.

(3) The number and enterprise tier area of eligible positions created by projects with respect to which grants were awarded.

(3a) A listing of the employment level for all businesses receiving a grant and any changes in those levels from the level of the next preceding year.

(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).

(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, in consultation with the Attorney General, to implement this Part and any changes in those criteria from the previous calendar 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.

(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 this State regardless of whether the business was awarded a grant for the project under this Part.

~~(12) The division and use of fees collected by the Committee under this section and under G.S. 143B-437.58.~~

(13) The total amount transferred to the Utility Account of the Industrial Development Fund under this Part during the preceding year.

(d) Quarterly Reports. – The Committee shall publish a report on the Job Development Investment Grant Program within two months of the end of each quarter. This report shall include a listing of each community economic development agreement negotiated and entered into during the preceding 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.

(e) 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."

SECTION 1.5. G.S. 143B-437.56 reads as rewritten:

"**§ 143B-437.56. 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 seventy-five percent (75%) 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, in consultation with the Attorney General, 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.

(9) The extent to which the project will mitigate unemployment in the State and locality.

(b) The term of the grant shall not exceed 12 years starting with the first year a grant payment is made. The first grant payment must be made within six years after the date on which the grant was awarded. The number of years in the base period for which grant payments may be made shall not exceed five years.

(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.~~period.

(d) ~~The percentage established in the agreement shall be reduced by one-fourth for~~For any eligible position that is located in an enterprise tier four or five ~~area.~~area, seventy-five percent (75%) of the annual grant approved for disbursement shall be payable to the business, and twenty-five percent (25%) shall be payable to the Utility Account pursuant to G.S. 143B-437.61. A position is located in the enterprise tier area that has been assigned to the county in which the project is located at the time the application is filed with the Committee.

(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 seventy-five percent (75%) of the withholdings of the business, unless the Committee makes an explicit finding that the additional grant is necessary to secure the project.

(f) The amount of a grant associated with any specific eligible ~~position~~ position, including any amount transferred to the Utility Account pursuant to G.S. 143B-437.61, may not exceed six thousand five hundred dollars ($6,500) in any year."

SECTION 1.6. G.S. 143B-437.57(a) reads as rewritten:

"(a) Terms. – 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~~ during the base ~~years and later years.~~period.

(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 requires the Committee to amend an agreement pursuant to G.S. 143B-437.59.

(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.~~period.

(12) A provision establishing the conditions under which the grant agreement may be terminated, in addition to those under G.S. 143B-437.59, 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-437.59, the agreement is binding and constitutes a continuing contractual obligation of the State and the business.

(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-437.59.

(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.

(16) A provision requiring that the business engage in fair employment practices as required by State and federal law and a provision encouraging the business to use small contractors, minority contractors, physically handicapped contractors, and women contractors whenever practicable in the conduct of its business.

(17) A provision encouraging the business to hire North Carolina residents.

(18) A provision encouraging the business to use the North Carolina State Ports.

(19) A provision stating that the State is not obligated to make any annual grant payment unless and until the State has received withholdings from the business in an amount that exceeds the amount of the grant payment.

(20) A provision describing the manner in which the amount of a grant will be measured and administered to ensure compliance with the provisions of G.S. 143B-437.52(c).

(21) 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.

(22) A provision stating that any disputes over interpretation of the agreement shall be submitted to binding arbitration.

(23) A provision stating that the amount of a grant associated with any specific eligible ~~position~~ position, including any amount transferred to the Utility Account pursuant to G.S. 143B-437.61, may not exceed six thousand five hundred dollars ($6,500) in any year.

(24) A provision stating that the business agrees to submit to an audit at any time that the Committee requires one.

(25) A provision encouraging the business to contract with small businesses headquartered in the State for goods and services."

SECTION 1.7. G.S. 143B-437.58 reads as rewritten:

"**§ 143B-437.58. Grant recipient to submit records.**

(a) No later than March 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 report showing withholdings as a condition of its continuation in the grant program. In addition, during the base period, the business shall submit to the Committee an annual payroll report showing the eligible positions that ~~are~~ have been created during the ~~base years and the new eligible positions created during each subsequent~~preceding calendar year, and, subsequent to the base period, the business shall submit to the Committee an annual report showing the eligible positions that remain filled at the end of each year of the grant. Annual reports submitted to the Committee shall include social security numbers of individual employees identified in the reports. Upon request of the Committee, the business shall also submit a copy of its State and federal tax returns. Payroll and tax ~~information~~ information, including social security numbers of individual employees and State and federal tax returns, submitted under this subsection is tax information subject to G.S. 105-259. Aggregated payroll or withholding tax information submitted or derived under this subsection is not tax information subject to G.S. 105-259. 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 Secretary of Commerce, the Secretary of Revenue, and the Director of the Office of State Budget and Management shall determine the allocation of the fee imposed by this section among their agencies.~~ The proceeds of the fee ~~are receipts of the agency to which they are credited.~~shall be credited to the General Fund.

(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) The reporting procedures of this section are in lieu of any other general reporting requirements relating to private entities that receive State funds."

SECTION 1.8. G.S. 143B-437.59 reads as rewritten:

"**§ 143B-437.59. 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 in consultation with the Attorney General, the Committee shall amend the agreement to reduce the amount of the grant or the term of the agreement and may terminate the agreement. Any reduction of the grant is applicable to the grant year immediately following the grant year in which the ~~Committee amends~~business fails to comply with the agreement. 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.

(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 shall terminate the agreement.~~years:

(1) If the business is still within the base period established by the Committee, the Committee shall withhold the grant payment for any consecutive year remaining in the base period in which the business fails to comply with any condition of the agreement, and the Committee may extend the base period for up to 24 additional months. Under no circumstances may the Committee extend the base period by more than a total of 24 months. In no event shall the term of the grant be extended beyond the date set by the Committee at the time the Committee awarded the grant.

(2) If the business is no longer within the base period established by the Committee, the Committee shall terminate the agreement.

(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 any 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."

SECTION 1.9. G.S. 143B-437.60 reads as rewritten:

"**§ 143B-437.60. Disbursement of grant.**

A business may not receive an annual disbursement of a grant if, at the time of disbursement, the business has received a notice of an overdue tax debt and that overdue tax debt 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 overdue tax debts 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 overdue tax debts 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 require the business to provide any necessary evidence of compliance to 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 grant amount ~~of a grant~~ for which the business is eligible under the agreement and the grant amount ~~of a grant~~ for which the business would be eligible under the agreement without regard to G.S. 143B-437.56(d). The ~~State Controller~~Department of Commerce 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."

SECTION 1.10. G.S. 143B-437.61 reads as rewritten:

"**§ 143B-437.61. Transfer to Industrial Development Fund.**

At the time the ~~State Controller~~Department of Commerce remits a check to a business under G.S. 143B-437.60, the ~~State Controller~~Department of Commerce 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-437.56(d)."

SECTION 1.11. G.S. 143B-437.62 reads as rewritten:

"**§ 143B-437.62. Expiration.**

The authority of the Committee to enter into new agreements expires January 1, ~~2008.~~2010."

SECTION 1.12. There is appropriated from the General Fund to the Department of Commerce the sum of five hundred thousand dollars ($500,000) for the 2006-2007 fiscal year for the administration of the Job Development Investment Grant Program and the monitoring of grants under the Program. It is the intent of the General Assembly that this be a recurring appropriation.

SECTION 1.13. The Department of Commerce shall conduct a comprehensive, systematic study of the Job Development Investment Grant Program. The study shall be completed and submitted to the Chairs of the House of Representatives and Senate Finance Committees and the House of Representatives and Senate Appropriations Committees no later than February 1, 2007. The study shall include an examination of the following:

(1) The costs of the program on an aggregate basis, an enterprise tier area basis, and a project basis. This study shall include an examination of the amount spent per job on an aggregate basis, an enterprise tier area basis, and a project basis.

(2) The costs of the program in relation to other State economic development incentive programs.

(3) The costs of the program in relation to economic development programs located in nearby states and other states with which the State frequently competes for jobs.

(4) The extent to which the program has been utilized in geographically diverse parts of the State and the extent to which the program has been utilized in urban, suburban, and rural settings.

SECTION 1.14. Section 1.12 of this part becomes effective July 1, 2006. The remainder of this part is effective when it becomes law.

PART II. BILL LEE ACT CHANGES

SECTION 2.1. G.S. 105-129.2A(a2) reads as rewritten:

"(a2) Sunset for Eligible Major Industries. – Notwithstanding subsection (a) of this section, in the case of a taxpayer that qualifies as an eligible major industry on or before January 1, ~~2006,~~2008, this Article is repealed effective for business activities that occur on or after January 1, 2010."

SECTION 2.2. This part is effective when it becomes law.

PART III. SALES TAX REFUND CHANGES

SECTION 3.1. G.S. 105-164.14(j) reads as rewritten:

"(j) Certain Industrial Facilities. – The owner of an eligible facility is allowed an annual refund of sales and use taxes as provided in this subsection.

(1) Refund. – The owner of an eligible facility is allowed an annual refund of sales and use taxes paid by it under this Article on qualified building materials, building supplies, fixtures, and equipment that become a part of the real property of the eligible facility. Liability incurred indirectly by the owner for sales and use taxes on these items is considered tax paid by the owner. Building materials, building supplies, fixtures, and equipment are qualified if they are installed in the construction of the facility. Purchases for subsequent repair, renovation, or equipment replacement are not qualified.

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.

(2) Eligibility. – A facility is eligible under this subsection if it meets ~~both~~ all of the following conditions:

a. It is primarily engaged in one of the industries listed in this subsection.

b. The Secretary of Commerce has certified that the owner of the facility will invest at least the required amount of private funds to construct the facility in this State. For the purpose of this subsection, costs of construction may include costs of acquiring and improving land for the facility and costs of equipment for the facility. If the facility is located in an enterprise tier one,

two, or three area as defined in G.S. 105-129.3, the required amount is fifty million dollars ($50,000,000). For all other facilities, the required amount is one hundred million dollars ($100,000,000). In the case of a computer manufacturing facility, the owner may invest these funds either directly or indirectly through a related entity or strategic partner as those terms are defined in G.S. 105-129.61. ~~In the case of a computer manufacturing facility,~~ For the purpose of this subsection, the term 'facility' has the same meaning as under G.S. 105-129.61.

c. If the facility is primarily engaged in financial services, securities operations, and related systems development, it satisfies all of the following conditions:

1. It is owned and operated by the business for which the services are provided or by a related entity of that business as defined in G.S. 105-130.7A.
2. No part of it is leased to a third-party tenant that is not a related entity of the business.

(3) Industries. -- This subsection applies to the following industries:

a. Air courier services. Air courier services has the same meaning as in G.S. 105-129.2.

b. Aircraft manufacturing. Aircraft manufacturing means manufacturing or assembling complete aircraft.

c. Bioprocessing. Bioprocessing means biomanufacturing or processing that includes the culture of cells to make commercial products, the purification of biomolecules from cells, or the use of these molecules in manufacturing.

d. Computer manufacturing. Computer manufacturing means manufacturing or assembling electronic computers, such as personal computers, workstations, laptops, and computer servers. The term includes the assembly or integration of processors, coprocessors, memory, storage, and input/output devices into a user-programmable final product. The term includes manufacturing or assembling computer peripheral equipment, such as storage devices, printers, monitors, input/output devices, and terminals only if the manufacture or assembly of this peripheral equipment occurs at a facility or campus at which the taxpayer also manufactures or assembles electronic computers.

e. Reserved for future codification purposes.

f. Financial services, securities operations, and related systems development. Financial services, securities operations, and related systems development means one or both of the following functions:

1. Performing analysis, operations, trading, or sales functions for investment banking, securities dealing and brokering, securities trading and underwriting, investment portfolio/mutual fund management, retirement services, or employee benefit administration.
2. Developing information technology systems and applications, managing and enhancing operating applications and databases, or providing, operating, and maintaining telecommunications networks and distributed and mainframe computing resources for investment banking, securities dealing and brokering, securities trading and underwriting, investment portfolio/mutual fund management, retirement services, or employee benefit administration.

g. Motor vehicle manufacturing. Motor vehicle manufacturing means any of the following:
1. Manufacturing complete automobiles and light-duty motor vehicles.
2. Manufacturing heavy-duty truck chassis and assembling complete heavy-duty trucks, buses, heavy-duty motor homes, and other special purpose heavy-duty motor vehicles for highway use.
3. Manufacturing complete military armored vehicles, nonarmored military universal carriers, combat tanks, and specialized components for combat tanks.

h. Reserved for future codification purposes.

i. Reserved for future codification purposes.

j. Pharmaceutical and medicine manufacturing and distribution of pharmaceuticals and medicines. Pharmaceutical and medicine manufacturing means any of the following:
1. Manufacturing biological and medicinal products. For the purpose of this sub-subdivision, a biological product is a preparation that is synthesized from living organisms or their products and used medically as a diagnostic, preventive, or therapeutic agent. For the purpose of this sub-subdivision, bacteria, viruses, and their parts are considered living organisms.
2. Processing botanical drugs and herbs by grading, grinding, and milling.
3. Isolating active medicinal principals from botanical drugs and herbs.
4. Manufacturing pharmaceutical products intended for internal and external consumption in forms such as

ampoules, tablets, capsules, vials, ointments, powders, solutions, and suspensions.

k. Reserved for future codification purposes.

l. Reserved for future codification purposes.

m. Semiconductor manufacturing. Semiconductor manufacturing means development and production of semiconductor material, devices, or components.

(4) Forfeiture. – If the owner of an eligible facility does not make the required minimum investment within five years after the first refund under this subsection with respect to the facility, the facility loses its eligibility and the owner forfeits all refunds already received under this subsection. Upon forfeiture, the owner is liable for tax under this Article equal to the amount of all past taxes refunded under this subsection, plus interest at the rate established in G.S. 105-241.1(i), computed from the date each refund was issued. The tax and interest are due 30 days after the date of the forfeiture. A person that fails to pay the tax and interest is subject to the penalties provided in G.S. 105-236.

(5) Sunset. This subsection is repealed for sales made on or after January 1, ~~2010~~ 2013."

SECTION 3.2. The changes made to G.S. 105-164.14(j)(2)b. by Section 3.1 of this act become effective January 1, 2005, and apply to sales made on or after that date. The remainder of this part becomes effective July 1, 2006, and applies to purchases made on or after that date.

PART IV. EFFECTIVE DATE

SECTION 4. Except as otherwise provided, this act is effective when it becomes law.

HOUSE BILL 2744:
Economic Development Program Modifications

BILL ANALYSIS

Committee:	House Appropriations	**Date:**	July 5, 2006
Introduced by:	Reps. Owens, Daughtridge	**Summary by:**	Canaan Huie
Version:	PCS to Second Edition H2744-CSLY-99		Committee Counsel

SUMMARY: This bill would make numerous changes to the JDIG Program, the Bill Lee Act, and certain sales and use tax refunds. Most provisions of the bill would be effective when they became law.

CURRENT LAW: The Job Development Investment Grant (JDIG) Program was created in 2002 as a new economic development tool for new and expanding businesses in North Carolina. JDIG is used to attract businesses to the State by allowing a five-member committee to award grants to businesses. The amounts of the grants are based on income tax withholdings from new jobs created by the businesses.

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, and for worker training. In 2000, the General Assembly extended the sunset on the Act until January 1, 2006. During the 2005 Regular Session, the General Assembly further extended the Act until January 1, 2008. There are several exceptions to the 2006 sunset date, one of which involves eligible major industries. Eligible major industries that qualify as such before January 1, 2006, are allowed to claim credits for business activity that occurs on or before January 1, 2010. A taxpayer is an eligible major industry if it will invest at least $100 million in acquiring, constructing, and equipping a facility and it is engaged in bioprocessing, the manufacture or distribution of pharmaceuticals or medicines, aircraft manufacturing, computer manufacturing, motor vehicle manufacturing, or semiconductor manufacturing.

The definition of eligible major industries for the purposes of the Bill Lee Act largely conforms to the list of taxpayers who are eligible for a refund on the sales and use taxes paid by the taxpayer on building materials for construction of a new facility in this State. Taxpayers that are eligible for the refund of sales and use taxes are not required to qualify as such by a specific date, but the refund provision does expire for purchases made on or after January 1, 2010.

BILL ANALYSIS:

Part I. JDIG Changes. This bill makes numerous changes to the JDIG program. Some of these changes significantly expand or extend the program, whereas others of these changes make changes intended to streamline the administration of the program, clarify certain aspects of the program, or reduce penalties for failure to comply with agreements under the program.

There are two changes in the bill that could significantly add to the costs of the program over the next 12-13 years. First, in section 1.2, this bill increases the maximum amount of total annual liability for agreements entered into during the 2006 calendar year from $15 million to $30 million. This change is effective for agreements entered into during 2006 only; for agreements entered into in later years, the maximum amount of the total annual liability would return to $15 million. Under the JDIG program, agreements entered into in one calendar year may result in annual grant payments for the succeeding 12 years. Therefore, an increase in the maximum amount of the total annual liability of $15 million for one

year could have a fiscal impact of up to $180 million over a 12-year period. Second, in Section 1.11, the bill extends the sunset on the JDIG program by an additional two years, through the end of the 2009 calendar year. As with the increase discussed above, this two-year extension of the program could have a significant fiscal impact stretching out for a dozen years or more.

In addition, this bill would make significant changes to the clawback provisions under the JDIG program. Under the JDIG program, the Economic Investment Committee (EIC), the entity that administers the JDIG program, is required 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 comply with any term of the agreement or with criteria developed by the EIC, the EIC must amend the agreement and may terminate 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. The reduction must be proportional to the failure to comply with the agreement. If the business fails to comply with any term of the agreement or with criteria developed by the EIC for two consecutive years, the EIC must terminate the agreement. In addition, in each agreement the EIC must include a provision describing the conditions that will lead to recapture of a grant made in an earlier year.

Under this bill, the provisions relating to failure to comply with the agreement for two consecutive years would be amended so that termination of the agreement would not be required in all cases. Under this bill, if the business were still in the base period established by the EIC, the EIC would withhold the grant for any consecutive year remaining in the base period in which the business fails to comply with the agreement. The EIC would also have the option of extending the base period by up to 24 months over the amount specified in the original agreement in these cases. If the business did not come into compliance by the end of the base period, the agreement would be terminated. If the business were no longer in the base period established by the EIC, the EIC would be required to terminate the agreement. The effect of these changes would be to allow a company more leeway in meeting the terms of an agreement in the early years of the agreement.

This bill would also expand the types of entities that are eligible to enter into agreements under the program. When the JDIG program was originally created, all but two specific industries were eligible for grants under the program. Those two industries were retail operations and professional and semiprofessional sports teams and clubs. The exclusion of professional sports was put into place, in part, due to concerns that the intent behind the program was to attract one or more major league sports teams to the State. This bill would provide an exception to that exclusion in that professional motorsports racing teams would become eligible for grants under the program.

In addition, the bill makes changes to how fees collected under the program are directed and how corresponding positions that monitor the program are funded. Under current law, an applicant for a JDIG grant must pay a one-time application fee of $5,000. Grantees must then pay an annual fee of $1,500 to help offset monitoring costs. Currently, those fees are divided between the Departments of Commerce and Revenue, in the discretion of the EIC, to offset the costs of the two agencies associated with the program. Those fees then become departmental receipts. This bill would change that by crediting the fees to the General Fund and by providing for an appropriation of $500,000 to the Department of Commerce. It is the intent of the bill that this be a recurring appropriation.

The bill also makes the following changes:

- Changes references to "base years" to "base period" and allows the EIC to set the base period. Under current law, the base years are the first two years, unless the EIC decides on a different period. This clarifies that the EIC has authority to set that base period. The base period could not contain more than 5 years in which grant payments were to be made.

- Changes the definition of "new employee." Under current law, a "new employee" may include an employee that was originally hired in the base period, was subsequently laid off, and then was subsequently rehired by the company during the term of the agreement. This change would exclude these rehires from the definition of new employee.
- Clarifies that the $6,500 cap per new employee and the 75% cap on the amount of a grant apply to the total amounts and not just the amount that flows to the business. This is important because the amount of a grant is reduced by 25% for a position located in enterprise tier four or five with that portion instead being directed to the Utility Account of the Industrial Development Fund. This clarifies that the two caps apply to both the amount that flows to the business and the amount that flows to the Utility Account.
- Clarifies that social security numbers related to the positions on which a grant is based must be included with annual reports to the EIC. The change further clarifies that the social security numbers and State and federal tax returns are tax information, which is protected from disclosure under general laws related to public records.
- Removes the State Controller from the disbursement process. In 2004, a JDIG Reserve was created within the Department of Commerce. Due to the manner in which that Reserve was established, the State Controller is not directly involved with disbursements to businesses from the JDIG Reserve. This bill would relieve the State Controller of certain duties related to certification of grant amounts and remittance of payments to grantees and would transfer those duties to the Department of Commerce.
- Clarifies that the tier designation that determines whether a grant payment is subject to reduction is the designation that is in effect in the year in which the application is filed. Under current law, the amount of a grant is reduced by 25% if the position with respect to which the grant is awarded is located in an enterprise tier four or five area. Under the current law it is not clear when that determination is made – at the time the business applies for a grant, at the time a grant agreement is entered into, or at the time the grant payment is made.

Part II. Bill Lee Act Changes. Part II of this bill would extend the time period in which eligible major industries could qualify as such in order to qualify for the extension of the Bill Lee Act by two years. This provision would allow for an extension of the Bill Lee Act to the taxpayers that qualified as eligible major industries by January 1, 2008, rather than 2006.

Part III. Sales Tax Refund Changes. Part III of this bill would add financial services, securities operations, and related systems development as an industry that is eligible for the sales and use tax refund related to certain building materials. In addition, this part would extend the sunset on the sales and use tax refund for all eligible industries by three years, until January 1, 2013. The effect of this change would also be to make these types of taxpayers eligible for the extension of the Bill Lee Act discussed above.

EFFECTIVE DATE: Most provisions of this bill would be effective when the bill became law.

H2744e2-SMLY-CSLY-99

Fiscal Analysis HB 2744 - Potential Impact of Changes to the Job Development Investment Grant (JDIG) Program

Section 1.2 - Increase the Annual Maximum Cap from $15,000,000 to $30,000,000 for Calendar Year 2006
Section 1.11 Extend the Sunset Date 2 Years (From January 1, 2008, To January 1, 2010)
Section 1.4(b) and Section 1.7(a) Credit JDIG Fees to the General Fund
Section 1.12 Appropriate $500,000 to the Department of Commerce for Administration

Section 1.2 - Increase Maximum Cap to $30,000,000 for 2006 (Increase of $15,000,000 per year for 12 years)*

Grant Year	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Additional Annual Amount	$(15,000,000)	$(15,000,000)	$(15,000,000)	$ (15,000,000)	$ (15,000,000)	$ (15,000,000)	$ (15,000,000)	$ (15,000,000)	$ (15,000,000)	$ (15,000,000)	$ (15,000,000)	$ (15,000,000)
Cumulative Amount	$(15,000,000)	$(30,000,000)	$(45,000,000)	$ (60,000,000)	$ (75,000,000)	$ (90,000,000)	$(105,000,000)	$(120,000,000)	$(135,000,000)	$(150,000,000)	$(165,000,000)	$(180,000,000)

* Assumes the additional maximum amount of $15,000,000 will be awarded in 2006 and that the first payments will begin in 2006.

Section 1.11 - Extend the Sunset Date by Two Years**

Grant Year	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Maximum Annual Amount	$(15,000,000)	$(30,000,000)	$(30,000,000)	$ (30,000,000)	$ (30,000,000)	$ (30,000,000)	$ (30,000,000)	$ (30,000,000)	$ (30,000,000)	$ (30,000,000)	$ (30,000,000)	$ (30,000,000)	$ (30,000,000)	$ (15,000,000)
Cumulative Amount	$(15,000,000)	$(45,000,000)	$(75,000,000)	$ (105,000,000)	$(135,000,000)	$(165,000,000)	$(195,000,000)	$(225,000,000)	$(255,000,000)	$(285,000,000)	$(315,000,000)	$(345,000,000)	$(375,000,000)	$ (390,000,000)

** Estimate based on existing maximum cap of $15,000,000 allowing for payments to be made up to 12 years following the first year of payment; assuming first payment is made in the first year of the award notification.

Sections 1.4(b) and 1.7(a) - Credit JDIG Fees to the General Fund;Section 1.12 Appropriate Funds for Administration

Grant Year	2006	2007	
JDIG Fees (Based on YTD As of 3/31/06)	$ 173,000	$ 173,000	
Impact of New Companies (due to increasing the maximum cap in 2006)	$ 45,000	$ 13,500	
Total Fees Credited to General Fund	$ 218,000	$ 186,500	
Recommended HB 2744 General Fund Appropriation for Admin.		$ (500,000)	
Net Impact		**$ (313,500)**	**Adjusted Net Impact Due to New Companies**

Total Estimated Impact of HB 2744 **$ (570,313,500)**

GENERAL ASSEMBLY OF NORTH CAROLINA

Session 2005

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: July 5, 2006

TO: Representatives Owens and Daughtridge

FROM: David Crotts, Fiscal Research Division; Susan Morgan, Fiscal Research Division

RE: HB 2744-Economic Development Program Modifications

FISCAL IMPACT

	Yes (X)	No ( )	No Estimate Available ( )		
	FY 2006-07	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11
REVENUES: State General Fund (Bill Lee, Sales Tax Refund)	(See "Assumptions and Methodology"				
EXPENDITURES: JDIG Program	(See Attachment)				

PRINCIPAL DEPARTMENT(S) & PROGRAM(S) AFFECTED: Department of Commerce.

EFFECTIVE DATE: When the bill becomes law.

CURRENT LAW: The Job Development Investment Grant (JDIG) Program was created in 2002 as a new economic development tool for new and expanding businesses in North Carolina. JDIG is used to attract businesses to the State by allowing a five-member committee to award grants to businesses. The amounts of the grants are based on income tax withholdings from new jobs created by the businesses.

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, and for worker training. In 2000, the General Assembly extended the sunset on the Act until January 1, 2006. During the 2005 Regular Session, the General Assembly further extended the Act until January 1, 2008. There are several exceptions to the 2006 sunset date, one of which involves eligible major industries. Eligible major industries that qualify as such before January 1, 2006, are allowed to claim credits for business activity that occurs on or before January 1, 2010. A taxpayer is an eligible major industry if it will invest at least $100 million in acquiring, constructing, and equipping a facility and it is engaged in bioprocessing, the manufacture or distribution of pharmaceuticals or medicines, aircraft manufacturing, computer manufacturing, motor vehicle manufacturing, or semiconductor manufacturing.

The definition of eligible major industries for the purposes of the Bill Lee Act largely conforms to the list of taxpayers who are eligible for a refund on the sales and use taxes paid by the taxpayer on building materials for construction of a new facility in this State. Taxpayers that are eligible for the refund of sales and use taxes are not required to qualify as such by a specific date, but the refund provision does expire for purchases made on or after January 1, 2010.

BILL SUMMARY: This bill would make numerous changes to the JDIG Program, the Bill Lee Act, and certain sales and use tax refunds. Most of the provisions of the bill would be effective when they became law.

Part I. JDIG Changes. This bill makes numerous changes to the JDIG program. Some of these changes significantly expand or extend the program, whereas others of these changes make changes intended to streamline the administration of the program, clarify certain aspects of the program, or reduce penalties for failure to comply with agreements under the program.

Section 1.2, of the bill increases the maximum amount of total annual liability for agreements entered into during the 2006 calendar year (grant year) from $15 million to $30 million. This change is effective for agreements entered into during 2006 only; for agreements entered into in later years, the maximum amount of the total annual liability would return to $15 million. Under the JDIG program, agreements entered into in one calendar year may result in annual grant payments for the succeeding 12 years.

Section 1.11, of the bill extends the sunset on the JDIG program by an additional two years, through the end of the 2009 calendar year, potentially resulting in payments through the year 2020. In addition, the bill makes changes to how fees collected under the program are directed and how corresponding positions that monitor the program are funded. Under current law, an applicant for a JDIG grant must pay a one-time application fee of $5,000. Grantees must then pay an annual fee of $1,500 to help offset monitoring costs. Currently, those fees are divided between the Departments of Commerce and Revenue, in the discretion of the EIC, to offset the costs of the two agencies associated with the program. Those fees then become departmental receipts. This bill would change that by crediting the fees to the General Fund and by providing for an appropriation of $500,000 to the Department of Commerce. It is the intent of the bill that this be a recurring appropriation.

Part II. Bill Lee Act Changes. The Bill Lee Act generally sunsets January 1, 2008. However, a taxpayer who qualifies as an eligible "major industry" on or before January 1, 2006 would have a January 1, 2010 sunset. The bill moves the January 1, 2006 eligibility deadline to January 1, 2008.

Part III. Sales Tax Refund Changes. Adds "financial services and securities operations and systems development" to the list of industries eligible for the refund. In addition, January 1, 2010 sunset on the refunds is extended to January 1, 2013.

ASSUMPTIONS AND METHODOLOGY:

Part I. JDIG Changes. This analysis addresses fiscal impact as a result of the proposed changes to the program in House Bill 2744 and does not address costs associated with the current legislation for the program.

The bill increases the maximum annual total liability cap from $15 million to $30 million for the 2006 calendar year, and extends the sunset requirement by two years (from 2008 to 2010). Current legislation stipulates grant terms shall not exceed 12 years starting with the first year a grant payment is made. *This analysis assumes that the first payment is made during the first year of the award, and that the maximum allowable amount will be awarded in each grant year.*

Increase Maximum Annual Liability for the 2006 Calendar Year:

Increasing the maximum annual liability amount for the 2006 grant year could potentially result in an additional $15 million dollar obligation from the state for awards for that year and the following 12 years (based on the existing legislation for grant terms). Assuming that the Department would award the maximum amount allowed for new agreements during 2006, the total fiscal impact associated with the maximum cap increase would potentially equal $180 million (12 years x $15,000,000). It should be noted that this is not the total cost for *all* grants awarded under the JDIG program, only the additional grants awarded due to increasing the annual cap for one calendar year. (See Attachment)

Extend the Sunset from January 1, 2008 to January 1, 2010:

Extending the sunset date for the program will allow for new grants to be awarded for an additional two years. The bill allows for new grants be awarded up to a maximum amount of $15 million for 2008 (potentially paid through 12 years or 2019); and for an additional $15 million to be awarded for up to 12 years beginning in 2009 (ending in 2021). The cumulative impact of allowing the award of new grants for two additional years would potentially equal $390 million (assuming maximum payout over the allowable 12 grant years). (See Attachment)

Credit JDIG Fees to the General Fund/Administrative Costs:

Current legislation allows for JDIG fees to be used as departmental receipts to assist in covering the administrative costs of the program. Each company applying for a grant pays a one-time application fee of $5,000 and successful applicants pay a $1,500 annual fee after receiving a JDIG grant. The bill will credit revenue generated from both fees to the General Fund and appropriate

$500,000 to the department to fund administration. The Department of Commerce has reported that the projected collections for JDIG Fees will be approximately $173,000 for 2007. If enacted, the bill will credit the estimated $173,000 to the general fund and appropriate ($500,000) to the Department of Commerce for administration, resulting in a net change of ($327,000) to the general fund to cover administrative costs for the program for 2007. (See Technical Considerations Section for additional information)

Nine companies were awarded JDIG Grants in 2005, generating approximately $45,000 in fee revenue. Assuming that increasing the grant cap by $15 million will result in an estimated *nine new* companies, nine additional companies will begin paying the $1,500 annual fee in 2007. Those companies would potentially pay an additional $13,500 that would be credited to the General Fund for approximately 11 years. Assuming that *nine new companies* would receive awards in 2006 (due to the increase in the maximum cap) the net loss to the general fund stated above ($327,000) could potentially be minimized by $45,000 (9 x $5,000) in 2006, and decreased annually by $13,500 (9 x $1,500), resulting in a net change of ($313,500) to the General Fund (for the 2007 grant year). (See Attachment)

Total Fiscal Impact Estimate of JDIG Portion of HB 2744:

Proposed Legislative Change:	General Fund Cost Estimate:
Increase the Maximum Cap to $30 million for 2006	($180,000,000)
Extend Sunset for Two Years	($390,000,000)
Credit Fees to General Fund and Appropriate $500,000 for Administration (net annual impact beginning 2007)	($313,500)
Total Projected Cost of Proposed JDIG Changes	**($570,313,500)***

*Note: This analysis does not include any projections regarding potential increases to General Fund Revenue directly associated with the award of JDIG Grants.

Part II. Bill Lee Act Changes. The practical effect of this provision is to extend from January 1, 2006 to January 1, 2008 the window of time for eligible companies to qualify for later sunset in the Bill Lee Act (2010 instead of 2008) applying to major industry tax incentives. This time extension for qualification might allow an industry recruitment take advantage of the longer sunset. In short, the provision has no immediate impact but could affect 2009-10 and 2010-11 fiscal year revenues to the extent that additional taxpayers qualify.

Part III. Sales Tax Refund Changes. We have no data at this time on the impact of the extension of sales tax refund eligibility to financial service and securities facilities. The other change in the bill extends the sunset on refunds from 2010 to 2013. The Department of Revenue's October 2005 report on state tax expenditures does not list the historical revenue loss from this item. One reason

might be that the limited number of taxpayers receiving the credit would lead to a confidentiality issue. The original 2003 session fiscal note indicated a potential 2007-08 cost of $2.6 million, primarily from one client the Department of Commerce was attempting to attract.

TECHNICAL CONSIDERATIONS:

Total projected costs are based on an assumption that increasing the annual cap by $15 million for one year obligates the state to pay *up to $15 million per year* for those new agreements for a maximum of 12 years. The fact that the annual total liability returns to the current cap of $15 million effective January 1, 2007 will not impact the requirement that the state continue to pay for the new agreements entered into during 2006 for up to 12 years. If the Department does not award the maximum amount of $30,000,000 for 2006 the cumulative impact would be less than the amounts indicated in this analysis.0

The estimated additional revenue generated from application fees ($13,500) and annual JDIG fees to be credited to the general fund is based on the number of JDIG grants awarded by the Department of Commerce in 2005. The actual fee revenue generated in each year will be determined by the *additional* number of applicants and the *additional* number of companies that will receive an award due to increasing the maximum cap by $15,000,000 in 2006 *and* current companies paying the two fees. The Department has estimated that future revenue generated from JDIG fees at the amounts listed below:

- 2007 $173,000
- 2008 $198,000
- 2009 $225,000
- 2010 $245,000

If the actual collections for JDIG fees increase in future years, the net negative impact to the General Fund (associated with administrative costs) would decrease.

The Department of Commerce has indicated that the amount of fees generated by the JDIG program have not been sufficient to cover the entire cost of administering the program, therefore the department has requested an appropriation that is greater than the historical amount of fees collected for administrative purposes. If no state funds are appropriated for administration the program, the amount of the fees currently established ($5,000 application fee and $1,500 annual fee) for the program could potentially be adjusted to fully cover the associated administrative costs of the program.

Any projected increases in revenue generated by the award of JDIG grants have not been included in this analysis. The analysis covers only the projected costs associated with the program. Section1.13 of the bill does require the Department of Commerce to conduct a study of the program by February 1, 2007.

SOURCES OF DATA: Department of Commerce

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2005

H 2

HOUSE BILL 2744*

Committee Substitute Favorable 6/27/06

Short Title: Economic Development Program Modifications. (Public)

Sponsors:

Referred to:

May 30, 2006

A BILL TO BE ENTITLED

AN ACT TO MAKE MODIFICATIONS TO THE JOB DEVELOPMENT INVESTMENT GRANT PROGRAM, TO EXTEND THE WILLIAM S. LEE QUALITY JOBS AND BUSINESS EXPANSION ACT FOR CERTAIN TAXPAYERS, AND TO EXTEND CERTAIN SALES AND USE TAX REFUNDS.

The General Assembly of North Carolina enacts:

PART I. JDIG CHANGES

SECTION 1.1. G.S. 143B-437.51 reads as rewritten:

"**§ 143B-437.51. Definitions.**

The following definitions apply in this Part:

(1) Agreement. – A community economic development agreement under G.S. 143B-437.57.

(2) Base ~~years.~~period. – The ~~first 24 months following the date set by the Committee for performance to begin under the agreement.~~period of time set by the Committee during which new employees are to be hired for the positions on which the grant is based.

(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-437.54.

(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.~~period.

(5a) Enterprise tier. – The classification assigned to an area pursuant to G.S. 105-129.3.

(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 in consultation with the Attorney General. 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. ~~The term includes an employee who previously filled an eligible position who is 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) Overdue tax debt. – Defined in G.S. 105-243.1.

(9) Related member. – Defined in G.S. 105-130.7A.

(10) 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."

SECTION 1.2. G.S. 143B-437.52 reads as rewritten:

"**§ 143B-437.52. 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, in consultation with the Attorney General, 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 calendar year is 25.

(c) Ceiling. – ~~The~~ Except as provided in this section, the maximum amount of total annual liability for grants for agreements entered into in any single calendar ~~year~~ year, including amounts transferred to the Utility Account pursuant to G.S. 143B-437.61, may not exceed fifteen million dollars ($15,000,000). The maximum amount of total annual liability for grants for agreements entered into in 2006, including amounts transferred to the Utility Account pursuant to G.S. 143B-437.61, may not exceed thirty million dollars ($30,000,000). No agreement may be entered into that, when considered together with other existing agreements entered into during that calendar year, could cause the State's potential total annual liability for grants entered into in that calendar year to exceed this amount.

(d) Measuring Employment. – For the purposes of subdivision (a)(1) of this section and G.S. 143B-437.51(5), 143B-437.51(7), and 143B-437.57(a)(11), the Committee may designate that the increase or maintenance of employment is measured at the level of a division or another operating unit of a business, rather than at the business level, if both of the following conditions are met:

(1) The Committee makes an explicit finding that the designation is necessary to secure the project in this State.

(2) The ~~designation~~ agreement contains terms to ensure that the business does not create eligible positions by transferring or shifting to the project existing positions from another project of the business or a related member of the business."

SECTION 1.3. G.S. 143B-437.53(b) reads as rewritten:

"(b) Ineligible Businesses. – 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.

A project that consists of a professional or semiprofessional sports team or ~~club~~ club, other than a professional motorsports racing team, is not eligible for a grant under this Part."

SECTION 1.4. G.S. 143B-437.55 reads as rewritten:

"**§ 143B-437.55. 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 financial statements of the business prepared by a certified public accountant 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~~for the project 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.~~project as required by G.S. 143B-437.53(c).
(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.

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 Secretary of Commerce, the Secretary of Revenue, and the Director of the Office of State Budget and Management shall determine the allocation of the fee imposed by this section among their agencies.~~ The proceeds of the fee ~~are receipts of the agency to which they are credited.~~ shall be credited to the General Fund.

(c) Annual Reports. – The Committee shall publish a report on the Job Development Investment Grant Program on or before April 30 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 calendar 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.

(2) An update on the status of projects under agreements entered into before the preceding calendar year.

(3) The number and enterprise tier area of eligible positions created by projects with respect to which grants were awarded.

(3a) A listing of the employment level for all businesses receiving a grant and any changes in those levels from the level of the next preceding year.

(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).

(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, in consultation with the Attorney General, to implement this Part and any changes in those criteria from the previous calendar 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.

(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

this State regardless of whether the business was awarded a grant for the project under this Part.

~~(12) The division and use of fees collected by the Committee under this section and under G.S. 143B-437.58.~~

(13) The total amount transferred to the Utility Account of the Industrial Development Fund under this Part during the preceding year.

(d) Quarterly Reports. – The Committee shall publish a report on the Job Development Investment Grant Program within two months of the end of each quarter. This report shall include a listing of each community economic development agreement negotiated and entered into during the preceding 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.

(e) 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."

SECTION 1.5. G.S. 143B-437.56 reads as rewritten:

"**§ 143B-437.56. 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 seventy-five percent (75%) 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, in consultation with the Attorney General, 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.

(9) The extent to which the project will mitigate unemployment in the State and locality.

(b) The term of the grant shall not exceed 12 years starting with the first year a grant payment is made. The first grant payment must be made within six years after the date on which the grant was awarded. The number of years in the base period for which grant payments may be made shall not exceed five years.

(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.~~period.

(d) ~~The percentage established in the agreement shall be reduced by one-fourth for~~For any eligible position that is located in an enterprise tier four or five ~~area.~~area, seventy-five percent (75%) of the annual grant approved for disbursement shall be payable to the business, and twenty-five percent (25%) shall be payable to the Utility Account pursuant to G.S. 143B-437.61. A position is located in the enterprise tier area that has been assigned to the county in which the project is located at the time the application is filed with the Committee.

(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 seventy-five percent (75%) of the withholdings of the business, unless the Committee makes an explicit finding that the additional grant is necessary to secure the project.

(f) The amount of a grant associated with any specific eligible ~~position~~ position, including any amount transferred to the Utility Account pursuant to G.S. 143B-437.61, may not exceed six thousand five hundred dollars ($6,500) in any year."

SECTION 1.6. G.S. 143B-437.57(a) reads as rewritten:

"(a) Terms. – 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~~ during the base ~~years and later years.~~period.

(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 requires the Committee to amend an agreement pursuant to G.S. 143B-437.59.

(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.~~period.

(12) A provision establishing the conditions under which the grant agreement may be terminated, in addition to those under G.S. 143B-437.59, 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-437.59, the agreement is binding and constitutes a continuing contractual obligation of the State and the business.

(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-437.59.

(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.

(16) A provision requiring that the business engage in fair employment practices as required by State and federal law and a provision encouraging the business to use small contractors, minority contractors, physically handicapped contractors, and women contractors whenever practicable in the conduct of its business.

(17) A provision encouraging the business to hire North Carolina residents.

(18) A provision encouraging the business to use the North Carolina State Ports.

(19) A provision stating that the State is not obligated to make any annual grant payment unless and until the State has received withholdings from the business in an amount that exceeds the amount of the grant payment.

(20) A provision describing the manner in which the amount of a grant will be measured and administered to ensure compliance with the provisions of G.S. 143B-437.52(c).

(21) 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.

(22) A provision stating that any disputes over interpretation of the agreement shall be submitted to binding arbitration.

(23) A provision stating that the amount of a grant associated with any specific eligible ~~position~~ position, including any amount transferred to the Utility Account pursuant to G.S. 143B-437.61, may not exceed six thousand five hundred dollars ($6,500) in any year.

(24) A provision stating that the business agrees to submit to an audit at any time that the Committee requires one.

(25) A provision encouraging the business to contract with small businesses headquartered in the State for goods and services."

SECTION 1.7. G.S. 143B-437.58 reads as rewritten:

"**§ 143B-437.58. Grant recipient to submit records.**

(a) No later than March 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 report showing withholdings as a condition of its continuation in the grant program. In addition, during the base period, the business shall submit to the Committee an annual payroll report showing the eligible positions that ~~are~~ have been created during the ~~base years and the new eligible positions created during each subsequent~~preceding calendar year, and, subsequent to the base period, the business shall submit to the Committee an annual report showing the eligible positions that remain filled at the end of each year of the grant. Annual reports submitted to the Committee shall include social security numbers of individual employees identified in the reports. Upon request of the Committee, the business shall also submit a copy of its State and federal tax returns. Payroll and tax ~~information~~ information, including social security numbers of individual employees and State and federal tax returns, submitted under this subsection is tax information subject to G.S. 105-259. Aggregated payroll or withholding tax information submitted or derived under this subsection is not tax information subject to G.S. 105-259. 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 Secretary of Commerce, the Secretary of Revenue, and the Director of the Office of State Budget and Management shall determine the allocation of the fee imposed by this section among their agencies.~~ The proceeds of the fee ~~are receipts of the agency to which they are credited.~~shall be credited to the General Fund.

(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) The reporting procedures of this section are in lieu of any other general reporting requirements relating to private entities that receive State funds."

SECTION 1.8. G.S. 143B-437.59 reads as rewritten:

"**§ 143B-437.59. 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 in consultation with the Attorney General, the Committee shall amend the agreement to reduce the amount of the grant or the term of the agreement and may terminate the agreement. Any reduction of the grant is applicable to the grant year immediately following the grant year in which the ~~Committee amends~~business fails to comply with the agreement. 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.

(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 shall terminate the agreement.~~years:

(1) If the business is still within the base period established by the Committee, the Committee shall withhold the grant payment for any consecutive year remaining in the base period in which the business fails to comply with any condition of the agreement, and the Committee may extend the base period for up to 24 additional months. Under no circumstances may the Committee extend the base period by more than a total of 24 months. In no event shall the term of the grant be extended beyond the date set by the Committee at the time the Committee awarded the grant.

(2) If the business is no longer within the base period established by the Committee, the Committee shall terminate the agreement.

(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 any 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."

SECTION 1.9. G.S. 143B-437.60 reads as rewritten:

"**§ 143B-437.60. Disbursement of grant.**

A business may not receive an annual disbursement of a grant if, at the time of disbursement, the business has received a notice of an overdue tax debt and that overdue tax debt 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 overdue tax debts 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 overdue tax debts 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 require the business to provide any necessary evidence of compliance to 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 grant amount ~~of a grant~~ for which the business is eligible under the agreement and the grant amount ~~of a grant~~ for which the business would be eligible under the agreement without regard to G.S. 143B-437.56(d). The ~~State Controller~~Department of Commerce 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."

SECTION 1.10. G.S. 143B-437.61 reads as rewritten:

"**§ 143B-437.61. Transfer to Industrial Development Fund.**

At the time the ~~State Controller~~Department of Commerce remits a check to a business under G.S. 143B-437.60, the ~~State Controller~~Department of Commerce 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-437.56(d)."

SECTION 1.11. G.S. 143B-437.62 reads as rewritten:

"**§ 143B-437.62. Expiration.**

The authority of the Committee to enter into new agreements expires January 1, ~~2008.~~2010."

SECTION 1.12. There is appropriated from the General Fund to the Department of Commerce the sum of five hundred thousand dollars ($500,000) for the 2006-2007 fiscal year for the administration of the Job Development Investment Grant Program and the monitoring of grants under the Program. It is the intent of the General Assembly that this be a recurring appropriation.

SECTION 1.13. The Department of Commerce shall conduct a comprehensive, systematic study of the Job Development Investment Grant Program. The study shall be completed and submitted to the Chairs of the House of Representatives and Senate Finance Committees and the House of Representatives and Senate Appropriations Committees no later than February 1, 2007. The study shall include an examination of the following:

(1) The costs of the program on an aggregate basis, an enterprise tier area basis, and a project basis. This study shall include an examination of the amount spent per job on an aggregate basis, an enterprise tier area basis, and a project basis.

(2) The costs of the program in relation to other State economic development incentive programs.

(3) The costs of the program in relation to economic development programs located in nearby states and other states with which the State frequently competes for jobs.

(4) The extent to which the program has been utilized in geographically diverse parts of the State and the extent to which the program has been utilized in urban, suburban, and rural settings.

SECTION 1.14. Section 1.12 of this part becomes effective July 1, 2006. The remainder of this part is effective when it becomes law.

PART II. BILL LEE ACT CHANGES

SECTION 2.1. G.S. 105-129.2A(a2) reads as rewritten:

"(a2) Sunset for Eligible Major Industries. – Notwithstanding subsection (a) of this section, in the case of a taxpayer that qualifies as an eligible major industry on or before January 1, ~~2006,~~2008, this Article is repealed effective for business activities that occur on or after January 1, 2010."

SECTION 2.2. This part is effective when it becomes law.

PART III. SALES TAX REFUND CHANGES

SECTION 3.1. G.S. 105-164.14(j) reads as rewritten:

"(j) Certain Industrial Facilities. – The owner of an eligible facility is allowed an annual refund of sales and use taxes as provided in this subsection.

(1) Refund. – The owner of an eligible facility is allowed an annual refund of sales and use taxes paid by it under this Article on qualified building materials, building supplies, fixtures, and equipment that become a part of the real property of the eligible facility. Liability incurred indirectly by the owner for sales and use taxes on these items is considered tax paid by the owner. Building materials, building supplies, fixtures, and equipment are qualified if they are installed in the construction of the facility. Purchases for subsequent repair, renovation, or equipment replacement are not qualified.

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.

(2) Eligibility. – A facility is eligible under this subsection if it meets ~~both~~ all of the following conditions:

a. It is primarily engaged in one of the industries listed in this subsection.

b. The Secretary of Commerce has certified that the owner of the facility will invest at least the required amount of private funds to construct the facility in this State. For the purpose of this subsection, costs of construction may include costs of acquiring and improving land for the facility and costs of equipment for the facility. If the facility is located in an enterprise tier one, two, or three area as defined in G.S. 105-129.3, the required amount is fifty million dollars ($50,000,000). For all other facilities, the required amount is one hundred million dollars

($100,000,000). In the case of a computer manufacturing facility, the owner may invest these funds either directly or indirectly through a related entity or strategic partner as those terms are defined in G.S. 105-129.61. ~~In the case of a computer manufacturing facility,~~ For the purpose of this subsection, the term 'facility' has the same meaning as under G.S. 105-129.61.

c. If the facility is primarily engaged in financial services, securities operations, and related systems development, it satisfies all of the following conditions:

1. It is owned and operated by the business for which the services are provided or by a related entity of that business as defined in G.S. 105-130.7A.
2. No part of it is leased to a third-party tenant that is not a related entity of the business.

(3) Industries. – This subsection applies to the following industries:

a. Air courier services. Air courier services has the same meaning as in G.S. 105-129.2.
b. Aircraft manufacturing. Aircraft manufacturing means manufacturing or assembling complete aircraft.
c. Bioprocessing. Bioprocessing means biomanufacturing or processing that includes the culture of cells to make commercial products, the purification of biomolecules from cells, or the use of these molecules in manufacturing.
d. Computer manufacturing. Computer manufacturing means manufacturing or assembling electronic computers, such as personal computers, workstations, laptops, and computer servers. The term includes the assembly or integration of processors, coprocessors, memory, storage, and input/output devices into a user-programmable final product. The term includes manufacturing or assembling computer peripheral equipment, such as storage devices, printers, monitors, input/output devices, and terminals only if the manufacture or assembly of this peripheral equipment occurs at a facility or campus at which the taxpayer also manufactures or assembles electronic computers.
e. Reserved for future codification purposes.
f. Financial services, securities operations, and related systems development. Financial services, securities operations, and related systems development means one or both of the following functions:

1. Performing analysis, operations, trading, or sales functions for investment banking, securities dealing and brokering, securities trading and underwriting,

investment portfolio/mutual fund management, retirement services, or employee benefit administration.

2. Developing information technology systems and applications, managing and enhancing operating applications and databases, or providing, operating, and maintaining telecommunications networks and distributed mainframe computing services for investment banking, securities dealing and brokering, securities trading and underwriting, investment portfolio/mutual fund management, retirement services, or employee benefit administration.

g. Motor vehicle manufacturing. Motor vehicle manufacturing means any of the following:

1. Manufacturing complete automobiles and light-duty motor vehicles.
2. Manufacturing heavy-duty truck chassis and assembling complete heavy-duty trucks, buses, heavy-duty motor homes, and other special purpose heavy-duty motor vehicles for highway use.
3. Manufacturing complete military armored vehicles, nonarmored military universal carriers, combat tanks, and specialized components for combat tanks.

h. Reserved for future codification purposes.

i. Reserved for future codification purposes.

j. Pharmaceutical and medicine manufacturing and distribution of pharmaceuticals and medicines. Pharmaceutical and medicine manufacturing means any of the following:

1. Manufacturing biological and medicinal products. For the purpose of this sub-subdivision, a biological product is a preparation that is synthesized from living organisms or their products and used medically as a diagnostic, preventive, or therapeutic agent. For the purpose of this sub-subdivision, bacteria, viruses, and their parts are considered living organisms.
2. Processing botanical drugs and herbs by grading, grinding, and milling.
3. Isolating active medicinal principals from botanical drugs and herbs.
4. Manufacturing pharmaceutical products intended for internal and external consumption in forms such as ampoules, tablets, capsules, vials, ointments, powders, solutions, and suspensions.

k. Reserved for future codification purposes.

l. Reserved for future codification purposes.

m. Semiconductor manufacturing. Semiconductor manufacturing means development and production of semiconductor material, devices, or components.

(4) Forfeiture. – If the owner of an eligible facility does not make the required minimum investment within five years after the first refund under this subsection with respect to the facility, the facility loses its eligibility and the owner forfeits all refunds already received under this subsection. Upon forfeiture, the owner is liable for tax under this Article equal to the amount of all past taxes refunded under this subsection, plus interest at the rate established in G.S. 105-241.1(i), computed from the date each refund was issued. The tax and interest are due 30 days after the date of the forfeiture. A person that fails to pay the tax and interest is subject to the penalties provided in G.S. 105-236.

(5) Sunset. This subsection is repealed for sales made on or after January 1, ~~2010.~~2013."

SECTION 3.2. This part becomes effective July 1, 2006, and applies to purchases made on or after that date.

PART IV. EFFECTIVE DATE

SECTION 4. Except as otherwise provided, this act is effective when it becomes law.

House Bill 2744 (Senate Bill 2006)
Economic Development Program Modifications

Sponsors: Rep. Bill Owens, Rep. Bill Daughtridge

JDIG Program

- Temporarily Increases Program Cap by $15 Million for 2006.
  - Would enable NC to compete for unusually large number of competitive projects in 2006.
  - Increase would be for 2006 grant year only.
  - Between 2003 and 2005, the JDIG Committee did not need to use $18 million of its available cap. This year it would have the ability to use up to $15 million more – but only if needed.
- Extends JDIG Program Through 2009.
- Allows Projects to Lock-in Distressed Tier Eligibility.
  - Enables projects that apply while a county is in a low tier (Tier 1-3) to receive larger, low-tier grants, even if county's tier changes to Tier 4 or 5 before the grant is awarded.
- Makes Motorsports Manufacturing Facilities Eligible for JDIG Grants.
- Allows Flexibility For Companies With Start-up Delays.
  - JDIG program requires companies that experience start-up delays to be kicked out. But when that happens, the business loses an incentive to complete their project.
  - The bill would limit the length of the job creation period, but give JDIG Committee flexibility to halt grant payments to companies experiencing delays and allow them 2 additional years to create their jobs.
- Stabilizes JDIG Administrative and Monitoring Structure.

Lee Act Program

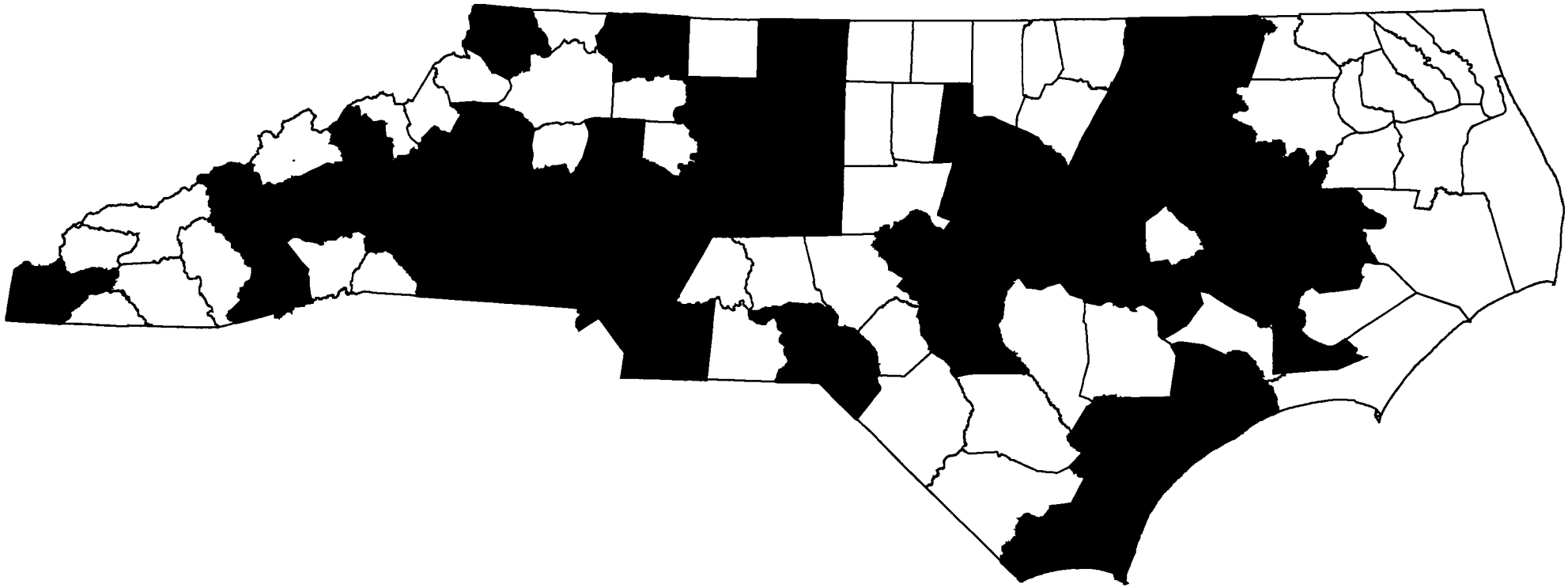
- Extends Secretary's authority though 2007 to designate "eligible major industries" for sunset extension.
  - When Lee Act was extended in 2005, this provision was inadvertently overlooked.

Sales Tax Refund on Construction Materials

- Make Investment Firm Support & IT Facilities Eligible for Refund
  - Helps make NC competitive for major Wall Street support facilities looking to locate outside of New York – a trend in the aftermath of 9/11.
- Extends Sunset Through 2012.
  - DOC has eligible projects with construction schedules beyond the current sunset date of January 1, 2010.

NC Department of Commerce
Commerce Finance Center

Job Development Investment Grant Funds
Counties Where JDIG Grants Offered in Negotiations



JDIG Negotiated

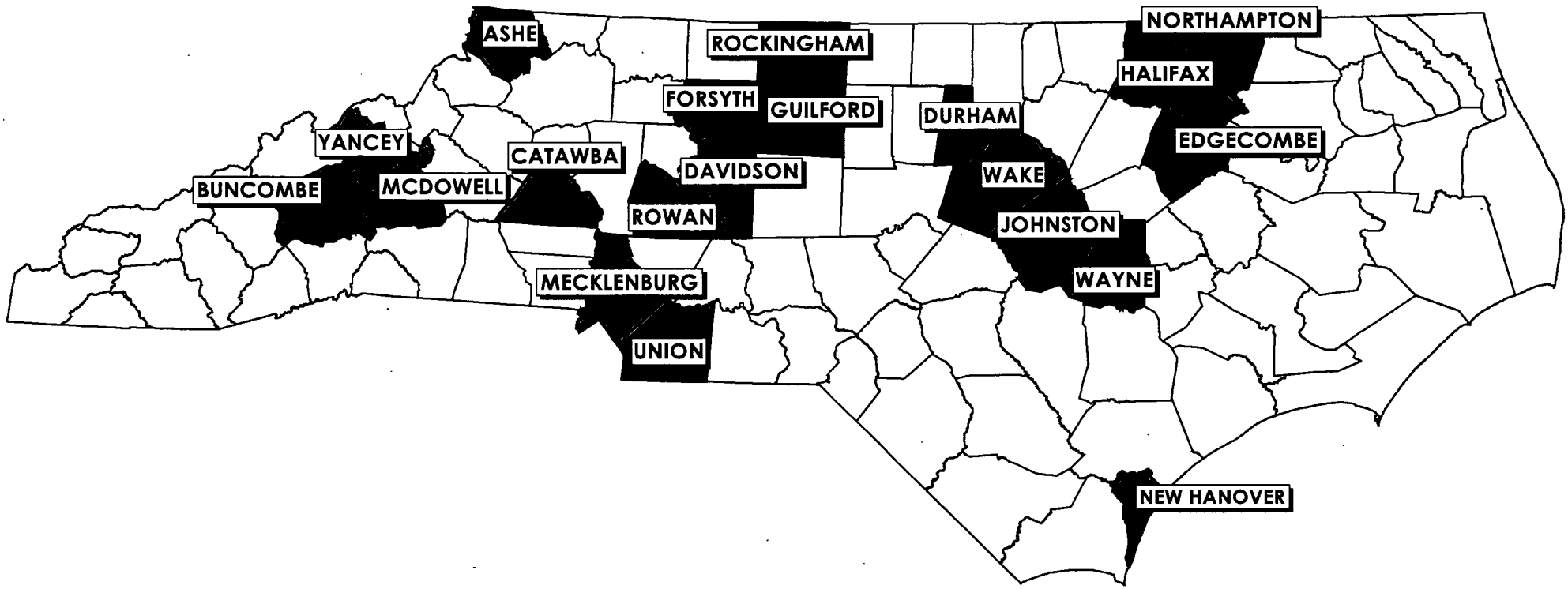
POLICY & RESEARCH
Strategic Planning
A Division of
The North Carolina Department of Commerce

Map prepared June 2006.

This map shows the geographic locations of all JDIG offered in negotiations.

NC Department of Commerce
Commerce Finance Center

Job Development Investment Grant Funds
Total Recipients by County 2003 to Present



JDIG Fund Awards by County

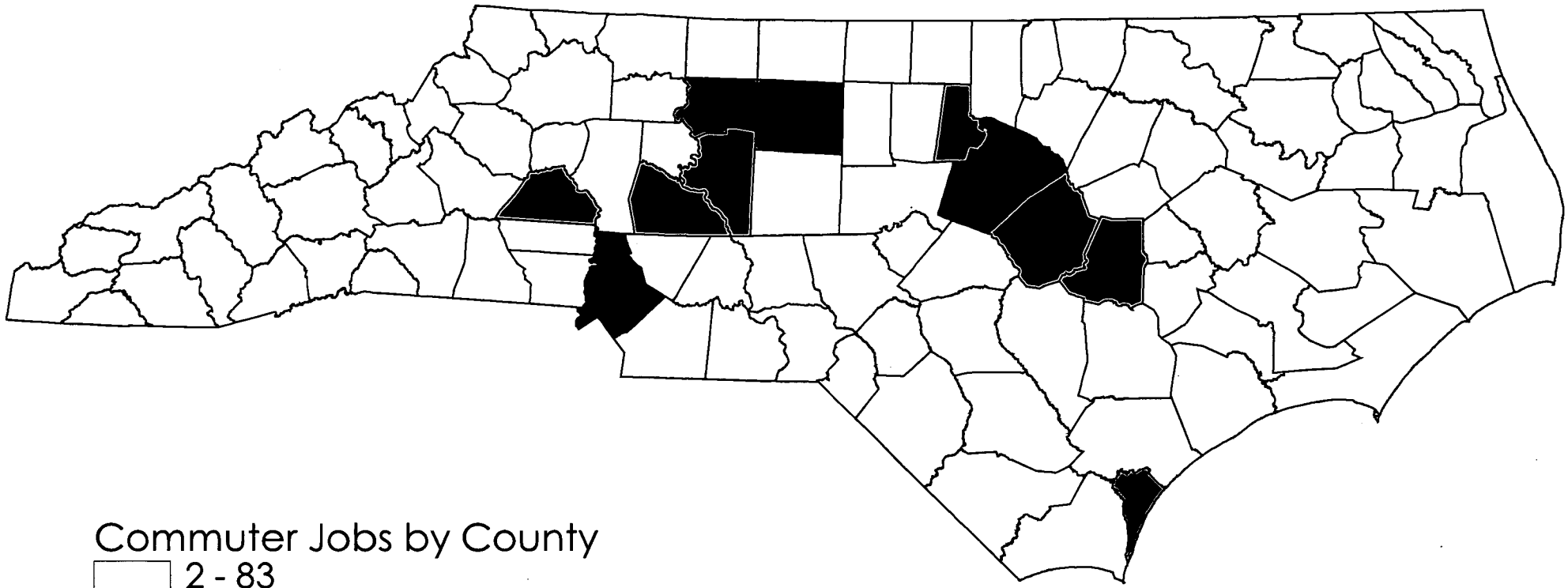
POLICY & RESEARCH
Strategic Planning
A Division of the North Carolina Department of Commerce

Map prepared June, 2006

NC Department of Commerce

DRAFT

Job Development Investment Grant Funds
Commuter Jobs Created by County



Commuter Jobs by County

- 2 - 83
- 84 - 263
- 264 - 615
- 616 - 1,225
- 1,226 - 2,131

POLICY & RESEARCH & Strategic Planning
A Division of The North Carolina Department of Commerce

Map prepared June 2006.

2005 COMMITTEE REPORT
HOUSE OF REPRESENTATIVES

The following report(s) from standing committee(s) is/are presented:

By Representative Clary, Crawford, Earle, Nye, Owens, Sherrill, Yongue (Chairs) for the Committee on APPROPRIATIONS.

☒Committee Substitute for

HB 2170 A BILL TO BE ENTITLED AN ACT TO REPLACE THE TAX CREDITS GENERALLY AVAILABLE UNDER THE WILLIAM S. LEE QUALITY JOBS AND BUSINESS EXPANSION ACT WITH MORE NARROWLY FOCUSED CREDITS FOR JOB CREATION AND BUSINESS INVESTMENT.

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

(FOR JOURNAL USE ONLY)

_____ Pursuant to Rule 32(a), the bill/resolution is re-referred to the Committee on _____.

_____ Pursuant to Rule 36(b), the (House/Senate) committee substitute bill/(joint) resolution (No._____) is placed on the Calendar of _____. (The original bill resolution No._____) is placed on the Unfavorable Calendar.

_____ The (House) committee substitute bill/(joint) resolution (No. ____) is re-referred to the Committee on _____. (The original bill/resolution) (House/Senate Committee Substitute Bill/(Joint) resolution No. ___) is placed on the Unfavorable Calendar.

Attachment No. 6

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2005

H D

HOUSE BILL 2170

Committee Substitute Favorable 6/20/06

PROPOSED COMMITTEE SUBSTITUTE H2170-CSLYx-98 [v.2]

7/5/2006 7:41:43 PM

Short Title: Bill Lee Changes. (Public)

Sponsors:

Referred to:

May 18, 2006

A BILL TO BE ENTITLED

AN ACT TO REPLACE THE TAX CREDITS GENERALLY AVAILABLE UNDER THE WILLIAM S. LEE QUALITY JOBS AND BUSINESS EXPANSION ACT WITH MORE NARROWLY FOCUSED CREDITS FOR JOB CREATION AND BUSINESS INVESTMENT.

The General Assembly of North Carolina enacts:

PART I. REPLACEMENT OF BILL LEE ACT

SECTION 1.1. Chapter 105 of the General Statutes is amended by adding a new Article to read:

"Article 3I.

"Tax Credits for Growing Businesses.

"**§ 105-129.80. Legislative findings.**

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 Article that is designed to stimulate new economic activity and to create new jobs within the State.

(4) The enactment of this Article is necessary to stimulate the economy and create new jobs in North Carolina; and this Article 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 Article is to stimulate economic activity and to create new jobs within the State.

(6) The State is in need of a focused tax credit program that encourages and facilitates economic growth and development within the State.

(7) The resources of the State are not evenly distributed throughout the State and different communities have different abilities and needs in attracting and maintaining new and expanding business and industry.

"**§ 105-129.81. Definitions.**

The following definitions apply in this Article:

(1) Agrarian growth zone. – Defined in G.S. 143B-437.10.

(2) Aircraft maintenance and repair. – The provision of specialized maintenance or repair services for commercial aircraft or the rebuilding of commercial aircraft.

(3) Air courier services. – The furnishing of air delivery of individually addressed letters and packages for compensation, in interstate commerce, except by the United States Postal Service.

(4) Business property. – Tangible personal property that is used in a business and capitalized under the Code.

(5) Company headquarters. – A corporate, subsidiary, or regional managing office, as defined by NAICS in United States industry 551114, that is responsible for strategic or organizational planning and decision making for the business on an international, national, or multistate regional basis.

(6) Cost. – In the case of property owned by the taxpayer, cost is determined pursuant to regulations adopted under section 1012 of the Code. In the case of property the taxpayer leases from another, cost is value as determined pursuant to G.S. 105-130.4(j)(2).

(7) Customer service call center. – The provision of support service by a business to its customers by telephone or other electronic means to

support products or services of the business. For the purposes of this definition, an establishment is primarily engaged in providing support services by telephone or other electronic means only if at least sixty percent (60%) of its calls are incoming or at least sixty percent (60%) of its other electronic communications are initiated by its customers.

(8) Development tier. – The classification assigned to an area pursuant to G.S. 143B-437.08.

(9) Electronic shopping and mail order houses. – An industry in electronic shopping and mail order houses industry group 4541 as defined by NAICS.

(10) Establishment. – Defined in 29 C.F.R. § 1904.46, as it existed on January 1, 2002.

(11) Full-time job. – A position that requires at least 1,600 hours of work per year and is intended to be held by one employee during the entire year. A full-time employee is an employee who holds a full-time job.

(12) Hub. – Defined in G.S. 105-164.3.

(13) Information technology and services. – An industry in one of the following:

a. Internet service providers, Web search portals, and data processing subsector 518 as defined by NAICS.

b. Software publishers industry group 5112 as defined by NAICS.

c. Computer systems design and related services industry group 5415 as defined by NAICS.

(14) Long-term unemployed worker. – An individual that has been totally unemployed for at least the preceding 26 consecutive weeks as evidenced by records maintained by the Employment Security Commission.

(15) Manufacturing. – An industry in manufacturing sectors 31 through 33, as defined by NAICS, but not including quick printing or retail bakeries.

(16) Motorsports facility. – A motorsports racetrack classified in the United States racetrack national industry 711212, as defined by NAICS.

(17) Motorsports racing team. – A professional racing team primarily engaged in the research and development, design, manufacture, repair, maintenance, and operation of motor vehicles used in live motorsports racing events before a paying audience.

(18) NAICS. – The North American Industry Classification System adopted by the United States Office of Management and Budget as of December 31, 2002.

(19) New job. – A full-time job that represents a net increase in the number of the taxpayer's employees statewide. A new employee is an employee who holds a new job. The term does not include a job currently located in this State that is transferred to the business from a related member of the business.

(20) Overdue tax debt. – Defined in G.S. 105-243.1.
(21) Purchase. – Defined in section 179 of the Code.
(22) Related member. – Defined in G.S. 105-130.7A.
(23) Research and development. – An industry in scientific research and development services industry group 5417 as defined by NAICS.
(24) Urban progress zone. – The classification assigned to an area pursuant to G.S. 143B-437.09.
(25) Warehousing. – An industry in warehousing and storage subsector 493 as defined by NAICS.
(26) Wholesale trade. – An industry in wholesale trade sector 42 as defined by NAICS.

"**§ 105-129.82. Sunset; studies.**

(a) Sunset. – This Article is repealed effective for business activities that occur on or after January 1, 2011.

(b) Equity Study. – The Department of Commerce shall study the effect of the tax incentives provided in this Article on tax equity. This study shall include the following:

(1) Reexamining the formula in G.S. 143B-437.08 used to define development tiers, to include consideration of alternative measures for more equitable treatment of counties in similar economic circumstances.
(2) Considering whether the assignment of tiers and the applicable thresholds are equitable for smaller counties.
(3) Compiling any available data on whether expanding North Carolina businesses receive fewer benefits than out-of-State businesses that locate to North Carolina.

(c) Impact Study. – The Department of Commerce shall study the effectiveness of the tax incentives provided in this Article. This study shall include:

(1) Studying the distribution of tax incentives across new and expanding businesses and industries.
(2) Examining data on economic recruitment for the period from 2005 through the most recent year for which data are available by county, by industry type, by size of investment, and by number of jobs, and other relevant information to determine the pattern of business locations and expansions before and after the enactment of this Article.
(3) Measuring the direct costs and benefits of the tax incentives.
(4) Compiling available information on the current use of incentives by other states and whether that use is increasing or declining.

(d) Report. – The Department of Commerce shall report the results of these studies and its recommendations to the General Assembly biennially with the first report due by June 1, 2009.

"**§ 105-129.83. Eligibility; forfeiture.**

(a) Eligible Business. – A taxpayer is eligible for a credit under this Article only with respect to activities occurring at an establishment whose primary activity is listed

in this subsection. The primary activity of an establishment is determined based on the establishment's principal product or group of products produced or distributed, or services rendered.

(1) Aircraft maintenance and repair.
(2) Air courier services hub.
(3) Company headquarters, but only if the additional eligibility requirements of subsection (b) of this section are satisfied.
(4) Customer service call centers.
(5) Electronic shopping and mail order houses.
(6) Information technology and services.
(7) Manufacturing.
(8) Motorsports facility.
(9) Motorsports racing team.
(10) Research and development.
(11) Warehousing.
(12) Wholesale trade.

(b) Company Headquarters Eligibility. – A taxpayer is eligible for a credit under this Article with respect to a company headquarters only if the taxpayer creates at least 75 new jobs at the company headquarters within a 24-month period. A taxpayer that meets this job creation requirement is eligible for credits under this Article with respect to the company headquarters for three taxable years beginning with the year in which the job creation requirement is satisfied. A taxpayer that creates an additional 75 new jobs at the company headquarters in a 24-month period during a three-year eligibility period does not qualify for any extended eligibility period. However, a taxpayer that creates an additional 75 new jobs at the company headquarters in a 24-month period after the completion of a three-year eligibility period is eligible for credits with respect to the company headquarters for an additional three taxable years beginning in the year in which the additional job creation requirement is satisfied.

(c) Wage Standard. – A taxpayer is eligible for a credit under this Article in a development tier two or three area only if the taxpayer satisfies a wage standard. The taxpayer is not required to satisfy a wage standard if the activity occurs in a development tier one area. Jobs that are located within an urban progress zone or an agrarian growth zone but not in a development tier one area satisfy the wage standard if they pay an average weekly wage that is at least equal to ninety percent (90%) of the lesser of the average wage for all insured private employers in the State and the average wage for all insured private employers in the county. All other jobs satisfy the wage standard if they pay an average weekly wage that is at least equal to the lesser of one hundred ten percent (110%) of the average wage for all insured private employers in the State and ninety percent (90%) of the average wage for all insured private employers in the county. The Department of Commerce shall annually publish the wage standard for each county.

In making the wage calculation, the taxpayer shall include any jobs 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 jobs 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 shall use the wage standard for the calendar year in which the taxable year begins. Only full-time jobs are included when making the wage calculation.

(d) Health Insurance. – A taxpayer is eligible for a credit under this Article only if the taxpayer provides health insurance for all of the full-time jobs at the establishment with respect to which the credit is claimed when the taxpayer engages in the activity that qualifies for the credit. For the purposes of this subsection, a taxpayer 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 taxpayer claims a credit or carryforward of a credit allowed under this Article, the taxpayer shall provide with the tax return the taxpayer's certification that the taxpayer continues to provide health insurance for all the jobs at the establishment with respect to which the credit was claimed. If the taxpayer ceases to provide health insurance for the jobs during a taxable year, the credit expires and the taxpayer may not take any remaining installment or carryforward of the credit.

(e) Environmental Impact. – A taxpayer is eligible for a credit allowed under this Article only if the taxpayer certifies that, at the time the taxpayer claims the credit, at the establishment with respect to which the credit is claimed, the taxpayer has no pending administrative, civil, or criminal enforcement action based on alleged significant violations of any program implemented by an agency of the Department of Environment and Natural Resources and has had no final determination of responsibility for any significant administrative, civil, or criminal violation of any program implemented by an agency of the Department of Environment and Natural Resources within the last five years. A significant violation is a violation or alleged violation that does not satisfy any of the conditions of G.S. 143-215.6B(d). The Secretary of Environment and Natural Resources shall notify the Department of Revenue annually of every person that currently has any of these pending actions and every person that has had any of these final determinations within the last five years.

(f) Safety and Health Programs. – A taxpayer is eligible for a credit allowed under this Article only if the taxpayer certifies that, as of the time the taxpayer claims the credit, at the establishment with respect to which the credit is claimed, the taxpayer has no citations under the Occupational Safety and Health Act that have become a final order within the past three years for willful serious violations or for failing to abate serious violations. For the purposes of this subsection, 'serious violation' has the same meaning as in G.S. 95-127. The Commissioner of Labor shall notify the Department of Revenue annually of all employers who have had these citations become final orders within the past three years.

(g) Overdue Tax Debts. – A taxpayer is not eligible for a credit allowed under this Article if, at the time the taxpayer claims the credit or an installment or carryforward of the credit, the taxpayer has received a notice of an overdue tax debt and that overdue tax debt has not been satisfied or otherwise resolved.

(h) Expiration. – If, during the period that installments of a credit under this Article accrue, the taxpayer is no longer engaged in one of the types of business described in subsection (a) of this section at the establishment for which the credit was claimed, the credit expires. If, during the period that installments of a credit under this Article accrue, the number of jobs of an eligible company headquarters falls below the minimum number required under subsection (b) of this section, any credit associated with that company headquarters expires. When a credit expires, the taxpayer may not take any remaining installments of the credit. The taxpayer may, however, take the portion of an installment that accrued in a previous year and was carried forward to the extent permitted under G.S. 105-129.84. A change in the development tier designation of the location of an establishment does not result in expiration of a credit under this Article.

(i) Forfeiture. – A taxpayer forfeits a credit allowed under this Article if the taxpayer was not eligible for the credit for the calendar year in which the taxpayer engaged in the activity for which the credit was claimed. In addition, a taxpayer forfeits a credit for investment in real property under G.S. 105-129.89 if the taxpayer fails to timely create the number of required new jobs or to timely make the required level of investment under G.S. 105-129.89(b). A taxpayer that forfeits a credit under this Article is liable for all past taxes avoided as a result of the credit plus interest at the rate established under G.S. 105-241.1(i), computed from the date the taxes would have been due if the credit had not been allowed. The past taxes and interest are due 30 days after the date the credit is forfeited; a taxpayer that fails to pay the past taxes and interest by the due date is subject to the penalties provided in G.S. 105-236.

(j) Change in Ownership of Business. – As used in this subsection, the term 'business' means a taxpayer or an establishment. The sale, merger, consolidation, conversion, acquisition, or bankruptcy of a business, or any transaction by which an existing business reformulates itself as another business, does not create new eligibility in a succeeding business with respect to credits for which the predecessor was not eligible under this Article. A successor business may, however, take any credit or carried-over portion of a credit that its predecessor could have taken if it had a tax liability. The acquisition of a business is a new investment that creates new eligibility in the acquiring taxpayer under this Article if either of the following conditions is met:

(1) The business closed before it was acquired.

(2) The business was required to file a notice of plant closing or mass layoff under the federal Worker Adjustment and Retraining Notification Act, 29 U.S.C. § 2101, before it was acquired.

(3) The business was acquired by its employees directly or indirectly through an acquisition company under an employee stock option transaction or another similar mechanism. For the purpose of this subdivision, 'acquired' means that as part of the initial purchase of a business by the employees, the purchase included an agreement for the employees through the employee stock option transaction or another similar mechanism to obtain one of the following:

a. Ownership of more than fifty percent (50%) of the business.

b. Ownership of not less than forty percent (40%) of the business within seven years if the business has tangible assets with a net book value in excess of one hundred million dollars ($100,000,000) and has the majority of its operations located in a development tier one area.

(k) Advisory Ruling. – A taxpayer may request in writing from the Secretary of Revenue specific advice regarding eligibility for a credit under this Article. G.S. 105-264 governs the effect of this advice. A taxpayer may not legally rely upon advice offered by any other State or local government official or employee acting in an official capacity regarding eligibility for a credit under this Article.

(l) Planned Expansion. – A taxpayer that signs a letter of commitment with the Department of Commerce, after the Department has calculated the development tier designations for the next year but before the beginning of that year, to undertake specific activities at a specific site within the next two years may calculate the credit for which it qualifies based on the establishment's development tier designation and urban progress zone or agrarian growth zone designation in the year in which the letter of commitment was signed by the taxpayer. If the taxpayer does not engage in the activities within the two-year period, the taxpayer does not qualify for the credit; however, if the taxpayer later engages in the activities, the taxpayer qualifies for the credit based on the development tier and urban progress zone or agrarian growth zone designations in effect at that time.

"**§ 105-129.84. Tax election; cap; carryforwards; limitations.**

(a) Tax Election. – The credits provided in this Article are allowed against the franchise tax levied in Article 3 of this Chapter, the income taxes levied in Article 4 of this Chapter, and the gross premiums tax levied in Article 8B of this Chapter. The taxpayer may divide a credit between the taxes against which it is allowed. Carryforwards of a credit may be divided between the taxes against which it is allowed without regard to the original election regarding the division of the credit.

(b) Cap. – The credits allowed under this Article may not exceed fifty percent (50%) of the cumulative amount of taxes against which they may be claimed for the taxable year, reduced by the sum of all other credits allowed against those taxes, except tax payments made by or on behalf of the taxpayer. This limitation applies to the cumulative amount of credit, including carryforwards, claimed by the taxpayer under this Article for the taxable year.

(c) Carryforward. – Unless a longer carryforward period applies, any unused portion of a credit allowed under G.S. 105-129.87 or G.S. 105-129.88 may be carried forward for the succeeding five years, and any unused portion of a credit allowed under G.S. 105-129.89 may be carried forward for the succeeding 15 years. If the Secretary of Commerce makes a written determination that the taxpayer is expected to purchase or lease, and place in service in connection with an eligible business within a two-year period, at least one hundred fifty million dollars ($150,000,000) worth of business and real property, any unused portion of a credit under this Article with respect to the establishment that satisfies that condition may be carried forward for the succeeding 20

years. If the taxpayer does not make the required level of investment, the taxpayer shall apply the five-year carryforward period rather than the 20-year carryforward period.

(d) Statute of Limitations. – Notwithstanding Article 9 of this Chapter, a taxpayer shall claim a credit under this Article within six months after the date set by statute for the filing of the return, including any extensions of that date.

"**§ 105-129.85. Fees and reports.**

(a) Fee. – When filing a return for a taxable year in which the taxpayer engaged in activity for which the taxpayer is eligible for a credit under this Article, the taxpayer shall pay the Department of Revenue a fee of five hundred dollars ($500.00) for each type of credit the taxpayer claims or intends to claim with respect to an establishment. The fee is due at the time the return is due for the taxable year in which the taxpayer engaged in the activity for which the taxpayer is eligible for a credit. No credit is allowed under this Article for a taxable year until all outstanding fees have been paid. Fees collected under this section shall be credited to the General Fund.

(b) Reports. – The Department of Revenue shall publish by May 1 of each year the following information itemized by credit and by taxpayer for the 12-month period ending the preceding December 31:

(1) The number and amount of credits generated and taken for each credit allowed in this Article.

(2) The number and development tier area of new jobs with respect to which credits were generated and to which credits were taken.

(3) The cost and development tier area of business property with respect to which credits were generated and to which credits were taken.

(4) The cost and development tier area of real property investment with respect to which credits were generated and to which credits were taken.

"**§ 105-129.86. Substantiation.**

(a) Records. – To claim a credit allowed by this Article, the taxpayer shall provide any information required by the Secretary of Revenue. Every taxpayer claiming a credit under this Article shall maintain and make available for inspection by the Secretary of Revenue any records the Secretary considers necessary to determine and verify the amount of the credit to which the taxpayer is entitled. The burden of proving eligibility for the credit and the amount of the credit shall rest upon the taxpayer, and no credit shall be allowed to a taxpayer that fails to maintain adequate records or to make them available for inspection.

(b) Documentation. – Each taxpayer shall provide with the tax return qualifying information for each credit claimed under this Article. The qualifying information shall be in the form prescribed by the Secretary and shall be signed and affirmed by the individual who signs the taxpayer's tax return. The information required by this subsection is information demonstrating that the taxpayer has met the conditions for qualifying for a credit and any carryforwards and includes the following:

(1) The physical location of the jobs and investment with respect to which the credit is claimed, including the street address and the development tier designation of the establishment.

(2) The type of business with respect to which the credit is claimed and the average weekly wage at the establishment with respect to which the credit is claimed.

(3) Any other qualifying information related to a specific credit allowed under this Article.

"**§ 105-129.87. Credit for creating jobs.**

(a) Credit. – A taxpayer that meets the eligibility requirements set out in G.S. 105-129.83 and satisfies the threshold requirement for new job creation in this State under subsection (b) of this section during the taxable year is allowed a credit for creating jobs. The amount of the credit for each new job created is set out in the table below and is based on the development tier designation of the county in which the job is located. If the job is located in an urban progress zone or an agrarian growth zone, the amount of the credit is increased by one thousand dollars ($1,000) per job. In addition, if a job located in an urban progress zone or an agrarian growth zone is filled by a resident of that zone or by a long-term unemployed worker, the amount of the credit is increased by an additional two thousand dollars ($2,000) per job.

Area Development Tier	Amount of Credit
Tier One	$12,500
Tier Two	5,000
Tier Three	750

(b) Threshold. – The applicable threshold is the appropriate amount set out in the following table based on the development tier designation of the county where the new jobs are created during the taxable year. If the taxpayer creates new jobs at more than one eligible establishment in a county during the taxable year, the threshold applies to the aggregate number of new jobs created at all eligible establishments within the county during that year. If the taxpayer creates new jobs at eligible establishments in different counties during the taxable year, the threshold applies separately to the aggregate number of new jobs created at eligible establishments in each county. If the taxpayer creates new jobs in an urban progress zone or an agrarian growth zone, the applicable threshold is the one for a development tier one area.

Area Development Tier	Threshold
Tier One	5
Tier Two	10
Tier Three	15

(c) Calculation. – A job is located in a county, an urban progress zone, or an agrarian growth zone if more than fifty percent (50%) of the employee's duties are performed in the county or the zone. The number of new jobs a taxpayer creates during the taxable year is determined by subtracting the average number of full-time employees the taxpayer had in this State during the 12-month period preceding the beginning of the taxable year from the average number of full-time employees the taxpayer has in this State during the taxable year.

(d) Installments. – The credit may not be taken in the taxable year in which the new jobs are created. Instead, the credit shall be taken in equal installments over the four years following the taxable year in which the new jobs were created and is

conditional upon the continued maintenance of those jobs by the taxpayer. If, in one of the four years in which the installment of a credit accrues, a job is no longer filled, the credit with respect to that job expires, and the taxpayer may not take any remaining installment of the credit with respect to that job. If, in one of the years in which the installment of a credit accrues, the number of the taxpayer's full-time employees falls below the sum of the applicable threshold and the number of full-time employees the taxpayer had in the year before the year in which the taxpayer qualified for the credit, the credits with respect to all of the new jobs expire, and the taxpayer may not take any remaining installments of the credits. When a credit expires under this subsection, the taxpayer may, however, take the portion of an installment that accrued in a previous year and was carried forward to the extent permitted under G.S. 105-129.84.

(e) Transferred Jobs. – Jobs transferred from one area in the State to another area in the State are not considered new jobs for purposes of this section. Jobs that were located in this State and that are transferred to the taxpayer from a related member of the taxpayer are not considered new jobs for purposes of this section. If, in one of the four years in which the installment of a credit accrues, the job with respect to which the credit was claimed is moved to an area in a higher-numbered development tier or out of an urban progress zone or an agrarian growth zone, the remaining installments of the credit are allowed only to the extent they would have been allowed if the job was initially created in the area to which it was moved. If, in one of the years in which the installment of a credit accrues, the job with respect to which the credit was claimed is moved to an area in a lower-numbered development tier or an urban progress zone or an agrarian growth zone, the remaining installments of the credit shall be calculated as if the job had been created initially in the area to which it was moved.

(f) Wage Standard. – For the purposes of this section, a taxpayer satisfies the wage standard requirement of G.S. 105-129.83 only if the taxpayer satisfies the requirement with respect to both the new jobs, considered collectively, for which a credit is claimed and all of the jobs at the establishment, considered collectively, with respect to which a credit is claimed.

(g) No Double Credit. – A taxpayer may not claim a credit under this section with respect to jobs for which a taxpayer claims a credit under G.S. 105-129.8.

"**§ 105-129.88. Credit for investing in business property.**

(a) General Credit. – A taxpayer that meets the eligibility requirements set out in G.S. 105-129.83 and that has purchased or leased business property and placed it in service in this State during the taxable year and that has satisfied the threshold requirements of subsection (c) of this section is allowed a credit equal to the applicable percentage of the excess of the eligible investment amount over the applicable threshold. If the taxpayer places business property in service in an urban progress zone or an agrarian growth zone, the applicable percentage is the one for a development tier one area. Business property is eligible if it is not leased to another party. The credit may not be taken for the taxable year in which the business property is placed in service but shall be taken in equal installments over the four years following the taxable year in which it is placed in service. The applicable percentage is as follows:

Area Development Tier	**Applicable Percentage**

Tier One	7%
Tier Two	5%
Tier Three	3.5%

(b) Eligible Investment Amount. – The eligible investment amount is the lesser of (i) the cost of the eligible business property and (ii) the amount by which the cost of all of the taxpayer's eligible business property that is in service in this State on the last day of the taxable year exceeds the cost of all of the taxpayer's eligible business property that was in service in this State on the last day of the base year. The base year is that year, of the three immediately preceding taxable years, in which the taxpayer had the most eligible business property in service in this State.

(c) Threshold. – The applicable threshold is the appropriate amount set out in the following table based on the development tier where the eligible business property is placed in service during the taxable year. If the taxpayer places business property in service in an urban progress zone or an agrarian growth zone, the applicable threshold is the one for a development tier one area. If the taxpayer places eligible business property in service at more than one establishment in a county during the taxable year, the threshold applies to the aggregate amount of eligible business property placed in service during the taxable year at all establishments in the county. If the taxpayer places eligible business property in service at establishments in different counties, the threshold applies separately to the aggregate amount of eligible business property placed in service in each county. 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 Development Tier	**Threshold**
Tier One	$ -0-
Tier Two	1,000,000
Tier Three	2,000,000

(d) Expiration. – As used in this subsection, the term 'disposed of' means disposed of, taken out of service, or moved out of State. If, in one of the four years in which the installment of a credit accrues, the business property with respect to which the credit was claimed is disposed of, the credit expires, and the taxpayer may not take any remaining installment of the credit for that business property unless the cost of that business property is offset in the same taxable year by the taxpayer's new investment in eligible business property placed in service in the same county, as provided in this subsection. If, during the taxable year, the taxpayer disposed of the business property for which installments remain, there has been a net reduction in the cost of all the taxpayer's eligible business property that are in service in the same county as the business property that was disposed of, and the amount of this reduction is greater than twenty percent (20%) of the cost of the business property that was disposed of, then the credit for the business property that was disposed of expires. If the amount of the net reduction is equal to twenty percent (20%) or less of the cost of the business property that was disposed of, or if there is no net reduction, then the credit does not expire. In determining the amount of any net reduction during the taxable year, the cost of

business property the taxpayer placed in service during the taxable year and for which the taxpayer claims a credit under Article 3A or Article 3B of this Chapter may not be included in the cost of all the taxpayer's eligible business property that is in service. If in a single taxable year business property with respect to two or more credits in the same county are disposed of, the net reduction in the cost of all the taxpayer's eligible business property that is in service in the same county is compared to the total cost of all the business property for which credits expired in order to determine whether the remaining installments of the credits are forfeited.

The expiration of a credit does not prevent the taxpayer from taking the portion of an installment that accrued in a previous year and was carried forward to the extent permitted under G.S. 105-129.84.

(e) Transferred Property. – If, in one of the four years in which the installment of a credit accrues, the business property with respect to which the credit was claimed is moved to a county in a higher-numbered development tier or to an urban progress zone or an agrarian growth zone, the remaining installments of the credit are allowed only to the extent they would have been allowed if the business property had been placed in service initially in the area to which it was moved. If, in one of the four years in which the installment of a credit accrues, the business property with respect to which a credit was claimed is moved to a county in a lower-numbered development tier or an urban progress zone or an agrarian growth zone, the remaining installments of the credit shall be calculated as if the business property had been placed in service initially in the area to which it was moved.

(f) Wage Standard. – For the purposes of this section, a taxpayer satisfies the wage standard requirement of G.S. 105-129.83 only if the taxpayer satisfies the requirement with respect to all of the jobs at the establishment, considered collectively, with respect to which a credit is claimed.

(g) No Double Credit. – A taxpayer may not claim a credit under this section with respect to business property for which the taxpayer claims a credit under G.S. 105-129.9 or G.S. 105-129.9A.

"**§ 105-129.89. Credit for investment in real property.**

(a) Credit. – If a taxpayer that has purchased or leased real property in a development tier one area begins to use the property in an eligible business during the taxable year, the taxpayer is allowed a credit equal to thirty percent (30%) of the eligible investment amount if all of the eligibility requirements of G.S. 105-129.83 and of subsection (b) of this section are met. For the purposes of this section, property is located in a development tier one area if the area the property is located in was a development tier one area at the time the taxpayer made a written application for the determination required under subsection (b) of this section. The eligible investment amount is the lesser of (i) the cost of the property and (ii) the amount by which the cost of all of the real property the taxpayer is using in this State in an eligible business on the last day of the taxable year exceeds the cost of all of the real property the taxpayer was using in this State in an eligible business on the last day of the base year. The base year is that year, of the three immediately preceding taxable years, in which the taxpayer was using the most real property in this State in an eligible business. In the case of property

that is leased, the cost of the property is not determined as provided in G.S. 105-129.81 but is considered to be the taxpayer's lease payments over a seven-year period, plus any expenditures made by the taxpayer to improve the property before it is used by the taxpayer if the expenditures are not reimbursed or credited by the lessor. The entire credit may not be taken for the taxable year in which the property is first used in an eligible business but shall be taken in equal installments over the seven years following the taxable year in which the property is first used in an eligible business. When part of the property is first used in an eligible business in one year and part is first used in an eligible business in a later year, separate credits may be claimed for the amount of property first used in an eligible business in each year. The basis in any real property for which a credit is allowed under this section shall be reduced by the amount of credit allowable.

(b) Determination by the Secretary of Commerce. – A taxpayer is eligible for the credit allowed under this section with respect to an establishment only if the Secretary of Commerce makes a written determination that the taxpayer is expected to purchase or lease and use in an eligible business at that establishment within a three-year period at least ten million dollars ($10,000,000) of real property and that the establishment that is the subject of the credit will create at least 200 new jobs within two years of the time that the property is first used in an eligible business. If the taxpayer fails to timely make the required level of investment or fails to timely create the required number of new jobs, the taxpayer forfeits the credit as provided in G.S. 105-129.83.

(c) Mixed Use Property. – If the taxpayer uses only part of the property in an eligible business, the amount of the credit allowed under this section is reduced by multiplying it by a fraction, the numerator of which is the square footage of the property used in an eligible business and the denominator of which is the total square footage of the property.

(d) Expiration. – If, in one of the seven years in which the installment of a credit accrues, the property with respect to which the credit was claimed is no longer used in an eligible business, the credit expires, and the taxpayer may not take any remaining installment of the credit. If, in one of the seven years in which the installment of a credit accrues, part of the property with respect to which the credit was claimed is no longer used in an eligible business, the remaining installments of the credit shall be reduced by multiplying it by the fraction described in subsection (c) of this section. If, in one of the years in which the installment of a credit accrues and by which the taxpayer is required to have created 200 new jobs at the property, the total number of employees the taxpayer employs at the property with respect to which the credit is claimed is less than 200, the credit expires, and the taxpayer may not take any remaining installment of the credit.

In each of these cases, the taxpayer may nonetheless take the portion of an installment that accrued in a previous year and was carried forward to the extent permitted under G.S. 105-129.84.

(e) No Double Credit. – A taxpayer may not claim a credit under this section with respect to real property for which a credit is claimed under G.S. 105-129.12 or G.S. 105-129.12A."

SECTION 1.2. Part 2 of Article 10 of Chapter 143B is amended by adding three new sections to read:

"**§ 143B-437.08. Development tier designation.**

(a) Tiers Defined. – A development tier one area is a county whose annual ranking is one of the 40 highest in the State. A development tier two area is a county whose annual ranking is one of the next 40 highest in the State. A development tier three area is a county that is not in a lower-numbered development tier.

(b) Development Factor. – Each year, on or before November 30, the Secretary of Commerce shall assign to each county in the State a development factor that is the sum of the following:

(1) The county's rank in a ranking of counties by average rate of unemployment from lowest to highest, for the most recent 12 months for which data are available.

(2) The county's rank in a ranking of counties by median household income from highest to lowest, for the most recent 12 months for which data are available.

(3) The county's rank in a ranking of counties by percentage growth in population from highest to lowest, for the most recent 36 months for which data are available.

(4) The county's rank in a ranking of counties by adjusted assessed property value per capita as published by the Department of Public Instruction, from highest to lowest, for the most recent taxable year.

(c) Annual Ranking. – After computing the development factor as provided in this section and making the adjustments required in this section, the Secretary of Commerce shall rank all the counties within the State according to their development factor from highest to lowest. The Secretary shall then identify all the areas of the State by development tier and publish this information. A development tier designation is effective only for the calendar year following the designation.

(d) Data. – In measuring rates of unemployment and median household income, the Secretary shall use the latest available data published by a State or federal agency generally recognized as having expertise concerning the data. In measuring assessed property value, the Secretary shall use the tax records prepared in each county. In measuring population and population growth, the Secretary shall use the most recent estimates of population certified by the State Budget Officer. For the purposes of this section, population statistics do not include people incarcerated in federal or State prisons.

(e) Adjustment for Certain Small Counties. – Regardless of the actual development factor, any county that has a population of less than 12,000 shall automatically be ranked one of the 40 highest counties, and any county that has a population of less than 50,000 shall automatically be ranked one of the 80 highest counties.

(f) Adjustment for Development Tier One Areas. – Regardless of the actual development factor, a county designated as a development tier one area shall

automatically be ranked one of the 40 highest counties until it has been a development tier one area for at least two consecutive years.

(g) Exception for Two-County Industrial Park. – An eligible two-county industrial park has the lower development tier designation of the designations of the two counties in which it is located if it meets all of the following conditions:

(1) It is located in two contiguous counties, one of which has a lower development tier designation than the other.

(2) At least one-third of the park is located in the county with the lower tier designation.

(3) It is owned by the two counties or a joint agency of the counties.

(4) The county with the lower tier designation contributed at least the lesser of one-half of the cost of developing the park or a proportion of the cost of developing the park equal to the proportion of land in the park located in the county with the lower tier designation.

(h) Exception for Certain Multijurisdictional Industrial Parks. – An eligible industrial park created by interlocal agreement under G.S. 158-7.4 has the lowest development tier designation of the designations of the counties in which it is located if all of the following conditions are satisfied:

(1) The industrial park is located, at one or more sites, in three or more contiguous counties.

(2) At least one of the counties in which the industrial park is located is a development tier one area.

(3) The industrial park is owned by three or more units of local government or a nonprofit corporation owned or controlled by three or more units of local government.

(4) In each county in which the industrial park is located, the park has at least 250 developable acres. For the purposes of this subdivision, 'developable acres' includes acreage that is owned directly by the industrial park or its owners or that is the subject of a development agreement between the industrial park or its owners and a third-party owner.

(5) The total population of all of the counties in which the industrial park is located is less than 200,000.

(6) In each county in which the industrial park is located, at least sixteen and eight-tenths percent (16.8%) of the population was Medicaid eligible for the 2003-2004 fiscal year based on 2003 population estimates.

"**§ 143B-437.09. Urban progress zone designation.**

(a) Urban Progress Zone Defined. – An urban progress zone is an area comprised of one or more contiguous census tracts, census block groups, or both, or parts thereof, in the most recent federal decennial census that meets all conditions in this subsection.

(1) All land within the zone is located in whole within the primary corporate limits of a municipality with a population of more than

10,000 according to the most recent annual population estimates certified by the State Budget Officer.

(2) Every census tract and census block group that composes part of the zone meets at least one of the following conditions:

a. More than twenty percent (20%) of its population is below the poverty level according to the most recent federal decennial census.

b. At least fifty percent (50%) of the area of the portion that is within the primary corporate limits of the municipality is zoned as nonresidential and the census tract or census block group is adjacent to a census tract or block group of which at least twenty percent (20%) of the population is below the poverty level.

(3) The area of the zone zoned as nonresidential does not exceed thirty-five percent (35%) of the total area of the zone.

(b) Limitations. – No census tract or block group may be located in more than one urban progress zone. The total area of all zones within a municipality may not exceed fifteen percent (15%) of the total area of the municipality unless the smallest possible area in the municipality satisfying all of the conditions of subsection (a) of this section exceeds fifteen percent (15%) of the total area of the municipality. In the case of a municipality where the smallest possible area in the municipality satisfying all of the conditions of subsection (a) of this section exceeds fifteen percent (15%) of the total area of the municipality, the smallest possible area in the municipality satisfying all of the conditions of subsection (a) of this section may be designated as an urban poverty zone.

(c) Designation. – Upon application of a local government, the Secretary of Commerce shall make a written determination whether an area is an urban progress zone that satisfies the conditions and limitations of subsections (a) and (b) of this section. The application shall include all of the information listed in this subsection. A determination under this section is effective until December 31 of the year following the year in which the determination is made. The Department of Commerce shall publish annually a list of all urban progress zones with a description of their boundaries.

(1) A map showing the census tracts and block groups that would comprise the zone.

(2) A detailed description of the boundaries of the area that would comprise the zone.

(3) A zoning map for the municipality with the proposed zone clearly delineated upon it.

(4) A certification regarding the size of the proposed zone and the areas within the proposed zone zoned as nonresidential.

(5) Detailed census information on the municipality and the proposed zone.

(6) A resolution of the governing body of the municipality requesting the designation of the area as an urban progress zone.

(7) Any other material required by the Secretary of Commerce.

(d) Parcel of Property Partially in Urban Progress Zone. – For the purposes of this section, a parcel of property that is located partially within an urban progress zone is considered entirely within the zone if all of the following conditions are satisfied:

(1) At least fifty percent (50%) of the parcel is located within the 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.

"**§ 143B-437.10. Agrarian growth zone designation.**

(a) Agrarian Growth Zone Defined. – An agrarian growth zone is an area comprised of one or more contiguous census tracts, census block groups, or both, in the most recent federal decennial census that meets all conditions in this subsection. A county may have no more than one agrarian growth zone.

(1) All land within the zone is located in whole within a county that has no municipality with a population in excess of 10,000.

(2) Every census tract and census block group that composes part of the zone has more than twenty percent (20%) of its population below the poverty level according to the most recent federal decennial census.

(3) The area of the zone less the smallest census tract included in the zone does not exceed five percent (5%) of the total area of the county in which the zone is located.

(b) Designation. – Upon application of a county, the Secretary of Commerce shall make a written determination whether an area is an agrarian growth zone that satisfies the conditions and limitations of subsection (a) of this section. The application shall include all of the information listed in this subsection. A determination under this section is effective until December 31 of the year following the year in which the determination is made. The Department of Commerce shall publish annually a list of all urban progress zones with a description of their boundaries.

(1) A map showing the census tracts and block groups that would comprise the zone.

(2) A detailed description of the boundaries of the area that would comprise the zone.

(3) A certification regarding the size of the proposed zone.

(4) Detailed census information on the county and the proposed zone.

(5) A resolution of the board of county commissioners requesting the designation of the area as an agrarian growth zone.

(6) Any other material required by the Secretary of Commerce.

(c) Parcel of Property Partially in Agrarian Growth Zone. – For the purposes of this section, a parcel of property that is located partially within an agrarian growth zone is considered entirely within the zone if all of the following conditions are satisfied:

(1) At least fifty percent (50%) of the parcel is located within the 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 1.3. G.S. 105-129.2A reads as rewritten:

"**§ 105-129.2A. Sunset; studies.**

(a) Sunset. – This Article is repealed effective for business activities that occur on or after January 1, ~~2008.~~2007.

(a1) Sunset for Interstate Air Couriers. – Notwithstanding subsection (a) of this section, in the case of an interstate air courier that enters into a real estate lease on or before January 1, 2006, with an airport authority that provides for the lease of at least 100 acres of real property with a lease term in excess of 15 years, this Article is repealed effective for business activities that occur on or after January 1, 2010.

(a2) Sunset for Eligible Major Industries. – Notwithstanding subsection (a) of this section, in the case of a taxpayer that qualifies as an eligible major industry on or before January 1, 2006, this Article is repealed effective for business activities that occur on or after January 1, 2010.

(a3) Sunset for Certain Taxpayers Located in Development Zones. – Notwithstanding subsection (a) of this section, in the case of a taxpayer that satisfies all of the conditions of this subsection, this Article is repealed effective for business activities that occur on or after January 1, 2010.

(1) Before January 1, 2006, the taxpayer signs a letter of commitment with the Department of Commerce describing a proposed new or expanding project and specifying the amount to be invested in real property and machinery and equipment, the number of new jobs to be created, and a proposed timetable for making the investment and creating the jobs.

(2) Before January 1, 2006, the Secretary of Commerce makes a written determination that the taxpayer is expected to purchase, lease, or construct and place in service in an eligible business at a location within a development zone within a three-year period at least ten million dollars ($10,000,000) of real property and machinery and equipment and that the taxpayer will create at least 300 new jobs at the location within a three-year period beginning when the property is first placed in service in an eligible business.

(3) Before January 1, 2006, the taxpayer places at least four million dollars ($4,000,000) of real property and machinery and equipment in service at the location and creates at least 20 new jobs at the location.

(a4) Sunset for Taxpayers That Sign a Letter of Commitment. – Notwithstanding subsection (a) of this section, in the case of a taxpayer that signs a letter of commitment with the Department of Commerce on or before December 31, 2006, stating the taxpayer's intent to create new jobs or make new investments with respect to machinery and equipment, central office or aircraft facility property, or substantial investments in other real property at a specific site in this State, this Article is repealed effective for business activities that occur on or after January 1, 2008. If a taxpayer elects to take any credit under the provisions of this subsection for activities occurring in the 2007

taxable year, the taxpayer may not take any credit under Article 3I of this Chapter with respect to the same establishment for activities occurring in the 2007 taxable year.

(b) Equity Study. – The Department of Commerce shall study the effect of the tax incentives provided in this Article on tax equity. This study shall include the following:

(1) Reexamining the formula in G.S. 105-129.3(b) used to define enterprise tiers, to include consideration of alternative measures for more equitable treatment of counties in similar economic circumstances.

(2) Considering whether the assignment of tiers and the applicable thresholds are equitable for smaller counties, for example those under 50,000 in population.

(3) Compiling any available data on whether expanding North Carolina businesses receive fewer benefits than out-of-State businesses that locate to North Carolina.

(c) Impact Study. – The Department of Commerce shall study the effectiveness of the tax incentives provided in this Article. This study shall include:

(1) Study of the distribution of tax incentives across new and expanding industries.

(2) Examination of data on economic recruitment for the period from 1994 through the most recent year for which data are available by county, by industry type, by size of investment, and by number of jobs, and other relevant information to determine the pattern of business locations and expansions before and after the enactment of the William S. Lee Act incentives.

(3) Measuring the direct costs and benefits of the tax incentives.

(4) Compiling available information on the current use of incentives by other states and whether that use is increasing or declining.

(d) Report. – The Department of Commerce shall report the results of these studies and its recommendations to the General Assembly biennially with the first report due by April 1, 2001."

SECTION 1.4. There is appropriated from the General Fund to the Department of Revenue the sum of ninety-five thousand nine hundred sixty-one dollars ($95,961) for the 2006-2007 fiscal year to perform functions related to the administration of Article 3I of Chapter 105 of the General Statutes. There is appropriated from the General Fund to the Department of Commerce the sum of forty thousand dollars ($40,000) for the 2006-2007 fiscal year to perform functions related to the administration of Article 3I of Chapter 105 of the General Statutes.

SECTION 1.5. Section 1.1 of this part is effective for taxable years beginning on or after January 1, 2007. Section 1.4 of this part becomes effective July 1, 2006. The remainder of this part is effective when it becomes law.

PART II. CONFORMING CHANGES

SECTION 2.1. G.S. 105-129.55(a) reads as rewritten:

"(a) Qualified North Carolina Research Expenses. – A taxpayer that has qualified North Carolina research expenses for the taxable year is allowed a credit equal to a percentage of the expenses, determined as provided in this subsection. Only one credit is allowed under this subsection with respect to the same expenses. If more than one subdivision of this subsection applies to the same expenses, then the credit is equal to the higher percentage, not both percentages combined. If part of the taxpayer's qualified North Carolina research expenses qualifies under subdivision (2) of this subsection and the remainder qualifies under subdivision (3) of this subsection, the applicable percentages apply separately to each part of the expenses.

(1) Small business. – If the taxpayer was a small business as of the last day of the taxable year, the applicable percentage is three percent (3%).

(2) Low-tier research. – For expenses with respect to research performed in ~~an enterprise tier one, two, or three~~a development tier one area, the applicable percentage is three percent (3%).

(3) Other research. – For expenses not covered under subdivision (1) or (2) of this subsection, the percentages provided in the table below apply to the taxpayer's qualified North Carolina research expenses during the taxable year at the following levels:

Expenses Over	Up To	Rate
-0-	$50 million	1%
$50 million	$200 million	2%
$200 million	–	3%"

SECTION 2.2. G.S. 105-164.14(h) reads as rewritten:

"(h) Low Enterprise or Development Tier Machinery. – Eligible taxpayers are allowed an annual refund of sales and use taxes paid under this Article as provided in this subsection.

(1) Refunds. – An eligible person is allowed an annual refund of sales and use taxes paid by it under this Article at the general rate of tax on eligible machinery and equipment it purchases for use in an enterprise tier one area or an enterprise tier two area, as defined in G.S. ~~105-129.3.~~105-129.3 or a development tier one area, as defined in G.S. 143B-437.08. Liability incurred indirectly by the taxpayer for sales and use taxes on these items is considered tax paid by the taxpayer. 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.

(2) Eligibility. – A person is eligible for the refund provided in this subsection if it is engaged primarily in one of the businesses listed in G.S. 105-129.4(a) in an enterprise tier one area or an enterprise tier two area, as defined in G.S. ~~105-129.3.~~105-129.3 or if it is engaged primarily in one of the businesses listed in G.S. 105-129.83(a) in a development tier one area, as defined in G.S. 143B-437.08.

(3) Machinery and equipment. – For the purpose of this subsection, the term 'machinery and equipment' means engines, machinery, equipment, tools, and implements used or designed to be used in one of the businesses listed in G.S. ~~105-129.4(a).~~105-129.4(a) or 105-129.83(a). Machinery and equipment are eligible for the refund provided in this subsection if the taxpayer places them in service in an enterprise tier one area or an enterprise tier two area, as defined in G.S. ~~105-129.3,~~105-129.3, or a development tier one area, as defined in G.S. 143B-437.08, capitalizes them for tax purposes under the Code, and does not lease them to another party."

SECTION 2.3. G.S. 105-164.14(j)(2) reads as rewritten:

"(j) Certain Industrial Facilities. – The owner of an eligible facility is allowed an annual refund of sales and use taxes as provided in this subsection.

...

(2) Eligibility. – A facility is eligible under this subsection if it meets both of the following conditions:

a. It is primarily engaged in one of the industries listed in this subsection.

b. The Secretary of Commerce has certified that the owner of the facility will invest at least the required amount of private funds to construct the facility in this State. For the purpose of this subsection, costs of construction may include costs of acquiring and improving land for the facility and costs of equipment for the facility. If the facility is located in ~~an enterprise tier one, two, or three~~ a development tier one area as defined in ~~G.S. 105-129.3,~~G.S. 143B-437.08 the required amount is fifty million dollars ($50,000,000). For all other facilities, the required amount is one hundred million dollars ($100,000,000). In the case of a computer manufacturing facility, the owner may invest these funds either directly or indirectly through a related entity or strategic partner as those terms are defined in G.S. 105-129.61. In the case of a computer manufacturing facility, the term 'facility' has the same meaning as under G.S. 105-129.61."

SECTION 2.4. G.S. 143B-437.01 reads as rewritten:

"**§ 143B-437.01. Industrial Development Fund.**

(a) Creation and Purpose of Fund. – There is created in the Department of Commerce the Industrial Development Fund to provide funds to assist the local government units of the most economically distressed counties in the State in creating jobs in certain industries. The Department of Commerce shall adopt rules providing for the administration of the program. Those rules shall include the following provisions, which shall apply to each grant from the fund:

(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, electrical utility distribution lines or equipment, or transportation infrastructure 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, electrical utility lines or facilities, or transportation infrastructure 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.

(1a) The funds shall be used for projects located in economically distressed counties except that the Secretary of Commerce may use up to one hundred thousand dollars ($100,000) to provide emergency economic development assistance in any county that is documented to be experiencing a major economic dislocation.

(2) The funds shall be used by the city and county governments for projects that will directly result in the creation of new jobs. The funds shall be expended at a maximum rate of five thousand dollars ($5,000) per new job created up to a maximum of five hundred thousand dollars ($500,000) per project.

(3) There shall be no local match requirement if the project is located in ~~an enterprise tier one area as defined in G.S. 105-129.3.~~a county that has one of the 25 highest rankings under G.S. 143B-437.08 after the adjustments of that section are applied.

(4) The Department may authorize a local government that receives funds under this section to use up to two percent (2%) of the funds, if necessary, to verify that the funds are used only in accordance with law and to otherwise administer the grant or loan.

(5) No project subject to the Environmental Policy Act, Article 1 of Chapter 113A of the General Statutes, shall be funded unless the Secretary of Commerce finds that the proposed project will not have a significant adverse effect on the environment. The Secretary of Commerce shall not make this finding unless the Secretary has first received a certification from the Department of Environment and Natural Resources that concludes, after consideration of avoidance and mitigation measures, that the proposed project will not have a significant adverse effect on the environment.

(6) The funds shall not be used for any nonmanufacturing project that does not meet the wage standard set out in G.S. 105-129.4(b).

(a1) Definitions. – The following definitions apply in this section:

(1) Air courier services. – ~~A person is engaged in the air courier services business if the person's primary business is furnishing air delivery of~~

~~individually addressed letters and packages, except by the United States Postal Service.~~Defined in G.S. 105-129.81.

~~(2) Central administrative office. – Defined in the North American Industry Classification System adopted by the United States Office of Management and Budget.~~

(2a) Company headquarters. – Defined in G.S. 105-129.81.

~~(3) Data processing. – Defined in the North American Industry Classification System adopted by the United States Office of Management and Budget.~~

(4) Economically distressed county. – A county that has one of the 65 highest rankings under G.S. 143B-437.08 after the adjustments of that section are applied.~~designated as an enterprise tier one, two, or three area pursuant to G.S. 105-129.3.~~

(5) Eligible industry. – A ~~central administrative office~~company headquarters or a person engaged in the business of air courier services, ~~data processing;~~information technology and services, manufacturing, or warehousing and wholesale trade.

(6) Information technology and services. – Defined in G.S. 105-129.81.

(7) Major economic dislocation. – The actual or imminent loss of 500 or more manufacturing jobs in the county or of a number of manufacturing jobs equal to at least ten percent (10%) of the existing manufacturing workforce in the county.

(8) Manufacturing. – Defined in ~~the North American Industry Classification System adopted by the United States Office of Budget and Management.~~G.S. 105-129.81.

(9) Reserved.

(10) ~~Warehousing and wholesale trade. – Defined in the North American Industry Classification System adopted by the United States Office of Management and Budget.~~Warehousing. – Defined in G.S. 105-129.81.

(11) Wholesale trade. – Defined in G.S. 105-129.81.

(b) Repealed by Session Laws 1996, Second Extra Session, c. 13, s. 3.5.

(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, two, and three areas, as defined in G.S. 105-129.3;~~the counties that have one of the 65 highest rankings under G.S. 143B-437.08 after the adjustments of that section are applied 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, electrical utility distribution lines or equipment, or transportation infrastructure 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, electrical utility lines or facilities, or transportation infrastructure 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.

(c) Reports. – The Department of Commerce shall report annually to the General Assembly concerning the applications made to the fund and the payments made from the fund and the impact of the payments on job creation in the State. The Department of Commerce shall also report quarterly to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division on the use of the moneys in the fund, including information regarding to whom payments were made, in what amounts, and for what purposes.

(c1) In addition to the reporting requirements of subsection (c) of this section, the Department of Commerce shall report annually to the General Assembly concerning the payments made from the Utility Account and the impact of the payments on job creation in the State. The Department of Commerce shall also report quarterly to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division on the use of the moneys in the Utility Account including information regarding to whom payments were made, in what amounts, and for what purposes.

(d) Repealed by Session Laws 1996, Second Extra Session, c. 13, s. 3.5."

SECTION 2.5. G.S. 143B-437.04 reads as rewritten:

"**§ 143B-437.04. Community development block grants.**

(a) The Department of Commerce shall adopt guidelines for the awarding of Community Development Block Grants to ensure that:

(1) No local match is required for grants awarded for projects located in ~~enterprise tier one areas as defined in G.S. 105-129.3.~~counties that have one of the 25 highest rankings under G.S. 143B-437.08 after the adjustments of that section are applied.

(2) To the extent practicable, priority consideration for grants is given to projects located in ~~enterprise tier one areas as defined in G.S. 105-129.3~~counties that have one of the 25 highest rankings under G.S. 143B-437.08 after the adjustments of that section are applied or in ~~development~~ urban progress zones that have met the conditions of subsection (b) of this section.

(b) In order to qualify for the benefits of this section, after an area is designated ~~a development~~an urban progress zone under G.S. ~~105-129.3A,~~143B-437.09, the governing body of the city in which the zone is located must adopt a strategy to improve the zone and establish ~~a development~~an urban progress zone committee to oversee the strategy. The strategy and the committee must conform with requirements established by the Secretary of Commerce."

SECTION 2.6. G.S. 143B-437.51(5a) is recodified as G.S. 143B-437.51(4a) and reads as rewritten:

"(4a) ~~Enterprise~~ Development tier. – The classification assigned to an area pursuant to G.S. ~~105-129.3.~~143B-437.08."

SECTION 2.7. G.S. 143B-437.53(a) reads as rewritten:

"(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~~ development tier area, the location with the highest ~~enterprise~~ development tier area designation determines the minimum number of eligible positions that must be created.

~~Enterprise~~ Development Tier Area	Number of Eligible Positions
Tier One	10
Tier Two	~~10~~20
Tier Three	~~10~~20
~~Tier Four~~	~~20~~
~~Tier Five~~	~~20~~".

SECTION 2.8. G.S. 143B-437.55(c)(3) reads as rewritten:

"(c) Annual Reports. – The Committee shall publish a report on the Job Development Investment Grant Program on or before April 30 of each year. The report shall include the following:

...

(3) The number and ~~enterprise~~ development tier area of eligible positions created by projects with respect to which grants were awarded."

SECTION 2.9. G.S. 143B-437.56(d) reads as rewritten:

"(d) The percentage established in the agreement shall be reduced by ~~one-fourth~~fifteen percent (15%) for any eligible position that is located in a development tier two area and twenty-five percent (25%) for any eligible position that is located in ~~an enterprise~~ a development tier ~~four or five~~three area."

SECTION 2.10. G.S. 158-7.3(a) reads as rewritten:

"(a) Definitions. – The following definitions apply in this section:

(1) Development project. – A capital project that includes capital expenditures by both private persons and one or more units of local government and that increases net employment opportunities for residents of the development district or within a two-mile radius of the project, whichever is larger, and increases the local government tax base.

If the district in which such a project will occur is outside a city's central business district (as that district is defined by resolution of the city council, which definition is binding and conclusive), then, of the private development forecast for a development project by the development financing plan for the district in which the project will occur, a maximum of twenty percent (20%) of the plan's estimated square footage of floor space may be proposed for use in retail sales, hotels, banking, and financial services offered directly to consumers, and other commercial uses other than office space. The twenty percent (20%) limitation in the preceding sentence does not apply to development financing districts located in ~~an enterprise~~ a development

tier one area, as defined in G.S. ~~105-129.3,~~143B-437.08 and created primarily for tourism-related economic development, such as developments featuring facilities for exhibitions, athletic and cultural events, show and public gatherings, racing facilities, parks and recreation facilities, art galleries, museums, and art centers.

(2) Publish. – Insertion in a newspaper qualified under G.S. 1-597 to publish legal advertisements in the county or counties in which the unit is located.

(3) Unit or unit of local government. – A county, city, town, or incorporated village."

SECTION 2.11. G.S. 19A-64(c) reads as rewritten:

"(c) Distribution. – The Department shall make payments from the Spay/Neuter Account to eligible counties and cities who have made timely application for reimbursement within 30 days of the closing date for receipt of applications for that quarter. In the event that total requests for reimbursement exceed the amounts available in the Spay/Neuter Account for distribution, the monies available will be distributed as follows:

(1) Fifty percent (50%) of the monies available in the Spay/Neuter Account shall be reserved for reimbursement for eligible applicants within ~~enterprise tier one, two, and three~~development tier one areas as defined in G.S. ~~105-129.3.~~143B-437.08. The remaining fifty percent (50%) of the funds shall be used to fund reimbursement requests from eligible applicants in ~~enterprise tier four and five~~development tier two and three areas as defined in G.S. ~~105-129.3.~~143B-437.08.

(2) Among the eligible counties and cities in ~~enterprise tier one, two, and three~~development tier one areas, reimbursement shall be made to each eligible county or city in proportion to the number of dogs and cats that have received rabies vaccinations during the preceding fiscal year in that county or city as compared to the number of dogs and cats that have received rabies vaccinations during the preceding fiscal year by all of the eligible applicants in ~~enterprise tier one, two, or three~~development tier one areas.

(3) Among the eligible counties and cities in ~~enterprise tier four and five~~development tier two and three areas, reimbursement shall be made to each eligible county or city in proportion to the number of dogs and cats that have received rabies vaccinations during the preceding fiscal year in that county or city as compared to the number of dogs and cats that have received rabies vaccinations during the preceding fiscal year by all of the eligible applicants in ~~enterprise tier four and five~~development tier two and three areas.

(4) Should funds remain available from the fifty percent (50%) of the Spay/Neuter Account designated for ~~enterprise tier one, two, or three~~development tier one areas after reimbursement of all claims by eligible applicants in those areas, the remaining funds shall be made

available to reimburse eligible applicants in ~~enterprise tier four and five~~development tier two and three areas."

SECTION 2.12. G.S. 106-744(c2) reads as rewritten:

"(c2) A county that is ~~an enterprise tier four county or an enterprise tier five~~a development tier two or three county, as these tiers are defined in ~~G.S. 105-129.3(a),~~G.S. 143B-437.08, and that has prepared a countywide farmland protection plan shall match fifteen percent (15%) of the Trust Fund monies it receives with county funds. A county that has not prepared a countywide farmland protection plan shall match thirty percent (30%) of the Trust Fund monies it receives with county funds. A county that is ~~an enterprise tier one county, an enterprise tier two county, or an enterprise tier three county, as these counties are~~a development tier one county, as defined in ~~G.S. 105-129.3(a),~~G.S. 143B-437.08, and that has prepared a countywide farmland protection plan shall not be required to match any of the Trust Fund monies it receives with county funds."

SECTION 2.13. G.S. 113A-252 reads as rewritten:

"**§ 113A-252. Definitions.**

The following definitions apply in this Article:

(1) Council. – The advisory council for the Clean Water Management Trust Fund.

(2) Economically distressed local government unit. – An economically distressed county, as defined in ~~G.S. 105-129.3,~~G.S. 143B-437.01, or a local government unit located in that county.

(3) Fund. – The Clean Water Management Trust Fund created pursuant to this Article.

(4) Land. – Real property and any interest in, easement in, or restriction on real property.

(4a) Local government unit. – Defined in G.S. 159G-20.

(4b) Stormwater quality project. – Defined in G.S. 159G-20.

(5) Trustees. – The trustees of the Clean Water Management Trust Fund.

(6) Wastewater collection system. – Defined in G.S. 159G-20.

(7) Wastewater treatment works. – Defined in G.S. 159G-20."

SECTION 2.14. G.S. 146-22.3(d) reads as rewritten:

"(d) Application. – This section applies only to land acquired in counties designated as ~~an enterprise tier one or enterprise tier two~~a development tier one area under G.S. ~~105-129.3.~~143B-437.08."

SECTION 2.15. G.S. 146-22.4(c) reads as rewritten:

"(c) Application. – This section applies only to land acquired in counties designated as ~~an enterprise tier one or enterprise tier two~~a development tier one area under G.S. ~~105-129.3.~~143B-437.08."

SECTION 2.16. G.S. 146-22.5(b) reads as rewritten:

"(b) Application. – This section applies only to land acquired in counties designated as ~~an enterprise tier one or enterprise tier two~~a development tier one area under G.S. ~~105-129.3.~~143B-437.08."

SECTION 2.17. G.S. 153A-15.1(e) reads as rewritten:

"(e) Application. – This section applies only to land acquired in counties designated as ~~an enterprise tier one or enterprise tier two~~a development tier one area under G.S. ~~105-129.3.~~143B-437.08."

SECTION 2.18. G.S. 160A-425.1(c) reads as rewritten:

"(c) If an inspector declares a residential building or nonresidential building or structure to be unsafe under subsection (b) of this section, the inspector must affix a notice of the unsafe character of the structure to a conspicuous place on the exterior wall of the building. For the purposes of this section, the term "community development target area" means an area that has characteristics of ~~a development zone under G.S. 105-129.3A,~~an urban progress zone under G.S. 143B-437.09, a 'nonresidential redevelopment area' under G.S. 160A-503(10), or an area with similar characteristics designated by the city council as being in special need of revitalization for the benefit and welfare of its citizens."

SECTION 2.19. G.S. 160A-426(c) reads as rewritten:

"(c) If an inspector declares a nonresidential building or structure to be unsafe under subsection (b) of this section, the inspector must affix a notice of the unsafe character of the structure to a conspicuous place on the exterior wall of the building. For the purposes of this section, the term "community development target area" means an area that has characteristics of ~~a development zone under G.S. 105-129.3A,~~an urban progress zone under G.S. 143B-437.09, a 'nonresidential redevelopment area' under G.S. 160A-503(10), or an area with similar characteristics designated by the city council as being in special need of revitalization for the benefit and welfare of its citizens."

SECTION 2.20. G.S. 105-129.51(a) reads as rewritten:

"(a) A taxpayer is eligible for the credit allowed in this Article if it satisfies the requirements of G.S. ~~105-129.4(b), (b2), (b3), and (b4)~~105-129.83(c), (d), (e), and (f) relating to wage standard, health insurance, environmental impact, and safety and health programs, respectively."

SECTION 2.21. G.S. 105-259(b) reads as rewritten:

"(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:

...

(24) To furnish the Department of Commerce and the Employment Security Commission a copy of the qualifying information required in G.S. ~~105-129.7(b).~~105-129.7(b) or G.S. 105-129.86(b).

...

(27) To publish the information required under G.S. 105-129.6, 105-129.19, 105-129.26, 105-129.38, 105-129.44, 105-129.65A, 105-129.85, 105-130.41, 105-130.45, 105-151.22, and 105-164.14.

...

(36) To furnish the Department of Commerce with the information needed to complete the studies required under G.S. 105-129.2A and G.S. 105-129.82."

SECTION 2.22. G.S. 105-129.70, as enacted by S.L. 2006-40, reads as rewritten:

"**§ 105-129.70. Definitions.**

The following definitions apply in this Article:

(1) Certified historic structure. – Defined in section 47 of the Code.

(2) Certified rehabilitation. – Defined in G.S. 105-129.36.

(3) Cost certification. – The certification obtained by the State Historic Preservation Officer from the taxpayer of the amount of the qualified rehabilitation expenditures or the rehabilitation expenses incurred with respect to an eligible site.

(3a) Development tier area. – Defined in G.S. 143B-437.08.

(4) Eligibility certification. – The certification obtained from the State Historic Preservation Officer that the applicable facility comprises an eligible site and that the rehabilitation is a certified rehabilitation.

(5) Eligible site. – A site located in this State that satisfies all of the following conditions:

a. It was used as a manufacturing facility or for purposes ancillary to manufacturing, as a warehouse for selling agricultural products, or as a public or private utility.

b. It is a certified historic structure or a State-certified historic structure.

c. It has been at least eighty percent (80%) vacant for a period of at least two years immediately preceding the date the eligibility certification is made.

d. The cost certification documents that the qualified rehabilitation expenditures for a site for which a taxpayer is allowed a credit under section 47 of the Code or the rehabilitation expenses for a site for which the taxpayer is not allowed a credit under section 47 of the Code exceed three million dollars ($3,000,000) for the site as a whole.

~~(6) Enterprise tier area. Defined in G.S. 105-129.3.~~

(7) Pass-through entity. – Defined in G.S. 105-228.90.

(8) Qualified rehabilitation expenditures. – Defined in section 47 of the Code.

(9) Rehabilitation expenses. – Defined in G.S. 105-129.36.

(10) State-certified historic structure. – Defined in G.S. 105-129.36.

(11) State Historic Preservation Officer. – Defined in G.S. 105-129.36."

SECTION 2.23. G.S. 105-129.171(a), as enacted by S.L. 2006-40, reads as rewritten:

(a) Credit. – A taxpayer who is allowed a credit under section 47 of the Code for making qualified rehabilitation expenditures with respect to an eligible site is allowed a credit equal to a percentage of the expenditures that qualify for the federal credit. The credit may be claimed in the year in which the eligible site is placed into service. When the eligible site is placed into service in two or more phases in different years, the

amount of credit that may be claimed in a year is the amount based on the qualified rehabilitation expenditures associated with the phase placed into service during that year. In order to be eligible for a credit allowed by this Article, the taxpayer must provide to the Secretary a copy of the eligibility certification and the cost certification. The amount of the credit is as follows:

(1) For an eligible site located in ~~an enterprise tier one, two, or three~~a development tier one or two area, determined as of the date of certification, the amount of the credit is equal to forty percent (40%) of the qualified rehabilitation expenditures.

(2) For an eligible site located in ~~an enterprise tier four or five~~a development tier three area, determined as of the date of certification, the amount of the credit is equal to thirty percent (30%) of the qualified rehabilitation expenditures."

SECTION 2.24. G.S. 105-129.72(a), as enacted by S.L. 2006-40, reads as rewritten:

"(a) Credit. – A taxpayer who is not allowed a federal income tax credit under section 47 of the Code and who makes rehabilitation expenses with respect to an eligible site is allowed a credit equal to a percentage of the rehabilitation expenses. The entire credit may not be taken for the taxable year in which the property is placed in service, but must be taken in five equal installments beginning with the taxable year in which the property is placed in service. When the eligible site is placed into service in two or more phases in different years, the amount of credit that may be claimed in a year is the amount based on the rehabilitation expenses associated with the phase placed into service during that year. In order to be eligible for a credit allowed by this Article, the taxpayer must provide to the Secretary a copy of the eligibility certification and the cost certification. For an eligible site located in ~~an enterprise tier one, two, or three~~a development tier one or two area, determined as of the date of certification, the amount of the credit is equal to forty percent (40%) of the rehabilitation expenses. No credit is allowed for a site located in ~~an enterprise tier four or five~~a development tier three area."

SECTION 2.25. If Senate Bill 1741, 2005 General Assembly becomes law, then G.S. 105-164.3(8e), as enacted by that act, reads as rewritten:

"(8e) Eligible Internet data center. – A facility that satisfies each of the following conditions:

a. The facility is used primarily or is to be used primarily by a business engaged in Internet service providers and Web search portals industry 51811, as defined by NAICS.

b. The facility is comprised of a structure or series of structures located or to be located on a single parcel of land or on contiguous parcels of land that are commonly owned or owned by affiliation with the operator of that facility.

c. The facility is located or to be located in a county that was designated, at the time of application for the written determination required under sub-subdivision d. of this subdivision, either ~~an enterprise tier one, two, or three~~a

development tier one or two area pursuant to ~~G.S. 105-129.3,~~G.S. 143B-437.08, regardless of any subsequent change in county ~~enterprise~~ development tier status.

d. The Secretary of Commerce has made a written determination that at least two hundred fifty million dollars ($250,000,000) in private funds has been or will be invested in real property or eligible business property, or a combination of both, at the facility within five years after the commencement of construction of the facility."

SECTION 2.26. If Senate Bill 1741, 2005 General Assembly, becomes law, then G.S. 105-164.3(23a), as enacted by that act, reads as rewritten:

"(23a) NAICS. – ~~The North American Industry Classification System adopted by the United States Office of Management and Budget as of December 31, 2002.~~Defined in G.S. 105-129.81."

SECTION 2.27. This part becomes effective January 1, 2007.

PART III. EFFECTIVE DATES.

SECTION 3. Except as otherwise provided, this act is effective when it becomes law.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2005

H 2

HOUSE BILL 2170
Committee Substitute Favorable 6/20/06

Short Title: Bill Lee Changes. (Public)

Sponsors:

Referred to:

May 18, 2006

A BILL TO BE ENTITLED

AN ACT TO REPLACE THE TAX CREDITS GENERALLY AVAILABLE UNDER THE WILLIAM S. LEE QUALITY JOBS AND BUSINESS EXPANSION ACT WITH MORE NARROWLY FOCUSED CREDITS FOR JOB CREATION AND BUSINESS INVESTMENT.

The General Assembly of North Carolina enacts:

PART I. REPLACEMENT OF BILL LEE ACT

SECTION 1.1. Chapter 105 of the General Statutes is amended by adding a new Article to read:

"Article 3H.

"Tax Credits for Growing Businesses.

"**§ 105-129.70. Legislative findings.**

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 Article that is designed to stimulate new economic activity and to create new jobs within the State.

(4) The enactment of this Article is necessary to stimulate the economy and create new jobs in North Carolina; and this Article 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 Article is to stimulate economic activity and to create new jobs within the State.

(6) The State is in need of a focused tax credit program that encourages and facilitates economic growth and development within the State.

(7) The resources of the State are not evenly distributed throughout the State and different communities have different abilities and needs in attracting and maintaining new and expanding business and industry.

"**§ 105-129.71. Definitions.**

The following definitions apply in this Article:

(1) Aircraft maintenance and repair. – The provision of specialized maintenance or repair services for commercial aircraft or the rebuilding of commercial aircraft.

(2) Air courier services. – The furnishing of air delivery of individually addressed letters and packages for compensation, in interstate commerce, except by the United States Postal Service.

(3) Business property. – Tangible personal property that is used in a business and capitalized under the Code.

(4) Company headquarters. – A corporate, subsidiary, or regional managing office, as defined by NAICS in United States industry 551114, that is responsible for strategic or organizational planning and decision making for the business on an international, national, or multistate regional basis.

(5) Cost. – In the case of property owned by the taxpayer, cost is determined pursuant to regulations adopted under section 1012 of the Code. In the case of property the taxpayer leases from another, cost is value as determined pursuant to G.S. 105-130.4(j)(2).

(6) Customer service call center. – The provision of support service by a business to its customers by telephone or other electronic means to support products or services of the business. For the purposes of this definition, an establishment is primarily engaged in providing support services by telephone or other electronic means only if at least sixty

percent (60%) of its calls are incoming or at least sixty percent (60%) of its other electronic communications are initiated by its customers.

(7) Development tier. – The classification assigned to an area pursuant to G.S. 143B-437.08.

(8) Electronic shopping and mail order houses. – An industry in electronic shopping and mail order houses industry group 4541 as defined by NAICS.

(9) Establishment. – Defined in 29 C.F.R. § 1904.46, as it existed on January 1, 2002.

(10) Full-time job. – A position that requires at least 1,600 hours of work per year and is intended to be held by one employee during the entire year. A full-time employee is an employee who holds a full-time job.

(11) Hub. – Defined in G.S. 105-164.3.

(12) Information technology and services. – An industry in one of the following:

a. Internet service providers, Web search portals, and data processing subsector 518 as defined by NAICS.

b. Software publishers industry group 5112 as defined by NAICS.

c. Computer systems design and related services industry group 5415 as defined by NAICS.

(13) Long-term unemployed worker. – An individual that has been totally unemployed for at least the preceding 26 consecutive weeks as evidenced by records maintained by the Employment Security Commission.

(14) Manufacturing. – An industry in manufacturing sectors 31 through 33, as defined by NAICS, but not including quick printing or retail bakeries.

(15) Motorsports facility. – A motorsports racetrack classified in the United States racetrack national industry 711212, as defined by NAICS.

(16) Motorsports racing team. – A professional racing team primarily engaged in the research and development, design, manufacture, repair, maintenance, and operation of motor vehicles used in live motorsports racing events before a paying audience.

(17) NAICS. – The North American Industry Classification System adopted by the United States Office of Management and Budget as of December 31, 2002.

(18) New job. – A full-time job that represents a net increase in the number of the taxpayer's employees statewide. A new employee is an employee who holds a new job. The term does not include a job currently located in this State that is transferred to the business from a related member of the business.

(19) Overdue tax debt. – Defined in G.S. 105-243.1.

(20) Purchase. – Defined in section 179 of the Code.

(21) Related member. – Defined in G.S. 105-130.7A.

(22) Research and development. – An industry in scientific research and development services industry group 5417 as defined by NAICS.
(23) Urban progress zone. – The classification assigned to an area pursuant to G.S. 143B-437.09.
(24) Warehousing. – An industry in warehousing and storage subsector 493 as defined by NAICS.
(25) Wholesale trade. – An industry in wholesale trade sector 42 as defined by NAICS.

"**§ 105-129.72. Sunset; studies.**

(a) Sunset. – This Article is repealed effective for business activities that occur on or after January 1, 2011.

(b) Equity Study. – The Department of Commerce shall study the effect of the tax incentives provided in this Article on tax equity. This study shall include the following:

(1) Reexamining the formula in G.S. 143B-437.08 used to define development tiers, to include consideration of alternative measures for more equitable treatment of counties in similar economic circumstances.
(2) Considering whether the assignment of tiers and the applicable thresholds are equitable for smaller counties.
(3) Compiling any available data on whether expanding North Carolina businesses receive fewer benefits than out-of-State businesses that locate to North Carolina.

(c) Impact Study. – The Department of Commerce shall study the effectiveness of the tax incentives provided in this Article. This study shall include:

(1) Studying the distribution of tax incentives across new and expanding businesses and industries.
(2) Examining data on economic recruitment for the period from 2005 through the most recent year for which data are available by county, by industry type, by size of investment, and by number of jobs, and other relevant information to determine the pattern of business locations and expansions before and after the enactment of this Article.
(3) Measuring the direct costs and benefits of the tax incentives.
(4) Compiling available information on the current use of incentives by other states and whether that use is increasing or declining.

(d) Report. – The Department of Commerce shall report the results of these studies and its recommendations to the General Assembly biennially with the first report due by June 1, 2009.

"**§ 105-129.73. Eligibility; forfeiture.**

(a) Eligible Business. – A taxpayer is eligible for a credit under this Article only with respect to activities occurring at an establishment whose primary activity is listed in this subsection. The primary activity of an establishment is determined based on the establishment's principal product or group of products produced or distributed, or services rendered.

(1) Aircraft maintenance and repair.
(2) Air courier services hub.
(3) Company headquarters, but only if the additional eligibility requirements of subsection (b) of this section are satisfied.
(4) Customer service call centers.
(5) Electronic shopping and mail order houses.
(6) Information technology and services.
(7) Manufacturing.
(8) Motorsports facility.
(9) Motorsports racing team.
(10) Research and development.
(11) Warehousing.
(12) Wholesale trade.

(b) Company Headquarters Eligibility. – A taxpayer is eligible for a credit under this Article with respect to a company headquarters only if the taxpayer creates at least 75 new jobs at the company headquarters within a 24-month period. A taxpayer that meets this job creation requirement is eligible for credits under this Article with respect to the company headquarters for three taxable years beginning with the year in which the job creation requirement is satisfied. A taxpayer that creates an additional 75 new jobs at the company headquarters in a 24-month period during a three-year eligibility period does not qualify for any extended eligibility period. However, a taxpayer that creates an additional 75 new jobs at the company headquarters in a 24-month period after the completion of a three-year eligibility period is eligible for credits with respect to the company headquarters for an additional three taxable years beginning in the year in which the additional job creation requirement is satisfied.

(c) Wage Standard. – A taxpayer is eligible for a credit under this Article in a development tier two or three area only if the taxpayer satisfies a wage standard. The taxpayer is not required to satisfy a wage standard if the activity occurs in a development tier one area. Jobs that are located within an urban progress zone satisfy the wage standard if they pay an average weekly wage that is at least equal to ninety percent (90%) of the lesser of the average wage for all insured private employers in the State and the average wage for all insured private employers in the county. All other jobs satisfy the wage standard if they pay an average weekly wage that is at least equal to the lesser of one hundred ten percent (110%) of the average wage for all insured private employers in the State and ninety percent (90%) of the average wage for all insured private employers in the county. The Department of Commerce shall annually publish the wage standard for each county.

In making the wage calculation, the taxpayer shall include any jobs 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 jobs 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 shall use the wage standard for the calendar year in which the taxable year begins. Only full-time jobs are included when making the wage calculation.

(d) Health Insurance. – A taxpayer is eligible for a credit under this Article only if the taxpayer provides health insurance for all of the full-time jobs at the establishment with respect to which the credit is claimed when the taxpayer engages in the activity that qualifies for the credit. For the purposes of this subsection, a taxpayer 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 taxpayer claims a credit or carryforward of a credit allowed under this Article, the taxpayer shall provide with the tax return the taxpayer's certification that the taxpayer continues to provide health insurance for all the jobs at the establishment with respect to which the credit was claimed. If the taxpayer ceases to provide health insurance for the jobs during a taxable year, the credit expires and the taxpayer may not take any remaining installment or carryforward of the credit.

(e) Environmental Impact. – A taxpayer is eligible for a credit allowed under this Article only if the taxpayer certifies that, at the time the taxpayer claims the credit, at the establishment with respect to which the credit is claimed, the taxpayer has no pending administrative, civil, or criminal enforcement action based on alleged significant violations of any program implemented by an agency of the Department of Environment and Natural Resources and has had no final determination of responsibility for any significant administrative, civil, or criminal violation of any program implemented by an agency of the Department of Environment and Natural Resources within the last five years. A significant violation is a violation or alleged violation that does not satisfy any of the conditions of G.S. 143-215.6B(d). The Secretary of Environment and Natural Resources shall notify the Department of Revenue annually of every person that currently has any of these pending actions and every person that has had any of these final determinations within the last five years.

(f) Safety and Health Programs. – A taxpayer is eligible for a credit allowed under this Article only if the taxpayer certifies that, as of the time the taxpayer claims the credit, at the establishment with respect to which the credit is claimed, the taxpayer has no citations under the Occupational Safety and Health Act that have become a final order within the past three years for willful serious violations or for failing to abate serious violations. For the purposes of this subsection, 'serious violation' has the same meaning as in G.S. 95-127. The Commissioner of Labor shall notify the Department of Revenue annually of all employers who have had these citations become final orders within the past three years.

(g) Overdue Tax Debts. – A taxpayer is not eligible for a credit allowed under this Article if, at the time the taxpayer claims the credit or an installment or carryforward of the credit, the taxpayer has received a notice of an overdue tax debt and that overdue tax debt has not been satisfied or otherwise resolved.

(h) Expiration. – If, during the period that installments of a credit under this Article accrue, the taxpayer is no longer engaged in one of the types of business described in subsection (a) of this section at the establishment for which the credit was claimed, the credit expires. If, during the period that installments of a credit under this

Article accrue, the number of jobs of an eligible company headquarters falls below the minimum number required under subsection (b) of this section, any credit associated with that company headquarters expires. When a credit expires, the taxpayer may not take any remaining installments of the credit. The taxpayer may, however, take the portion of an installment that accrued in a previous year and was carried forward to the extent permitted under G.S. 105-129.74. A change in the development tier designation of the location of an establishment does not result in expiration of a credit under this Article.

(i) Forfeiture. – A taxpayer forfeits a credit allowed under this Article if the taxpayer was not eligible for the credit for the calendar year in which the taxpayer engaged in the activity for which the credit was claimed. In addition, a taxpayer forfeits a credit for investment in real property under G.S. 105-129.79 if the taxpayer fails to timely create the number of required new jobs or to timely make the required level of investment under G.S. 105-129.79(b). A taxpayer that forfeits a credit under this Article is liable for all past taxes avoided as a result of the credit plus interest at the rate established under G.S. 105-241.1(i), computed from the date the taxes would have been due if the credit had not been allowed. The past taxes and interest are due 30 days after the date the credit is forfeited; a taxpayer that fails to pay the past taxes and interest by the due date is subject to the penalties provided in G.S. 105-236.

(j) Change in Ownership of Business. – As used in this subsection, the term 'business' means a taxpayer or an establishment. The sale, merger, consolidation, conversion, acquisition, or bankruptcy of a business, or any transaction by which an existing business reformulates itself as another business, does not create new eligibility in a succeeding business with respect to credits for which the predecessor was not eligible under this Article. A successor business may, however, take any credit or carried-over portion of a credit that its predecessor could have taken if it had a tax liability. The acquisition of a business is a new investment that creates new eligibility in the acquiring taxpayer under this Article if either of the following conditions is met:

(1) The business closed before it was acquired.

(2) The business was required to file a notice of plant closing or mass layoff under the federal Worker Adjustment and Retraining Notification Act, 29 U.S.C. § 2101, before it was acquired.

(3) The business was acquired by its employees directly or indirectly through an acquisition company under an employee stock option transaction or another similar mechanism. For the purpose of this subdivision, 'acquired' means that as part of the initial purchase of a business by the employees, the purchase included an agreement for the employees through the employee stock option transaction or another similar mechanism to obtain one of the following:

a. Ownership of more than fifty percent (50%) of the business.

b. Ownership of not less than forty percent (40%) of the business within seven years if the business has tangible assets with a net book value in excess of one hundred million dollars

($100,000,000) and has the majority of its operations located in a development tier one area.

(k) Advisory Ruling. – A taxpayer may request in writing from the Secretary of Revenue specific advice regarding eligibility for a credit under this Article. G.S. 105-264 governs the effect of this advice. A taxpayer may not legally rely upon advice offered by any other State or local government official or employee acting in an official capacity regarding eligibility for a credit under this Article.

(l) Planned Expansion. – A taxpayer that signs a letter of commitment with the Department of Commerce, after the Department has calculated the development tier designations for the next year but before the beginning of that year, to undertake specific activities at a specific site within the next two years may calculate the credit for which it qualifies based on the establishment's development tier designation and urban progress zone designation in the year in which the letter of commitment was signed by the taxpayer. If the taxpayer does not engage in the activities within the two-year period, the taxpayer does not qualify for the credit; however, if the taxpayer later engages in the activities, the taxpayer qualifies for the credit based on the development tier and urban progress zone designations in effect at that time.

"**§ 105-129.74. Tax election; cap; carryforwards; limitations.**

(a) Tax Election. – The credits provided in this Article are allowed against the franchise tax levied in Article 3 of this Chapter, the income taxes levied in Article 4 of this Chapter, and the gross premiums tax levied in Article 8B of this Chapter. The taxpayer may divide a credit between the taxes against which it is allowed. Carryforwards of a credit may be divided between the taxes against which it is allowed without regard to the original election regarding the division of the credit.

(b) Cap. – The credits allowed under this Article may not exceed fifty percent (50%) of the cumulative amount of taxes against which they may be claimed for the taxable year, reduced by the sum of all other credits allowed against those taxes, except tax payments made by or on behalf of the taxpayer. This limitation applies to the cumulative amount of credit, including carryforwards, claimed by the taxpayer under this Article for the taxable year.

(c) Carryforward. – Unless a longer carryforward period applies, any unused portion of a credit allowed under G.S. 105-129.77 or G.S. 105-129.78 may be carried forward for the succeeding five years, and any unused portion of a credit allowed under G.S. 105-129.79 may be carried forward for the succeeding 15 years. If the Secretary of Commerce makes a written determination that the taxpayer is expected to purchase or lease, and place in service in connection with an eligible business within a two-year period, at least one hundred fifty million dollars ($150,000,000) worth of business and real property, any unused portion of a credit under this Article with respect to the establishment that satisfies that condition may be carried forward for the succeeding 20 years. If the taxpayer does not make the required level of investment, the taxpayer shall apply the five-year carryforward period rather than the 20-year carryforward period.

(d) Statute of Limitations. – Notwithstanding Article 9 of this Chapter, a taxpayer shall claim a credit under this Article within six months after the date set by statute for the filing of the return, including any extensions of that date.

"§ 105-129.75. Fees and reports.

(a) Fee. – When filing a return for a taxable year in which the taxpayer engaged in activity for which the taxpayer is eligible for a credit under this Article, the taxpayer shall pay the Department of Revenue a fee of five hundred dollars ($500.00) for each type of credit the taxpayer claims or intends to claim with respect to an establishment. The fee is due at the time the return is due for the taxable year in which the taxpayer engaged in the activity for which the taxpayer is eligible for a credit. No credit is allowed under this Article for a taxable year until all outstanding fees have been paid. Fees collected under this section shall be credited to the General Fund.

(b) Reports. – The Department of Revenue shall publish by May 1 of each year the following information itemized by credit and by taxpayer for the 12-month period ending the preceding December 31:

(1) The number and amount of credits generated and taken for each credit allowed in this Article.

(2) The number and development tier area of new jobs with respect to which credits were generated and to which credits were taken.

(3) The cost and development tier area of business property with respect to which credits were generated and to which credits were taken.

(4) The cost and development tier area of real property investment with respect to which credits were generated and to which credits were taken.

"§ 105-129.76. Substantiation.

(a) Records. – To claim a credit allowed by this Article, the taxpayer shall provide any information required by the Secretary of Revenue. Every taxpayer claiming a credit under this Article shall maintain and make available for inspection by the Secretary of Revenue any records the Secretary considers necessary to determine and verify the amount of the credit to which the taxpayer is entitled. The burden of proving eligibility for the credit and the amount of the credit shall rest upon the taxpayer, and no credit shall be allowed to a taxpayer that fails to maintain adequate records or to make them available for inspection.

(b) Documentation. – Each taxpayer shall provide with the tax return qualifying information for each credit claimed under this Article. The qualifying information shall be in the form prescribed by the Secretary and shall be signed and affirmed by the individual who signs the taxpayer's tax return. The information required by this subsection is information demonstrating that the taxpayer has met the conditions for qualifying for a credit and any carryforwards and includes the following:

(1) The physical location of the jobs and investment with respect to which the credit is claimed, including the street address and the development tier designation of the establishment.

(2) The type of business with respect to which the credit is claimed and the average weekly wage at the establishment with respect to which the credit is claimed.

(3) Any other qualifying information related to a specific credit allowed under this Article.

"**§ 105-129.77. Credit for creating jobs.**

(a) Credit. – A taxpayer that meets the eligibility requirements set out in G.S. 105-129.73 and satisfies the threshold requirement for new job creation in this State under subsection (b) of this section during the taxable year is allowed a credit for creating jobs. The amount of the credit for each new job created is set out in the table below and is based on the development tier designation of the county in which the job is located. If the job is located in an urban progress zone, the amount of the credit is increased by one thousand dollars ($1,000) per job. In addition, if a job located in an urban progress zone is filled by a resident of that zone or by a long-term unemployed worker, the amount of the credit is increased by an additional two thousand dollars ($2,000) per job.

Area Development Tier	Amount of Credit
Tier One	$12,500
Tier Two	5,000
Tier Three	750

(b) Threshold. – The applicable threshold is the appropriate amount set out in the following table based on the development tier designation of the county where the new jobs are created during the taxable year. If the taxpayer creates new jobs at more than one eligible establishment in a county during the taxable year, the threshold applies to the aggregate number of new jobs created at all eligible establishments within the county during that year. If the taxpayer creates new jobs at eligible establishments in different counties during the taxable year, the threshold applies separately to the aggregate number of new jobs created at eligible establishments in each county. If the taxpayer creates new jobs in an urban progress zone, the applicable threshold is the one for a development tier one area.

Area Development Tier	Threshold
Tier One	5
Tier Two	10
Tier Three	15

(c) Calculation. – A job is located in a county or urban progress zone if more than fifty percent (50%) of the employee's duties are performed in the county or the zone. The number of new jobs a taxpayer creates during the taxable year is determined by subtracting the average number of full-time employees the taxpayer had in this State during the 12-month period preceding the beginning of the taxable year from the average number of full-time employees the taxpayer has in this State during the taxable year.

(d) Installments. – The credit may not be taken in the taxable year in which the new jobs are created. Instead, the credit shall be taken in equal installments over the four years following the taxable year in which the new jobs were created and is conditional upon the continued maintenance of those jobs by the taxpayer. If, in one of the four years in which the installment of a credit accrues, a job is no longer filled, the credit with respect to that job expires, and the taxpayer may not take any remaining installment of the credit with respect to that job. If, in one of the years in which the installment of a credit accrues, the number of the taxpayer's full-time employees falls

below the sum of the applicable threshold and the number of full-time employees the taxpayer had in the year before the year in which the taxpayer qualified for the credit, the credits with respect to all of the new jobs expire, and the taxpayer may not take any remaining installments of the credits. When a credit expires under this subsection, the taxpayer may, however, take the portion of an installment that accrued in a previous year and was carried forward to the extent permitted under G.S. 105-129.74.

(e) Transferred Jobs. – Jobs transferred from one area in the State to another area in the State are not considered new jobs for purposes of this section. Jobs that were located in this State and that are transferred to the taxpayer from a related member of the taxpayer are not considered new jobs for purposes of this section. If, in one of the four years in which the installment of a credit accrues, the job with respect to which the credit was claimed is moved to an area in a higher-numbered development tier or out of an urban progress zone, the remaining installments of the credit are allowed only to the extent they would have been allowed if the job was initially created in the area to which it was moved. If, in one of the years in which the installment of a credit accrues, the job with respect to which the credit was claimed is moved to an area in a lower-numbered development tier or an urban progress zone, the remaining installments of the credit shall be calculated as if the job had been created initially in the area to which it was moved.

(f) Wage Standard. – For the purposes of this section, a taxpayer satisfies the wage standard requirement of G.S. 105-129.73 only if the taxpayer satisfies the requirement with respect to both the new jobs, considered collectively, for which a credit is claimed and all of the jobs at the establishment, considered collectively, with respect to which a credit is claimed.

(g) No Double Credit. – A taxpayer may not claim a credit under this section with respect to jobs for which a taxpayer claims a credit under G.S. 105-129.8.

"**§ 105-129.78. Credit for investing in business property.**

(a) General Credit. – A taxpayer that meets the eligibility requirements set out in G.S. 105-129.73 and that has purchased or leased business property and placed it in service in this State during the taxable year and that has satisfied the threshold requirements of subsection (c) of this section is allowed a credit equal to the applicable percentage of the excess of the eligible investment amount over the applicable threshold. If the taxpayer places business property in service in an urban progress zone, the applicable percentage is the one for a development tier one area. Business property is eligible if it is not leased to another party. The credit may not be taken for the taxable year in which the business property is placed in service but shall be taken in equal installments over the four years following the taxable year in which it is placed in service. The applicable percentage is as follows:

Area Development Tier	Applicable Percentage
Tier One	7%
Tier Two	5%
Tier Three	3.5%

(b) Eligible Investment Amount. - The eligible investment amount is the lesser of (i) the cost of the eligible business property and (ii) the amount by which the cost of

all of the taxpayer's eligible business property that is in service in this State on the last day of the taxable year exceeds the cost of all of the taxpayer's eligible business property that was in service in this State on the last day of the base year. The base year is that year, of the three immediately preceding taxable years, in which the taxpayer had the most eligible business property in service in this State.

(c) Threshold. – The applicable threshold is the appropriate amount set out in the following table based on the development tier where the eligible business property is placed in service during the taxable year. If the taxpayer places business property in service in an urban progress zone, the applicable threshold is the one for a development tier one area. If the taxpayer places eligible business property in service at more than one establishment in a county during the taxable year, the threshold applies to the aggregate amount of eligible business property placed in service during the taxable year at all establishments in the county. If the taxpayer places eligible business property in service at establishments in different counties, the threshold applies separately to the aggregate amount of eligible business property placed in service in each county. 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 Development Tier	**Threshold**
Tier One	$ -0-
Tier Two	1,000,000
Tier Three	2,000,000

(d) Expiration. – As used in this subsection, the term 'disposed of' means disposed of, taken out of service, or moved out of State. If, in one of the four years in which the installment of a credit accrues, the business property with respect to which the credit was claimed is disposed of, the credit expires, and the taxpayer may not take any remaining installment of the credit for that business property unless the cost of that business property is offset in the same taxable year by the taxpayer's new investment in eligible business property placed in service in the same county, as provided in this subsection. If, during the taxable year, the taxpayer disposed of the business property for which installments remain, there has been a net reduction in the cost of all the taxpayer's eligible business property that are in service in the same county as the business property that was disposed of, and the amount of this reduction is greater than twenty percent (20%) of the cost of the business property that was disposed of, then the credit for the business property that was disposed of expires. If the amount of the net reduction is equal to twenty percent (20%) or less of the cost of the business property that was disposed of, or if there is no net reduction, then the credit does not expire. In determining the amount of any net reduction during the taxable year, the cost of business property the taxpayer placed in service during the taxable year and for which the taxpayer claims a credit under Article 3A or Article 3B of this Chapter may not be included in the cost of all the taxpayer's eligible business property that is in service. If in a single taxable year business property with respect to two or more credits in the same county are disposed of, the net reduction in the cost of all the taxpayer's eligible business property that is in service in the same county is compared to the total cost of all

the business property for which credits expired in order to determine whether the remaining installments of the credits are forfeited.

The expiration of a credit does not prevent the taxpayer from taking the portion of an installment that accrued in a previous year and was carried forward to the extent permitted under G.S. 105-129.74.

(e) Transferred Property. – If, in one of the four years in which the installment of a credit accrues, the business property with respect to which the credit was claimed is moved to a county in a higher-numbered development tier or to an urban progress zone, the remaining installments of the credit are allowed only to the extent they would have been allowed if the business property had been placed in service initially in the area to which it was moved. If, in one of the four years in which the installment of a credit accrues, the business property with respect to which a credit was claimed is moved to a county in a lower-numbered development tier or an urban progress zone, the remaining installments of the credit shall be calculated as if the business property had been placed in service initially in the area to which it was moved.

(f) Wage Standard. – For the purposes of this section, a taxpayer satisfies the wage standard requirement of G.S. 105-129.73 only if the taxpayer satisfies the requirement with respect to all of the jobs at the establishment, considered collectively, with respect to which a credit is claimed.

(g) No Double Credit. – A taxpayer may not claim a credit under this section with respect to business property for which the taxpayer claims a credit under G.S. 105-129.9 or G.S. 105-129.9A.

"**§ 105-129.79. Credit for investment in real property.**

(a) Credit. – If a taxpayer that has purchased or leased real property in a development tier one area begins to use the property in an eligible business during the taxable year, the taxpayer is allowed a credit equal to thirty percent (30%) of the eligible investment amount if all of the eligibility requirements of G.S. 105-129.73 and of subsection (b) of this section are met. For the purposes of this section, property is located in a development tier one area if the area the property is located in was a development tier one area at the time the taxpayer made a written application for the determination required under subsection (b) of this section. The eligible investment amount is the lesser of (i) the cost of the property and (ii) the amount by which the cost of all of the real property the taxpayer is using in this State in an eligible business on the last day of the taxable year exceeds the cost of all of the real property the taxpayer was using in this State in an eligible business on the last day of the base year. The base year is that year, of the three immediately preceding taxable years, in which the taxpayer was using the most real property in this State in an eligible business. In the case of property that is leased, the cost of the property is not determined as provided in G.S. 105-129.71 but is considered to be the taxpayer's lease payments over a seven-year period, plus any expenditures made by the taxpayer to improve the property before it is used by the taxpayer if the expenditures are not reimbursed or credited by the lessor. The entire credit may not be taken for the taxable year in which the property is first used in an eligible business but shall be taken in equal installments over the seven years following the taxable year in which the property is first used in an eligible business. When part of

the property is first used in an eligible business in one year and part is first used in an eligible business in a later year, separate credits may be claimed for the amount of property first used in an eligible business in each year. The basis in any real property for which a credit is allowed under this section shall be reduced by the amount of credit allowable.

(b) Determination by the Secretary of Commerce. – A taxpayer is eligible for the credit allowed under this section with respect to an establishment only if the Secretary of Commerce makes a written determination that the taxpayer is expected to purchase or lease and use in an eligible business at that establishment within a three-year period at least ten million dollars ($10,000,000) of real property and that the establishment that is the subject of the credit will create at least 200 new jobs within two years of the time that the property is first used in an eligible business. If the taxpayer fails to timely make the required level of investment or fails to timely create the required number of new jobs, the taxpayer forfeits the credit as provided in G.S. 105-129.73.

(c) Mixed Use Property. – If the taxpayer uses only part of the property in an eligible business, the amount of the credit allowed under this section is reduced by multiplying it by a fraction, the numerator of which is the square footage of the property used in an eligible business and the denominator of which is the total square footage of the property.

(d) Expiration. – If, in one of the seven years in which the installment of a credit accrues, the property with respect to which the credit was claimed is no longer used in an eligible business, the credit expires, and the taxpayer may not take any remaining installment of the credit. If, in one of the seven years in which the installment of a credit accrues, part of the property with respect to which the credit was claimed is no longer used in an eligible business, the remaining installments of the credit shall be reduced by multiplying it by the fraction described in subsection (c) of this section. If, in one of the years in which the installment of a credit accrues and by which the taxpayer is required to have created 200 new jobs at the property, the total number of employees the taxpayer employs at the property with respect to which the credit is claimed is less than 200, the credit expires, and the taxpayer may not take any remaining installment of the credit.

In each of these cases, the taxpayer may nonetheless take the portion of an installment that accrued in a previous year and was carried forward to the extent permitted under G.S. 105-129.74.

(e) No Double Credit. – A taxpayer may not claim a credit under this section with respect to real property for which a credit is claimed under G.S. 105-129.12 or G.S. 105-129.12A."

SECTION 1.2. Part 2 of Article 10 of Chapter 143B is amended by adding two new sections to read:

"**§ 143B-437.08. Development tier designation.**

(a) Tiers Defined. – A development tier one area is a county whose annual ranking is one of the 40 highest in the State. A development tier two area is a county whose annual ranking is one of the next 40 highest in the State. A development tier three area is a county that is not in a lower-numbered development tier.

(b) Development Factor. – Each year, on or before November 30, the Secretary of Commerce shall assign to each county in the State a development factor that is the sum of the following:

(1) The county's rank in a ranking of counties by average rate of unemployment from lowest to highest, for the most recent 12 months for which data are available.

(2) The county's rank in a ranking of counties by median household income from highest to lowest, for the most recent 12 months for which data are available.

(3) The county's rank in a ranking of counties by percentage growth in population from highest to lowest, for the most recent 36 months for which data are available.

(4) The county's rank in a ranking of counties by adjusted assessed property value per capita as published by the Department of Public Instruction, from highest to lowest, for the most recent taxable year.

(c) Annual Ranking. – After computing the development factor as provided in this section and making the adjustments required in this section, the Secretary of Commerce shall rank all the counties within the State according to their development factor from highest to lowest. The Secretary shall then identify all the areas of the State by development tier and publish this information. A development tier designation is effective only for the calendar year following the designation.

(d) Data. – In measuring rates of unemployment and median household income, the Secretary shall use the latest available data published by a State or federal agency generally recognized as having expertise concerning the data. In measuring assessed property value, the Secretary shall use the tax records prepared in each county. In measuring population and population growth, the Secretary shall use the most recent estimates of population certified by the State Budget Officer. For the purposes of this section, population statistics do not include people incarcerated in federal or State prisons.

(e) Adjustment for Certain Small Counties. – Regardless of the actual development factor, any county that has a population of less than 12,000 shall automatically be ranked one of the 40 highest counties, and any county that has a population of less than 50,000 shall automatically be ranked one of the 80 highest counties.

(f) Adjustment for Development Tier One Areas. – Regardless of the actual development factor, a county designated as a development tier one area shall automatically be ranked one of the 40 highest counties until it has been a development tier one area for at least two consecutive years.

(g) Exception for Two-County Industrial Park. – An eligible two-county industrial park has the lower development tier designation of the designations of the two counties in which it is located if it meets all of the following conditions:

(1) It is located in two contiguous counties, one of which has a lower development tier designation than the other.

(2) At least one-third of the park is located in the county with the lower tier designation.
(3) It is owned by the two counties or a joint agency of the counties.
(4) The county with the lower tier designation contributed at least the lesser of one-half of the cost of developing the park or a proportion of the cost of developing the park equal to the proportion of land in the park located in the county with the lower tier designation.

(h) Exception for Certain Multijurisdictional Industrial Parks. – An eligible industrial park created by interlocal agreement under G.S. 158-7.4 has the lowest development tier designation of the designations of the counties in which it is located if all of the following conditions are satisfied:

(1) The industrial park is located, at one or more sites, in three or more contiguous counties.
(2) At least one of the counties in which the industrial park is located is a development tier one area.
(3) The industrial park is owned by three or more units of local government or a nonprofit corporation owned or controlled by three or more units of local government.
(4) In each county in which the industrial park is located, the park has at least 250 developable acres. For the purposes of this subdivision, 'developable acres' includes acreage that is owned directly by the industrial park or its owners or that is the subject of a development agreement between the industrial park or its owners and a third-party owner.
(5) The total population of all of the counties in which the industrial park is located is less than 200,000.
(6) In each county in which the industrial park is located, at least sixteen and eight-tenths percent (16.8%) of the population was Medicaid eligible for the 2003-2004 fiscal year based on 2003 population estimates.

"**§ 143B-437.09. Urban progress zone designation.**

(a) Urban Progress Zone Defined. – An urban progress zone is an area comprised of either an economic development and training district as defined by G.S. 153A-317.12 or one or more contiguous census tracts, census block groups, or both, or parts thereof, in the most recent federal decennial census that meets all conditions in this subsection.

(1) All land within the zone is located in whole within the primary corporate limits of a municipality with a population of more than 10,000 according to the most recent annual population estimates certified by the State Budget Officer.
(2) Every census tract and census block group that composes part of the zone meets at least one of the following conditions:
a. More than twenty percent (20%) of its population is below the poverty level according to the most recent federal decennial census.

b. At least fifty percent (50%) of its area is zoned as nonresidential and it is adjacent to a census tract or block group of which at least twenty percent (20%) of the population is below the poverty level.

(3) The area of the zone zoned as nonresidential does not exceed thirty-five percent (35%) of the total area of the zone.

(b) Limitations. – No census tract or block group may be located in more than one urban progress zone. The total area of all zones within a municipality may not exceed fifteen percent (15%) of the total area of the municipality unless the smallest possible area in the municipality satisfying all of the conditions of subsection (a) of this section exceeds fifteen percent (15%) of the total area of the municipality. In the case of a municipality where the smallest possible area in the municipality satisfying all of the conditions of subsection (a) of this section exceeds fifteen percent (15%) of the total area of the municipality, the smallest possible area in the municipality satisfying all of the conditions of subsection (a) of this section may be designated as an urban poverty zone.

(c) Designation. – Upon application of a local government, the Secretary of Commerce shall make a written determination whether an area is an urban progress zone that satisfies the conditions and limitations of subsections (a) and (b) of this section. The application shall include all of the information listed in this subsection. A determination under this section is effective until December 31 of the year following the year in which the determination is made. The Department of Commerce shall publish annually a list of all urban progress zones with a description of their boundaries.

(1) A map showing the census tracts and block groups that would comprise the zone.

(2) A detailed description of the boundaries of the area that would comprise the zone.

(3) A zoning map for the municipality with the proposed zone clearly delineated upon it.

(4) A certification regarding the size of the proposed zone and the areas within the proposed zone zoned as nonresidential.

(5) Detailed census information on the municipality and the proposed zone.

(6) A resolution of the governing body of the municipality requesting the designation of the area as an urban progress zone.

(7) Any other material required by the Secretary of Commerce.

(d) Parcel of Property Partially in Urban Progress Zone. – For the purposes of this section, a parcel of property that is located partially within an urban progress zone is considered entirely within the zone if all of the following conditions are satisfied:

(1) At least fifty percent (50%) of the parcel is located within the 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 1.3. G.S. 105-129.2A reads as rewritten:

"**§ 105-129.2A. Sunset; studies.**

(a) Sunset. – This Article is repealed effective for business activities that occur on or after January 1, ~~2008.~~2007.

(a1) Sunset for Interstate Air Couriers. – Notwithstanding subsection (a) of this section, in the case of an interstate air courier that enters into a real estate lease on or before January 1, 2006, with an airport authority that provides for the lease of at least 100 acres of real property with a lease term in excess of 15 years, this Article is repealed effective for business activities that occur on or after January 1, 2010.

(a2) Sunset for Eligible Major Industries. – Notwithstanding subsection (a) of this section, in the case of a taxpayer that qualifies as an eligible major industry on or before January 1, 2006, this Article is repealed effective for business activities that occur on or after January 1, 2010.

(a3) Sunset for Certain Taxpayers Located in Development Zones. – Notwithstanding subsection (a) of this section, in the case of a taxpayer that satisfies all of the conditions of this subsection, this Article is repealed effective for business activities that occur on or after January 1, 2010.

(1) Before January 1, 2006, the taxpayer signs a letter of commitment with the Department of Commerce describing a proposed new or expanding project and specifying the amount to be invested in real property and machinery and equipment, the number of new jobs to be created, and a proposed timetable for making the investment and creating the jobs.

(2) Before January 1, 2006, the Secretary of Commerce makes a written determination that the taxpayer is expected to purchase, lease, or construct and place in service in an eligible business at a location within a development zone within a three-year period at least ten million dollars ($10,000,000) of real property and machinery and equipment and that the taxpayer will create at least 300 new jobs at the location within a three-year period beginning when the property is first placed in service in an eligible business.

(3) Before January 1, 2006, the taxpayer places at least four million dollars ($4,000,000) of real property and machinery and equipment in service at the location and creates at least 20 new jobs at the location.

(a4) Sunset for Taxpayers That Sign a Letter of Commitment. – Notwithstanding subsection (a) of this section, in the case of a taxpayer that signs a letter of commitment with the Department of Commerce on or before December 31, 2006, stating the taxpayer's intent to create new jobs or make new investments with respect to machinery and equipment, central office or aircraft facility property, or substantial investments in other real property at a specific site in this State, this Article is repealed effective for business activities that occur on or after January 1, 2008.

(b) Equity Study. – The Department of Commerce shall study the effect of the tax incentives provided in this Article on tax equity. This study shall include the following:

(1) Reexamining the formula in G.S. 105-129.3(b) used to define enterprise tiers, to include consideration of alternative measures for more equitable treatment of counties in similar economic circumstances.

(2) Considering whether the assignment of tiers and the applicable thresholds are equitable for smaller counties, for example those under 50,000 in population.

(3) Compiling any available data on whether expanding North Carolina businesses receive fewer benefits than out-of-State businesses that locate to North Carolina.

(c) Impact Study. – The Department of Commerce shall study the effectiveness of the tax incentives provided in this Article. This study shall include:

(1) Study of the distribution of tax incentives across new and expanding industries.

(2) Examination of data on economic recruitment for the period from 1994 through the most recent year for which data are available by county, by industry type, by size of investment, and by number of jobs, and other relevant information to determine the pattern of business locations and expansions before and after the enactment of the William S. Lee Act incentives.

(3) Measuring the direct costs and benefits of the tax incentives.

(4) Compiling available information on the current use of incentives by other states and whether that use is increasing or declining.

(d) Report. – The Department of Commerce shall report the results of these studies and its recommendations to the General Assembly biennially with the first report due by April 1, 2001."

SECTION 1.4. G.S. 105-129.3A(a) reads as rewritten:

"(a) Development Zone Defined. – A development zone is an area comprised of either an economic development and training district as defined by G.S. 153A-317.12 or one or more contiguous census tracts, census block groups, or both in the most recent federal decennial census that meets all of the following conditions:

(1) Every census tract and census block group in the zone is located in whole or in part within the primary corporate limits of a city with a population of more than 5,000 according to the most recent annual population estimates certified by the State Budget Officer.

(2) It has a population of 1,000 or more according to the most recent annual population estimates certified by the State Budget Officer.

(3) More than twenty percent (20%) of its population is below the poverty level according to the most recent federal decennial census.

(4) Every census tract and census block group in the zone meets at least one of the following conditions:

a. More than ten percent (10%) of its population is below the poverty level according to the most recent federal decennial census.

b. It is immediately adjacent to another census tract or census block group that is in the same zone and has more than twenty percent (20%) of its population below the poverty level according to the most recent federal decennial census.

(5) None of the census tracts or census block groups in the zone is located in another development zone designated by the Secretary of Commerce."

SECTION 1.5. There is appropriated from the General Fund to the Department of Revenue the sum of one hundred twenty thousand dollars ($120,000) for the 2006-2007 fiscal year to perform functions related to the administration of Article 3H of Chapter 105 of the General Statutes. There is appropriated from the General Fund to the Department of Commerce the sum of forty thousand dollars ($40,000) for the 2006-2007 fiscal year to perform functions related to the administration of Article 3H of Chapter 105 of the General Statutes.

SECTION 1.6. Section 1.1 of this part is effective for taxable years beginning on or after January 1, 2007. Section 1.4 of this part is effective for taxable years beginning on or after January 1, 2004. The remainder of this part is effective when it becomes law.

PART II. CONFORMING CHANGES

SECTION 2.1. G.S. 105-129.55(a) reads as rewritten:

"(a) Qualified North Carolina Research Expenses. – A taxpayer that has qualified North Carolina research expenses for the taxable year is allowed a credit equal to a percentage of the expenses, determined as provided in this subsection. Only one credit is allowed under this subsection with respect to the same expenses. If more than one subdivision of this subsection applies to the same expenses, then the credit is equal to the higher percentage, not both percentages combined. If part of the taxpayer's qualified North Carolina research expenses qualifies under subdivision (2) of this subsection and the remainder qualifies under subdivision (3) of this subsection, the applicable percentages apply separately to each part of the expenses.

(1) Small business. – If the taxpayer was a small business as of the last day of the taxable year, the applicable percentage is three percent (3%).

(2) Low-tier research. – For expenses with respect to research performed in ~~an enterprise tier one, two, or three~~a development tier one area, the applicable percentage is three percent (3%).

(3) Other research. – For expenses not covered under subdivision (1) or (2) of this subsection, the percentages provided in the table below apply to the taxpayer's qualified North Carolina research expenses during the taxable year at the following levels:

Expenses Over	Up To	Rate

-0-	$50 million	1%
$50 million	$200 million	2%
$200 million	–	3%"

SECTION 2.2. G.S. 105-164.14(h) reads as rewritten:

"(h) Low Enterprise or Development Tier Machinery. – Eligible taxpayers are allowed an annual refund of sales and use taxes paid under this Article as provided in this subsection.

(1) Refunds. – An eligible person is allowed an annual refund of sales and use taxes paid by it under this Article at the general rate of tax on eligible machinery and equipment it purchases for use in an enterprise tier one area or an enterprise tier two area, as defined in G.S. ~~105-129.3.~~105-129.3 or a development tier one area, as defined in G.S. 143B-437.08. Liability incurred indirectly by the taxpayer for sales and use taxes on these items is considered tax paid by the taxpayer. 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.

(2) Eligibility. – A person is eligible for the refund provided in this subsection if it is engaged primarily in one of the businesses listed in G.S. 105-129.4(a) in an enterprise tier one area or an enterprise tier two area, as defined in G.S. ~~105-129.3.~~105-129.3 or if it is engaged primarily in one of the businesses listed in G.S. 105-129.73(a) in a development tier one area, as defined in G.S. 143B-437.08.

(3) Machinery and equipment. – For the purpose of this subsection, the term 'machinery and equipment' means engines, machinery, equipment, tools, and implements used or designed to be used in one of the businesses listed in G.S. ~~105-129.4(a).~~105-129.4(a) or 105-129.73(a). Machinery and equipment are eligible for the refund provided in this subsection if the taxpayer places them in service in an enterprise tier one area or an enterprise tier two area, as defined in G.S. ~~105-129.3,~~105-129.3, or a development tier one area, as defined in G.S. 143B-437.08, capitalizes them for tax purposes under the Code, and does not lease them to another party."

SECTION 2.3. G.S. 105-164.14(j)(2) reads as rewritten:

"(j) Certain Industrial Facilities. – The owner of an eligible facility is allowed an annual refund of sales and use taxes as provided in this subsection.

...

(2) Eligibility. – A facility is eligible under this subsection if it meets both of the following conditions:

a. It is primarily engaged in one of the industries listed in this subsection.

b. The Secretary of Commerce has certified that the owner of the facility will invest at least the required amount of private funds

to construct the facility in this State. For the purpose of this subsection, costs of construction may include costs of acquiring and improving land for the facility and costs of equipment for the facility. If the facility is located in ~~an enterprise tier one, two, or three~~ a development tier one area as defined in ~~G.S. 105-129.3,~~G.S. 143B-437.08 the required amount is fifty million dollars ($50,000,000). For all other facilities, the required amount is one hundred million dollars ($100,000,000). In the case of a computer manufacturing facility, the owner may invest these funds either directly or indirectly through a related entity or strategic partner as those terms are defined in G.S. 105-129.61. In the case of a computer manufacturing facility, the term 'facility' has the same meaning as under G.S. 105-129.61."

SECTION 2.4. G.S. 143B-437.01 reads as rewritten:

"**§ 143B-437.01. Industrial Development Fund.**

(a) Creation and Purpose of Fund. – There is created in the Department of Commerce the Industrial Development Fund to provide funds to assist the local government units of the most economically distressed counties in the State in creating jobs in certain industries. The Department of Commerce shall adopt rules providing for the administration of the program. Those rules shall include the following provisions, which shall apply to each grant from the fund:

(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, electrical utility distribution lines or equipment, or transportation infrastructure 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, electrical utility lines or facilities, or transportation infrastructure 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.

(1a) The funds shall be used for projects located in economically distressed counties except that the Secretary of Commerce may use up to one hundred thousand dollars ($100,000) to provide emergency economic development assistance in any county that is documented to be experiencing a major economic dislocation.

(2) The funds shall be used by the city and county governments for projects that will directly result in the creation of new jobs. The funds shall be expended at a maximum rate of five thousand dollars ($5,000)

per new job created up to a maximum of five hundred thousand dollars ($500,000) per project.

(3) There shall be no local match requirement if the project is located in ~~an enterprise tier one area as defined in G.S. 105-129.3.~~a county that has one of the 25 highest rankings under G.S. 143B-437.08 after the adjustments of that section are applied.

(4) The Department may authorize a local government that receives funds under this section to use up to two percent (2%) of the funds, if necessary, to verify that the funds are used only in accordance with law and to otherwise administer the grant or loan.

(5) No project subject to the Environmental Policy Act, Article 1 of Chapter 113A of the General Statutes, shall be funded unless the Secretary of Commerce finds that the proposed project will not have a significant adverse effect on the environment. The Secretary of Commerce shall not make this finding unless the Secretary has first received a certification from the Department of Environment and Natural Resources that concludes, after consideration of avoidance and mitigation measures, that the proposed project will not have a significant adverse effect on the environment.

(6) The funds shall not be used for any nonmanufacturing project that does not meet the wage standard set out in G.S. 105-129.4(b).

(a1) Definitions. – The following definitions apply in this section:

(1) Air courier services. – ~~A person is engaged in the air courier services business if the person's primary business is furnishing air delivery of individually addressed letters and packages, except by the United States Postal Service.~~Defined in G.S. 105-129.71.

~~(2) Central administrative office. – Defined in the North American Industry Classification System adopted by the United States Office of Management and Budget.~~

(2a) Company headquarters. – Defined in G.S. 105-129.71.

~~(3) Data processing. – Defined in the North American Industry Classification System adopted by the United States Office of Management and Budget.~~

(4) Economically distressed county. – A county that has one of the 65 highest rankings under G.S. 143B-437.08 after the adjustments of that section are applied.~~designated as an enterprise tier one, two, or three area pursuant to G.S. 105-129.3.~~

(5) Eligible industry. – A ~~central administrative office~~company headquarters or a person engaged in the business of air courier services, ~~data processing,~~information technology and services, manufacturing, or warehousing and wholesale trade.

(6) Information technology and services. – Defined in G.S. 105-129.71.

(7) Major economic dislocation. – The actual or imminent loss of 500 or more manufacturing jobs in the county or of a number of

manufacturing jobs equal to at least ten percent (10%) of the existing manufacturing workforce in the county.

(8) Manufacturing. – Defined in ~~the North American Industry Classification System adopted by the United States Office of Budget and Management.~~G.S. 105-129.71.

(9) Reserved.

(10) ~~Warehousing and wholesale trade. – Defined in the North American Industry Classification System adopted by the United States Office of Management and Budget.~~Warehousing. – Defined in G.S. 105-129.71.

(11) Wholesale trade. -- Defined in G.S. 105-129.71.

(b) Repealed by Session Laws 1996, Second Extra Session, c. 13, s. 3.5.

(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, two, and three areas, as defined in G.S. 105-129.3,~~the counties that have one of the 65 highest rankings under G.S. 143B-437.08 after the adjustments of that section are applied 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, electrical utility distribution lines or equipment, or transportation infrastructure 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, electrical utility lines or facilities, or transportation infrastructure 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.

(c) Reports. – The Department of Commerce shall report annually to the General Assembly concerning the applications made to the fund and the payments made from the fund and the impact of the payments on job creation in the State. The Department of Commerce shall also report quarterly to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division on the use of the moneys in the fund, including information regarding to whom payments were made, in what amounts, and for what purposes.

(c1) In addition to the reporting requirements of subsection (c) of this section, the Department of Commerce shall report annually to the General Assembly concerning the payments made from the Utility Account and the impact of the payments on job creation in the State. The Department of Commerce shall also report quarterly to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division on the use of the moneys in the Utility Account including information regarding to whom payments were made, in what amounts, and for what purposes.

(d) Repealed by Session Laws 1996, Second Extra Session, c. 13, s. 3.5."

SECTION 2.5. G.S. 143B-437.04 reads as rewritten:

"**§ 143B-437.04. Community development block grants.**

(a) The Department of Commerce shall adopt guidelines for the awarding of Community Development Block Grants to ensure that:

(1) No local match is required for grants awarded for projects located in ~~enterprise tier one areas as defined in G.S. 105-129.3.~~counties that have one of the 25 highest rankings under G.S. 143B-437.08 after the adjustments of that section are applied.

(2) To the extent practicable, priority consideration for grants is given to projects located in ~~enterprise tier one areas as defined in G.S. 105-129.3~~counties that have one of the 25 highest rankings under G.S. 143B-437.08 after the adjustments of that section are applied or in ~~development~~ urban progress zones that have met the conditions of subsection (b) of this section.

(b) In order to qualify for the benefits of this section, after an area is designated a ~~development~~an urban progress zone under G.S. ~~105-129.3A.~~143B-437.09, the governing body of the city in which the zone is located must adopt a strategy to improve the zone and establish ~~a development~~an urban progress zone committee to oversee the strategy. The strategy and the committee must conform with requirements established by the Secretary of Commerce."

SECTION 2.6. G.S. 143B-437.51(5a) is recodified as G.S. 143B-437.51(4a) and reads as rewritten:

"(4a) ~~Enterprise~~ Development tier. – The classification assigned to an area pursuant to G.S. ~~105-129.3.~~143B-437.08."

SECTION 2.7. G.S. 143B-437.53(a) reads as rewritten:

"(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~~ development tier area, the location with the highest ~~enterprise~~ development tier area designation determines the minimum number of eligible positions that must be created.

~~Enterprise~~ Development Tier Area	Number of Eligible Positions
Tier One	10
Tier Two	~~10~~20
Tier Three	~~10~~20
~~Tier Four~~	~~20~~
~~Tier Five~~	~~20~~"

SECTION 2.8. G.S. 143B-437.55(c)(3) reads as rewritten:

"(c) Annual Reports. – The Committee shall publish a report on the Job Development Investment Grant Program on or before April 30 of each year. The report shall include the following:

...

(3) The number and ~~enterprise~~ development tier area of eligible positions created by projects with respect to which grants were awarded."

SECTION 2.9. G.S. 143B-437.56(d) reads as rewritten:

"(d) The percentage established in the agreement shall be reduced by ~~one-fourth~~fifteen percent (15%) for any eligible position that is located in a development tier two area and twenty-five percent (25%) for any eligible position that is located in ~~an enterprise~~ a development tier ~~four or five~~three area."

SECTION 2.10. G.S. 158-7.3(a) reads as rewritten:

"(a) Definitions. – The following definitions apply in this section:

(1) Development project. – A capital project that includes capital expenditures by both private persons and one or more units of local government and that increases net employment opportunities for residents of the development district or within a two-mile radius of the project, whichever is larger, and increases the local government tax base.

If the district in which such a project will occur is outside a city's central business district (as that district is defined by resolution of the city council, which definition is binding and conclusive), then, of the private development forecast for a development project by the development financing plan for the district in which the project will occur, a maximum of twenty percent (20%) of the plan's estimated square footage of floor space may be proposed for use in retail sales, hotels, banking, and financial services offered directly to consumers, and other commercial uses other than office space. The twenty percent (20%) limitation in the preceding sentence does not apply to development financing districts located in ~~an enterprise~~ a development tier one area, as defined in G.S. ~~105-129.3~~,143B-437.08 and created primarily for tourism-related economic development, such as developments featuring facilities for exhibitions, athletic and cultural events, show and public gatherings, racing facilities, parks and recreation facilities, art galleries, museums, and art centers.

(2) Publish. – Insertion in a newspaper qualified under G.S. 1-597 to publish legal advertisements in the county or counties in which the unit is located.

(3) Unit or unit of local government. – A county, city, town, or incorporated village."

SECTION 2.11. G.S. 19A-64(c) reads as rewritten:

"(c) Distribution. – The Department shall make payments from the Spay/Neuter Account to eligible counties and cities who have made timely application for reimbursement within 30 days of the closing date for receipt of applications for that quarter. In the event that total requests for reimbursement exceed the amounts available in the Spay/Neuter Account for distribution, the monies available will be distributed as follows:

(1) Fifty percent (50%) of the monies available in the Spay/Neuter Account shall be reserved for reimbursement for eligible applicants within ~~enterprise tier one, two, and three~~development tier one areas as

defined in G.S. ~~105-129.3.~~143B-437.08. The remaining fifty percent (50%) of the funds shall be used to fund reimbursement requests from eligible applicants in ~~enterprise tier four and five~~development tier two and three areas as defined in G.S. ~~105-129.3.~~143B-437.08.

(2) Among the eligible counties and cities in ~~enterprise tier one, two, and three~~development tier one areas, reimbursement shall be made to each eligible county or city in proportion to the number of dogs and cats that have received rabies vaccinations during the preceding fiscal year in that county or city as compared to the number of dogs and cats that have received rabies vaccinations during the preceding fiscal year by all of the eligible applicants in ~~enterprise tier one, two, or three~~development tier one areas.

(3) Among the eligible counties and cities in ~~enterprise tier four and five~~development tier two and three areas, reimbursement shall be made to each eligible county or city in proportion to the number of dogs and cats that have received rabies vaccinations during the preceding fiscal year in that county or city as compared to the number of dogs and cats that have received rabies vaccinations during the preceding fiscal year by all of the eligible applicants in ~~enterprise tier four and five~~development tier two and three areas.

(4) Should funds remain available from the fifty percent (50%) of the Spay/Neuter Account designated for ~~enterprise tier one, two, or three~~development tier one areas after reimbursement of all claims by eligible applicants in those areas, the remaining funds shall be made available to reimburse eligible applicants in ~~enterprise tier four and five~~development tier two and three areas."

SECTION 2.12. G.S. 106-744(c2) reads as rewritten:

"(c2) A county that is ~~an enterprise tier four county or an enterprise tier five~~a development tier two or three county, as these tiers are defined in ~~G.S. 105-129.3(a),~~G.S. 143B-437.08, and that has prepared a countywide farmland protection plan shall match fifteen percent (15%) of the Trust Fund monies it receives with county funds. A county that has not prepared a countywide farmland protection plan shall match thirty percent (30%) of the Trust Fund monies it receives with county funds. A county that is ~~an enterprise tier one county, an enterprise tier two county, or an enterprise tier three county, as these counties are~~a development tier one county, as defined in ~~G.S. 105-129.3(a),~~G.S. 143B-437.08, and that has prepared a countywide farmland protection plan shall not be required to match any of the Trust Fund monies it receives with county funds."

SECTION 2.13. G.S. 113A-252 reads as rewritten:

"**§ 113A-252. Definitions.**

The following definitions apply in this Article:

(1) Council. – The advisory council for the Clean Water Management Trust Fund.

(2) Economically distressed local government unit. – An economically distressed county, as defined in ~~G.S. 105-129.3.~~G.S. 143B-437.01, or a local government unit located in that county.
(3) Fund. – The Clean Water Management Trust Fund created pursuant to this Article.
(4) Land. – Real property and any interest in, easement in, or restriction on real property.
(4a) Local government unit. – Defined in G.S. 159G-20.
(4b) Stormwater quality project. – Defined in G.S. 159G-20.
(5) Trustees. – The trustees of the Clean Water Management Trust Fund.
(6) Wastewater collection system. – Defined in G.S. 159G-20.
(7) Wastewater treatment works. – Defined in G.S. 159G-20."

SECTION 2.14. G.S. 146-22.3(d) reads as rewritten:

"(d) Application. – This section applies only to land acquired in counties designated as ~~an enterprise tier one or enterprise tier two~~a development tier one area under G.S. ~~105-129.3.~~143B-437.08."

SECTION 2.15. G.S. 146-22.4(c) reads as rewritten:

"(c) Application. – This section applies only to land acquired in counties designated as ~~an enterprise tier one or enterprise tier two~~a development tier one area under G.S. ~~105-129.3.~~143B-437.08."

SECTION 2.16. G.S. 146-22.5(b) reads as rewritten:

"(b) Application. – This section applies only to land acquired in counties designated as ~~an enterprise tier one or enterprise tier two~~a development tier one area under G.S. ~~105-129.3.~~143B-437.08."

SECTION 2.17. G.S. 153A-15.1(e) reads as rewritten:

"(e) Application. – This section applies only to land acquired in counties designated as ~~an enterprise tier one or enterprise tier two~~a development tier one area under G.S. ~~105-129.3.~~143B-437.08."

SECTION 2.18. G.S. 160A-425.1(c) reads as rewritten:

"(c) If an inspector declares a residential building or nonresidential building or structure to be unsafe under subsection (b) of this section, the inspector must affix a notice of the unsafe character of the structure to a conspicuous place on the exterior wall of the building. For the purposes of this section, the term "community development target area" means an area that has characteristics of ~~a development zone under G.S. 105-129.3A,~~an urban progress zone under G.S. 143B-437.09, a 'nonresidential redevelopment area' under G.S. 160A-503(10), or an area with similar characteristics designated by the city council as being in special need of revitalization for the benefit and welfare of its citizens."

SECTION 2.19. G.S. 160A-426(c) reads as rewritten:

"(c) If an inspector declares a nonresidential building or structure to be unsafe under subsection (b) of this section, the inspector must affix a notice of the unsafe character of the structure to a conspicuous place on the exterior wall of the building. For the purposes of this section, the term "community development target area" means an area that has characteristics of ~~a development zone under G.S. 105-129.3A,~~an urban

progress zone under G.S. 143B-437.09, a 'nonresidential redevelopment area' under G.S. 160A-503(10), or an area with similar characteristics designated by the city council as being in special need of revitalization for the benefit and welfare of its citizens."

SECTION 2.20. G.S. 105-129.51(a) reads as rewritten:

"(a) A taxpayer is eligible for the credit allowed in this Article if it satisfies the requirements of G.S. ~~105-129.4(b), (b2), (b3), and (b4)~~105-129.73(c), (d), (e), and (f) relating to wage standard, health insurance, environmental impact, and safety and health programs, respectively."

SECTION 2.21. G.S. 105-259(b) reads as rewritten:

"(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:

...

(24) To furnish the Department of Commerce and the Employment Security Commission a copy of the qualifying information required in G.S. ~~105-129.7(b).~~105-129.7(b) or G.S. 105-129.76(b).

...

(27) To publish the information required under G.S. 105-129.6, 105-129.19, 105-129.26, 105-129.38, 105-129.44, 105-129.65A, 105-129.75, 105-130.41, 105-130.45, 105-151.22, and 105-164.14.

...

(36) To furnish the Department of Commerce with the information needed to complete the studies required under G.S. 105-129.2A and G.S. 105-129.72."

SECTION 2.22. This part becomes effective January 1, 2007.

PART III. EFFECTIVE DATES.

SECTION 3. Except as otherwise provided, this act is effective when it becomes law.

GENERAL ASSEMBLY OF NORTH CAROLINA

Session 2005

Legislative Fiscal Note

BILL NUMBER: House Bill 2170 (Second Edition)

SHORT TITLE: Bill Lee Changes.

SPONSOR(S): Representatives Harrell, Daughtridge, Gibson, and Owens

FISCAL IMPACT ($ Million)

	Yes (X)	No ( )	No Estimate Available ( )		
	FY 2006-07	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11
REVENUES: State General Fund	-0-	-$2.0	-$6.4	-$12.0	-$17.0
EXPENDITURES:					
POSITIONS (cumulative):					

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

EFFECTIVE DATE: Included in "Bill Summary"

BACKGROUND INFORMATION: The Bill Lee Act was enacted in 1996 and has been modified on numerous occasions. The 1996 legislation included a January 1, 2002 sunset of the full Act. During the 2000 session the sunset was extended to January 1, 2006. Finally, the 2005 General Assembly moved the sunset to January 1, 2008 with the expectation that the 2006 session would overhaul the entire Act. The PCS for HB 2170 represents that re-write.

The current Bill Lee Act is a package of State tax incentives adopted during the 1996 session. The incentives are primarily in the form of state tax credits for investing in machinery and equipment, acquiring certain real property, creating jobs, establishing a central administrative office, and training workers. The original research and development credit has been re-codified elsewhere.

Under the Act counties are divided into five enterprise 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.

BILL SUMMARY: Replaces the existing Bill Lee Act with a new system of more narrowly focused job creation and investment tax credits. The new package generally becomes effective beginning with activity taking place on or after January 1, 2007 and sunsets January 1, 2011. The existing Bill Lee Act is eliminated on January 1, 2007 with one exception: companies currently considering expanding in or relocating to North Carolina would be allowed to claim Bill Lee Act credits for the 2007 tax year under the Act if the taxpayer signs a letter of commitment with the Department of Commerce by December 31, 2006. The letter would require that the specific project be described.

Beginning on the next page is a comparison of the major features of the current Bill Lee Act and the proposed system.

	Current Law	HB 2170
Tier Structure (Tier 1 includes most distressed counties)	5 enterprise Tiers: - 10 counties in Tier 1 - 15 counties in Tier 2 - 25 counties each in Tiers 3, 4, and 5 Exceptions may move some counties to more distressed tier level	3 development Tiers: - 40 counties in Tier 1 - 40 counties in Tier 2 - 20 counties in Tier 3 Exceptions may move some counties to a lower tier and some to a higher tier
Tier Rankings	- 3 factors determine initial ranking: unemployment, per capita income, population, growth - Adjustments based on Tier 1 or 2 status, population level, unemployment level, and multi-county parks - Population figures include prisoners	- 4 factors determine initial ranking: unemployment, median household income, population growth, and assessed property value per capita - Same adjustments as under Bill Lee Act except for high high unemployment - Population figures do not include prisoners
Distressed Zones Within a County (Enhanced Credits)	Development zones eligibility: - At least partly within a city of 5,000 or more - Zone population of at least 1,000 - 20% of zone population is below poverty level - Every census tract in zone meets certain poverty guidelines - Area may be in one zone	Urban progress zones eligibility: - Wholly with a city of 10,000 or more - Each track must meet poverty or industrial requirements - Non-residential tracks no more than 35% of zone - Zones no more than 15% of municipality
Taxes to Which Credits Apply	- Credit is taken against either income, franchise, or insurance premiums tax - Credit may not exceed 50% of liability of tax selected - Carryforward period ranges from 5 years to 20 years	- Credit is taken against income, franchise, or insurance premiums taxes or combination of these taxes - Credit may not exceed 50% of combined tax liability - Carryforward period ranges from 5 years to 20 years

	Current Law	HB 2170
Activity Eligibility Factors	Depends on a combination of factors including: - Primary activity of a taxpayer as a whole - Primary activity of the special establishment - Enterprise Tier designation of the establishment - Number of new jobs created	- Eligibility depends on the primary activity of the specific establishment - However, company headquarters must create 75 jobs over two years
Eligible Industries	- Air courier services - Central office or aircraft facility - Computer services - Customer service center - Data processing - Electronic mail order house - Manufacturing - Warehousing - Wholesale trade	Same as current law with following exceptions: - Aircraft maintenance and repair is established as a separate category - Central administrative office is changed to company headquarters - Data processing and computer services combined as information technology and services - Motorsports racing team and motorsports racing facilities added - Research and development added
Quality Jobs	- Provision of health insurance - OSHA record - Environmental record - No overdue tax debts	Same As Current Law
Wage Standard	- No wage standard in Tiers 1 and 2 and development zones - Wage standard equal to 110% of the lesser of: - County wage - State wage - County wage adjusted by the wage/income factor	- No wage standard in Tier 1 - Wage standard equal to the lesser of: - 110% of the State wage - 90% of the county wage - Wage standard in Urban Progress zone is 90% of the lower wage

	Current Law	HB 2170
Specific Credits	- Job creation - Investing in machinery & equipment - Technology commercialization - Worker training - Central office or aircraft facility property - Other real property - Development zone projects	- Job creation - Investing in business property - Investing in real property
Job Creation Credit	- Must have 5 full-time employees and create at least one new job - Credit amount varies depending on enterprise Tier and development zone: - $12,500 per job in Tier 1 - $4,000 per job in Tier 2 - $3,000 per job in Tier 3 - $1,000 per job in Tier 4 - $500 per job in Tier 5 - Additional $4,000 for development zone - Taken over 4 years	- Taxpayer must meet a job creation threshold before becoming eligible for the credit: - 5 new jobs in Tier 1 - 10 new jobs in Tier 2 - 15 new jobs in Tier 3 - Taken over 4 years - Jobs transferred from a related member not included - Credit varies depending on Tier and Urban Progress zone: - $12,500 per job in Tier 1 - $5,000 per job in Tier 2 - $750 per job in Tier 3 - Additional $1,000 for Urban Progress zone ($2,000 for hiring a zone resident or long-term unemployed worker in zone)
Machinery & Equipment Credit	- Credit taken in seven installments - Credit amount varies depending on enterprise Tier level: - 7% in Tiers 1 and 2 - 6% in Tier 3 - 5% in Tier 4 - 4% in Tier 5 - Machinery and equipment definition narrowly drawn	- Credit taken in four installments - Credit amount varies depending on development Tier level: - 7% in Tier 1 - 5% in Tier 2 - 3.5% in Tier 3 - Business property definition broadly drawn

	Current Law	HB 2170
	- Credit is based on the eligible investment amount above a threshold: - $0 in Tier 1 - $100,000 in Tier 2 - $200,000 in Tier 3 - $1,000,000 in Tier 4 - $2,000,000 in Tier 5	- Credit is based on the eligible investment amount above a threshold: - $0 in Tier 1 - $1,000,000 in Tier 2 - $2,000,000 in Tier 3
Real Property Credit	- Require activity in lower-tiered area - Require 200 new jobs and $10 million investment - Credit equal to 30% of eligible investment amount - Credit taken over 7 years - 20-year carryforward	Same as current law except for 15 year carryforward
Credit Application Fee	- $500 for each type of credit - $1,500 maximum fee per tax year - Proceeds retained as agency receipts - Positions funded by receipts	- $500 for each type of credit - No maximum fee - Proceeds go to General Fund - Positions approved during budget process

ASSUMPTIONS AND METHODOLOGY: 2006-07 Year. The new system is effective for activity taking place on or after January 1, 2007. In general the credits are taken in installments over a four-year period beginning in the tax year following the year of activity. This means that the first impact of the bill will be for 2008 tax year and there would be no effect on the 2006-07 fiscal year.

2007-08 and Later Years: General Impact Discussion. It may be helpful to start by looking at some of the ways that the re-write could affect the potential cost of incentives:

(1) The ability of certain taxpayers to choose whether to claim credits under the existing Lee Act or the new system for the 2007 tax year could lead to an increased cost to the extent that the affected taxpayers select the most lucrative option. However, this impact will be limited by the fact that the taxpayer must sign a letter of commitment by December 31, 2006 and must specify the details of the project.

(2) The elimination of the worker training tax credit and the credits for central administrative offices and aircraft facilities will lead to a revenue gain. A March 31, 2006 report of the Department of Revenue indicates that for tax returns processed during the 2005 calendar year,

there were $5.8 million of credits generated from the credits that will be eliminated under the bill and that $2.7 million of credits were actually claimed on tax returns.

(3) The impact of the new tier structure on the jobs and investment credits claimed by eligible taxpayers depends on the mix of activity in the new tiers compared to the prior designations. In general the costs of the investment tax credit will be reduced because current Tier 4 and Tier 5 companies will receive a 3.5% credit instead of 4% or 5% and some current Tier 3 companies will be eligible for a 5% credit instead of 6%. This change is important because the investment tax credit is by far the most expensive of the Lee Act credits ($119.9 million generated and $56.5 million claimed in 2005).

(4) The program savings from the investment tax credit tier changes will be partially offset by higher costs for the jobs credit. For reference purposes, the jobs credit amounts to 30-40% of the investment tax credit total for returns processed during the 2005 calendar year.

(5) The change in the investment tax credit thresholds means that some current Tier 4 taxpayers will have a $2 million threshold to reach instead of $1 million and that many current Tier 3 taxpayers will face a $1 million threshold hurdle of $200,000. This will be offset by the fact that some taxpayers currently located in Tier 2 and 3 counties will have their small thresholds replaced by no threshold.

(6) Under the current system there is no job creation threshold although a business must have 5 employees to be eligible for the credit for each new job created. The new system does not have a "current job level" threshold but does require a certain number of jobs to be created in order to gain eligibility for the credits. For example, a company located in a new Tier 3 county must create at least 15 jobs to be eligible. Under the existing act a credit could be received for just one new job if the employer already had 5 employees.

(7) The shift from a machinery and equipment investment credit to a general business property credit would in theory add to the cost due to the expanded eligibility (essentially any item that could be depreciated under the Internal Revenue Code). However, discussions with the Department of Revenue staff monitoring the Lee Act indicates this impact will be lessened by the fact that many taxpayers are already claiming the credit for the expanded items.

(8) The conversion of development zones to urban progress zones means that a smaller area will be covered and there will be a lower number of eligible zones. This change could lead to a significant amount of program savings in future years as employers are beginning to discover and take advantage of the enhanced credits.

(9) The ability of taxpayers to use the credit against the combined income, franchise, and insurance premiums tax liability (in lieu of selecting one credit) will add to the cost of the credits by an unknown amount. The impact is especially important in the near term (2008, 2009, etc.) due to the limitation of the credit to 50% of tax liability.

(10) The elimination of the development zone donation credit will have little impact due to its minimal usage.

(11) Under the bill the investment tax credit can be taken over four years instead of seven years. This change will add to the cost in the early years.

2008-09 and Later Years: Fiscal Simulation. The Department of Commerce simulated the impact of the major changes in the re-write using actual data collected over the last five years. This data covered the 1996-2002 experience under the Lee Act. Below are some of the highlights of the simulation:

(1) The analysis indicates that had the new system been in place during the 1996-2002 period, the higher investment threshold for the investment tax credit would have eliminated about 15% of the sites that received the credit and the total credits generated would have declined by 31%. This is important due to the sheer magnitude of the machinery and equipment under the Lee Act (2.5-3.0 times the magnitude of the jobs credit). In addition, these dollar savings were based on a 4% credit for the new Tier 3 counties, not the 3.5% credit in the current version of the bill. The savings at 3.5% would be even larger.

(2) The higher job creation threshold for eligibility of the jobs credit would have reduced the number of sites taking the credit substantially. However, the larger credit amounts would push up the total dollar cost of these credits by over 100%.

The second step of this analysis by Commerce was to perform a simulation using the most recent three tax years. After taking into account the elimination of the worker training tax credit and the central administrative office credit, the shift to the new system would lead to a slight revenue gain (under $1 million) in the first year in which the credits are actually taken, **when compared to the potential costs of the existing Bill Lee Act.** However, the Department admits that the analysis is not 100% complete. For example, it does not take into account the revisions to the data that will take place after the results of the extensive Department of Revenue audits are factored in. In addition the analysis does not consider the impact on the 2008 tax year of the provision allowing "letter of commitment" companies to choose between the existing Bill Lee Act and the new system for the 2007 tax years.

Discussions with the Department of Revenue indicate that their preliminary analysis shows that the new system could lead to additional credits generated of $12 million, **when compared to the potential costs of the existing Bill Lee Act.** However, as in the case of the Department of Commerce's simulation, the analysis does not consider all of the features of the new system. In addition the $12 million is calculated on a "claims generated" basis. This is important because the Department of Revenue has indicated that the limitation of the credits to 50% of tax liability means that only a handful of companies are able to use the full amount of the credit in the first couple of years. Thus, a substantial portion of the potential credits will be carried forward to future years.
There is another issue to be considered when analyzing the fiscal impact of the overhaul. Up to this point our analysis has focused on how the costs of the new system compares to the existing Bill Lee Act. On this issue, we can say that the new system is approximately revenue neutral.

However, the primary focus of a fiscal estimate for state budget purposes is how the system envisioned under the bill compares to current law, which includes a January 1, 2008 sunset to the Bill Lee Act. This means that the meaningful comparison beginning with the 2008 calendar year is the absolute cost of the new system.

Based on the analysis of the Department of Revenue and Department of Commerce, we estimate that the incremental annual impact of shifting from the current Act to the new system at $1.2 million each year. This means that the second year impact is $2.4 million, the third year is $3.6 million, and so forth. These costs would continue to pyramid until the 2011 sunset.

Since the new system is effective beginning with 2007 tax year activity and taxpayers take the credit in the year following the activity year, the first effects would be felt in the 2008 tax year. We bumped up the potential 2008 tax year cost to $2.2 million due to the fact that certain taxpayers may be able to choose between the existing credits and the new system for the 2007 activity year.

After calculating the tax year impact, we adjusted the numbers to the state fiscal year by assuming that 55% of the relief is taken in the fiscal year ending in the tax year for which the credit is claimed and the remainder would be taken in the following fiscal year.

These costs apply to the difference between the new system and the current Lee Act. In addition, there is a baseline cost associated with removing the January 1, 2008 sunset of the incentives. Based on a review of the historical experience of the Bill Lee Act from 1996-2005 and discussions with the Department of Revenue (which has access to actual tax returns), we estimate the fiscal year cost for the combination of the jobs and investment credits at $2.3 million for 2008-09, $6.7 million for 2009-10, and $11.2 million for 2010-11. These costs would be added to the incremental costs under the new system, when compared to current Bill Lee Act.

Administrative Costs. The Department of Revenue is charged with reporting on the credits claimed and credit used under both the existing Bill Lee Act and the new system. The addition of the reporting requirements for the new system will mean that the Department will be faced with reviewing tax returns and tabulating credit usage for both the old system and the new. This will lead to additional personnel requirements and other costs. Preliminary data formatting work will begin during the 2006-07 fiscal year.

SOURCES OF DATA: Numerous discussions with the research staff of Department of Revenue and Department of Commerce and tax impact simulations run by the staff.

TECHNICAL CONSIDERATIONS: None

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APPROVED BY: Lynn Muchmore, Director
Fiscal Research Division

DATE: June 27, 2006



Signed Copy Located in the NCGA Principal Clerk's Offices

HOUSE BILL 2170:
Bill Lee Changes

BILL ANALYSIS

Committee:	House Finance	**Date:**	June 17, 2006
Introduced by:	Reps. Harrell, Daughtridge, Gibson, Owens	**Summary by:**	Y. Canaan Huie
Version:	PCS to First Edition H2170-CSLYx-72		Committee Counsel

SUMMARY: This bill would create a new Article under Chapter 105 to provide tax credits to new and expanding businesses, effective for taxable years beginning on or after January 1, 2007; would sunset the Bill Lee Act for activities occurring on or after January 1, 2007, rather than January 1, 2008; and would make conforming changes to other statutes that refer to provisions of the Bill Lee Act.

BILL ANALYSIS:

Part I. Tax Credits for Growing Businesses.

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, and for worker training. Counties are divided into five enterprise 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 2000, the General Assembly extended the sunset on the act until January 1, 2006. In 2005, the General Assembly approved a two-year extension of the Act, until January 1, 2008, in order to provide additional time to study alternatives to the Act.[1]

This bill would create a new package of State tax incentives to replace the Bill Lee Act for most taxpayers. These incentives would become effective January 1, 2007, and would expire January 1, 2011. Taxpayers that are eligible for the later repeal date of the Act would be able to choose to take

[1] There are several exceptions to the 2008 sunset date. Interstate air couriers are eligible to claim the credits for business activity that occurs on or before January 1, 2010, provided that the interstate air courier entered into a real estate lease on or before January 1, 2006 with an airport authority that provides for the lease of at least 100 acres of land for a term of at least 15 years. "Eligible major industries" that qualify as such before January 1, 2006, are also allowed to claim credits for business activity that occurs on or before January 1, 2010. A taxpayer is an eligible major industry if it will invest at least $100 million in acquiring, constructing, and equipping a facility and it is engaged in bioprocessing, the manufacture or distribution of pharmaceuticals or medicines, aircraft manufacturing, computer manufacturing, motor vehicle manufacturing, or semiconductor manufacturing. In addition, projects that are located in development zones are eligible for credits for business activities occurring before January 1, 2010, if all of the following conditions are met: before January 1, 2006, the taxpayer signs a letter of commitment with the Department of Commerce; the Secretary of Commerce makes a written determination that the taxpayer will invest $10 million and create at least 300 new jobs at the facility within a three-year period; and the taxpayer invests at least $4 million and creates at least 20 new jobs at the facility before January 1, 2006.

credits under the current Act or under the bill. Many of the provisions of this proposed new Article are similar or identical to the provisions of the Bill Lee Act. There are some significant differences however.

General Administration.
Under this bill, by November 30 of each year, the Department of Commerce would be required to assign a tier designation to each of the 100 counties in the State. In order to make these assignments, the Department would rank all counties based on the following factors: unemployment, median household income, percentage population growth, and per capita adjusted assessed property value. Regardless of the development factor, any county with a population of less than 12,000 would automatically be included in the counties with the 40 highest rankings and any county with a population of less than 50,000 would automatically be included in the counties with the 80 highest rankings. Regardless of the development factor, a county first designated as a tier one area in one of the two previous years would be included in the counties with the 40 highest rankings. The 40 counties with the highest ranking would be designated as development tier one, the next 40 highest counties would be designated as development tier two, and the remaining counties would be designated as development tier three.

This differs in several keys ways from the Bill Lee Act. First, the Bill Lee Act tier designation is not required until December 31. Second, in order to make the Bill Lee tier designations, the Department of Commerce ranks all 100 counties based on the following three factors: unemployment, average per capita income, and percentage growth in population. The proposed legislation would substitute median household income for per capita income and add the new factor related to adjusted assessed property value per capita. Third, under the Bill Lee Act, counties are divided into five tiers rather than three. Fourth, under this proposal, the number of counties in a tier would be fixed. If one county received a lower tier designation because of the population or low-tier status exceptions, another county would be moved to a higher tier. Under the Bill Lee Act, the adjustments may move a county to a lower tier, but they do not result in any county being assigned to a higher tier.

The Bill Lee Act also contains exceptions to the tier designation structure for certain multi-jurisdictional industrial parks. Under those exceptions, taxpayers located in certain industrial parks that are owned by multiple jurisdictions are eligible for credits as if they were located in the lower-tiered jurisdiction. These exceptions are retained in this bill.

Development zones are another key feature of the Bill Lee Act.[2] Development zones were intended to be areas of high poverty within cities. Over the years, it has become clear that the development zones often include areas that are neither high-poverty nor particularly urban. This bill would replace development zones with urban progress (UP) zones. UP zones are more narrowly focused than development zones. First, an UP zone must be entirely within the corporate limits of a municipality with a population of at least 10,000. Development zones are located at least partially in a municipality with a population of at least 5,000. Second, UP zones must meet more stringent guidelines with respect

[2] Under the Bill Lee Act, the Department of Commerce is also responsible for designating development zones. Development zones were intended to be areas of higher poverty within urban centers. In order to be designated as a development zone, the area must satisfy all of the following conditions: every census tract or block group in the zone is located in a city with a population of at least 5,000, the zone has a population of at least 1,000, more than 20% of the population of the zone is below the poverty level, every census track or block group in the zone has more than 10% of its population below the poverty level or is immediately adjacent to a census tract or block group that has more than 20% of its population below the poverty level, and no census tract or block group in the zone is located in another development zone. Designation as a development zone is effective for two years. Location in a development zone leads to more favorable treatment for the taxpayer with respect to the wage standard, the credit for creating new jobs, the credit for investing in machinery and equipment, and the credit for worker training.

to poverty within the zone. Third, the total area of all UP zones in a municipality may comprise no more than 15% of the area of a municipality: there is no similar restriction on development zones.

Under this bill, all of the credits would be allowed against the franchise tax levied in Article 3 of Chapter 105, the income taxes levied in Article 4 of Chapter 105, the gross premiums tax levied in Article 8B of Chapter 105, or a combination of these taxes. The credits allowed under the Bill Lee Act are also allowed against these taxes; however, unlike this bill, under the Bill Lee Act, a taxpayer may take a credit against only one of the three taxes.

Under this bill, the total amount of credits allowed could not exceed 50% of the cumulative amount of the taxpayer's tax liability for franchise, income, and gross premiums taxes. Under the Bill Lee Act, the credits are limited to 50% of the taxpayer's tax liability for the one tax against which the taxpayer chooses to apply it. As with the Bill Lee Act, this cap would apply to the cumulative amount of credits for the current year and carryforwards of credits from previous years. Under this bill, any unused portion of a credit with respect to the credit for creating jobs or investing in business property could be carried forward for the succeeding five years. This is also the standard carryforward period for the Bill Lee Act. Any unused portion of a credit with respect to the credit for investing in real property could be carried forward for the succeeding 15 years, as compared to the succeeding 20 years under the Bill Lee Act. Finally, as with the Bill Lee Act, credits with respect to a large investment (at least $150 million) could be carried forward for 20 years. This bill would shorten the carryforward period for some credits and eliminates some enhanced carryforward provisions altogether.

When filing a return for a taxable year in which the taxpayer engaged in activity for which the taxpayer is eligible for a credit, the taxpayer would be required to submit a fee of $500 for each type of credit the taxpayer intended to claim with respect to an establishment. The fee would be deposited in the General Fund, and the positions at the Departments of Revenue and Commerce that oversee the program would be funded through the General Fund. The Bill Lee Act contains a similar fee requirement, but under the Act the fees are kept by the Departments as departmental receipts: the positions that oversee the Bill Lee are funded by those receipts. Under the Bill Lee Act, there is a maximum fee of $1,500 per taxable year: there would be no maximum fee under the proposed new Article.

As under the Bill Lee Act, each taxpayer claiming a credit under the proposed new Article would be required to provide any information required by the Secretary of Revenue to evaluate the eligibility of the taxpayer for the credit claimed.

As under the Bill Lee Act, the Department of Revenue and the Department of Commerce would be required to make several reports on the proposed new Article. By each May 1, the Department of Revenue would be required publish information itemized by credit and by taxpayer relating to the amount and tier designation of new jobs, new real property investment, and new business property. The Department of Commerce would be required to make biennial reports on tax equity and the impact of the proposed new Article.

As with the Bill Lee Act, credits under the proposed new Article could not be taken more than six months after the deadline for filing the tax return (including extensions) on which they were claimed. This is more restrictive than is generally the case under North Carolina law. In general, an overpayment may be refunded only if the discovery is made or the written request for a refund made within 3 years of the date set by statutes for filing the return or within 6 months of the date of the overpayment, whichever later.

Basic Eligibility

Type of Business. Under this bill, in order to be eligible for a credit under the proposed new Article, a taxpayer would be required to meet eligibility requirements with respect to type of business. Under the proposed new Article, business type generally would be determined solely by reference to the primary activity of the particular establishment.[3] The following types of businesses would be eligible for credits under the proposed new Article:

- Aircraft maintenance and repair.
- Air courier services hub.
- Corporate headquarters, but only if additional eligibility requirements are satisfied.
- Customer service call centers.
- Electronic shopping and mail order houses.
- Information technology and services.
- Manufacturing.
- Motorsports facilities.
- Motorsports racing teams.
- Research and development.
- Warehousing.
- Wholesale trade.

Business-type eligibility under the proposed new Article would be substantially different than under the Bill Lee Act. Under the Bill Lee Act, business type eligibility depends on several factors including the primary business of the taxpayer as a whole, the primary activity of the particular establishment, the location of the establishment, and the number of new jobs created. The following types of business are eligible under the Bill Lee Act:

- Air courier services, if the primary business of the taxpayer is air courier services.
- Data processing, if the primary business of the taxpayer is data processing.
- Manufacturing, if the primary business of the taxpayer is manufacturing, warehousing, or wholesale trade and the primary activity of the establishment is manufacturing.
- Warehousing, if the primary business of the taxpayer is manufacturing, warehousing, or wholesale trade and the primary activity of the establishment is warehousing, or if the primary activity of an establishment is warehousing, the establishment is located in an enterprise tier 1-3 area, and the establishment serves 25 or more establishments of the taxpayer.
- Wholesale trade, if the primary business of the taxpayer is manufacturing, warehousing, or wholesale trade and the primary activity of the establishment is wholesale trade.
- Computer services, if the primary activity of the establishment is computer services.
- Electronic mail order house, if the primary activity of the establishment is an electronic mail order house and the electronic mail order house is located in an enterprise tier 1-3 area and creates at least 250 new jobs.
- Customer service center, if the primary business of the taxpayer is financial services or telecommunications, the primary activity of the establishment is a customer service center, and the center is located in an enterprise tier 1-3 area.

[3] The definition of "establishment" under the proposed new Article is different from the definition of "establishment" under the Bill Lee Act. Generally, under this bill, an establishment means a single physical location. Under the Bill Lee Act, an "establishment" is defined by NAICS (North American Industry Classification System) as the smallest operating entity for which records provide information on the cost of resources – materials, labor, and capital – employed to produce the units of output. Under NAICS, an establishment is generally a single physical location; although there are many exceptions to this generality.

- Central office or aircraft facility, if the primary activity of the establishment is a central administrative office or a training or maintenance center for an interstate air passenger carrier and the establishment creates at least 40 new jobs.

Under the proposed new Article, motorsports facilities and motorsports racing teams would be eligible for credits whereas they are not currently eligible under the Bill Lee Act. A larger group of manufacturers, warehousers, wholesale traders, electronic mail order houses, and customer service centers would be eligible for credits under the proposed new Article than under the Bill Lee Act. Under the proposed new Article, credits for central administrative office facilities would be restricted to those facilities that are corporate headquarters and credits for data processing and computer services would be replaced by credits for information technology and services.

In order for a corporate headquarters to qualify for credits under the proposed legislation, the establishment would be required to create at least 75 new jobs within a 24-month period. A taxpayer that satisfied this job creation requirement would be eligible for credits in the year in which the requirement was satisfied and the two succeeding years. A taxpayer that later created an additional 75 new jobs in a 24-month period could be eligible for an additional three-year period of eligibility, but only if the job creation occurred outside of any other period of eligibility.

Wage Standard. Under this bill, a taxpayer would be eligible for a credit under the proposed new Article only if the jobs provided by the taxpayer met a wage standard. As with the Bill Lee Act, no wage standard would apply in the lower-tiered areas.[4] For development tiers two and three, the jobs provided by the taxpayer would be required to pay at least the lower of 90% of the average county wage or 110% of the average State wage. This differs significantly from the manner in which the wage standard is calculated under the Bill Lee Act. Under the Bill Lee Act, for enterprise tier areas three through five, the jobs provided by the taxpayer must pay at least 110% of the applicable average weekly wage. The applicable average weekly wage of the county is the lowest of the following: the average weekly wage for all insured private employers in the county, the average weekly wage for all insured private employers in the State, and the average weekly wage for all insured private employers in the county multiplied by the county income/wage adjustment factor.[5] Under the proposed legislation, for activities that occur in UP zones, the wage standard is lower than for activities that occur in development tiers two and three outside of UP zones. For UP zones, the wage standard is 90% of the lesser of the average county wage and the average State wage. Under the Bill Lee Act, there is no wage standard for activities occurring in development zones.

Under the proposed new Article, the wage standard would be calculated in different ways for the credit for creating jobs and the credit for investing in business property. For the credit for creating jobs, the average weekly wage of the jobs for which the credit was claimed and the average weekly wage of all jobs at the establishment with respect to which the credit was claimed would be required to meet the relevant wage standard. For the credit for investing in business property, the average weekly wage of all jobs at the establishment with respect to which the credit was claimed must meet the relevant wage standard. This is equivalent to how the wage standard is applied under the Bill Lee Act for the credits for creating jobs and for investing in machinery and equipment. As with the Bill Lee Act, there would

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[4] Legislation enacted in 2002 eliminated the wage standard in enterprise tiers one and two under the Bill Lee Act. Under the proposed new Article, no wage standard would apply in development tier one. Development tier one under the proposed new Article is roughly equivalent to enterprise tiers one and two under the Bill Lee Act.

[5] The county income/wage adjustment factor is the county income/wage ratio divided by the State income/wage ratio. The income/wage ratio is determined by dividing the average per capita income in the relevant jurisdiction by the annualized average wage for all insured private employers in the jurisdiction.

no wage standard for the credit for investing in real property under the proposed new Article because that credit would be available only in the lower-tiered counties where the wage standard requirement would not apply.

Under the Bill Lee Act, all jobs, including part-time jobs, must be included in the wage standard calculation. However, part-time jobs that also provide health insurance are considered to have an average weekly wage at least equal to the relevant wage standard. For the purpose of calculating the wage standard, the weekly wage of a part-time job is converted to a full-time equivalency. Under the proposed new Article, no part-time jobs would be included in the calculation of the wage standard. As under the Bill Lee Act, all jobs that were filled for at least 1600 hours during the year in which the taxpayer engaged in the activity for which a credit was claimed would be included in the wage standard calculation under the proposed new Article even if those jobs were not filled at the time the taxpayer claimed the credit.

Health insurance. As under the Bill Lee Act, a taxpayer would be required to provide health insurance for all full-time jobs at the establishment in order to be eligible for a credit under the proposed new Article. The taxpayer would be required to pay at least 50% of the premiums for health insurance that met at least the minimum provisions of the basic health care plan of coverage recommended by the Small Employer Carrier Committee. Each year that a taxpayer claimed an installment or carryforward of a credit, the taxpayer would be required to provide certification that it continued to provide health insurance for all full-time employees. If the taxpayer ceased to provide health insurance, the credit would expire and the taxpayer would not be able to take any remaining installment or carryforward of the credit.

Environmental Impact. As under the Bill Lee Act, a taxpayer would be ineligible for a credit under the proposed new Article if the taxpayer had any pending administrative, civil, or criminal enforcement action based on alleged significant violation of any program implemented by an agency of the Department of Environment and Natural Resources or if the taxpayer had had any final determination of responsibility for any significant administrative, civil, or criminal violation of any program implemented by an agency of the Department of Environment and Natural Resources in the last five years. The Secretary of Environment and Natural Resources would be required to notify the Department of Revenue of all persons who currently had any of these pending actions or who had had any of these final determinations in the past five years.

Safety and Health Programs. As under the Bill Lee Act, a taxpayer would be ineligible for a credit under the proposed new Article if the taxpayer had any outstanding violations under the Occupational Safety and Health Act that had become a final order for "willful serious" or "failure to abate serious" violations within the past three years. The Department of Labor would be required to notify the Department of Revenue of all employers who had had these citations become final orders in the past three years.

Overdue Tax Debts. As under the Bill Lee Act, a taxpayer would be ineligible for a credit under the proposed new Article if the taxpayer had any overdue tax debts. An overdue tax debt is any part of a tax debt that remains unpaid 90 days or more after a notice of final assessment was mailed to the taxpayer. A tax debt is a final assessment after all possibilities for appeal have been exhausted.[6]

[6] Under general existing 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 30 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

Expiration. Under the Bill Lee Act, credits may expire for several reasons. If the taxpayer is no longer engaged in an eligible type of business or if the number of jobs of an eligible business falls below the minimum number required, the credit expires. Generally, if a credit expires, the taxpayer may not continue to take installments of the credit, but may continue to take carryforwards of installments that accrued in previous years.[7] The credit for creating jobs and the credit for investing in machinery and equipment expire if the jobs are no longer filled or if the machinery and equipment are taken out of service used in an eligible business. The credit does not expire if the enterprise tier designation of an eligible taxpayer changes after the credit is first claimed. The credits under the proposed new Article retain these expiration provisions.

Forfeiture. Under the Bill Lee Act, a taxpayer forfeits a credit if the taxpayer was not eligible for the credit in the year in which the taxpayer engaged in the activity for which the credit was claimed. A taxpayer that forfeits a credit is liable for all past taxes avoided as a result of the credit plus interest. The past taxes and interest are due 30 days after the date the credit is forfeited. The credits under the proposed new Article would retain these forfeiture provisions.

Specific Credits.

Credit for creating jobs, G.S. 105-129.78. Under this bill, a taxpayer would be allowed a credit for creating new full-time jobs. In order to be eligible for this credit, the taxpayer would be required to meet a job creation threshold based on the development tier designation of the location where the jobs were created.[8] If the taxpayer created jobs in more than one county during a year, the threshold would apply separately to each county. If the taxpayer created jobs at more than one establishment in a single county during a year, the threshold would apply jointly to all establishments within the county. In addition, the amount of the credit would vary depending on the development tier designation of the area in which the job was located. A job is located in an area if 50% or more of the employee's duties are performed in the area. The full amount of the credit could not be taken in the first year, but instead would be taken in four equal installments beginning with the taxable year following the year in which the employee was hired. Jobs transferred from one part of the State to another would not qualify for the credit. In addition, jobs transferred within the State from a related member of the taxpayer to the taxpayer would not qualify for the credit. The amount of the credit and the job creation threshold would be equal to the amounts in the following table based on the development tier area in which the job is located. In addition, a job created in an UP zone would be eligible for an additional credit of $1,000 and if that job were filled by a resident of the zone or a long-term unemployed worker[9] it would be further increased by an additional $2,000.

Area Development Tier	Amount of Credit	Threshold
Tier One	$12,500	5
Tier Two	5,000	10
Tier Three	750	15

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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. If a taxpayer disagrees with a final assessment, the taxpayer may appeal the decision to the Tax Review Board, and then on to superior court, the Court of Appeals, and the Supreme Court.

[7] Expiration of a credit because the taxpayer ceases to provide health insurance is an exception to this general rule. In that case, the taxpayer may not claim installments or carryforwards after the credit expires.

[8] For jobs created in an UP zone, the threshold applicable to development tier one would apply.

[9] A "long-term unemployed worker" is defined as an individual that has been totally unemployed for at least the preceding 26 consecutive weeks.

Under the proposed new Article, if in one of the four years in which the installment of a credit accrues, the jobs with respect to which the credit was taken were unfilled, the credit related to those specific jobs would expire and the taxpayer would not be allowed to take any remaining installments of the credit. If, in one of the four years in which the installment of a credit accrues, the total number of jobs fell below the sum of the applicable job creation threshold and the number of jobs existing in the year before the new jobs were created, the credits with respect to all the new jobs would expire and the taxpayer would not be allowed to take any remaining installments of the credits. If, in one of the four years in which an installment of the credit accrued, a job that qualified for the credit was subsequently transferred to another area, the remaining installments of the credit would be calculated as if the job had been initially located in the later area.

Under the proposed new Article, a taxpayer that planned to create new jobs in a specific area during the next two years could sign a letter of commitment with the Department of Commerce in order to lock-in the current year's development tier designations for the purposes of this credit. If the taxpayer created the jobs within the next two years, the taxpayer would be allowed to compute the amount of the credit based on the designations in effect in either the year in which the letter of commitment was signed or the year in which the jobs were created. If the taxpayer did not create the jobs in the next two years, the taxpayer could still claim a credit under the existing tier designation if the jobs were later created.

A taxpayer could not claim a credit under this proposed new Article and under the Bill Lee Act with respect to the same job. This is important because the Bill Lee Act will remain in effect for a limited group of taxpayers until 2010.

There are several significant differences between the proposed new credit for creating jobs and the credit that currently exists under the Bill Lee Act (G.S. 105-129.8). First, the Bill Lee Act credit does not require the taxpayer to meet a job creation threshold whereas the proposed new credit would. Second, the amount of the credit per job is more generous for some taxpayers under this proposed credit than under the existing Bill Lee Act credit.

Credit for investing in machinery and equipment, G.S. 105-129.79. Under this bill, a taxpayer would be allowed a credit for the amount by which the cost of the eligible investment amount of business property placed into service during a taxable year exceeds a threshold. The eligible investment amount is the lesser of (i) the cost of the eligible business property and (ii) the net increase in eligible business property over the base year (the year of the preceding three years in which the taxpayer had the largest amount of business property in service in the State). In order to be eligible for the credit, the taxpayer would be required to place new business property into service in excess of a threshold based on the development tier designation. The credit would be taken in four equal installments, beginning the year after the equipment was placed in service. The amount of the credit would be equal to a percentage of the eligible investment amount of the business property. If the taxpayer placed eligible business property into service in more than one county during a year, the threshold would apply separately to each county. If the taxpayer placed eligible business property into service at more than one establishment in a single county during a year, the threshold would apply jointly to all establishments within the county. The following table sets out the relevant percentage and threshold for each development tier area:

Area Development Tier	Threshold	Credit Percentage
Tier One[10]	$ -0-	7%
Tier Two	1,000,000	5%

[10] For the purposes of this credit, investment that occurs in an UP zone is subject to the threshold and percentage applicable to activity that occurs in a development tier one area.

Tier Three	2,000,000	3.5%

If in one of the four years in which the installment of a credit would accrue, the business property with respect to which the credit was taken was disposed of, moved out of State, or taken out of service, the credit would expire and the taxpayer could not take any remaining installments of the credit unless the cost of that business property was offset in the same taxable year by the taxpayer's new investment in business property. If eligible business property that qualified for a credit was subsequently transferred to another area, the remaining installments of the credit would be calculated as if the business property had been initially located in the later area

A taxpayer that planned to place specific business property in service at a specific location within the next two years could sign a letter of commitment with the Department of Commerce in order to lock-in the current year's development tier designation for the purposes of this credit. If the taxpayer placed the eligible business property in service within the next two years, the taxpayer could compute the amount of the credit based on the designations in effect in either the year in which the letter of commitment was signed or the year in which the business property was placed in service. If the taxpayer did not place the business property in service in the next two years, the taxpayer could still claim a credit under the existing tier designation if the business property was later placed in service.

A taxpayer could not claim a credit under this proposed new Article and under the Bill Lee Act with respect to the same business property. This is important because the Bill Lee Act will remain in effect for a limited group of taxpayers until 2010.

There are significant differences between the proposed new credit for investing in business property and the credit currently allowed under the Bill Lee Act for investing in machinery and equipment. First, the thresholds under the proposed credit differ from the thresholds under the existing credit. Second, the definition of "business property" under the proposed new credit is broader than the definition of "machinery and equipment" under the existing credit. Third, the percentage that determines the amount of the credit under the proposed new credit differs from the percentage for the existing credit for some taxpayers.

Credit for substantial investment in other property, G.S. 105-129.79. Under this bill, a taxpayer that is located in a development tier one area would be eligible for a credit for investment in real property. In order for the taxpayer to claim this credit, the Secretary of Commerce would be required to make a written determination that the taxpayer was expected to invest at least $10 million in real property at a location within a three-year period and that the taxpayer would create at least 200 new jobs at the location within two years of the time that the property was first used in an eligible business. The taxpayer could begin to claim the credit once the property was first used in an eligible business. The amount of the credit would be equal to 30% of the eligible investment amount and could be taken in installments over a seven-year period. There would no ceiling on the amount of the credit. The credit for investment in real property would expire if the number of people employed at the location fell below 200.

A taxpayer could not claim both the proposed credit for investment in real property and either of the existing Bill Lee Act credits for investment in real property with respect to the same property. This is important because the Bill Lee Act will remain in effect for a limited group of taxpayers until 2010.

The only significant difference between the proposed credit for investment in real property and the Bill Lee Act credit for substantial investment in other property is the carryforward period. Under the Bill Lee Act, unused portions of the credit can be carried forward for up to 20 years. Under the proposed legislation, unused portions of the credit could be carried forward for up to 15 years.

Expiring credits. The Bill Lee Act contains five credits that do not have a counterpart in this bill. Those credits are as follows:

- *G.S. 105-129.9A. Technology commercialization credit.* The technology commercialization credit is essentially an enhanced version of the credit for investing in machinery and equipment for taxpayers that are making significant investments in certain types of machinery and equipment. There is no similar enhancement in the proposed new Article; however, the technology commercialization credit was designed with a specific project in mind that never came to fruition and therefore the credit has never been claimed.
- *G.S. 105-129.10. Credit for research and development.* The Bill Lee Act contained a credit for research and development expenditures. In 2004, the General Assembly created a new, stand-alone credit for research and development (See Article 3G of Chapter 105 of the General Statutes). Therefore, no similar credit is included in the proposed new Article.
- *G.S. 105-129.11. Credit for worker training.* The Bill Lee Act contains a credit with which a taxpayer could offset certain worker training expenses. There is no similar credit in the proposed new Article.
- *G.S. 105-129.12. Credit for investing in central office or aircraft facility property.* The Bill Lee Act contains a credit for investing in central office or aircraft facility property. The credit was equal to 7% of the eligible investment amount and was capped at $500,000. There is no similar credit in the proposed new Article though a business that would have been eligible for this credit under the Bill Lee Act would be eligible for the proposed credit for investing in real property if the requirements of that proposed credit are satisfied.
- *G.S. 105-129.13. Credit for development zone projects.* This credit allowed a taxpayer to claim a credit equal to 25% of a donation to a development zone agency for an improvement project in a development zone. There is no similar credit in the proposed new Article.

Other Issues Related to Bill Lee Act

Extension of Bill Lee Act for taxpayers signing a letter of commitment. This bill would allow certain taxpayers to claim credits under the Bill Lee Act rather than the proposed legislation in certain circumstances. There are any number of companies that are currently considering expanding in or relocating to North Carolina. Many of the expansions or relocations have been considered assuming that the credits allowed under the Bill Lee Act would be available through at least its current repeal date, 2008. For some taxpayers, the Bill Lee Act would allow for more generous credits whereas for other taxpayers the credits under the proposed legislation would be generous. This bill would allow taxpayers that sign a letter of commitment with the Department of Commerce on or before December 31, 2006, that describes the specific project to claim credits under the Bill Lee Act for the 2007 taxable year rather than under the proposed legislation.

Expansion of development zone definition. In 2004, Novo Nordisk made a significant investment in machinery and equipment and created a significant number of new jobs at a facility in Johnston County. The company had been advised that the facility was located in a development zone and the company would, therefore, be eligible for enhanced credits. In fact, the facility was not in a development zone. This provision would expand the definition of a development zone to include an economic development and training district. There is only one such district in the State and the authorizing legislation was drafted in such a way that it is unlikely another area will be able to qualify. The Novo Nordisk facility in question is located in that district and would thus become eligible for the enhanced credits. This change is retroactive to the 2004 taxable year.

Part II. Conforming Changes.

Part II of the bill would make a number of conforming changes to the statutes because of the changes that would be made under Part I of this bill. Since the creation of the Bill Lee Act in 1996, many other programs have adopted the enterprise tier designation as a proxy for the economic viability or the available resources of a county. Many of these programs deal with economic development; but the tier structure has also been adopted as a proxy in such areas as animal control and wetlands mitigation. In addition, other programs refer to other aspects of the Bill Lee Act such as development zones or the wage standard. Because the Bill Lee Act would largely be replaced by the new Article in this bill, the changes in Part II of this bill should help to lessen confusion that would be inherent in the use of two different tier systems. Because the tier structures are not equivalent, the changes in this Part will benefit some areas while reducing benefits to other areas. The changes are briefly summarized below.

- *Section 2.1.* This section would conform the credit for research and development expenses to the new tier structure. Under current law, the credit for research and development expenses is more generous if the research is conducted in an enterprise tier one, two, or three area. Under this bill, research conducted in a development tier one area would be eligible for the more generous credit. Because development tier one will contain fewer counties than enterprise tiers one, two, and three combined, this change could result in some taxpayers being eligible for a smaller credit.

- *Section 2.2.* This section would conform the sales and use tax refund for low enterprise tier machinery and equipment to the new tier structure. Under current law, a taxpayer is eligible for a refund of sales and use tax paid at the general rate on machinery and equipment put into service in enterprise tier one and two areas. This section adds a reference to development tier one. Because development tier one is expected to be roughly equivalent to, though including more counties than, enterprise tiers one and two combined, this change should have limited effect.

- *Section 2.3.* This section would conform the sales and use tax refund on building materials for major eligible industrial facilities to the new tier structure. Under current law, a taxpayer must invest at least $50 million in an eligible facility in an enterprise tier one, two, or three area or $100 million in an eligible facility in an enterprise tier four or five area to be eligible for the refund. This section changes the requirement so that the $50 million threshold applies to facilities in development tier one and the $100 million threshold applies to facilities in tiers two and three. Because development tier one will contain fewer counties than enterprise tiers one, two, and three combined, this change could result in some taxpayers being ineligible for a refund.

- *Section 2.4.* This section would make changes to the Industrial Development Fund to conform to the tier designation changes. Under the IDF, local government units in enterprise tiers one, two, and three are eligible for grants to help create jobs. The grant funds may be used in limited ways mostly related to the provision of infrastructure, equipment, or building repairs. Generally, a local match is required unless the local government unit is in an enterprise tier one area. This provision would make the counties that have the 65 highest rankings (development tier one and slightly more than half of development tier two) eligible for grants under the IDF. In addition, no local match could be required for the counties that have the 25 highest rankings (slightly more than half of development tier one). The intent was to maintain the status quo with respect to the IDF.

- *Section 2.5.* This section would conform the guidelines adopted by the Department of Commerce relating to community development block grant funds to the new tier structure. Under current law, those guidelines must ensure that grants award in enterprise tier one areas do not require a local match and that priority is given to projects in enterprise tier one areas and development zones. This section would change those references. The reference to enterprise tier one would be changed to the counties that have the 25 highest rankings (slightly more than half of development tier one) and the reference to development zones would be changed to UP zones. Because the counties that have the 25 highest rankings would be roughly equal to enterprise tier one, this change should maintain the status quo with respect to enterprise tier one areas. On the other hand, because UP zones are more restrictive than development zones, this change could have the effect of eliminating some projects from priority consideration.
- *Section 2.6.* This section changes a definitional reference under the JDIG statutes.
- *Section 2.7.* This section would conform the JDIG job creation requirements to the new tier structure. Under current law, a business must create at least 10 new jobs in an enterprise tier one, two, or three area or 20 new jobs in an enterprise tier four or five area to be eligible for consideration for JDIG. This section would change those requirements so that a business must create at least 10 new jobs in a development tier one area or 20 new jobs in a development tier two or three area to be eligible for consideration. Because development tier one will contain fewer counties than enterprise tiers one, two, and three combined, this change could result in some taxpayers being ineligible for consideration for JDIG. However, as a practical matter, all businesses that have received JDIG grants have created far more jobs than the minimum required and it is therefore unlikely that this change would have any practical effect.
- *Section 2.8.* This section would conform a reference to tiers under the JDIG reporting requirements.
- *Section 2.9.* This section would conform the JDIG grant reduction requirements to the new tier structure. Under current law, a business that is located in an enterprise tier four or five area when the grant is awarded would have the amount of a grant reduced by 25%, with that reduction flowing to the Utility Account of the Industrial Development Fund rather than to the business. This section would change that reference. Under this provision, for development tiers three, the amount of the reduction would remain 25% and for development tier two, the reduction would be equal to 15%. This section would roughly maintain the status quo in enterprise tier five, would provide a benefit to enterprise tier four, and would lessen the amount of the grant for enterprise tier three.
- *Section 2.10.* This section would conform a provision relating to tax increment financing to the new tier structure. This section would expand an exception created for financing districts related to tourism-related economic development projects. Under current law, this exception is allowed only in an enterprise tier one area. This section would allow that exception in a development tier one area. Because development tier one would contain more counties than enterprise tier one, this change would expand this exception.
- *Section 2.11.* This section would conform provisions dealing with the Spay/Neuter Account to the new tier structure. Under existing law, there is an account that helps offset the costs incurred by cities and counties for the spaying and neutering of animals. Fifty percent of the

funds in the account are reserved for cities and counties in enterprise tiers one, two, and three. The remaining 50% is reserved for cities and counties in enterprise tiers four and five. If there are excess funds after all needs have been met in enterprise tier one, two and three areas, those funds are transferred and used in enterprise tier four and five areas. The funds designated for a group of tier areas are then allocated based on population. This section would change this breakdown so that the division would be between development tier one areas and development tier two and three areas. Because development tier one will contain fewer counties than enterprise tiers one, two, and three combined, this change could result in some cities and counties getting more assistance and some cities and counties getting less assistance.

- *Section 2.12.* This section would conform a provision relating to agricultural easements and the Farmland Preservation Trust Fund to the new tier structure. Under current law, enterprise tier one, two, and three counties that have prepared countywide farmland protection plans are not required to match funds from the Farmland Preservation Trust Fund used to purchase agricultural easements. This section would change that reference to development tier one. Because development tier one will contain fewer counties than enterprise tiers one, two, and three combined, this change could result in some counties being newly subject to the match requirement.

- *Section 2.13.* This section corrects a definition relating to the Clean Water Management Trust Fund. That statue referred to a "economically distressed county as defined by G.S. 105-129.3". Although G.S. 105-129.3 is the statute that specifies tier designation under the Bill Lee Act, there is no definition in that statute of an "economically distressed county." There is, however, a definition of an economically distressed county under this statute dealing with the Industrial Development Fund. This provision corrects that statutory reference. As discussed above, the definition under the Industrial Development Fund was changed in section 2.4 of this bill, but that change roughly maintained the status quo.

- *Section 2.14 through Section 2.17.* These sections would conform provisions dealing with wetlands mitigation to the new tier structure. Under current law, when the State purchases land for wetlands mitigation it is required to make a payment in lieu of taxes to the county in which the land is located if the county is an enterprise tier one or two area. These sections would change those references to development tier one area. Because development tier one would have slightly more counties than enterprise tiers one and two combined, this change would require the State to make these payments in more instances.

- *Section 2.18 and Section 2.19.* These sections would conform provisions dealing with condemnation of unsafe buildings to the new tier structure. Under current law, cities have more flexibility in condemning nonresidential buildings as unsafe if the building is located in a "community development target area". A community development target area is one that has characteristics of a development zone or similar characteristics. These sections would change the references from development zone to UP zone. Because of the amorphous nature of the definition of "community development target area", this change should not have any impact.

- *Section 2.20.* This section would conform eligibility requirements for the credit for research and development to the new Article. Under current law, in order to be eligible for that credit the taxpayer must satisfy the wage standard, health insurance, environmental impact and safety and health record requirements under the Bill Lee Act. This section would change the

reference to those requirements under the new Article. This change could have the effect of making more taxpayers eligible for the credit because the wage standard requirement under the new Article is less strenuous than the requirement under the Bill Lee Act.

- *Section 2.21.* This section would amend the statutes relating to tax secrecy to ensure that the Department of Revenue could share information that is needed to administer the new Article with the Department of Commerce.

H2170e1-SMLY-CSLYx-72

House Bill 2170 PCS — **Bill Lee Act Changes**

Recommended by House Select Committee on Economic Development

Supported by: *N.C. Department of Commerce*
N.C. Economic Developers Association
North Carolina Citizens for Business & Industry
North Carolina Metropolitan Coalition

Main Features

- Extends sunset of Bill Lee Act tax credits through Jan. 1, 2011.
  - *Credits currently expire Dec. 31, 2007.*
- Simplifies eligibility process and make more businesses eligible.
- Makes wage test fairer.
- Simplifies and stabilize tier system.
- Emphasizes and encourages job creation.

What does House Bill 2170 do?

- Establishes three basic tax credits.
  - *Credit for Creating New Jobs*
  - *Credit for Investing in Business Property*
  - *Credit for Investing in Real Property in Disadvantaged Rural Counties*

- Offers enhanced credits in disadvantaged and rural counties. Maintains credits for recruiting business in urban counties.

Job Creation Tax Credit		
Tier Level	**Minimum Jobs**	**Credit per Job**
Tier 1	5	$12,500
Tier 2	10	$5,000
Tier 3	15	$750

Business Property Investment Tax Credit		
Tier Level	**Minimum Investment Threshold**	**Amount of Credit as % of M&E**
Tier 1	$0	7%
Tier 2	$1,000,000	5%
Tier 3	$2,000,000	3.5%

Real Property Investment Tax Credit			
Tier Level	**Minimum Investment Threshold**	**New Jobs**	**Amount of Credit as % of Investment**
Tier 1	$10 million	200	30%

- Makes credits available to more businesses in all tiers.

  Manufacturing ♦ Warehousing & Distribution ♦ Wholesale Trade ♦ Corporate Headquarters ♦ Research Facilities ♦ Aircraft Maintenance & Air Courier Services ♦ Computer Technology & Information Processing ♦ Call Centers & Mail Houses ♦ Motorsports Teams & Tracks

- Modifies the wage test to make it fairer.

  - Wage test would be 90% of county average or 110% of state average (whichever is lower) for Tiers 2 & 3.
  - Tier 1 counties do not have to meet wage test.
  - Wage test in development zones ("UP Zones") is 90% of the county average or the state average, whichever is lower.

- Makes credits simpler for businesses to qualify for.

  - Credits would be available based on primary business at each establishment. Primary business of the taxpayer would no longer be an issue.
    - *E.g.*, All manufacturing facilities would be eligible – not just manufacturing facilities owned by taxpayers whose primary business happens to be eligible for credits.
  - A better system for economic developers and simpler and fairer to businesses.

- Changes tier structure from five tiers to three.

  - Makes tiers more stable and counties less subject to arbitrary annual shifts.

Tier 1	Bottom 40 counties	Most Distressed
Tier 2	Middle 40 counties	Moderately Distressed
Tier 3	Top 20 counties	Least Distressed

  - New formula produces better measure of distress.
  - More counties qualify as distressed.

- Redesigns Development Zones to create Urban Progress ("UP") Zones.

  - These changes address concerns that the current zones do not target urban poverty areas.
  - Zones would be smaller and more focused.
  - Businesses in UP Zones get additional $1,000 job credit plus an additional $2000 for hiring an UP Zone resident or long-term unemployed worker. Job threshold is same as Tier 1.
  - Business property credit has same threshold and percentage as Tier 1.

- Maintains traditional Lee Act safeguards.

  - Limits credits to 50% of tax liability.
  - Requires wage test & health insurance.
  - Continues DENR, OSHA & DOR tax debt tests.
  - Credit installments expire if jobs or investment not sustained.
  - Forfeited credits may be clawed back.
  - Six months statute of limitations for late filing of credits.

Vers. 6.13.06 Prepared by NC DOC; Sponsored by Rep. Jim Harrell, Rep. Bill Owens, Rep. Bill Daughtridge, Rep. Pryor Gibson

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
House Bill 2170

AMENDMENT NO. D
(to be filled in by Principal Clerk)

H2170-ALY-114 [v.1]

Date 7-6 ,2006

Comm. Sub. [YES]
Amends Title [NO]
Second Edition

Representative Stam

moves to amend the bill on page 3, line 31, by inserting the following at the beginning of that line and renumbering the remaining subdivisions accordingly:

"(16) Medical care and research. – An industry in ambulatory health care services subsector 621, hospitals subsector 622, or nursing and residential care facilities subsector 623 as defined by NAICS.";

and on page 5, line 12, by inserting the following at the beginning of that line and renumbering the remaining subdivisions accordingly:

"(8) Medical care and research." ;

and on page 12, line 27, by substituting the number "500,000" for the number "1,000,000";

and on page 12, line 28, by substituting the number "1,000,000" for the number "2,000,000".

SIGNED Stam
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED _____ FAILED ✓ TABLED _____

NORTH CAROLINA GENERAL ASSEMBLY AMENDMENT

(Please type or use ballpoint pen)

EDITION No. PCS

H. B. No. 2170 DATE _____

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

COMMITTEE SUBSTITUTE ✓

Rep.) Owens
)
Sen.)

moves to amend the bill on page 20, lines 32-38

( ) WHICH CHANGES THE TITLE

by deleting those lines & renumbering the remaining sections

SIGNED _____

ADOPTED ✓ FAILED _____ TABLED _____

PRINCIPAL CLERK'S OFFICE (FOR ENGROSSMENT)

2005 COMMITTEE REPORT
HOUSE OF REPRESENTATIVES

The following report(s) from standing committee(s) is/are presented:

By Representative Clary, Crawford, Earle, Nye, Owens, Sherrill, Yongue (Chairs) for the Committee on APPROPRIATIONS.

☐ Committee Substitute for

HB 2212 A BILL TO BE ENTITLED AN ACT TO ESTABLISH THE JOINT LEGISLATIVE LOTTERY OVERSIGHT COMMITTEE, AND TO PROVIDE FOR THE LOTTERY COMMISSION TO SEND REPORTS TO THAT COMMITTEE.

☒ With a favorable report as to the committee substitute bill, unfavorable as to the original bill.

(FOR JOURNAL USE ONLY)

_____ Pursuant to Rule 32(a), the bill/resolution is re-referred to the Committee on _____.

_____ Pursuant to Rule 36(b), the (House/Senate) committee substitute bill/(joint) resolution (No._____) is placed on the Calendar of _____. (The original bill resolution No._____) is placed on the Unfavorable Calendar.

_____ The (House) committee substitute bill/(joint) resolution (No. ____) is re-referred to the Committee on _____. (The original bill/resolution) (House/Senate Committee Substitute Bill/(Joint) resolution No. ___) is placed on the Unfavorable Calendar.

Attachment No. 7

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2005

H 4

HOUSE BILL 2212

Committee Substitute Favorable 7/6/06
Third Edition Engrossed 7/6/06
Senate Appropriations/Base Budget Committee Substitute Adopted 7/18/06

Short Title: Lottery Oversight Committee. (Public)

Sponsors:

Referred to:

May 18, 2006

A BILL TO BE ENTITLED

AN ACT TO ESTABLISH THE LOTTERY OVERSIGHT COMMITTEE.

The General Assembly of North Carolina enacts:

SECTION 1. Article 8 of Chapter 18C of the General Statutes is amended by adding a new section to read:

"**§ 18C-172. Lottery Oversight Committee.**

(a) Creation and Membership. – The Lottery Oversight Committee is established. The Committee shall be located administratively in the General Assembly. The Committee shall consist of nine members appointed as provided below. In making appointments, each appointing officer shall select members who have appropriate experience and knowledge of the issues to be examined by the Committee and shall strive to ensure racial, gender, and geographical diversity among the membership.

(1) Three members shall be appointed by the Speaker of the House of Representatives, at least one being an educator and at least one being a person trained or experienced in financial management.

(2) Three members shall be appointed by the President Pro Tempore of the Senate, at least one being an educator and at least one being a person trained or experienced in financial management.

(3) Three members shall be appointed by the Governor, at least one being an educator and at least one being a person trained or experienced in financial management.

(b) Terms. – Terms on the Committee are for three years and begin on January 1, except the terms of the initial members, which begin on appointment and end December 31, 2008. A member continues to serve until a successor is appointed. A vacancy shall be filled within 30 days by the officer who made the original appointment.

(c) Duties. – The Committee shall:

(1) Call for reports and presentations from the following parties and convene for the purpose of hearing from the following parties:
a. The North Carolina State Lottery Commission.
b. The State Treasurer.
c. The Department of Public Instruction.
d. The State Educational Assistance Authority.
e. Local governments providing public education.
f. Other parties participating in the net revenues of the Lottery under Article 7 of this Chapter.

(2) Analyze, prepare, and publish recommendations, based on the information received under subdivision (1) of this subsection, concerning whether expenditures of the net revenues of the Lottery have been in accordance with Article 7 of this Chapter. The North Carolina State Lottery Commission shall publish on its Web site information requested by the Committee to be posted.

(d) Reports. – The Committee shall report semiannually to the Joint Legislative Commission on Governmental Operations.

(e) Organization. – The President Pro Tempore of the Senate and the Speaker of the House of Representatives shall each designate a cochair of the Committee. The Committee shall meet at least once a quarter upon the joint call of the cochairs. A quorum of the Committee is six members. No action may be taken except by a majority vote at a meeting at which a quorum is present.

(f) Funding. – From funds available to the General Assembly, the Legislative Services Commission shall allocate monies to fund the work of the Committee. Members of the Committee shall receive subsistence and travel expenses as provided in G.S. 120-3.1 and G.S. 138-5.

(g) Staff. – 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 Directors of Legislative Assistants 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."

SECTION 2. G.S. 18C-115 reads as rewritten:

"**§ 18C-115. Reports.**

The Commission shall send quarterly and annual reports on the operations of the Commission to the Governor, State Treasurer, the Lottery Oversight Committee, and to the General Assembly. The reports shall include complete statements of lottery revenues, prize disbursements, expenses, net revenues, and all other financial transactions involving lottery funds, including the occurrence of any audit."

SECTION 3. This act is effective when it becomes law.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2005

HOUSE BILL 2212

Short Title:	Lottery Oversight Committee.	(Public)
Sponsors:	Representatives B. Allen, Owens, Harrison, Holliman (Primary Sponsors); Adams, Bell, Carney, Church, Cleveland, Coates, Coleman, Crawford, Cunningham, Daughtry, Earle, Eddins, England, Faison, Farmer-Butterfield, Fisher, Glazier, Goforth, Goodwin, Gulley, Hackney, Haire, Hill, Insko, Jeffus, Jones, Ed Jones, Justice, Justus, LaRoque, Lucas, Luebke, McAllister, McLawhorn, McMahan, Nye, Parmon, Pate, Pierce, Preston, Rapp, Ross, Saunders, Spear, Sutton, Tolson, Tucker, Underhill, Warren, Weiss, Wilkins, Williams, Womble, Wray, Wright, and Yongue.	
Referred to:	Rules, Calendar, and Operations of the House.	

May 18, 2006

A BILL TO BE ENTITLED

AN ACT TO ESTABLISH THE JOINT LEGISLATIVE LOTTERY OVERSIGHT COMMITTEE, AND TO PROVIDE FOR THE LOTTERY COMMISSION TO SEND REPORTS TO THAT COMMITTEE.

The General Assembly of North Carolina enacts:

SECTION 1. Chapter 120 of the General Statutes is amended by adding a new Article to read:

"Article 32.

"Joint Legislative Lottery Oversight Committee.

"**§ 120-280. Creation and membership of Joint Legislative Lottery Oversight Committee.**

The Joint Legislative Lottery Oversight Committee is established. The Committee consists of 16 members as follows:

(1) Five members of the Senate appointed by the President Pro Tempore of the Senate.

(2) Three public members, two of whom are public school educators but not school administrators, and one of whom is a member of a county board of commissioners, appointed by the President Pro Tempore of the Senate.

(3) Five members of the House of Representatives appointed by the Speaker of the House of Representatives.

(4) Three public members who are public school educators, one of whom is not a school administrator and two of whom are school administrators, appointed by the Speaker of the House of Representatives.

Terms on the Committee are for two years and begin on the convening of the General Assembly in each odd-numbered year, except that the terms of the initial members begin upon appointment and upon convening of the 2007 Regular Session of the General Assembly. Members of the General Assembly may complete a term of service on the Committee even if they do not seek reelection or are not reelected to the General Assembly, but resignation or removal from service in the General Assembly constitutes resignation or removal from service on the Committee.

A member continues to serve until his successor is appointed. A vacancy shall be filled within 30 days by the officer who made the original appointment.

"**§ 120-281. Purpose and powers of Committee.**

(a) The Joint Legislative Lottery Oversight Committee:

(1) Shall study ways to ensure that the purposes for which the North Carolina Lottery was established are being met and that the net proceeds from the Lottery will not be used to supplant education funding but to provide additional funding for education.

(2) Is a permanent oversight committee to monitor the operation of the Lottery and the budgeting and spending of the Lottery's proceeds, and to receive and review reports currently required to be sent to the General Assembly under Chapter 18C of the General Statutes.

(3) Shall study any other Lottery matters that the Committee considers necessary to fulfill its mandate.

(4) Shall report within 15 days of convening of each regular session of the General Assembly on its oversight of the State Lottery.

(b) 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.

"**§ 120-282. 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 Lottery Oversight Committee. The Committee shall meet at least once a quarter and may meet at other times upon the joint call of the cochairs. The Committee may meet at various locations around the State to promote greater public participation in its deliberations.

(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 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 shall receive per diem, subsistence, and travel allowance as provided in G.S. 120-3.1, 138-5, or 138-6, as appropriate. 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.

"**§ 120-283. Additional powers.**

The Joint Legislative Lottery Oversight 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."

SECTION 2. G.S. 18C-115 reads as rewritten:

"**§ 18C-115. Reports.**

The Commission shall send quarterly and annual reports on the operations of the Commission to the Governor, State Treasurer, the Joint Legislative Lottery Oversight Committee, and to the General Assembly. The reports shall include complete statements of lottery revenues, prize disbursements, expenses, net revenues, and all other financial transactions involving lottery funds, including the occurrence of any audit."

SECTION 3. There is appropriated from the General Fund to the General Assembly for fiscal year 2006-2007 the sum of fifty thousand dollars ($50,000) to support the Joint Legislative Lottery Oversight Committee.

SECTION 4. This act becomes effective July 1, 2006.

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
House Bill 2212

AMENDMENT NO. 3
(to be filled in by
Principal Clerk)

H2212-ALL-51 [v.1]

Date 7-6 ,2006

Comm. Sub. [NO]
Amends Title [NO]
First Edition

Representative Nye

moves to amend the bill on page 3, lines 19-21,
by rewriting those lines to read:

"**SECTION 3.** Of the funds appropriated to the General Assembly for the 2006-2007 fiscal year, the sum of fifty thousand dollars ($50,000) shall be used to support the Joint Legislative Lottery Oversight Committee."

SIGNED _____
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED ✓ FAILED _____ TABLED _____

Attachment No. 9

VISITOR REGISTRATION SHEET

Appropriations — 7-6-06

Name of Committee — Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
A Hoyle Wilkins	NCSCA
Cam Cavell	BPMHL
Gene Causby	NCSCA
Katherine Joyce	NCASA
John Phelps	NCLM
Alice Garland	NCEL
Lisa Hance	NCPSS
Selena Berrier	Child Fatality Task Force
Jill Shatzberger	ACLU-NC
Rebekah Gancarova	ACLU-NC
[illegible]	NCATL
Ben McNeal	NC Rural Center
Mildred Spearman	NCDOC
Ian Moore	NCDOC-DCC

VISITOR REGISTRATION SHEET

Appropriations — 7-6-06

Name of Committee — Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Robert Lee Guy	DOC / DCC
Doug Byrd	Commerce
John Madler	NC Sentencing Commission
[illegible]	AOC
Steve Woodson	NC Film Bureau
[illegible]	[illegible]
Jim Blackburn	NC Association of County Commissioners
Ken Melton	D.O.R.
Tony Copeland	DOC
Roz Savitt	NCCCC
[illegible]	[illegible]
[illegible]	[illegible]

VISITOR REGISTRATION SHEET

APPROPRIATIONS 7-6-06

Name of Committee Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Joanne Stevens	NCSEA/Nursing

VISITOR REGISTRATION SHEET

Approps Affairs — 7-6-06

Name of Committee — Date

VISITORS: PLEASE SIGN BELOW AND RETURN TO COMMITTEE ASSISTANT

NAME	FIRM OR AGENCY
Michael Horner	NCAE
Henry Jones	Attorney Raleigh
[illegible]	[illegible]
[illegible]	[illegible]
[illegible]	[illegible]
[illegible]	[illegible]
Alec Miller	CNCC
Jeff Mixon	Civitas
Becki Gray	Civitas
[illegible]	[illegible]
Lisa Madison	[illegible]
Lydia Vann	NCACC

VISITOR REGISTRATION SHEET

Appropriations 7-6-06

Name of Committee Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Kathleen Edwards	UNC-CH Daily Bulletin
Kym D. Burgess	NCCCS
Frank Sells	Surry Community College
Barry Eveland	NCCCS
Leslie Swaggerty Conner	Capefact
JOHN PETERSON	NCEOA
Stephanie Dorko	Charlotte Chamber
John McKay	Gov Office
Carl Goodwin	OSP
Tony Spence	DOT/DMV
Mary Edwards	DAPS
Glynn Berry	Civitas Institute
	RNC

VISITOR REGISTRATION SHEET

Appropriations — 7-6-06

Name of Committee — Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
G Dover	DOA
Lee R McCaskill	NCDOR
Alex Sewell	WCSR
Jim FAIN	DGC
Paula A. Hoyt	ACLU-NC
Patricia Rawlings	NAACP
David Thomas	SBA
Joe McCain	M & W Corp
DICK HAMILTON	NCWRC
Charlene Carey	NC Right to Life
DUNHAM ART	DOC
Chris Riess	CWMTF

MINUTES
HOUSE COMMITTEE ON APPROPRIATIONS
JULY 10, 2006

The House Committee on Appropriations met on Monday, July 10, 2006 in Room 643 at 3:00 p.m. Chairman Beverly Earle convened the meeting introducing the pages and Sergeant at Arms. A visitor registration is attached and made a part of these minutes.

HB 2067 REDUCE CDL LICENSE FEE FOR SCHOOL BUS DRIVERS

The chair recognized Representative Linda Johnson to present the bill, and she offered an amendment to change the effective date to October rather than July. Lisa Hollowell of Fiscal Research indicated that the fiscal note indicated a negative impact on the budget already passed. Representative Haire moved to make the effective date 2007 in order to work out any problems. The bill was temporarily displaced. Discussion returned to this bill and Representative Johnson offered an amendment that changed the effective date to 2007 and the motion carried. Representative Crawford moved to give a favorable report as amended, unfavorable as to original bill, roll into a committee substitute, and re-refer to Committee on Finance. The motion passed.

HB 2727 RESTORE BOXING COMMISSION

Representative Owens was recognized to present the bill, and Representative Sherrill moved to consider a proposed committee substitute. Questions were raised why a commission is needed since the previous one was abolished in prior legislation. No one from a department was available to comment. Representative Bernard Allen moved for an unfavorable report to the original bill, favorable to the proposed committee substitute. Division was requested and the final vote was 31 favorable, 12 unfavorable. The motion passed.

HB 2037 MEDICAID REIMBURSE. FOR OCULAR PROSTHETISTS

Representative Melanie Goodwin presented the bill. Representative Crawford moved for a favorable report, and the motion passed.

HB 1991 TAX ON LOTTERY WINNINGS/COMM. COLL. EQUIP.

Representatives Yongue, Tolson and Jeffus explained the bill. The chair indicated that no vote would be made at this time.

The meeting adjourned at 5:00 pm.

Representative Beverly Earle, Co-Chair

Ann Raeford, Committee Assistant

Representative Debbie Clary
Representative Jim Crawford
Representative Edd Nye
Representative Bill Owens
Representative Wilma Sherrill
Representative Douglas Yongue

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

HOUSE APPROPRIATIONS COMMITTEE
AGENDA
Monday July 10, 2006
3:00 P.M.

Representative Beverly Earle, Presiding

Chair's Comments

Bills

HB 1991	**TAX ON LOTTERY WINNINGS/COMMUNITY COLLEGE EQUIP.** **Representatives Yongue, Tolson, Jeffus**
HB 2067	**REDUCE CDL LICENSE FEE FOR SCHOOL BUS DRIVERS** **Representative Johnson**
HB 2727	**RESTORE BOXING COMMISSION BUDGET CUTS** **Representative Gibson**

Adjourn

2005 COMMITTEE REPORT
HOUSE OF REPRESENTATIVES

The following report(s) from standing committee(s) is/are presented:

By Representative Clary, Crawford, Earle, Nye, Owens, Sherrill, Yongue (Chairs) for the Committee on APPROPRIATIONS.

☒Committee Substitute for

HB 2067 A BILL TO BE ENTITLED AN ACT TO REDUCE THE FEES FOR PERSONS WHO ARE CERTIFIED BY THE DIVISION OF MOTOR VEHICLES AS SCHOOL BUS DRIVERS AND WHO ARE ELIGIBLE FOR THE SCHOOL BUS ENDORSEMENT ON A COMMERCIAL DRIVERS LICENSE.

☒ With a favorable report as to the Committee Substitute Bill #2, unfavorable as to Committee Substitute Bill #1, and recommendation that Committee Substitute Bill #2 be re-referred to the Committee on Finance.

(FOR JOURNAL USE ONLY)

_____ Pursuant to Rule 32(a), the bill/resolution is re-referred to the Committee on _____.

_____ Pursuant to Rule 36(b), the (House/Senate) committee substitute bill/(joint) resolution (No._____) is placed on the Calendar of _____. (The original bill resolution No._____) is placed on the Unfavorable Calendar.

_____ The (House) committee substitute bill/(joint) resolution (No. ____) is re-referred to the Committee on _____. (The original bill/resolution) (House/Senate Committee Substitute Bill/(Joint) resolution No. ___) is placed on the Unfavorable Calendar.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2005

H D

HOUSE BILL 2067

Committee Substitute Favorable 6/8/06

PROPOSED COMMITTEE SUBSTITUTE H2067-PCS50767-LR-56

Short Title: Reduce CDL License Fee for School Bus Drivers. (Public)

Sponsors:

Referred to:

May 18, 2006

A BILL TO BE ENTITLED

AN ACT TO REDUCE THE FEES FOR PERSONS WHO ARE CERTIFIED BY THE DIVISION OF MOTOR VEHICLES AS SCHOOL BUS DRIVERS AND WHO ARE ELIGIBLE FOR THE SCHOOL BUS ENDORSEMENT ON A COMMERCIAL DRIVERS LICENSE.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 20-37.16 is amended by adding a new subsection to read:

"(g) A person applying for a commercial drivers license who has been trained by the Division of Motor Vehicles and certified as a school bus driver is exempt from paying the nonrefundable application fee required pursuant to G.S. 20-37.15(a1) and is also exempt, for the period the license is issued and valid, from any endorsement fee for the school bus endorsement. The purpose of this subsection is to encourage the retention of school bus drivers and ensure the perpetual safety of the children traveling on school buses. This subsection shall not apply to a person who has a school bus endorsement on a commercial drivers license but has not been trained by the Division of Motor Vehicles and certified as a school bus driver."

SECTION 2. This act becomes effective July 1, 2007.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2005

H 2

HOUSE BILL 2067

Committee Substitute Favorable 6/8/06

Short Title: Reduce CDL License Fee for School Bus Drivers. (Public)

Sponsors:

Referred to:

May 18, 2006

A BILL TO BE ENTITLED

AN ACT TO REDUCE THE FEES FOR PERSONS WHO ARE CERTIFIED BY THE DIVISION OF MOTOR VEHICLES AS SCHOOL BUS DRIVERS AND WHO ARE ELIGIBLE FOR THE SCHOOL BUS ENDORSEMENT ON A COMMERCIAL DRIVERS LICENSE.

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SECTION 1. G.S. 20-37.16 is amended by adding a new subsection to read:

"(g) A person applying for a commercial drivers license who has been trained by the Division of Motor Vehicles and certified as a school bus driver is exempt from paying the nonrefundable application fee required pursuant to G.S. 20-37.15(a1) and is also exempt, for the period the license is issued and valid, from any endorsement fee for the school bus endorsement. The purpose of this subsection is to encourage the retention of school bus drivers and ensure the perpetual safety of the children traveling on school buses. This subsection shall not apply to a person who has a school bus endorsement on a commercial drivers license but has not been trained by the Division of Motor Vehicles and certified as a school bus driver."

SECTION 2. This act becomes effective ~~July~~ October 1, 2006.

HOUSE BILL 2067:
Reduce CDL License Fee for School Bus Drivers

BILL ANALYSIS

Committee:	House Transportation	**Date:**	June 6, 2006
Introduced by:	Rep. Johnson	**Summary by:**	Giles S. Perry
Version:	PCS to First Edition H2067-CSRW-57		Committee Counsel

SUMMARY: House Bill 2067 (proposed committee substitute) reduces the CDL license fees for school bus drivers trained and certified by the Division of Motor Vehicles.

CURRENT LAW: Current law [G.S. 20-37.15(a1) and G.S. 20-37.16(d)] specifies that persons applying for a commercial drivers license with a school bus endorsement pay a $30 nonrefundable application fee and a $3.00/year endorsement fee

BILL ANALYSIS: House Bill 2067 (proposed committee substitute) eliminates the commercial drivers license $30 nonrefundable application fee and a $3.00/year endorsement fee for persons trained and certified by the Division of Motor Vehicles as a school bus driver.

The proposed committee substitute makes technical corrections to the language of the original bill.

EFFECTIVE DATE: This act becomes effective July 1, 2006.

H2067e1-SMRW-CSRW-57

GENERAL ASSEMBLY OF NORTH CAROLINA

Session 2005

Legislative Fiscal Note

BILL NUMBER: House Bill 2067 (First Edition)

SHORT TITLE: Reduce CDL License Fee for School Bus Drivers.

SPONSOR(S): Representative Johnson

FISCAL IMPACT

	Yes (x)	No ( )	No Estimate Available ( )		
	FY 2006-07	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11
REVENUES:	-416,415	-423,300	-470,175	-504,900	-505,635
EXPENDITURES:	$23,556	0	0	0	0
POSITIONS (cumulative):	0	0	0	0	0

PRINCIPAL DEPARTMENT(S) & PROGRAM(S) AFFECTED:
Highway Fund

EFFECTIVE DATE: July 1, 2006

BILL SUMMARY:

This bill exempts any individual trained through the Division of Motor Vehicles and certified as a school bus driver from the Commercial Driver License fee of $30 and from the "S" endorsement fee of $3 per year.

ASSUMPTIONS AND METHODOLOGY:

- The Division of Motor Vehicles projects there will be 9,236 new individuals receiving school bus driver certification through its training program annually for the next five years, based on current trends. Under this proposed law, these individuals will be exempt from the $30 application fee for the new Commercial Driver License and $3 annually for the "S" endorsement.

- The Division of Motor Vehicles projects that approximately 16,155 certified bus drivers will have their CDL expire over the next five years. This law will exempt these individuals from the "S" endorsement fee of $3 per year for the license renewal period.
- The Division of Motor Vehicles will need to reprogram the State Automated Driver License System (SADLS) to allow for the fee not to be charged for application or endorsement when appropriate. The Division estimates the one-time cost to reprogram SADLS and other Information Technology System costs to be $23,556 in the first year.
- The projected loss of revenue is calculated on the expected number of newly certified bus drivers seeking a new license and "S" endorsement, and those current certified bus drivers who will renew their license over the next five years and become exempt from paying the "S" endorsement fee amount.

SOURCES OF DATA:
Department of Transportation, Division of Motor Vehicles

TECHNICAL CONSIDERATIONS: None

FISCAL RESEARCH DIVISION: (919) 733-4910

PREPARED BY: Lisa Hollowell

APPROVED BY: Lynn Muchmore, Director
Fiscal Research Division

DATE: June 7, 2006



Signed Copy Located in the NCGA Principal Clerk's Offices

NORTH CAROLINA GENERAL ASSEMBLY AMENDMENT

(Please type or use ballpoint pen)

EDITION No. 2

H. B. No. 2067 DATE _____

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

COMMITTEE SUBSTITUTE _____

Rep.) Johnson
Sen.)

moves to amend the bill on page 1, line 17

( ) WHICH CHANGES THE TITLE

by deleting "July 1, 2006." and substituting "July 1, 2007."

SIGNED Linda Johnson

ADOPTED _____ FAILED _____ TABLED _____

GA-33-A

PRINCIPAL CLERK'S OFFICE (FOR ENGROSSMENT)

2005 COMMITTEE REPORT
HOUSE OF REPRESENTATIVES

The following report(s) from standing committee(s) is/are presented:

By Representative Clary, Crawford, Earle, Nye, Owens, Sherrill, Yongue (Chairs) for the Committee on APPROPRIATIONS.

☐ Committee Substitute for

HB 2727 A BILL TO BE ENTITLED AN ACT TO REESTABLISH THE BOXING COMMISSION AND RESTORE BUDGET CUTS TO THAT PROGRAM.

☒ With a favorable report as to the committee substitute bill, which changes the title, unfavorable as to the original bill.

(FOR JOURNAL USE ONLY)

_____ Pursuant to Rule 32(a), the bill/resolution is re-referred to the Committee on _____.

_____ Pursuant to Rule 36(b), the (House/Senate) committee substitute bill/(joint) resolution (No._____) is placed on the Calendar of _____. (The original bill resolution No._____) is placed on the Unfavorable Calendar.

_____ The (House) committee substitute bill/(joint) resolution (No. ____) is re-referred to the Committee on _____. (The original bill/resolution) (House/Senate Committee Substitute Bill/(Joint) resolution No. ___) is placed on the Unfavorable Calendar.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2005

H D

HOUSE BILL 2727*
PROPOSED COMMITTEE SUBSTITUTE H2727-PCS80676-LB-156

Short Title: Restore Boxing Commission. (Public)

Sponsors:

Referred to:

May 25, 2006

A BILL TO BE ENTITLED

AN ACT TO REESTABLISH THE BOXING COMMISSION.

The General Assembly of North Carolina enacts:

SECTION 1. Section 18.2 of S.L. 2004-124 is repealed, and any statutes repealed by that section are reenacted.

SECTION 2. G.S. 143-652, as reenacted by Section 1 of this act, reads as rewritten:

"**§ 143-652. State Boxing Commission.**

(a) Creation. – The North Carolina State Boxing Commission is created within the Department of Crime Control and Public Safety to regulate in North Carolina live boxing and kickboxing matches, whether professional, amateur, sanctioned amateur, or toughman events, in which admission is charged for viewing, or the contestants compete for a purse or prize of value greater than twenty-five dollars ($25.00). The Commission shall consist of ~~six voting members, and two nonvoting advisory~~ eight members. All the members shall be residents of North Carolina and shall meet requirements for membership under the Professional Boxing Safety Act of 1996. The members shall be appointed as follows:

(1) One voting member shall be appointed by the Governor for an initial term of two years.

(2) One voting member shall be appointed by the General Assembly upon the recommendation of the President Pro Tempore of the Senate for an initial term of one year, in accordance with G.S. 120-121.

(3) One voting member shall be appointed by the General Assembly upon the recommendation of the Speaker of the House of Representatives for an initial term of one year.

(4) Two voting members shall be appointed by the Secretary of Crime Control and Public Safety. One shall serve for an initial term of three years, and the other shall serve for an initial term of two years.

(4a) One member shall be appointed by the Tribal Council of the Eastern Band of the Cherokee for an initial term of three years.

(5) One ~~nonvoting advisory~~ member shall be appointed by the General Assembly upon the recommendation of the Speaker of the House of Representatives for an initial term of one year, in accordance with G.S. 120-121, from nominations made by the North Carolina Medical Society, which shall nominate two licensed physicians for the position.

(6) One ~~nonvoting advisory~~ member shall be appointed by the General Assembly upon the recommendation of the President Pro Tempore of the Senate for an initial term of one year, in accordance with G.S. 120-121, from nominations made by the North Carolina Medical Society, which shall nominate two licensed physicians for the position.

The member appointed pursuant to subdivision (5) of subsection (a) of this section may serve on the Commission only if an agreement exists and remains in effect between the Tribal Council of the Eastern Band of the Cherokee and the Commission authorizing the Commission to regulate professional boxing matches within the Cherokee Indian Reservation as provided by the Professional Boxing Safety Act of 1996.

The two ~~nonvoting advisory~~ members appointed pursuant to subdivisions (6) and (7) of subsection (a) of this section shall advise the Commission on matters concerning the health and physical condition of boxers and health issues relating to the conduct of exhibitions and boxing matches. They may prepare and submit to the Commission for its consideration and approval any rules that in their judgment will safeguard the physical welfare of all participants engaged in boxing.

Terms for all members of the Commission except for the initial appointments shall be for three years.

The Secretary of Crime Control and Public Safety shall designate which member of the Commission is to serve as chair. A member of the Commission may be removed from office by the Secretary of Crime Control and Public Safety for cause. Each member before entering upon the duties of a member shall take and subscribe an oath to perform the duties of the office faithfully, impartially, and justly to the best of the member's ability. A record of these oaths shall be filed in the Department of Crime Control and Public Safety.

(b) Vacancies. – Members shall serve until their successors are appointed and have been qualified. Any vacancy in the membership of the Commission shall be filled in the same manner as the original appointment. Vacancies for members appointed by the General Assembly shall be filled in accordance with G.S. 120-122. A vacancy in the membership of the Commission other than by expiration of term shall be filled for the unexpired term only.

(c) Meetings. – Meetings of the Commission shall be called by the chair or by any two members of the Commission, and meetings shall be held at least quarterly. Any three voting members of the Commission shall constitute a quorum at any meeting. Action may be taken and motions and resolutions adopted by the Commission at any meeting by the affirmative vote of a majority of the members of the Commission present at a meeting at which a quorum exists. Any or all members may participate in a

regular or special meeting by, or conduct the meeting through the use of, any means of communication by which all members participating may simultaneously hear each other during the meeting. A member participating in the meeting by this means is deemed to be present in person at the meeting.

(d) Rule-Making Authority of the Commission. – The Commission shall have the exclusive authority to approve and issue rules for the regulation of the conduct, promotion, and performances of live boxing, kickboxing, sanctioned amateur, amateur, and toughman matches and exhibitions in this State. The rules shall be issued pursuant to the provisions of Chapter 150B of the General Statutes and may include, without limitation, the following subjects:

(1) Requirements for issuance of licenses and permits required by this Article.
(2) Regulation of ticket sales.
(3) Physical requirements for contestants, including classification by weight and skill.
(4) Supervision of matches and exhibitions by licensed physicians and referees.
(5) Insurance and bonding requirements.
(6) Compensation of participants and licensees.
(7) Contracts and financial arrangements.
(8) Prohibition of dishonest, unethical, and injurious practices.
(9) Facilities.
(10) Approval of sanctioning amateur sports organizations.
(11) Procedures and requirements for compliance with the Professional Boxing Safety Act of 1996.

(e) Compensation. – None of the members of the Commission shall receive compensation for serving on the Commission. However, members of the Commission may be reimbursed for their expenses in accordance with the provisions of Chapter 138 of the General Statutes.

(f) Staff Assistance. – The Secretary of Crime Control and Public Safety shall hire a person to serve as Executive Director of the Commission and shall provide staff assistance to the Executive Director. The Executive Director shall enforce this Article through the Division of Alcohol Law Enforcement. If necessary, the Executive Director may train and contract with independent contractors for the purpose of regulating and monitoring events, issuing licenses, collecting fees, and enforcing rules of the Commission. The Executive Director may initiate criminal background checks on persons requesting to work as independent contractors for the Commission or persons applying to be licensed by the Commission.

(g) Initial appointments to the Commission under this reenacted section shall be for one-, two-, and three-year terms ending June 30, 2007, June 30, 2008, and June 30, 2009, respectively, as provided by G.S. 143-652(a). The Commission may reestablish any rules in effect on the date of the prior abolition of the Commission without following any requirements of Chapter 150B of the General Statutes other than publishing the rules. Any rules of the Alcohol Law Enforcement Division relating to the

subject shall remain in effect until new or amended rules are adopted by the Commission."

SECTION 3. Funds appropriated to the Department of Crime Control and Public Safety for the 2006-2007 fiscal year shall be used to implement this act.

SECTION 4. This act becomes effective October 1, 2006.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2005

HOUSE BILL 2727*

Short Title:	Restore Boxing Commission Budget Cuts.	(Public)
Sponsors:	Representative Gibson.	
Referred to:	Finance.	

May 25, 2006

A BILL TO BE ENTITLED

AN ACT TO REESTABLISH THE BOXING COMMISSION AND RESTORE BUDGET CUTS TO THAT PROGRAM.

The General Assembly of North Carolina enacts:

SECTION 1. Section 18.2 of S.L. 2004-124 is repealed, and any statutes repealed by that section are reenacted.

SECTION 2. G.S. 143-652, as reenacted by Section 1 of this act, reads as rewritten:

"**§ 143-652. State Boxing Commission.**

(a) Creation. – The North Carolina State Boxing Commission is created within the Department of Crime Control and Public Safety to regulate in North Carolina live boxing and kickboxing matches, whether professional, amateur, sanctioned amateur, or toughman events, in which admission is charged for viewing, or the contestants compete for a purse or prize of value greater than twenty-five dollars ($25.00). The Commission shall consist of six voting members and two nonvoting advisory members. All the members shall be residents of North Carolina and shall meet requirements for membership under the Professional Boxing Safety Act of 1996. The members shall be appointed as follows:

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The two nonvoting advisory members appointed pursuant to subdivisions (6) and (7) of subsection (a) of this section shall advise the Commission on matters concerning the health and physical condition of boxers and health issues relating to the conduct of exhibitions and boxing matches. They may prepare and submit to the Commission for its consideration and approval any rules that in their judgment will safeguard the physical welfare of all participants engaged in boxing.

Terms for all members of the Commission except for the initial appointments shall be for three years.

The Secretary of Crime Control and Public Safety shall designate which member of the Commission is to serve as chair. A member of the Commission may be removed from office by the Secretary of Crime Control and Public Safety for cause. Each member before entering upon the duties of a member shall take and subscribe an oath to perform the duties of the office faithfully, impartially, and justly to the best of the member's ability. A record of these oaths shall be filed in the Department of Crime Control and Public Safety.

(b) Vacancies. – Members shall serve until their successors are appointed and have been qualified. Any vacancy in the membership of the Commission shall be filled in the same manner as the original appointment. Vacancies for members appointed by the General Assembly shall be filled in accordance with G.S. 120-122. A vacancy in the membership of the Commission other than by expiration of term shall be filled for the unexpired term only.

(c) Meetings. – Meetings of the Commission shall be called by the chair or by any two members of the Commission, and meetings shall be held at least quarterly. Any three voting members of the Commission shall constitute a quorum at any meeting. Action may be taken and motions and resolutions adopted by the Commission at any meeting by the affirmative vote of a majority of the members of the Commission present at a meeting at which a quorum exists. Any or all members may participate in a

regular or special meeting by, or conduct the meeting through the use of, any means of communication by which all members participating may simultaneously hear each other during the meeting. A member participating in the meeting by this means is deemed to be present in person at the meeting.

(d) Rule-Making Authority of the Commission. – The Commission shall have the exclusive authority to approve and issue rules for the regulation of the conduct, promotion, and performances of live boxing, kickboxing, sanctioned amateur, amateur, and toughman matches and exhibitions in this State. The rules shall be issued pursuant to the provisions of Chapter 150B of the General Statutes and may include, without limitation, the following subjects:

(1) Requirements for issuance of licenses and permits required by this Article.
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(5) Insurance and bonding requirements.
(6) Compensation of participants and licensees.
(7) Contracts and financial arrangements.
(8) Prohibition of dishonest, unethical, and injurious practices.
(9) Facilities.
(10) Approval of sanctioning amateur sports organizations.
(11) Procedures and requirements for compliance with the Professional Boxing Safety Act of 1996.

(e) Compensation. – None of the members of the Commission shall receive compensation for serving on the Commission. However, members of the Commission may be reimbursed for their expenses in accordance with the provisions of Chapter 138 of the General Statutes.

(f) Staff Assistance. – The Secretary of Crime Control and Public Safety shall hire a person to serve as Executive Director of the Commission and shall provide staff assistance to the Executive Director. The Executive Director shall enforce this Article through the Division of Alcohol Law Enforcement. If necessary, the Executive Director may train and contract with independent contractors for the purpose of regulating and monitoring events, issuing licenses, collecting fees, and enforcing rules of the Commission. The Executive Director may initiate criminal background checks on persons requesting to work as independent contractors for the Commission or persons applying to be licensed by the Commission.

(g) Initial appointments to the Commission under this reenacted section shall be for terms commencing July 1, 2006. The Commission may reestablish any rules in effect on the date of the prior abolition of the Commission without following any requirements of Chapter 150B of the General Statutes other than publishing the rules. Any rules of the Alcohol Law Enforcement Division relating to the subject shall remain in effect until new or amended rules are adopted by the Commission."

SECTION 3. There is appropriated from the General Fund to the Department of Crime Control and Public Safety for the 2006-2007 fiscal year the sum of one hundred thirty-one thousand four hundred forty-nine dollars ($131,449) to restore budget cuts for the North Carolina State Boxing Commission.

SECTION 4. This act becomes effective July 1, 2006.

GENERAL ASSEMBLY OF NORTH CAROLINA

Session 2005

Legislative Fiscal Note

BILL NUMBER: House Bill 2727 (First Edition)

SHORT TITLE: Restore Boxing Commission Budget Cuts.

SPONSOR(S): Representative Gibson

FISCAL IMPACT

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

	FY 2006-07	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11
REVENUES					
EXPENDITURES	**$138,843**	**$138,843**	**$138,843**	**$138,843**	**$138,843**
POSITIONS (cumulative):	**2.0**	**2.0**	**2.0**	**2.0**	**2.0**

PRINCIPAL DEPARTMENT(S) & PROGRAM(S) AFFECTED: Crime Control and Public Safety

EFFECTIVE DATE: July 1, 2006

** *HB 2727 appropriates $131,449 to Re-establish the Boxing Commission*

BILL SUMMARY: Re-establishes the Boxing Commission within the Department of Crime Control and Public Safety. Maintains the current license fees, permit fees, civil penalties, and criminal penalties. Appropriates $131,449 for this purpose.

ASSUMPTIONS AND METHODOLOGY: The 2004 Budget Bill, S.L. 2004-124, included a provision that eliminated the Boxing Commission, including its general fund appropriation, and transferred the regulation of boxing to the Division of Alcohol Law Enforcement (ALE). The bill directed the Department of Crime Control and Public Safety (CCPS) to use available salary reserve funds to reclassify the two Boxing Commission staff positions and transfer them to ALE. As a result of S.L. 2004-124, the CCPS general fund appropriation was reduced by $134,449, requiring the Department to re-allocate existing funds and salary reserve within its budget to support the cost of regulating boxing. The former two-member Boxing Commission staff was transferred and the NC Boxing Authority was established within ALE in FY 2004-05. In FY2003-04, the annual

operating budget for the NC Boxing Commission was approximately $174,449 with $40,000 in budgeted receipts for a net general fund appropriation of $134,449.

HB 2727 proposes to re-establish the Boxing Commission within the Department of Crime Control and Public Safety with six (6) voting members and two (2) non-voting advisory members. The bill directs the Secretary to hire an Executive Director and to provide staff assistance to the Director. The costs to re-establish the Boxing Commission as directed in the bill would be those associated with the eight (8) new commission members, and the compensation for the Executive Director and staff. According to data provided by the NC Boxing Authority staff, the travel and per diem costs for seven Commission members to attend four meetings annually was $2,600 in FY 2003-04. Assuming that travel costs remain the same and with one additional member, the estimated cost of four quarterly commission meetings would be approximately $3,000 in FY 2006-07. The salary and compensation cost for the current Executive Director of the NC Boxing Authority will be $90,517 in FY 2006-07. There is currently one additional staff member with annual compensation costs of $42,843. Thus the total costs to re-establish the commission with one additional member and to compensate an Executive Director and Commission staff are estimated at $138,843 in the first year.

In addition to salaries and benefits, the former Boxing Commission incurred $43,000 in operating costs in FY 2003-04 for a total annual cost of about $175, 000. These costs were offset by $40,000 in budgeted receipts generated from event fees, licenses, etc. In FY 2005-06, the NC Boxing Authority generated $34,600 in receipts from event fees, licenses, and identification cards. It does not appear that, as proposed, HB 2727 would generate any additional receipts over and above the amount currently generated.

It is assumed that the funds appropriated by HB2727 would be used to restore the two positions which were eliminated when the former NC Boxing Commission was eliminated in FY04-05. As a result, two existing ALE positions were reclassified and the former Boxing Commission employees were re-assigned to those positions as employees of newly created NC Boxing Authority. The positions currently filled by those two employees are assumed to be reclassified and restored to the Alcohol Law Enforcement Division from which they originated.

SOURCES OF DATA: NC Boxing Authority; Department of Crime Control and Public Safety
TECHNICAL CONSIDERATIONS: None
FISCAL RESEARCH DIVISION: (919) 733-4910
PREPARED BY:
Denise Thomas
APPROVED BY: Lynn Muchmore, Director
Fiscal Research Division

DATE: July 7, 2006



Signed Copy Located in the NCGA Principal Clerk's Offices

2005 COMMITTEE REPORT
HOUSE OF REPRESENTATIVES

The following report(s) from standing committee(s) is/are presented:

By Representative Clary, Crawford, Earle, Nye, Owens, Sherrill, Yongue (Chairs) for the Committee on APPROPRIATIONS.

☒Committee Substitute for

HB 2037 A BILL TO BE ENTITLED AN ACT TO CLARIFY MEDICAID REIMBURSEMENTS FOR OCULAR PROSTHETISTS.

☒ With a favorable report.

(FOR JOURNAL USE ONLY)

_____ Pursuant to Rule 32(a), the bill/resolution is re-referred to the Committee on _____.

_____ Pursuant to Rule 36(b), the bill/resolution is placed on the Calendar of _____.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2005

H 2

HOUSE BILL 2037*

Committee Substitute Favorable 5/24/06

Short Title: Medicaid Reimburse. for Ocular Prosthetists. (Public)

Sponsors:

Referred to:

May 17, 2006

A BILL TO BE ENTITLED

AN ACT TO CLARIFY MEDICAID REIMBURSEMENTS FOR OCULAR PROSTHETISTS.

The General Assembly of North Carolina enacts:

SECTION 1. Section 10.11(a)(23) of S.L. 2005-276 reads as rewritten:

"(23) Medically necessary prosthetics or orthotics. – Reimbursement in accordance with the State Plan approved by the Department of Health and Human Services, except that in order to be eligible for reimbursement, providers must be Board ~~certified~~ certified, or in the case of ocular prosthetists Board certified, licensed, or accredited in accordance with requirements established by the Department, not later than July 1, 2005. Medically necessary prosthetics and orthotics are subject to prior approval and utilization review."

SECTION 2. This act becomes effective July 1, 2006.

VLH

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2005

H 1

HOUSE BILL 1991

Short Title:	Tax on Lottery Winnings/Comm. Coll. Equip.	(Public)
Sponsors:	Representatives Yongue, Tolson, Jeffus (Primary Sponsors); Bell, Justice, Parmon, Pierce, Preston, Stiller, Underhill, Wainwright, and Womble.	
Referred to:	Finance.	

May 16, 2006

A BILL TO BE ENTITLED

AN ACT EARMARKING THE TAX COLLECTED ON LOTTERY WINNINGS FOR COMMUNITY COLLEGE EQUIPMENT.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 105-163.2B reads as rewritten:

"**§ 105-163.2B. North Carolina State Lottery Commission must withhold taxes.**

The North Carolina State Lottery Commission, established by Chapter 18C of the General Statutes, must deduct and withhold State income taxes from the payment of winnings that are reportable to the Internal Revenue Service under section 3406 of the Code. The amount of taxes to be withheld is seven percent (7%) of the winnings. The Commission must file a return and pay the withheld taxes in the time and manner required under G.S. 105-163.6 as if the winnings were wages. The taxes the Commission withholds are held in trust for the Secretary.

The Secretary of Revenue shall transfer these funds at the end of each quarter to the State Board of Community Colleges' Equipment Reserve Fund. The State Board of Community Colleges shall distribute these funds annually to the community colleges in accordance with G.S. 115D-31."

SECTION 2. This act becomes effective July 1, 2006, and applies to winnings paid on or after that date.

IX

GENERAL ASSEMBLY OF NORTH CAROLINA

Session 2005

Legislative Fiscal Note

BILL NUMBER: House Bill 1991 (First Edition)

SHORT TITLE: Tax on Lottery Winnings/Comm. Coll. Equip.

SPONSOR(S): Representatives Yongue, Tolson, and Jeffus

FISCAL IMPACT ($Mill.)

	Yes (X)	No ( )	No Estimate Available ( )		
	FY 2006-07	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11
REVENUES:					
General Fund	(2.2)	(3.0)	(3.9)	(5.1)	(6.6)
EXPENDITURES:					
POSITIONS (cumulative):					

PRINCIPAL DEPARTMENT(S) & PROGRAM(S) AFFECTED: Department of Revenue, Community College System

EFFECTIVE DATE: Lottery winnings paid on or after July 1, 2006.

BILL SUMMARY: Under current law, the North Carolina State Lottery Commission automatically withholds 7% of lottery prize winnings of $600 or greater at the time the prize is collected. The Commission remits withholdings to the Department of Revenue on a quarterly basis.

House Bill 1991 requires that all of the state withholding taxes collected be earmarked quarterly to the State Board of Community Colleges' Equipment Reserve Fund. The fund, created by the General Assembly in 1998, is non-reverting and can receive via appropriations from the Training and Employment Account; transfer of tuition and fee receipts exceeding budgeted amounts; or via a "carry forward for equipment" special provision that has been included in the state budget since 2003. Currently, the fund receives a recurring annual appropriation of $31 million. In addition, this year's budget appropriated an additional $10 million to the fund on a non-recurring basis for 2006-07.

ASSUMPTIONS AND METHODOLOGY:

Estimated Lottery Withholdings

The North Carolina State Education Lottery is expected to pay out $607.1 million in prizes during the 2006-07 fiscal year. This estimate is based on a consensus estimate of gross lottery proceeds made by the Office of State Budget and Management (OSBM) and the Fiscal Research Division (FRD). This estimate is the same as the FRD planning estimates used during the 2005 legislative session. For later years the earlier FRD planning estimates were used in the absence of any discussions with OSBM.

This analysis assumes a 50% prize ratio in all years. Given this, FRD estimates the following annual prize payouts:

Estimated Lottery Prize Payouts by Fiscal Year				
2006-2007	2007-2008	2008-2009	2009-2010	2010-2011
$ 607,142,857	$ 594,285,714	$ 635,857,143	$ 667,714,286	$ 701,142,857

As of June 29, the lottery reported withholdings of $420,582, indicating total prize payouts subject to state withholdings of approximately $6.0 million. This amount comprises approximately 5.1% of total prize payouts. Using this figure, FRD estimates that this legislation will result in no less than $2.2 million in transfers from the General Fund revenue stream to the State Board of Community Colleges' Equipment Reserve Fund in 2006-07. This number is very close to estimates made by the Easley administration. Based on the experience of more mature state lotteries elsewhere, this amount will increase dramatically in future years. For this analysis, we assumed 30% annual growth in the withholding tax collected on lottery winnings over $600. This estimate was based on a review of the experience in three other neighboring states with mature lotteries.

SOURCES OF DATA: North Carolina State Education Lottery, North Carolina Department of Revenue, North Carolina Community College System

TECHNICAL CONSIDERATIONS: The legislation requires that withheld taxes be transferred at the end of each quarter. However, the language is not clear about the base period to which the transfer applies or the exact timing of the transfer. For the purpose of this analysis it is assumed that the funds are transferred on the final business day of each quarter, based on taxes withheld for that quarter. Since there may be a time lag between the collection of the tax by the retailer and the receipt by the lottery commission, withheld taxes earmarked for the July-September 2006 quarter may be slightly less than a full quarter's amount.

FISCAL RESEARCH DIVISION: (919) 733-4910

PREPARED BY: Brenna Erford

APPROVED BY: Lynn Muchmore, Director
Fiscal Research Division

DATE:

VISITOR REGISTRATION SHEET

Appropriations — July 10, 2006

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Eric Rusnak	AEP
Evelyn Hawthorne	DTGR
Bill Scoggin	KCCP
Pat Simmons	NCDOT
Rita L. Joyner	SBE
Derek Graham	DPI
Rick Zechini	NC AR
Kathy Hawkins	Progress Energy
John McAlister	Duke Energy
[illegible]	[illegible]
Joe McClees	McClees Consulting Inc

VISITOR REGISTRATION SHEET

Appropriations — July 10, 2006

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
[signature]	NCACC
[signature]	NCASA
[signature]	PENC
[signature]	NCDMV
Julian Council	NCDMV
[signature]	NCC
[signature]	NCCCS
[signature]	NCCCS
[signature]	NC Justice Ctr
[signature]	NC AFL-CIO
[signature]	Teamsters

VISITOR REGISTRATION SHEET

Appropriations — July 10, 2006

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Lesley Cates	Speaker's office
Betsy Justus	ACS
Tracy Kimbrell	Parker Poe
Mike Baker	AP
Barbara Causby	BSCGA
John Rustin	NCFPC
Geni Causby	NCSCA
[illegible]	NCBA
[illegible]	WCBS
[illegible]	HP Assoc
[illegible]	NCEL

VISITOR REGISTRATION SHEET

Appropriations — July 10, 2006

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Joanna Wright	NC Hurricane
M Robertson	NCCCPS/ACE
[illegible]	"
Casandra White	NCCCPS
Bryant Gumbel	CWW
Rufus L. Edmisten	Edmisten & Webb
Carter Boyce	" "
Michael Hauser	NCAE
David Ingram	WSJ
Mark Trawick	Donald Beam Enterprises
Guy Rohrbough	Ellis & Co.

MINUTES
HOUSE COMMITTEE ON APPROPRIATIONS
July 19, 2006

The House Committee on Appropriations met on Wednesday, July 19, 2006 in Room 643 of the Legislative Office Building at 10:00 a.m. Co chairs Jim Crawford and Edd Nye presided. Thirty-nine (39) members of the Committee were present. An attendance sheet and visitor registration list is attached and made part of these minutes.

The Agenda consisted of the following two bills:

SB 1584 UNDERGROUND STORAGE TANK PRGM. ADM. FUNDS.

Staff attorney, George Givens, was asked to explain the bill. He stated the bill would appropriate up to $137,106 from the Commercial Leaking Petroleum Underground Storage Tank Cleanup Fund (Commercial Fund) and up to $137,106 from the Noncommercial Leaking Petroleum Underground Storage Tank Cleanup Fund (Noncommercial Fund) to the Department of Environment and Natural Resources (DENR) to cover increased program operating costs and the costs of any legislative salary increase for personnel who administer the Underground Storage Tank Cleanup Program.

Representative Cole asked to be recognized and expressed his concern that an audit was needed.

Karen Hammonds-Blanks, Fiscal Research staff, explained that when the fund was set up, the policy and procedure stated funds would be used for this purpose.

After further questions and discussion, Representative Owens told the Committee that it was something they needed to agree to do.

Representative Sutton made a motion for a favorable report. A voice vote was taken and the motion carried.

HB 2793 ADDITIONAL SURETY FOR PUBLIC CONSTRUCTION

Representative Insko moved the Committee approve the Proposed Committee Substitute presented by Rep. Parmon for discussion. Representative Womble spoke on the Proposed Committee Substitute which would authorize the use of individual sureties and irrevocable letters of credit for performance and payment bonds for public construction as permitted under federal law for federal construction projects.

Representative Michaux moved for a favorable report to the Proposed Committee Substitute and that the bill be re-referred to the Committee on Judiciary II. A voice vote was taken and the motion carried.

The meeting adjourned at 10:45 a.m.

Edd Nye
Representative Edd Nye, Co-Chair

Jo Bobbitt
Jo Bobbitt, Committee Assistant

Representative Jim Crawford
Representative Debbie Clary
Representative Beverly Earle
Representative Bill Owens
Representative Wilma Sherrill
Representative Doug Yongue

NORTH CAROLINA HOUSE OF REPRESENTATIVES
COMMITTEE MEETING NOTICE
AND
BILL SPONSOR NOTIFICATION
2005-2006 SESSION

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

DAY & DATE: **Wednesday, July 19, 2006**

TIME: **11:00 a.m.**

LOCATION: **643**

The following bills will be considered (Bill # & Short Title & Bill Sponsor):
HB 2793 Additional Surety for Public Construction - Reps. Womble and Parmon
SB 1584 Underground Storage Tank Program Adm. Funds - Senator Albertson

Respectfully,
Representative Clary, Crawford, Earle, Nye,
Owens, Sherrill, Yongue
Chair

I hereby certify this notice was filed by the committee assistant at the following offices at **4:30 p.m.** on **Tuesday, July 18, 2006.**

___Principal Clerk
___Reading Clerk - House Chamber

Linda Winstead (Committee Assistant)

NORTH CAROLINA GENERAL ASSEMBLY
STATE LEGISLATIVE BUILDING
RALEIGH, NORTH CAROLINA 27603

AGENDA

HOUSE APPROPRIATIONS

WEDNESDAY, JULY 19, 2006
ROOM 643 LOB
11:00 AM

CHAIR REPRESENTATIVE EDD NYE

OPENING REMARKS

AGENDA ITEMS

HB 2793	ADDITIONAL SURETY FOR PUBLIC CONSTRUCTION REPRESENTATIVES WOMBLE AND PARMON
SB 1584	UNDERGROUND STORAGE TANK PROGRAM ADM. FUNDS SENATOR ALBERTSON

ADJOURNMENT

2005 COMMITTEE REPORT
HOUSE OF REPRESENTATIVES

The following report(s) from standing committee(s) is/are presented:

By Representative Clary, Crawford, Earle, Nye, Owens, Sherrill, Yongue (Chairs) for the Committee on APPROPRIATIONS.

☑ Committee Substitute for #2

SB 1584 A BILL TO BE ENTITLED AN ACT TO APPROPRIATE FUNDS TO THE DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES TO COVER INCREASED PROGRAM OPERATING COSTS AND THE COSTS OF ANY LEGISLATIVE SALARY INCREASE FOR PERSONNEL WHO ADMINISTER THE PROGRAM, AS RECOMMENDED BY THE ENVIRONMENTAL REVIEW COMMISSION.

☒ With a favorable report.

(FOR JOURNAL USE ONLY)

_____ Pursuant to Rule 32(a), the bill/resolution is re-referred to the Committee on _____.

_____ Pursuant to Rule 36(b), the bill/resolution is placed on the Calendar of _____.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2005

S 3

SENATE BILL 1584*

Agriculture/Environment/Natural Resources Committee Substitute Adopted 6/29/06

Appropriations/Base Budget Committee Substitute Adopted 7/7/06

Short Title: Underground Storage Tank Prgm. Adm. Funds. (Public)

Sponsors:

Referred to:

May 18, 2006

A BILL TO BE ENTITLED

AN ACT TO APPROPRIATE FUNDS TO THE DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES TO COVER INCREASED PROGRAM OPERATING COSTS AND THE COSTS OF ANY LEGISLATIVE SALARY INCREASE FOR PERSONNEL WHO ADMINISTER THE PROGRAM, AS RECOMMENDED BY THE ENVIRONMENTAL REVIEW COMMISSION.

The General Assembly of North Carolina enacts:

SECTION 1.(a) There is appropriated from the Commercial Leaking Petroleum Underground Storage Tank Cleanup Fund to the Department of Environment and Natural Resources up to one hundred thirty-seven thousand one hundred and six dollars ($137,106) for the 2006-2007 fiscal year as needed to cover increased program operating costs and the cost of any legislative salary increase for personnel who administer the underground storage tank program under Parts 2A and 2B of Article 21A of Chapter 143 of the General Statutes.

SECTION 1.(b) There is appropriated from the Noncommercial Leaking Petroleum Underground Storage Tank Cleanup Fund to the Department of Environment and Natural Resources up to one hundred thirty-seven thousand one hundred and six dollars ($137,106) for the 2006-2007 fiscal year as needed to cover increased program operating costs and the cost of any legislative salary increase for personnel who administer the underground storage tank program under Parts 2A and 2B of Article 21A of Chapter 143 of the General Statutes.

SECTION 1.(c) It is the intent of the General Assembly that funds appropriated under this section are recurring funds and that these funds are in addition to funds appropriated under subsections (b) and (d) of Section 11.4 of S. L. 2003-284 and subsection (b) of Section 30.10 of S.L. 2004-124.

SECTION 2. This act becomes effective 1 July 2006.

SENATE BILL 1584:
Underground Storage Tank Prgm. Adm. Funds

BILL ANALYSIS

Committee:	House Appropriations	**Date:**	July 18, 2006
Introduced by:	Sen. Albertson	**Summary by:**	Tim Dodge
Version:	Third Edition		Legislative Analyst

SUMMARY: ***Senate Bill 1584 would appropriate up to $137,106 from the Commercial Leaking Petroleum Underground Storage Tank Cleanup Fund (Commercial Fund) and up to $137,106 from the Noncommercial Leaking Petroleum Underground Storage Tank Cleanup Fund (Noncommercial Fund) to the Department of Environment and Natural Resources (DENR) to cover increased program operating costs and the costs of any legislative salary increase for personnel who administer the Underground Storage Tank Cleanup Program (Program).***

[As introduced, this bill was identical to H2624, as introduced by Reps. Warren, Gibson, Owens, and Harrison, which is currently in House Appropriations.]

BILL ANALYSIS: The bill would appropriate up to $137,106 from the Commercial Fund and up to $137,106 from the Noncommercial Fund to the DENR to cover increased program operating costs and the costs of any legislative salary increase for Program personnel. The appropriations would be in addition to similar appropriations made in the 2003 Appropriations Act (S.L. 2003-284) and in the 2004 Appropriations Act (S.L. 2004-124). The bill states that it is the General Assembly's intent that the funds appropriated are recurring funds.

EFFECTIVE DATE: The bill would become effective 1 July 2006.

BACKGROUND: In 1988, the General Assembly established the Commercial Fund and the Noncommercial Fund to provide reimbursement for costs incurred during the cleanup of soil and groundwater contamination resulting from a release of petroleum from a UST. The Commercial Fund receives revenue from three primary sources, a tank operating fee paid by UST operators, a portion of the motor fuel excise tax, and a portion of the inspection tax on motor fuel and kerosene. The Noncommercial Fund receives revenue from the motor fuel excise tax and the inspection tax on motor fuel and kerosene.

In addition to providing reimbursement for cleanup costs, the Trust Funds provide funds for administration of the Program. According to the Division of Waste Management of DENR, approximately 65 of the 93 staff positions assigned to the UST Program are funded by the Trust Funds and the remaining 28 positions are supported by grants from the U.S. Environmental Protection Agency. In addition, the Trust Funds and federal grants jointly pay for one laboratory position and four regional administrative positions in the Program.

S1584e3-SMSY

2005 COMMITTEE REPORT
HOUSE OF REPRESENTATIVES

The following report(s) from standing committee(s) is/are presented:

By Representative Clary, Crawford, Earle, Nye, Owens, Sherrill, Yongue (Chairs) for the Committee on APPROPRIATIONS.

☐ Committee Substitute for

HB 2793 A BILL TO BE ENTITLED AN ACT TO AUTHORIZE THE USE OF INDIVIDUAL SURETIES AND IRREVOCABLE LETTERS OF CREDIT FOR PERFORMANCE AND PAYMENT BONDS FOR PUBLIC CONSTRUCTION, AND TO APPROPRIATE FUNDS TO IMPLEMENT THIS PROGRAM.

☒ With a favorable report as to the committee substitute bill, unfavorable as to the original bill, and recommendation that the committee substitute bill be re-referred to the Committee on Judiciary II.

(FOR JOURNAL USE ONLY)

_____ Pursuant to Rule 32(a), the bill/resolution is re-referred to the Committee on _____.

_____ Pursuant to Rule 36(b), the (House/Senate) committee substitute bill/(joint) resolution (No._____) is placed on the Calendar of _____. (The original bill resolution No._____) is placed on the Unfavorable Calendar.

_____ The (House) committee substitute bill/(joint) resolution (No. ____) is re-referred to the Committee on _____. (The original bill/resolution) (House/Senate Committee Substitute Bill/(Joint) resolution No. ___) is placed on the Unfavorable Calendar.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2005

H D

HOUSE BILL 2793
PROPOSED COMMITTEE SUBSTITUTE H2793-PCS60872-LB-169

Short Title: Additional Surety for Public Construction. (Public)

Sponsors:

Referred to:

May 30, 2006

A BILL TO BE ENTITLED

AN ACT TO AUTHORIZE THE USE OF INDIVIDUAL SURETIES AND IRREVOCABLE LETTERS OF CREDIT FOR PERFORMANCE AND PAYMENT BONDS FOR PUBLIC CONSTRUCTION, AND TO ALLOCATE FUNDS TO IMPLEMENT THIS PROGRAM.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 44A-26(b) reads as rewritten:

"(b) The performance bond and the payment bond shall be executed by one or more sureties that are one of the following:

(1) A surety ~~companies~~ company legally authorized to do business in the State of North ~~Carolina~~ Carolina.

(2) An individual surety qualified under G.S. 44A-26.1.

(3) A qualified financial institution in the form of an irrevocable letter of credit under G.S. 44A-26.4.

~~and~~ The performance bond and payment bond shall become effective upon the awarding of the construction contract."

SECTION 2. Article 3 of Chapter 44A of the General Statutes is amended by adding the following new sections to read:

"**§ 44A-26.1. Individual sureties.**

(a) An individual who meets the requirements of this section shall qualify as an individual surety for purposes of G.S. 44A-26.

(b) The contracting body shall determine the acceptability of individuals proposed as sureties, and shall ensure that the surety's pledged assets are sufficient to cover the bond obligation. The contracting body shall not accept an independent surety excluded under G.S. 44A-26.2.

(c) An individual surety must execute the bond, and the unencumbered value of the assets (exclusive of all outstanding pledges for other bond obligations) pledged by the individual surety, must equal or exceed the penal amount of each bond. The

individual surety shall execute a standard surety bond form approved by the Commissioner of Insurance and provide a security interest in accordance with G.S. 44A-26.3. One individual surety is adequate support for a bond, provided the unencumbered value of the assets pledged by that individual surety equal or exceed the amount of the bond. A contractor may submit up to three individual sureties for each bond, in which case the pledged assets, when combined, must equal or exceed the penal amount of the bond. Each individual surety must accept both joint and several liability to the extent of the penal amount of the bond.

(d) A contractor submitting an unacceptable individual surety in satisfaction of a performance or payment bond requirement may be permitted a reasonable time, as determined by the contracting body, to substitute an acceptable surety for a surety previously determined to be unacceptable.

(e) When evaluating individual sureties, contracting bodies may obtain assistance from the Attorney General. Contracting bodies shall obtain the opinion of legal counsel as to the adequacy of the documents pledging the assets prior to accepting payment and performance bonds.

(f) Chapter 58 of the General Statutes does not apply to sureties provided in accordance with this section.

"**§ 44A-26.2. Exclusion of individual sureties.**

(a) An individual may be excluded from acting as a surety on bonds submitted by contractors under this Article by the contracting body in accordance with this section. The exclusion shall be for the purpose of protecting the contracting body.

(b) An individual may be excluded for any of the following causes:

(1) Failure to fulfill the obligations under any bond.

(2) Failure to disclose all bond obligations.

(3) Misrepresentation of the value of available assets or outstanding liabilities.

(4) Any false or misleading statement, signature, or representation on a bond or affidavit of individual suretyship.

(5) Any other cause affecting responsibility as a surety of such serious and compelling nature as may be determined to warrant exclusion.

(c) An individual surety excluded pursuant to this section shall be included in the Excluded Parties List System maintained in the Department of Administration.

(d) Contracting bodies shall not accept the bonds of individual sureties whose names appear in the Excluded Parties List System unless the contracting body states in writing the compelling reasons justifying acceptance.

(e) An exclusion of an individual surety under this section will also preclude the party from acting as a contractor under G.S. 143-128.

"**§ 44A-26.3. Security interest of individual surety.**

(a) An individual surety may be accepted only if a security interest in assets acceptable under 48 C.F.R. § 28.203.2 is provided to the contracting body by the individual surety. The security interest shall be furnished with the bond.

(b) The value at which the contracting body accepts the assets pledged must be equal to or greater than the aggregate penal amounts of the bonds required by the solicitation and may be provided by one or a combination of the following methods:

(1) An escrow account with a federally insured financial institution in the name of the contracting body. While the contractor is responsible for establishing the escrow account, the terms and conditions must be acceptable to the contracting body. At a minimum, the escrow account shall provide for the following:

a. The account must provide the contracting body the sole and unrestricted right to draw upon all or any part of the funds deposited in the account. A written demand for withdrawal shall be sent to the financial institution by the contracting body, after obtaining the concurrence of legal counsel, with a copy to the contractor and to the surety. Within the time period specified in the demand, the financial institution would pay the contracting body the amount demanded up to the amount on deposit. If any dispute should arise between the contracting body and the contractor, the surety, or the subcontractors or suppliers with respect to the offer or contract, the financial institution would be required, unless precluded by order of a court of competent jurisdiction, to disburse monies to the contracting body as directed by the contracting body.

b. The financial institution would be authorized to release to the individual surety all or part of the balance of the escrow account, including any accrued interest, upon receipt of written authorization from the contracting body.

c. The contracting body would not be responsible for any costs attributable to the establishment, maintenance, administration, or any other aspect of the account.

d. The financial institution would not be liable or responsible for the interpretation of any provisions or terms and conditions of the solicitation or contract.

e. The financial institution would provide periodic account statements to the contracting body.

f. The terms of the escrow account could not be amended without the consent of the contracting body.

(2) A lien on real property owned in fee simple by the surety without any form of concurrent ownership except where all cotenants agree to act jointly, located within the United States and not the principal residence of the surety. The asset value of real estate will be accepted at one hundred percent (100%) of the most current tax assessment value less encumbrances or seventy-five percent (75%) of the real estate's unencumbered market value provided a current appraisal is furnished.

Whenever a bond with a security interest in real property is submitted, the individual surety shall provide all of the following:

a. Evidence of title in the form of a certificate of title prepared by a title insurance company on the List of Approved Attorneys, Abstracters, and Title Companies approved by the United States Department of Justice. This title evidence must show fee simple title vested in the surety along with any concurrent owners; whether any real estate taxes are due and payable; and any recorded encumbrances against the property, including the lien filed in favor of the contracting body.

b. Evidence of the amount due under any encumbrance shown in the evidence of title.

c. A copy of the current real estate tax assessment of the property or a current appraisal dated no earlier than six months prior to the date of the bond, prepared by a professional appraiser who certifies that the appraisal has been conducted in accordance with the generally accepted appraisal standards as reflected in the Uniform Standards of Professional Appraisal Practice as promulgated by the Appraisal Foundation.

"**§ 44A-26.4. Irrevocable letters of credit.**

(a) Any person required to furnish a bond under G.S. 44A-26 has the option to furnish a bond secured by an irrevocable letter of credit in accordance with this section in an amount equal to the penal sum required to be secured under G.S. 44A-26. A separate irrevocable letter of credit is required for each bond.

(b) The irrevocable letter of credit shall be irrevocable, require presentation of no document other than a written demand and the irrevocable letter of credit (and letter of confirmation, if any), expire only as provided in subsection (f) of this section, and be issued or confirmed by an acceptable federally insured financial institution as provided in subsection (g) of this section.

(c) To draw on the irrevocable letter of credit, the contracting body shall use the sight draft set forth in subsection (h) of this section and present it with the irrevocable letter of credit (including letter of confirmation, if any) to the issuing financial institution or the confirming financial institution (if any).

(d) If the contractor does not furnish an acceptable replacement irrevocable letter of credit, or other acceptable substitute, at least 30 days before an irrevocable letter of credit's scheduled expiration, the contracting body shall immediately draw on the irrevocable letter of credit.

(e) If, after the period of performance of a contract where irrevocable letters of credit are used to support payment bonds, there are outstanding claims against the payment bond, the contracting body shall draw on the irrevocable letter of credit prior to the expiration date of the irrevocable letter of credit to cover these claims.

(f) If used as an alternative to corporate or individual sureties as security for a performance or payment bond, the contractor may submit an irrevocable letter of credit with an initial expiration date estimated to cover the entire period for which financial

security is required or an irrevocable letter of credit with an initial expiration date that is a minimum period of one year from the date of issuance. The irrevocable letter of credit shall provide that, unless the issuer provides the beneficiary written notice of nonrenewal at least 60 days in advance of the current expiration date, the irrevocable letter of credit is automatically extended without amendment for one year from the expiration date, or any future expiration date, until the period of required coverage is completed and the contracting body provides the financial institution with a written statement waiving the right to payment. The period of required coverage shall be as follows:

(1) For performance bonds only, until completion of any warranty period.

(2) For payment bonds only, until resolution of all claims filed against the payment bond during the one-year period following final payment.

(g) Only federally insured financial institutions rated investment grade or higher shall issue or confirm the irrevocable letter of credit. Unless the financial institution issuing the irrevocable letter of credit had letter-of-credit business of at least twenty-five million dollars ($25,000,000) in the past year, irrevocable letters of credits over five million dollars ($5,000,000) must be confirmed by another acceptable financial institution that had letter-of-credit business of at least twenty-five million dollars ($25,000,000) in the past year.

(1) The contractor shall provide the contracting body a credit rating from a recognized commercial rating service as specified in Office of Federal Procurement Policy Pamphlet No. 7, 48 C.F.R. § 28.204-3(h), that indicates the financial institution has the required rating as of the date of issuance of the irrevocable letter of credit.

(2) If the contracting body learns that a financial institution's rating has dropped below the required level, the contracting body shall give the contractor 30 days to substitute an acceptable irrevocable letter of credit or shall draw on the irrevocable letter of credit in accordance with subsection (c) of this section.

(h) The following format shall be used by the contracting body for a sight draft to draw on the letter of credit:

"SIGHT DRAFT

_____

[City, State]

(Date)_____

[Name and address of financial institution]

Pay to the order of _____ [Contracting Body]
the sum of United States $_____.

This draft is drawn under Irrevocable Letter of Credit No. _____.

_____

[Contracting Body]

By: _____."""

SECTION 3. There is allocated from funds appropriated from the General Fund to the Department of Administration for the HUB Office the sum of ten thousand dollars ($10,000) for the 2006-2007 fiscal year to develop a program to implement this act and to educate individual sureties regarding State construction project opportunities.

SECTION 4. Sections 1 and 2 of this act become effective September 1, 2006. The remainder of this act is effective when it becomes law.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2005

H 1

HOUSE BILL 2793

Short Title:	Additional Surety for Public Construction.	(Public)
Sponsors:	Representatives Womble and Parmon (Primary Sponsors).	
Referred to:	Appropriations.	

May 30, 2006

A BILL TO BE ENTITLED

AN ACT TO AUTHORIZE THE USE OF INDIVIDUAL SURETIES AND IRREVOCABLE LETTERS OF CREDIT FOR PERFORMANCE AND PAYMENT BONDS FOR PUBLIC CONSTRUCTION, AND TO APPROPRIATE FUNDS TO IMPLEMENT THIS PROGRAM.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 44A-26(b) reads as rewritten:

"(b) The performance bond and the payment bond shall be executed by one or more sureties that are one of the following:

(1) A surety ~~companies~~ company legally authorized to do business in the State of North ~~Carolina~~ Carolina.

(2) An individual surety qualified under G.S. 44A-26.1.

(3) A qualified financial institution in the form of an irrevocable letter of credit under G.S. 44A-26.4.

~~and~~ The performance bond and payment bond shall become effective upon the awarding of the construction contract."

SECTION 2. Article 3 of Chapter 44A of the General Statutes is amended by adding the following new sections to read:

"**§ 44A-26.1. Individual sureties.**

(a) An individual who meets the requirements of this section shall qualify as an individual surety for purposes of G.S. 44A-26.

(b) The contracting body shall determine the acceptability of individuals proposed as sureties, and shall ensure that the surety's pledged assets are sufficient to cover the bond obligation. The contracting body shall not accept an independent surety excluded under G.S. 44A-26.2.

(c) An individual surety must execute the bond, and the unencumbered value of the assets (exclusive of all outstanding pledges for other bond obligations) pledged by the individual surety, must equal or exceed the penal amount of each bond. The individual surety shall execute a standard surety bond form approved by the

Commissioner of Insurance and provide a security interest in accordance with G.S. 44A-26.3. One individual surety is adequate support for a bond, provided the unencumbered value of the assets pledged by that individual surety equal or exceed the amount of the bond. A contractor may submit up to three individual sureties for each bond, in which case the pledged assets, when combined, must equal or exceed the penal amount of the bond. Each individual surety must accept both joint and several liability to the extent of the penal amount of the bond.

(d) A contractor submitting an unacceptable individual surety in satisfaction of a performance or payment bond requirement may be permitted a reasonable time, as determined by the contracting body, to substitute an acceptable surety for a surety previously determined to be unacceptable.

(e) When evaluating individual sureties, contracting bodies may obtain assistance from the Attorney General. Contracting bodies shall obtain the opinion of legal counsel as to the adequacy of the documents pledging the assets prior to accepting payment and performance bonds.

(f) Chapter 58 of the General Statutes does not apply to sureties provided in accordance with this section.

"**§ 44A-26.2. Exclusion of individual sureties.**

(a) An individual may be excluded from acting as a surety on bonds submitted by contractors under this Article by the contracting body in accordance with this section. The exclusion shall be for the purpose of protecting the contracting body.

(b) An individual may be excluded for any of the following causes:

(1) Failure to fulfill the obligations under any bond.

(2) Failure to disclose all bond obligations.

(3) Misrepresentation of the value of available assets or outstanding liabilities.

(4) Any false or misleading statement, signature, or representation on a bond or affidavit of individual suretyship.

(5) Any other cause affecting responsibility as a surety of such serious and compelling nature as may be determined to warrant exclusion.

(c) An individual surety excluded pursuant to this subsection shall be included in the Excluded Parties List System maintained in the Department of Administration.

(d) Contracting bodies shall not accept the bonds of individual sureties whose names appear in the Excluded Parties List System unless the contracting body states in writing the compelling reasons justifying acceptance.

(e) An exclusion of an individual surety under this section will also preclude the party from acting as a contractor under G.S. 143-128.

"**§ 44A-26.3. Security interest of individual surety.**

(a) An individual surety may be accepted only if a security interest in assets acceptable under 48 C.F.R. § 28.203.2 is provided to the contracting body by the individual surety. The security interest shall be furnished with the bond.

(b) The value at which the contracting body accepts the assets pledged must be equal to or greater than the aggregate penal amounts of the bonds required by the solicitation and may be provided by one or a combination of the following methods:

(1) An escrow account with a federally insured financial institution in the name of the contracting body. While the contractor is responsible for establishing the escrow account, the terms and conditions must be acceptable to the contracting body. At a minimum, the escrow account shall provide for the following:

a. The account must provide the contracting body the sole and unrestricted right to draw upon all or any part of the funds deposited in the account. A written demand for withdrawal shall be sent to the financial institution by the contracting body, after obtaining the concurrence of legal counsel, with a copy to the contractor and to the surety. Within the time period specified in the demand, the financial institution would pay the contracting body the amount demanded up to the amount on deposit. If any dispute should arise between the contracting body and the contractor, the surety, or the subcontractors or suppliers with respect to the offer or contract, the financial institution would be required, unless precluded by order of a court of competent jurisdiction, to disburse monies to the contracting body as directed by the contracting body.

b. The financial institution would be authorized to release to the individual surety all or part of the balance of the escrow account, including any accrued interest, upon receipt of written authorization from the contracting body.

c. The contracting body would not be responsible for any costs attributable to the establishment, maintenance, administration, or any other aspect of the account.

d. The financial institution would not be liable or responsible for the interpretation of any provisions or terms and conditions of the solicitation or contract.

e. The financial institution would provide periodic account statements to the contracting body.

f. The terms of the escrow account could not be amended without the consent of the contracting body.

(2) A lien on real property owned in fee simple by the surety without any form of concurrent ownership except where all cotenants agree to act jointly, located within the United States and not the principal residence of the surety. The asset value of real estate will be accepted at one hundred percent (100%) of the most current tax assessment value less encumbrances or seventy-five percent (75%) of the real estate's unencumbered market value provided a current appraisal is furnished. Whenever a bond with a security interest in real property is submitted, the individual surety shall provide all of the following:

a. Evidence of title in the form of a certificate of title prepared by a title insurance company on the List of Approved Attorneys,

Abstracters, and Title Companies approved by the United States Department of Justice. This title evidence must show fee simple title vested in the surety along with any concurrent owners; whether any real estate taxes are due and payable; and any recorded encumbrances against the property, including the lien filed in favor of the contracting body.

b. Evidence of the amount due under any encumbrance shown in the evidence of title.

c. A copy of the current real estate tax assessment of the property or a current appraisal dated no earlier than six months prior to the date of the bond, prepared by a professional appraiser who certifies that the appraisal has been conducted in accordance with the generally accepted appraisal standards as reflected in the Uniform Standards of Professional Appraisal Practice as promulgated by the Appraisal Foundation.

"**§ 44A-26.4. Irrevocable letters of credit.**

(a) Any person required to furnish a bond under G.S. 44A-26 has the option to furnish a bond secured by an irrevocable letter of credit in accordance with this section in an amount equal to the penal sum required to be secured under G.S. 44A-26. A separate irrevocable letter of credit is required for each bond.

(b) The irrevocable letter of credit shall be irrevocable, require presentation of no document other than a written demand and the irrevocable letter of credit (and letter of confirmation, if any), expire only as provided in subsection (f) of this section, and be issued or confirmed by an acceptable federally insured financial institution as provided in subsection (g) of this section.

(c) To draw on the irrevocable letter of credit, the contracting body shall use the sight draft set forth in subsection (h) of this section and present it with the irrevocable letter of credit (including letter of confirmation, if any) to the issuing financial institution or the confirming financial institution (if any).

(d) If the contractor does not furnish an acceptable replacement irrevocable letters of credit, or other acceptable substitute, at least 30 days before an irrevocable letter of credit's scheduled expiration, the contracting body shall immediately draw on the irrevocable letter of credit.

(e) If, after the period of performance of a contract where irrevocable letters of credit are used to support payment bonds, there are outstanding claims against the payment bond, the contracting body shall draw on the irrevocable letter of credit prior to the expiration date of the irrevocable letter of credit to cover these claims.

(f) If used as an alternative to corporate or individual sureties as security for a performance or payment bond, the contractor may submit an irrevocable letter of credit with an initial expiration date estimated to cover the entire period for which financial security is required or an irrevocable letter of credit with an initial expiration date that is a minimum period of one year from the date of issuance. The irrevocable letter of credit shall provide that, unless the issuer provides the beneficiary written notice of nonrenewal at least 60 days in advance of the current expiration date, the irrevocable

letter of credit is automatically extended without amendment for one year from the expiration date, or any future expiration date, until the period of required coverage is completed and the contracting body provides the financial institution with a written statement waiving the right to payment. The period of required coverage shall be as follows:

(1) For performance bonds only, until completion of any warranty period.

(2) For payment bonds only, until resolution of all claims filed against the payment bond during the one-year period following final payment.

(g) Only federally insured financial institutions rated investment grade or higher shall issue or confirm the irrevocable letter of credit. Unless the financial institution issuing the irrevocable letter of credit had letter-of-credit business of at least twenty-five million dollars ($25,000,000) in the past year, irrevocable letters of credits over five million dollars ($5,000,000) must be confirmed by another acceptable financial institution that had letter-of-credit business of at least twenty-five million dollars ($25,000,000) in the past year.

(1) The contractor shall provide the contracting body a credit rating from a recognized commercial rating service as specified in Office of Federal Procurement Policy Pamphlet No. 7, 48 C.F.R. § 28.204-3(h), that indicates the financial institution has the required rating as of the date of issuance of the irrevocable letter of credit.

(2) If the contracting body learns that a financial institution's rating has dropped below the required level, the contracting body shall give the contractor 30 days to substitute an acceptable irrevocable letter of credit or shall draw on the irrevocable letter of credit in accordance with subsection (c) of this section.

(h) The following format shall be used by the contracting body for a sight draft to draw on the letter of credit:

"SIGHT DRAFT

_____

[City, State]

(Date)_____

[Name and address of financial institution]

Pay to the order of _____[Contracting Body]
the sum of United States $_____.

This draft is drawn under Irrevocable Letter of Credit No._____.

_____

[Contracting Body]

By: _____."

SECTION 3. There is appropriated from the General Fund to the Department of Administration the sum of twenty-five thousand dollars ($25,000) for the 2006-2007 fiscal year to develop a program to implement this act and to educate individual sureties regarding State construction project opportunities.

SECTION 4. This act becomes effective July 1, 2006.

HOUSE BILL 2793:
Additional Surety for Public Construction

BILL ANALYSIS

Committee:	House Appropriations	**Date:**	July 19, 2006
Introduced by:	Reps. Womble, Parmon	**Summary by:**	O. Walker Reagan
Version:	PCS to First Edition H2793-CSLB-169		Staff Attorney

SUMMARY: ***The Proposed Committee Substitute for House Bill 2793 would authorize the use of individual sureties and irrevocable letters of credit for performance and payment bonds for public construction as permitted under federal law for federal construction projects.***

BILL ANALYSIS:

Section 1 of House Bill 2793 would amend law defining permissible performance bonds and payment bonds by allowing the use of individual sureties and irrevocable letters of credit in accordance with the bill for public construction projects.

Section 2 authorized the use of individuals as sureties on performance and payment bonds as permitted under federal law for federal construction products. This section puts into State law mirror provisions of federal law for these types of bond.

G.S. 44A-26.1 permits a bond signed by an acceptable individual who pledges unencumbered assets equal to or greater than the amount of the bond, to be acceptable as a surety without the necessity of being licensed as an insurance company under Chapter 58 of the General Statutes.

G.S. 44A-26.2 disqualifies an individual from being an individual surety because the individual had previously failed to fulfill bond obligations, failed to disclose all bond obligations, misrepresented the value of assets and liabilities, made false or misleading statements on a bond or affidavit of suretyship, or any other cause affecting the responsibility of the surety.

G.S. 44A-26.3 sets out the amounts and types of security an individual has to provide for the surety to qualify as an individual surety. A security interest can be given through the establishment of an escrow account of a cash deposit with a federally insured financial institution giving the contracting body the sole and unrestricted right to draw upon the funds deposited in the event of default under the contracts being insured. A security interest can also be given by a lien on real property accepted at 100% of the most current tax assessment value less encumbrances or 75% of the unencumbered market value. Evidence of title must be certified by a title insurance company.

G.S. 44A-26.4 establishes the procedures for furnishing a bond by the use of an irrevocable letter of credit issued by a federally insured financial institution rated investment grade or higher. Irrevocable letters of credit over $5 million must be confirmed by a financial institution with letter-of-credit business in the past year of over $25 million. The contracting body shall be given the right to use a sight draft to demand payment under the irrevocable letter of credit in the event of default under the contracts being insured.

Section 3 allocates $10,000 appropriated to the Department of Administration to the HUB Office to develop a program to implement this bill and to educate individual sureties regarding State construction project opportunities.

EFFECTIVE DATE: Sections 1 and 2 of the bill are effective September 1, 2006 and the remainder of the bill is effective when the bill becomes law.

H2793e1-SMRU-CSLB-169

VISITOR REGISTRATION SHEET

APPROPRIATIONS 7-19-06

Name of Committee Date

VISITORS: PLEASE SIGN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Lu-Ann Cox Perryman	DLC
Katherine Jacke	NCASA
Gene Causby	NCSCA
Henry Jones	Attorney Raleigh
Susan Harris	WCPSS
Bill Seaboch	NCCAA
Sandra Love	Martin Marietta Materials
Doug Hawley	NCPMA
Rita Straus	DENR/UST
John Phelps	NCLM
Rebecca Tarleton	NCACC
BERRY JENKINS	CAROLINAS AGC
FRANK GRAY	CNA Surety
Rita L. Joyner	SBE
Dawn Winnell	NCSBA
Rebecca Barringer	gov's office
Jim Blackburn	Assoc. County Commrs
Lauren Rogers	NCFPC
Jami Fitzgerald	NCFPC
Theodore Edwards	Kilpatrick Stockton
Jeff Mixon	Civitas
Lori Ann Harris	LATIA
Jeff McNeely	BMI; Assoc.
Pam Mynatt	
Joe McCoy	Gov affairs
Rick Zechini	NCAR

VISITOR REGISTRATION SHEET

APPROPRIATIONS 7-19-06

Name of Committee Date

VISITORS: PLEASE SIGN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
M. Dixon	Beaver Coal Co
Spurg Kluttz	DOA
Joanna Light	e-NC Authority
Brian Wrenn	CCNC
Judy McConnell	Daily Bulletin
Kenneth C Johnson	CAMC
Alton C Boardin Jr	
Henry M Lancaster III	UMCNC
BRIDGET L. WALL	DOA / HUB Office
Ardis Watkins	SENC

NORTH CAROLINA HOUSE OF REPRESENTATIVES

MINUTES OF HOUSE APPROPRIATIONS MEETING
July 20, 2006 – After Session
Room 643 – Legislative Office Building

The North Carolina House of Representatives met on July 20, 2006 immediately after Session in Room 643 of the Legislative Office Building. There were 34 members present. Representative Bill Owens, Chair, presided at this meeting.

Representative Ed Nye, Chair, called the meeting to order while awaiting the arrival of Representative Bill Owens, Chair, who was presiding at this meeting.

Representative Jim Crawford was called on to explain the bill which was to be discussed and acted upon at this meeting. The bill was SB 198, "Revise 2006 Budget Act" which is "AN ACT TO MAKE TECHNICAL CLARIFYING AND OTHER MODIFICATIONS TO THE CURRENT OPERATIONS AND CAPITAL IMPROVEMENTS APPROPRIATIONS ACT OF 2006." (Attachment No. 1) The final revised Summary of SB 198 is attached. (Attachment No. 2)

A motion was made by Representative Ed Nye to adopt SB 198 for consideration at this meeting. The motion was passed by a unanimous vote.

Representative Jim Crawford went through the Summary and explained each section of the bill, namely, Section 1 – Section 27A. Representative Becky Carney offered an amendment to the bill which is attached to these minutes. (Attachment No. 3) The amendment was adopted.

Representative Ed Nye moved to give the bill, as amended, a favorable report as to House Committee Substitute bill and unfavorable as to Senate Committee Substitute bill. The motion was adopted. A copy of the Committee Report to the Principal Clerk's office is attached. (Attachment No. 4)

A Visitor's sheet is included in these minutes as Attachment No. 6.

The meeting adjourned at 4:45 p.m.

Respectfully submitted,

Bill Owens

Representative Bill Owens, Chair

Rosa S. Kelley

Rosa S. Kelley, Committee Assistant

Linda Winstead (Rep. Jim Crawford)

From: Linda Winstead (Rep. Jim Crawford)

Sent: Thursday, July 20, 2006 3:30 PM

To: @FRD Staff; @House/Appropriations; @HouseCommitteeNotice; Debbie Clary; Karen Hammonds-Blanks (Fiscal Research); Lesley Cates (Speaker Black's Office); Marilyn Chism (Fiscal Research); Mike Wilkins (Speaker Black's Office); Phyllis Pickett (Bill Drafting); Sean Dail (Bill Drafting); Susan Phillips (Rep. Eddins); Valerie Rustin (Rep. Cunningham)

Cc: Sen. Linda Garrou; Chris Minard (Sen. Garrou)

Subject: CORRECTION TO NOTICE JUST SENT!!!!!!!!!!!!!

NORTH CAROLINA HOUSE OF REPRESENTATIVES
COMMITTEE MEETING NOTICE
AND
BILL SPONSOR NOTIFICATION
2005-2006 SESSION

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

DAY & DATE:	**Thursday, July 20, 2006**	**CORRECTION**
TIME:	**15 Minutes After Session**	**CORRECTON**
LOCATION:	**643**	

The following bills will be considered (Bill # & Short Title & Bill Sponsor):
SB 198 Revise 2006 Budget Act - Senator Garrou

Respectfully,
Representative Clary, Crawford, Earle, Nye, Owens, Sherrill, Yongue
Chair

I hereby certify this notice was filed by the committee assistant at the following offices at **3:30 p.m.** on **Thursday, July 20, 2006.**

___Principal Clerk
___Reading Clerk - House Chamber

Linda Winstead (Committee Assistant)

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

HOUSE APPROPRIATIONS COMMITTEE
AGENDA
Thursday, July 20, 2006

Representative Bill Owens, Chair, Presiding

Chair's Comments

Bills

SB 198 REVISE 2006 BUDGET ACT
Senator Garrou

Adjourn

Attachment No. 4

2005 COMMITTEE REPORT
HOUSE OF REPRESENTATIVES

The following report(s) from standing committee(s) is/are presented:

By Representative Clary, Crawford, Earle, Nye, Owens, Sherrill, Yongue (Chairs) for the Committee on APPROPRIATIONS.

☒Committee Substitute for

SB 198 A BILL TO BE ENTITLED AN ACT TO MAKE TECHNICAL, CLARIFYING, AND OTHER MODIFICATIONS TO THE CURRENT OPERATIONS AND CAPITAL IMPROVEMENTS APPROPRIATIONS ACT OF 2006.

☒ With a favorable report as to House committee substitute bill, unfavorable as to Senate committee substitute bill

(FOR JOURNAL USE ONLY)

_____ Pursuant to Rule 32(a), the bill/resolution is re-referred to the Committee on _____.

_____ Pursuant to Rule 36(b), the (House/Senate) committee substitute bill/(joint) resolution (No._____) is placed on the Calendar of _____. (The original bill resolution No._____) is placed on the Unfavorable Calendar.

_____ The (House) committee substitute bill/(joint) resolution (No. ____) is re-referred to the Committee on _____. (The original bill/resolution) (House/Senate Committee Substitute Bill/(Joint) resolution No. ___) is placed on the Unfavorable Calendar.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2005

S D

SENATE BILL 198

Appropriations/Base Budget Committee Substitute Adopted 7/19/06
Third Edition Engrossed 7/19/06
PROPOSED HOUSE COMMITTEE SUBSTITUTE S198-PCS75573-LL-38

Short Title: Revise 2006 Budget Act. (Public)

Sponsors:

Referred to:

February 23, 2005

A BILL TO BE ENTITLED

AN ACT TO MAKE TECHNICAL, CLARIFYING, AND OTHER MODIFICATIONS TO THE CURRENT OPERATIONS AND CAPITAL IMPROVEMENTS APPROPRIATIONS ACT OF 2006.

The General Assembly of North Carolina enacts:

SECTION 1. S.L. 2006-66 is amended by adding a new section to read:

"**SECTION 6.11.(a)** Section 5.1(c) of S.L. 2005-1 reads as rewritten:

"**SECTION 5.1.(c)** The Department of Crime Control and Public Safety shall modify the Crisis Housing Assistance Fund (CHAF) to provide money to persons who do not qualify for CHAF assistance solely because they failed to apply for federal assistance through FEMA or the Small Business Administration's (SBA) Real Property Disaster loan program. The Department shall review these persons' applications for CHAF assistance using the same criteria employed by the SBA to determine eligibility for an SBA Real Property Disaster loan. ~~The~~ Up to 110 applicants shall be eligible for CHAF assistance if it is determined that they would have failed to qualify for assistance under the SBA Real Property disaster loan criteria and that they otherwise meet the criteria for CHAF. "

SECTION 6.11.(b) This section applies to persons applying for Crisis Housing Assistance Fund (CHAF) assistance due to hurricane damage during the summer and fall of 2004."

SECTION 6.11.(c) This section expires on November 1, 2006.

SECTION 2. S.L. 2006-66 is amended by adding a new section to read:

"**SECTION 6.17.(a)** G.S. 143-16.3 reads as rewritten:

'**§ 143-16.3. No expenditures for purposes for which the General Assembly has considered but not enacted an appropriation.**

Notwithstanding any other provision of law, no funds from any source, except for gifts, public or private grants, funds allocated from the Repair and Renovations Account in accordance with G.S. 143-15.3A, and funds allocated from the Contingency and Emergency Fund in accordance with G.S. 143-12(b), may be expended for any new or expanded purpose, position, or other expenditure for which the General Assembly has considered but not enacted an appropriation of funds for the current fiscal period; provided, however, that in the event the Director of the Budget declares that it is necessary to deviate from this provision, he may do so after prior consultation with the Joint Legislative Commission on Governmental Operations. For the purpose of this section, the General Assembly has considered a purpose, position, or other expenditure when that purpose is included in a bill, amendment, or petition and when any committee of the Senate or the House of Representatives deliberates on that purpose.'

SECTION 6.17.(b) This section is effective when this act becomes law."

SECTION 2A. Notwithstanding Page F-5, Item 37, of the Joint Conference Committee Report on the Continuation, Expansion and Capital Budgets dated June 30, 2006, funds appropriated to the Department of Public Instruction for Futures for Kids, Inc., a nonprofit corporation, may be used for operations during the 2006-2007 fiscal year while the corporation develops a plan for consolidation during the 2007-2008 fiscal year with the Pathways Program, which is administered by The University of North Carolina, General Administration. Futures for Kids, Inc., and the Pathways Program shall present a plan for consolidation of the two programs to the Joint Legislative Education Oversight Committee by March 1, 2007.

SECTION 3. S.L. 2006-66 is amended by adding a new section to read:

"**SECTION 6.18.** S.L. 2005-255 required the State of North Carolina to convey the property described by that section and to implement the Green Square Project in accordance with the provisions of that act. The Department of Administration shall report to the Joint Legislative Commission on Governmental Operations no later than September 1, 2006, on (i) why the property has not yet been transferred, (ii) why that act has not yet been implemented, and (iii) what the transfer and implementation timetable is."

SECTION 5. S.L. 2006-66 is amended by adding a new section to read:

"**SECTION 8.11.(a)** G.S. 115D-41 reads as rewritten:

'**§ 115D-41. ~~Restrictions—Contracts~~Restrictions on contracts with local school administrative ~~units.~~units; use of community college facilities by public school students pursuant to cooperative programs.**

(a) Community college contracts with local school administrative units shall not be used by these agencies to supplant funding for a public school high school teacher providing courses offered pursuant to G.S. 115D-20(4) who is already employed by the local school administrative unit. However, if a community college contracts with a local school administrative unit for a public high school teacher to teach a college level course, the community college shall not generate budget FTE for that course. Its reimbursement in this case shall be limited to the direct instructional costs contained in the contract, plus fifteen percent (15%) for administrative costs. In no event shall a

community college contract with a local school administrative unit to provide high school level courses.

(b) Community college facilities that comply with applicable State, county, and local fire codes for community college facilities may be used without modification for public school students in joint or cooperative programs such as middle or early college programs and dual enrollment programs.'

SECTION 8.11.(b) Part 5 of Article 1 of Chapter 116 of the General Statutes is amended by adding a new section to read:

'**§ 116-44.5. Use of college or university facilities by public school students pursuant to cooperative programs.**

The facilities of any constituent institution of The University of North Carolina and the facilities of any private college or university licensed in accordance with G.S. 116-15 that comply with applicable State, county, and local fire codes for those facilities may be used without modification for public school students in joint or cooperative programs such as middle or early college programs and dual enrollment programs.' "

SECTION 5A. S.L. 2006-66 is amended by adding a new section to read:

"**SECTION 8.12.** The General Assembly finds that sufficient study has been conducted regarding the training needs of the motorsports industry and that the North Carolina Community College System should be the primary training agency to meet those needs. Therefore, one million five hundred thousand dollars ($1,500,000) of the unexpended balance of the appropriation made by Section 32.1 of S.L. 2004-124, as amended by Section 3 of S.L. 2004-184, for the North Carolina Motorsports Testing and Research Complex, is transferred to the Community Colleges System Office to be used as start-up costs for a modern multiuse motorsports specialized training program. The State Board shall create a consortium of colleges to address the training needs of industry members and to direct training programs to meet those needs. The consortium membership shall consist of Catawba Valley Community College, Central Piedmont Community College, Davidson Community College, Forsyth Technical Community College, Halifax Community College, Rowan-Cabarrus Technical Community College, and Wilkes Community College. Forsyth Technical Community College shall be the lead community college in the consortium for management and operations purposes. The consortium of community colleges shall focus its training efforts to provide specialized motorsports workforce training and to help create new jobs at the Advanced Vehicle Research Center located in Northampton County.

If the motorsports industry finds that additional training at the university level would be beneficial to the industry, the State Board of Community Colleges may consult with the Board of Governors of The University of North Carolina and the motorsports industry to determine how best to meet that need."

SECTION 5B. S.L. 2006-66 is amended by adding a new section to read:

"**SECTION 9.19.** G.S. 115C-499.1 reads as rewritten:

'**§ 115C-499.1. Definitions.**

The following definitions apply to this Article:

(1) Academic year. – A period of time in which a student is expected to complete the equivalent of at least two semesters' or three quarters' academic work.
(2) Authority. – The State Education Assistance Authority created by Article 23 of Chapter 116 of the General Statutes.
(3) Eligible postsecondary institution. – A school that is:
a. A constituent institution of The University of North Carolina as defined in G.S. 116-2(4);
b. A community college as defined in G.S. 115D-2(2); or
c. A nonpublic postsecondary institution as defined in G.S. 116-22(1) or 116-43.5(a)(1).
d. A postsecondary institution owned or operated by a hospital authority as defined in G.S. 131E-15.
(4) Matriculated status. – Being recognized as a student in a defined program of study leading to a degree, diploma, or certificate at an eligible postsecondary institution.
(5) Scholarship. – A scholarship for education awarded under this Article.
(6) Title IV. – Title IV of the Higher Education Act of 1965, as amended, 20 U.S.C. § 1070, et seq.'"

SECTION 6. S.L. 2006-66 is amended by adding a new section to read:

"**SECTION 9.19.** Notwithstanding Page F-11, Item 81, of the Joint Conference Committee Report on the Continuation, Expansion and Capital Budgets dated June 30, 2006, funds appropriated to the Board of Governors of The University of North Carolina for the 2006-2007 fiscal year to expand the "Future Teachers of North Carolina Scholarship Loan Program" shall be used only for an additional 50 scholarship loans each year rather than 75 scholarship loans."

SECTION 7. Section 10.3(d)(1) of S.L. 2006-66 reads as rewritten:

"**SECTION 10.3.(d)** Eligibility. – Eligibility for Medicaid shall be determined in accordance with the following:

(1) 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-WFFA*		Medically Needy Families and Children	
Family Size	Standard Of Need	Income Level	AA,AB,AD*
1	$4,344	$2,172	$2,900
2	5,664	2,832	~~3,900~~ 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 8.(a) G.S. 108A-58.1(d)(1), as enacted by Section 10.5(b) of S.L. 2006-66, reads as rewritten:

"(d) Medical Services. –

(1) In the case of an institutionalized individual, the transfer of assets penalty applies with respect to nursing facility services, a level of care in any institution equivalent to that of nursing facility services, and to home- or community-based services furnished under the State's Community Alternatives Program waiver pursuant to 42 U.S.C. § 1396n(c) or ~~(d).~~(d), and pursuant to the hardship waiver under subsection (k) of this section."

SECTION 8.(b) G.S. 108A-58.1(h)(2), as enacted by Section 10.5(b) of S.L. 2006-66, reads as rewritten:

"(2) A noninstitutionalized individual is any individual who (i) is not an institutionalized individual, (ii) is an aged, blind, or disabled person who is categorically or medically needy pursuant to 42 C.F.R. § 120 Subpart B, C, or D or a qualified Medicare beneficiary as defined in 42 U.S.C. § 1396d(p)(1), and ~~(3)~~ (iii) is not eligible for medical assistance under this Part based on his or her eligibility for an optional State supplement pursuant to 42 C.F.R. § 435.232."

SECTION 8.(c) G.S. 108A-58.1(j), as enacted by Section 10.5(b) of S.L. 2006-66, reads as rewritten:

"(j) Application to Life Estates and Income Producing Real Property. – The Department of Health and Human Services may apply federal transfer of assets policies in accordance with this section to (i) life estates purchased by or on behalf of the recipient, and (ii) to real property excluded as "income producing", tenancy-in-common, or as nonhomesite property made "income producing." ~~The transfer of assets policy shall apply only to an institutionalized individual or the individual's spouse, as defined in subsection (h) of this section.~~ The Department shall exclude from countable resources any life estate in real property that is in the recipient's home and is measured by the recipient's life. Federal transfer of assets policies applied to income producing real property shall become effective not earlier than October 1, 2001. Federal transfer of assets policies applied to real property excluded as tenancy-in-common, or as nonhomesite property made income producing in accordance with this subsection, shall become effective not earlier than October 1, 2005."

SECTION 9.(a) G.S. 58-50-46, as enacted in Section 10.8 of S.L. 2006-66, is recodified as G.S. 108A-55.4.

SECTION 9.(b) G.S. 108A-55.4(b)(5), as recodified in subsection (a) of this section, reads as rewritten:

"(5) Agree not to deny a claim submitted by the Division solely on the basis of the date of submission of the claim, the type of format of the claim form, or a failure to present ~~property~~ proper documentation at the point-of-sale that is the basis of the claim, if:

a. The claim is submitted by the Division within the three-year period beginning on the date on which the item or service was furnished; and

b. Any action by the Division to enforce its rights with respect to such claim is commenced within six years of the Division's submission of the claim."

SECTION 9.(c) Section 10.8 of S.L. 2006-66 is amended in the first sentence by inserting before the word "Part 1" the words "Effective January 1, 2007,".

SECTION 10. Section 10.26(b) of S.L. 2006-66 reads as rewritten:

"**SECTION 10.26.(b)** Of the funds appropriated in this act for consultants to aid the Division and LMEs to the Department of Health and Human Services, the sum of two hundred twenty-five thousand dollars ($225,000) for the 2006-2007 fiscal year shall be used by the Department to enter into one or more ~~personal services~~ contracts to provide technical assistance to Local Management Entities to develop and implement the crisis plans required under subsection (a) of this section. In addition to any other factors the Department determines are relevant when selecting the consultant, the Department shall take into consideration whether an applicant has prior experience evaluating crisis services at a local, regional, and statewide level, prior experience assisting State and local public agencies develop and implement crisis services, and the ability to implement its responsibilities within the time frames established under this section. Funds not expended during the 2006-2007 fiscal year shall not revert to the General Fund but shall remain available for the purposes outlined in this subsection."

SECTION 11. Section 10.26(d) of S.L. 2006-66 is amended by deleting "24-hour beds" and substituting "23-hour beds."

SECTION 12. Section 10.32(b) of S.L. 2006-66 reads as rewritten:

"**SECTION 10.32.(b)** The Secretary shall review and revise the LME systems management cost model to provide adequate funds for LMEs to fully implement the functions outlined in G.S 122C-115.4(b) as enacted in Section 4 of this act. The Secretary shall consult with the Joint Legislative Committee on Mental Health, Developmental Disabilities, and Substance Abuse Services prior to implementing a revised cost model.

For the 2006-2007 fiscal year and until the revised cost model is implemented, the Department shall maintain the 2005-2006 level of funding to LMEs for all LME functions except the following:

(1) Up to thirteen million three hundred thirty-three thousand four hundred ~~eighty-four~~ eighty-one dollars ($13,333,481) for utilization review; and

(2) Up to twelve million one hundred fifty-six thousand forty-two dollars ($12,156,042) for claims processing.

Any savings of State appropriations realized from the revised cost model shall be reallocated to State-funded services for mental health, developmental disabilities, and substance abuse services.

Funds withdrawn for LME administrative functions shall be reallocated to other LMEs to be used to provide mental health, developmental disabilities, and substance abuse services. The ten percent (10%) reduction authorized under G.S. 122C-155(a1), as enacted by this section, is in addition to funding limitations of this subsection."

SECTION 13A. Section 10.9D of S.L. 2006-66 reads as rewritten:

"**SECTION 10.9D.(a)** The General Assembly recognizes the critical need for pharmacy management services to Medicaid recipients enrolled in Medicare Part D. In light of the additional costs to pharmacists that provide pharmacy services to Medicaid recipients enrolled in Medicare Part D, and in light of the fact that federal law does not provide federal matching funds under the Medicaid program for these services, the Department of Health and Human Services shall study strategies for assisting pharmacists in providing these services to Medicaid recipients enrolled in Medicare Part D. In studying the strategies, the Department shall specifically address the special circumstances of pharmacists that provide pharmacy services to long-term care facilities. Among the strategies to be considered are those that address pharmacies adversely affected by the additional costs such that they may remain in business and thus continue to provide pharmacy services throughout the State. As part of this effort, the Department shall also assess the impact of the Deficit Reduction Act of 2005 on the payment for generic drugs under the Medicaid Program. The Department shall report its findings and recommended strategies 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 ~~April~~ February 1, 2007.

SECTION 10.9D.(b) If a decrease in the average manufacturer's price ("AMP") of prescription drugs during the period January 1, 2007, through June 30, 2007, is estimated by the Department to result in average savings to the State Medicaid Program during that period, then the Department shall supplement the dispensing fee established by the General Assembly in this act by an amount calculated to be budget neutral and not to exceed average savings less administrative costs to the State to implement the supplemental fee. The supplemental fee shall be implemented no earlier than January 1, 2007 and no later than June 30, 2007. If an amendment to the State Medicaid Plan is required by the Centers for Medicare and Medicaid ("CMS") in order to implement this subsection, then implementation of this subsection is contingent upon receipt of approval of the State Plan amendment prior to June 30, 2007. If a State Plan amendment is required, the Department shall submit the amendment to CMS not later

than 60 days from the date the Department receives information on the AMP. This subsection expires June 30, 2007."

SECTION 14. Section 14.4(a) of S.L. 2006-66, which amends G.S. 7A-133(a), is amended for Districts 27A and 28 by substituting the following for what appears in that act:

"27A ~~6~~ 7 Gaston"; and

28 ~~6~~ 7 Buncombe."

SECTION 15. S.L. 2006-66 is amended by adding a new section to read:

"**SECTION 14.20.(a)** G.S. 7A-806(b) reads as rewritten:

'(b) Election of Officers. – Officers of the Conference are a President, two Vice Presidents, a Secretary, a Treasurer, and other officers from among its membership that the Conference may designate in its bylaws. Officers are elected for one-year terms at the annual summer conference and take office ~~on July 1~~ immediately following their election.'

SECTION 14.20.(b) The Administrative Office of the Courts may establish up to 10 interpreter positions to replace contract positions with funds appropriated to the Judicial Department for the 2006-2007 fiscal year."

SECTION 15A. S.L. 2006-66 is amended by adding a new section to read:

"**SECTION 14.21.** G.S. 7A-133(b), as amended by Section 27.(b) of S.L. 2005-276, reads as rewritten:

"(b) For district court districts of less than a whole county, or with part or all of one county with part of another, the composition of the district is as follows:

(1) District Court District 9 consists of Franklin and Granville Counties and the remainder of Vance County not in District Court District 9B.

(2) District Court District 9B consists of Warren County and East Henderson I, North Henderson I, North Henderson II, Middleburg, Townsville, and Williamsboro Precincts of Vance County.

(3) District Court District ~~20B~~ 20C consists of the remainder of Union County not in District Court District ~~20C.~~ 20B.

(4) District Court District ~~20C~~ 20B consists of Precinct 01: Tract 204.01: Block Group 2: Block 2040, Block 2057, Block 2058, Block 2060, Block 2061, Block 2062, Block 2064, Block 2065; Tract 204.02: Block Group 2: Block 2001, Block 2002, Block 2003, Block 2004, Block 2005, Block 2006, Block 2007, Block 2008, Block 2009, Block 2010, Block 2011, Block 2012, Block 2013, Block 2014, Block 2015, Block 2016, Block 2017, Block 2018, Block 2023, Block 2024, Block 2025, Block 2026, Block 2027, Block 2028, Block 2029, Block 2030, Block 2031, Block 2032, Block 2033, Block 2034; Block Group 3: Block 3000, Block 3003, Block 3004, Block 3005, Block 3006, Block 3007, Block 3008, Block 3009, Block 3010, Block 3011, Block 3012, Block 3013, Block 3014, Block 3015, Block 3016, Block 3017, Block 3018, Block 3019, Block 3020, Block 3021, Block 3022, Block 3023, Block 3024,

Block 3025, Block 3026, Block 3027, Block 3028, Block 3029, Block 3030, Block 3031, Block 3032, Block 3033, Block 3034, Block 3035, Block 3036, Block 3037, Block 3038, Block 3039, Block 3040, Block 3041, Block 3042, Block 3043, Block 3044, Block 3045, Block 3046, Block 3047; Block Group 4: Block 4035, Block 4054, Block 4055; Precinct 02: Tract 205: Block Group 1: Block 1000, Block 1001, Block 1002, Block 1003, Block 1004, Block 1005, Block 1006, Block 1007, Block 1009, Block 1010, Block 1011, Block 1012, Block 1013, Block 1014, Block 1015, Block 1016, Block 1017, Block 1018, Block 1019, Block 1020, Block 1021, Block 1022, Block 1023, Block 1037, Block 1038; Block Group 2: Block 2081, Block 2082, Block 2092, Block 2099, Block 2100, Block 2101, Block 2102; Tract 206: Block Group 3: Block 3036, Block 3038, Block 3039, Block 3040, Block 3048; Block Group 4: Block 4053; Precinct 03, Precinct 04, Precinct 06: Tract 202.02: Block Group 1: Block 1012, Block 1013, Block 1014, Block 1015, Block 1017, Block 1018, Block 1021, Block 1022, Block 1023; Tract 204.01: Block Group 2: Block 2000, Block 2001, Block 2002, Block 2003, Block 2004, Block 2005, Block 2033, Block 2034, Block 2035, Block 2036, Block 2041, Block 2042, Block 2043, Block 2044, Block 2045, Block 2056, Block 2063, Block 2999; Precinct 08, Precinct 09, Precinct 10, Precinct 13, Precinct 23: Tract 206: Block Group 4: Block 4051; Precinct 25: Tract 206: Block Group 4: Block 4036; Precinct 34, Precinct 36, Precinct 43 of Union County.

Precinct boundaries as used in this section for Vance County are those shown on maps on file with the Legislative Services Office on May 1, 1991, for Union County, are those shown on the Legislative Services Office's redistricting computer database on January 1, 2005; and for other counties are those reported by the United States Bureau of the Census under Public Law 94-171 for the 1990 Census in the IVTD Version of the TIGER files."

SECTION 15A.(b) This section becomes effective December 1, 2005, or the date upon which Section 14.2(f) of S.L. 2005-276 is approved under section 5 of the Voting Rights Act of 1965, whichever is later.

SECTION 16. S.L. 2006-66 is amended by adding a new section to read:

"**SECTION 16.11.** Section 17.23(h) of S.L. 2005-276 reads as rewritten:

'**SECTION 17.23.(h)** For the 2005-2006 fiscal year, notwithstanding the formula in G.S. 143B-273.15, each county's formula allocation shall be capped at no less than ninety-nine percent (99%) and no greater than one hundred twenty percent (120%) of the funds allocated to that county for the 2004-2005 fiscal year. Funding caps shall be accomplished by the redistribution of three hundred forty-four thousand four hundred ninety-one dollars ($344,491) that was spent on case management services in day reporting centers prior to 2002. No funds shall be used to fund programs that did not participate in the Criminal Justice Partnership Program in fiscal year 2004-2005.

For the 2006-2007 fiscal year, notwithstanding the formula in G.S. 143B-273.15, each county's formula allocation shall be capped at no less than ninety-five percent (95%) and no greater than one hundred twenty percent (120%) of the funds allocated to that county for the 2004-2005 fiscal year. ~~After determining the capped formula allocations, funds that were used in the 2005-2006 fiscal year for pretrial release programs shall be reallocated among all participating counties using the formula in G.S. 143B-273.15 and dedicated to sentenced offender programs.~~' "

SECTION 17. S.L. 2006-66 is amended by adding a new Part to read:

"**PART XVI-B. DEPARTMENT OF JUSTICE**

SECTION 16B.1. Notwithstanding G.S. 143-34.1(a1), the Department of Justice may use up to one hundred six thousand five hundred seventy dollars ($106,570) in receipts in the 2006-2007 fiscal year to establish one Attorney III position in the Department to provide legal services for the Department of Cultural Resources."

SECTION 18. S.L. 2006-66 is amended by adding a new section to read:

"**SECTION 17.2A.(a)** The State Energy Office shall study the State's ability to respond adequately to an energy emergency or crisis and shall update the North Carolina Energy Emergency Plan consistent with the findings of its study and with the findings of the Joint Study Committee on Emergency Preparedness and Disaster Management Recovery as set out in Section 1 of House Bill 2194 and Senate Bill 1489 of the 2005 Regular Session. As part of this study, the State Energy Office shall:

(1) Review and recommend the revision of existing energy emergency plans of appropriate State agencies and units of local government or recommend to a particular unit of government that it should develop an energy emergency plan, if it currently has none.

(2) Clarify the roles and responsibilities among State agencies, federal agencies, and units of local government in the event of an emergency petroleum shortage.

(3) Review, in consultation with the Office of State Purchase and Contract, the current contracts for fuel for State purchases and purchases by units of local government and determine whether they adequately minimize the risk that the State and units of local government would experience supply curtailments for their highest fuel needs during an emergency fuel shortage.

SECTION 17.2A.(b) The State Energy Office shall report its findings, recommendations, and its draft updated North Carolina Energy Emergency Plan to the Joint Study Committee on Emergency Preparedness and Disaster Management Recovery no later than November 1, 2006. All recommendations to the Committee shall include a cost estimate of the recommended undertaking.

SECTION 17.2A.(c) Of the funds appropriated to the Department of Administration in this act, the sum of forty thousand dollars ($40,000) for the 2006-2007 fiscal year shall be used to implement this section."

SECTION 19. S.L. 2006-66 is amended by adding a new section to read:

"**SECTION 17.6.** Notwithstanding Page L-3, Item 18, of the Joint Conference Committee Report on the Continuation, Expansion and Capital Budgets dated June 30,

2006, funds appropriated to a statewide reserve for pending ethics legislation shall be used to establish up to five positions in the Department of Administration for the North Carolina Board of Ethics and shall be used to implement House Bill 1843, House Bill 1844, or Senate Bill 1694, if either of those bills becomes law."

SECTION 19A. Notwithstanding Page J-5, Item 20, of the Joint Conference Committee Report on the Continuation, Expansion and Capital Budgets dated June 30, 2006, funds appropriated to the Department of Administration in Section 2.1 of S.L. 2006-66 in the amount of one hundred seventeen thousand four hundred eleven dollars ($117,411) for the 2006-2007 fiscal year shall be transferred to the North Carolina Indian Economic Development Initiative, Inc., a nonprofit organization, to create jobs and economic growth in Indian communities.

SECTION 20. S.L. 2006-66 is amended by adding a new section to read:

"**SECTION 18.2.(a)** Section 68 of Chapter 830 of the 1987 Session Laws, as reenacted and amended by Section 13 of Chapter 1111 of the 1987 Session Laws, is repealed.

SECTION 18.2.(b) Section 1 of Chapter 1111 of the 1987 Session Laws, as amended by Section 1 of Chapter 35 of the 1989 Session Laws, is repealed.

SECTION 18.2.(c) The number of administrative law judges and employees in the Office of Administrative Hearings are established as follows:

Position	Number
Administrative Law Judge	10
Rules Review Commission	4
Other Employees	31.

SECTION 18.2.(d) Article 60 of Chapter 7A of the General Statutes is amended by adding a new section to read:

'**§ 7A-760. Number and status of employees; staff assignments; role of State Personnel Commission.**

(a) The number of administrative law judges and employees of the Office of Administrative Hearings shall be established by the General Assembly. The Chief Administrative Law Judge is exempt from provisions of the State Personnel Act as provided by G.S. 126-5(c1)(26). All other employees of the Office of Administrative Hearings are subject to the State Personnel Act.

(b) The Chief Administrative Law Judge shall designate, from among the employees of the Office of Administrative Hearings, the Director and staff of the Rules Review Commission.'

SECTION 18.2.(e) G.S. 126-5(c1) is amended by adding a new subdivision to read:

'(27) The Chief Administrative Law Judge of the Office of Administrative Hearings.'

SECTION 18.2.(f) G.S. 143B-30.1 reads as rewritten:

'**§ 143B-30.1. Rules Review Commission created.**

(a) The Rules Review Commission is created. The Commission shall consist of 10 members to be appointed by the General Assembly, five upon the recommendation of the President Pro Tempore of the Senate, and five upon the recommendation of the

Speaker of the House of Representatives. These appointments shall be made in accordance with G.S. 120-121, and vacancies in these appointments shall be filled in accordance with G.S. 120-122. Except as provided in subsection (b) of this section, all appointees shall serve two-year terms.

(b) In 1990, two of the appointments made by the General Assembly upon the recommendation of the President of the Senate shall expire June 30, 1991, and two shall expire June 30, 1992. In 1990, two of the appointments made by the General Assembly upon the recommendation of the Speaker of the House of Representatives shall expire June 30, 1992, and two shall expire June 30, 1993. Subsequent terms shall be for two years.

(c) Any appointment to fill a vacancy on the Commission created by the resignation, dismissal, ineligibility, death, or disability of any member shall be for the balance of the unexpired term. The chairman shall be elected by the Commission, and he shall designate the times and places at which the Commission shall meet. The Commission shall meet at least once a month. A quorum of the Commission shall consist of six members of the Commission. ~~The Chief Administrative Law Judge, Office of Administrative Hearings, shall be responsible for the hiring and supervision of the Director and staff to the Commission.~~

(d) Members of the Commission who are not officers or employees of the State shall receive compensation of two hundred dollars ($200.00) for each day or part of a day of service plus reimbursement for travel and subsistence expenses at the rates specified in G.S. 138-5. Members of the Commission who are officers or employees of the State shall receive reimbursement for travel and subsistence at the rate set out in G.S. 138-6.

(e) The Chief Administrative Law Judge, Office of Administrative Hearings, shall assign the staff and designate the Director of the Commission in accordance with G.S. 7A-760. ~~Any other provision of the General Statutes notwithstanding, the appointment of employees of the Commission shall be made by the Chief Administrative Law Judge, Office of Administrative Hearings. Nothing in this Article shall be construed to exempt employees of the Commission from the State Personnel Act.~~

(f) The Commission shall prescribe procedures and forms to be used in submitting rules to the Commission for review. The Commission may have computer access to the North Carolina Administrative Code to enable the Commission and its staff to view and copy rules in the Code.'"

SECTION 21.(a) If Senate Bill 774 of the 2005 Regular Session becomes law, Section 21.11 of S.L. 2006-66 is repealed.

SECTION 21.(b) Subsection (a) of this section repeals the amendment made by Section 21.11 of S.L. 2006-66, leaving in effect the identical enactment in Senate Bill 774 of the 2005 Regular Session, as ratified.

SECTION 21A.(a) Section 22.15A(b) of S.L. 2006-66 reads as rewritten:

"**SECTION 22.15A.(b)** Career-banded classifications approved by the State Personnel Commission on or before June 15, 2006, and for which the agency had begun

implementation by that date, may continue to be implemented without suspension as otherwise provided for in this section if:

(1) It is fully and completely implemented no later than February 1, 2007; and

(2) It is implemented entirely using technical resources provided by the Office of State Personnel and the affected agency or constituent institution."

SECTION 21A.(b) There is created the Legislative Study Commission on the State Personnel Act ("Commission"). The Commission shall consist of 18 members appointed as follows:

(1) Six members appointed by the Governor, to include:
   a. One person who is a current State employee subject to the State Personnel Act and not currently working in human resources management.
   b. One person who is a current State employee and currently working in human resources management.
   c. One person having experience and expertise in human resources management in a large private sector organization with greater than 500 employees.
   d. One person having experience and expertise in human resources management in a large public sector organization with greater than 500 employees.
   e. Two persons representing the general public.

(2) Six members appointed by the Speaker of the House of Representatives, to include:
   a. Four members of the House of Representatives.
   b. Two persons representing the general public.

(3) Six members appointed by the President Pro Tempore of the Senate, to include:
   a. Four members of the Senate.
   b. Two persons representing the general public.

SECTION 21A.(c) The Commission shall:

(1) Review Chapter 126 of the General Statutes, the State Personnel Act, to determine whether the Act should be revised or repealed, in whole or in part.

(2) Consider the efficacy of changes in policy related to the following: classification system, compensation philosophy, salary structure, merit based pay, pay equity, pay delivery, and performance evaluation.

(3) Evaluate career banding as an alternative to the traditional classification system, considering career progression salary adjustments as compared to current compensation increase philosophy, government/private industry best practices, and the real and perceived impact to State employees of moving to a career banding classification system.

(4) Review any other matter that the Commission finds relevant to its charge.

SECTION 21A.(d) The Commission may provide interim reports and shall provide its final report identifying its findings, recommendations, and legislative proposals by May 1, 2008. The Commission shall terminate upon filing its final report.

SECTION 21A.(e) The Speaker of the House of Representatives and the President Pro Tempore of the Senate shall each appoint a cochair for the Commission. 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 the Senate Directors of Legislative Assistants. The Commission may meet in the Legislative Building or the Legislative Office Building upon the approval of the Legislative Services Commission. With the permission of the Speaker of the House of Representatives and the President Pro Tempore of the Senate, the Commission may meet during the regular legislative session. Members of the Commission shall receive per diem, subsistence, and travel allowances at the rate established in G.S. 120-3.1. The appointing authority shall fill vacancies. The Commission, while in the discharge of its 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.

SECTION 23. S.L. 2006-66 is amended by adding a new section to read:

"**SECTION 22.22.(a)** G.S. 140-14 reads as rewritten:

'**§ 140-14. North Carolina State Art Society ~~as membership arm of~~ within the North Carolina Museum of Art; promotion of public appreciation of art; ~~organization of art exhibits,~~ etc.**

The North Carolina State Art Society, Incorporated, ~~shall be the membership arm of the North Carolina Museum of Art, the means whereby citizens of North Carolina can support their museum through individual or corporate memberships in the Society and through participation in its diverse programs.~~ is administratively located within the North Carolina Museum of Art. It shall be the duty of the North Carolina State Art Society to promote the public appreciation of art and its role in the development of civilization; to organize State and regional ~~art exhibits, including works by contemporary North Carolina artists;~~ advocacy initiatives; and to do all other things deemed necessary to advance the objectives of the Society.' "

SECTION 22.22.(b) G.S. 140-5.13(b)(2) reads as rewritten:

'(b) The Board of Trustees of the North Carolina Museum of Art shall consist of 29 members, chosen as follows:

...

(2) The North Carolina State Art Society, Incorporated, shall elect four members;

....'

SECTION 22.22.(c) G.S. 140-12 reads as rewritten:

'**§ 140-12. Department of Administration authorized to provide space for Art Society.**

Subject to the approval of the Governor, the Department of Administration is authorized and empowered to set apart, for the administration of the affairs of the North Carolina State Art Society, Incorporated, space in any of the public buildings in Wake County which may be so used without interference with the conduct of the business of the State. Prior to taking any action under this section, the Governor may consult with the Advisory Budget Commission.'

SECTION 22.22.(d) G.S. 140-13 reads as rewritten:

'**§ 140-13. Audit.**

The operations of the North Carolina State Art Society, Inc., shall be subject to the oversight of the State Auditor pursuant to Article 5A of Chapter 147 of the General Statutes.'

SECTION 22.22.(e) G.S. 143B-53 reads as rewritten:

'**§ 143B-53. Organization of the Department.**

The Department of Cultural Resources shall be organized initially to include the Art Commission, the Art Museum Building Commission, the North Carolina Historical Commission, the Tryon Palace Commission, the U.S.S. North Carolina Battleship Commission, the Sir Walter Raleigh Commission, the Executive Mansion Fine Arts Committee, the American Revolution Bicentennial Committee, the North Carolina Awards Committee, the America's Four Hundredth Anniversary Committee, the North Carolina Arts Council, the Public Librarian Certification Commission, the State Library Commission, the North Carolina Symphony Society, Inc., the North Carolina State Art Society, and the Division of the State Library, the Division of Archives and History, the Division of the Arts, and such other divisions as may be established under the provisions of the Executive Organization Act of 1973.'

SECTION 22.22.(f) Part 15 of Article 2 of Chapter 143B of the General Statutes reads as rewritten:

'Part 15. North Carolina State Art Society, Incorporated.

'**§ 143B-89. North Carolina State Art Society, Incorporated.**

The North Carolina State Art Society, Incorporated, shall continue to be under the patronage of the State as provided in Article 3 of Chapter 140 of the General Statutes of North Carolina. The governing body of the North Carolina Art Society, Incorporated, shall be a board of directors consisting of a minimum of 22 members as follows: the Governor, the Superintendent of Public Instruction, the State Treasurer, Secretary of Cultural Resources, and the Director of the North Carolina Museum of Art, who shall be ex officio members; six members who shall be named by the Governor; and a minimum of 12 directors who shall be chosen by members of the North Carolina Art Society, Incorporated, in such manner and for such terms as that body shall determine. The six directors named by the Governor shall serve for terms of three years each.'

SECTION 22.22.(g) G.S. 140-5.15(c) reads as rewritten:

'(c) The State-funded portion of the salary of the Director shall be fixed by the General Assembly in the Current Operations Appropriations Act.' "

SECTION 24. S.L. 2006-66 is amended by adding a new section to read:

"**SECTION 22.23.** G.S. 84-20 reads as rewritten:

'**§ 84-20. Compensation of councilors.**

The members of the Council and members of committees when actually engaged in the performance of their duties, including committees sitting upon disbarment proceedings, shall receive as compensation for the time spent in attending meetings an amount to be determined by the Council, subject to approval of the North Carolina Supreme Court, and shall receive actual expenses of travel and subsistence while engaged in their duties provided that for transportation by use of private automobile the expense of travel shall not exceed ~~the rate per mile allowed by G.S. 138-6.~~ the business standard mileage rate set by the Internal Revenue Service per mile of travel. The Council shall determine per diem and mileage to be paid. The allowance fixed by the Council shall be paid by the secretary-treasurer of the North Carolina State Bar upon presentation of appropriate documentation by each member.' "

SECTION 24A. Section 23.3 of S.L. 2006-66 reads as rewritten:

"**SECTION 23.3.(a)** Of the funds in the Reserve for Repairs and Renovations for the 2006-2007 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 consult with the Joint Legislative Commission on Governmental Operations prior to the allocation or reallocation of these funds.

SECTION 23.3.(b) Of the funds allocated to the Office of State Budget and Management in subsection (a) of this section:

(1) ~~Up to eleven~~ Eleven million eight hundred thousand dollars ($11,800,000) for the 2006-2007 fiscal year shall be used for eligible repair and renovation projects in preparation for the construction of the Regional Medical Center and Mental Health Center in the Department of Correction.

(2) ~~Up to two~~ Two million eight hundred thousand dollars ($2,800,000) shall be used for repairs and renovations of facilities located on the grounds of the Palmer Memorial Institute State Historic Site.

SECTION 23.3.(c) Of the funds allocated to the Board of Governors of The University of North Carolina in subsection (a) of this section, funds shall be used for projects at constituent institutions as follows:

(1) ~~Up to one~~ One million nine hundred thousand dollars ($1,900,000) for the 2006-2007 fiscal year shall be used for parking and road repairs and improvements at Elizabeth City State University.

(2) ~~Up to six~~ Six million four hundred thousand dollars ($6,400,000) for the 2006-2007 fiscal year shall be used for replacement and repair of steam lines and steam tunnels at North Carolina Central University.

(3) ~~Up to four~~ Four hundred sixteen thousand dollars ($416,000) for the 2006-2007 fiscal year shall be used for planning for eligible repair and renovation projects at Rhodes Hall at the University of North Carolina at Asheville.

~~The amount of funding a constituent institution is allocated under this subsection shall offset the amount the constituent institution receives under subsection (a) of this section.~~"

SECTION 25.(a) Section 23.11 of S.L. 2006-66 is repealed.

SECTION 25.(b) S.L. 2006-66 is amended by adding a new section to read:

"**SECTION 23.11A.** Of the funds appropriated by this act to the Board of Governors of The University of North Carolina for the 2006-2007 fiscal year, the sum of seven million dollars ($7,000,000) shall be used to develop further the joint plan for dental education and dental outreach in North Carolina developed by the University of North Carolina at Chapel Hill and East Carolina University and approved by the Board of Governors to serve the needs of the citizens of the State. The plan endorses the expansion of the size of the dental school at the University of North Carolina at Chapel Hill and endorses the planning of a new dental school and outreach service/learning sites at East Carolina University, subject to program approval by the Board of Governors."

SECTION 27.(a) G.S. 105-134.6(d)(4), as enacted by Section 24.12(a) of S.L. 2006-66, reads as rewritten:

"(d) Other Adjustments. – The following adjustments to taxable income shall be made in calculating North Carolina taxable income:

...

(4) A taxpayer whose adjusted gross income (AGI), as calculated under the Code, is less than the amount listed in this subdivision may deduct from taxable income the amount, not to exceed ~~seven hundred fifty dollars ($750.00),~~ two thousand dollars ($2,000), contributed to an account in the Parental Savings Trust Fund of the State Education Assistance Authority established pursuant to G.S. 116-209.25. In the case of a married couple filing a joint return, the maximum dollar amount of the deduction is ~~one thousand five hundred dollars ($1,500).~~ four thousand dollars ($4,000).

Filing Status	AGI
Married, filing jointly	$100,000

Head of Household	80,000
Single	60,000
Married, filing separately	50,000".

SECTION 27.(b) This section is effective for taxable years beginning on or after January 1, 2007.

SECTION 28. Except as otherwise provided in this act, this act becomes effective July 1, 2006.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2005

S 3

SENATE BILL 198

Appropriations/Base Budget Committee Substitute Adopted 7/19/06
Third Edition Engrossed 7/19/06

Short Title: Revise 2006 Budget Act. (Public)

Sponsors:

Referred to:

February 23, 2005

A BILL TO BE ENTITLED

AN ACT TO MAKE TECHNICAL, CLARIFYING, AND OTHER MODIFICATIONS TO THE CURRENT OPERATIONS AND CAPITAL IMPROVEMENTS APPROPRIATIONS ACT OF 2006.

The General Assembly of North Carolina enacts:

SECTION 1. S.L. 2006-66 is amended by adding a new section to read:

"**SECTION 6.11.(a)** Section 5.1(c) of S.L. 2005-1 reads as rewritten:

"**SECTION 5.1.(c)** The Department of Crime Control and Public Safety shall modify the Crisis Housing Assistance Fund (CHAF) to provide money to persons who do not qualify for CHAF assistance solely because they failed to apply for federal assistance through FEMA or the Small Business Administration's (SBA) Real Property Disaster loan program. The Department shall review these persons' applications for CHAF assistance using the same criteria employed by the SBA to determine eligibility for an SBA Real Property Disaster loan. The applicants shall be eligible for CHAF assistance if it is determined that they would have failed to qualify for assistance under the SBA Real Property disaster loan criteria and that they otherwise meet the criteria for CHAF.' "

SECTION 6.11.(b) This section applies to persons applying for Crisis Housing Assistance Fund (CHAF) assistance due to hurricane damage during the summer and fall of 2004."

SECTION 2. S.L. 2006-66 is amended by adding a new section to read:

"**SECTION 6.17.(a)** G.S. 143-16.3 reads as rewritten:

'**§ 143-16.3. No expenditures for purposes for which the General Assembly has considered but not enacted an appropriation.**

Notwithstanding any other provision of law, no funds from any source, except for gifts, public or private grants, funds allocated from the Repair and Renovations Account in accordance with G.S. 143-15.3A, and funds allocated from the Contingency and Emergency Fund in accordance with G.S. 143-12(b), may be expended for any new or

expanded purpose, position, or other expenditure for which the General Assembly has considered but not enacted an appropriation of funds for the current fiscal period; provided, however, that in the event the Director of the Budget declares that it is necessary to deviate from this provision, he may do so after prior consultation with the Joint Legislative Commission on Governmental Operations. For the purpose of this section, the General Assembly has considered a purpose, position, or other expenditure when that purpose is included in a bill, amendment, or petition and when any committee of the Senate or the House of Representatives deliberates on that purpose.'

SECTION 6.17.(b) This section is effective when this act becomes law."

SECTION 3. S.L. 2006-66 is amended by adding a new section to read:

"**SECTION 6.18.** S.L. 2005-255 required the State of North Carolina to convey the property described by that section and to implement the Green Square Project in accordance with the provisions of that act. The Department of Administration shall report to the Joint Legislative Commission on Governmental Operations no later than September 1, 2006, on (i) why the property has not yet been transferred, (ii) why that act has not yet been implemented, and (iii) what the transfer and implementation timetable is."

SECTION 4. Section 7.4(d) of S.L. 2006-66 reads as rewritten:

"**SECTION 7.4.(d)** Effective July 1, 2006, permanent full-time noncertified public school employees whose salaries are supported from the State's General Fund shall be paid a minimum salary of at least twenty thousand one hundred twelve dollars ($20,112) per year. Permanent, full-time employees working on a schedule requiring less than 12 months' service per year and permanent part-time employees, whose salaries are supported from the State's General Fund, shall be paid the minimum salary pro rata. The fair minimum wage salary adjustment provided by this section shall be calculated and awarded ~~after~~ before any across-the-board salary increases authorized by this act."

SECTION 5. S.L. 2006-66 is amended by adding a new section to read:

"**SECTION 8.11.(a)** G.S. 115D-41 reads as rewritten:

'**§ 115D-41. ~~Restrictions—Contracts~~Restrictions on contracts with local school administrative ~~units.~~units; use of community college facilities by public school students pursuant to cooperative programs.**

(a) Community college contracts with local school administrative units shall not be used by these agencies to supplant funding for a public school high school teacher providing courses offered pursuant to G.S. 115D-20(4) who is already employed by the local school administrative unit. However, if a community college contracts with a local school administrative unit for a public high school teacher to teach a college level course, the community college shall not generate budget FTE for that course. Its reimbursement in this case shall be limited to the direct instructional costs contained in the contract, plus fifteen percent (15%) for administrative costs. In no event shall a community college contract with a local school administrative unit to provide high school level courses.

(b) Community college facilities that comply with applicable State, county, and local fire codes for community college facilities may be used without modification for

public school students in joint or cooperative programs such as middle or early college programs and dual enrollment programs.'

SECTION 8.11.(b) Part 5 of Article 1 of Chapter 116 of the General Statutes is amended by adding a new section to read:

'**§ 116-44.5. Use of college or university facilities by public school students pursuant to cooperative programs.**'"

The facilities of any constituent institution of The University of North Carolina and the facilities of any private college or university licensed in accordance with G.S. 116-15 that comply with applicable State, county, and local fire codes for those facilities may be used without modification for public school students in joint or cooperative programs such as middle or early college programs and dual enrollment programs.' "

SECTION 6. S.L. 2006-66 is amended by adding a new section to read:

"**SECTION 9.19.** Notwithstanding Page F-11, Item 81, of the Joint Conference Committee Report on the Continuation, Expansion and Capital Budgets dated June 30, 2006, funds appropriated to the Board of Governors of The University of North Carolina for the 2006-2007 fiscal year to expand the "Future Teachers of North Carolina Scholarship Loan Program" shall be used only for an additional 50 scholarship loans each year rather than 75 scholarship loans."

SECTION 7. Section 10.3(d)(1) of S.L. 2006-66 reads as rewritten:

"**SECTION 10.3.(d)** Eligibility. – Eligibility for Medicaid shall be determined in accordance with the following:

(1) 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-WFFA*		Medically Needy Families and Children Income	
Family Size	Standard Of Need	Level	AA,AB,AD*
1	$4,344	$2,172	$2,900
2	5,664	2,832	~~3,900~~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 8.(a) G.S. 108A-58.1(d)(1), as enacted by Section 10.5(b) of S.L. 2006-66, reads as rewritten:

"(d) Medical Services. –

(1) In the case of an institutionalized individual, the transfer of assets penalty applies with respect to nursing facility services, a level of care in any institution equivalent to that of nursing facility services, and to home- or community-based services furnished under the State's Community Alternatives Program waiver pursuant to 42 U.S.C. § 1396n(c) or ~~(d).~~(d), and pursuant to the hardship waiver under subsection (k) of this section."

SECTION 8.(b) G.S. 108A-58.1(h)(2), as enacted by Section 10.5(b) of S.L. 2006-66, reads as rewritten:

"(2) A noninstitutionalized individual is any individual who (i) is not an institutionalized individual, (ii) is an aged, blind, or disabled person who is categorically or medically needy pursuant to 42 C.F.R. § 120 Subpart B, C, or D or a qualified Medicare beneficiary as defined in 42 U.S.C. § 1396d(p)(1), and ~~(3)~~ (iii) is not eligible for medical assistance under this Part based on his or her eligibility for an optional State supplement pursuant to 42 C.F.R. § 435.232."

SECTION 8.(c) G.S. 108A-58.1(j), as enacted by Section 10.5(b) of S.L. 2006-66, reads as rewritten:

"(j) Application to Life Estates and Income Producing Real Property. – The Department of Health and Human Services may apply federal transfer of assets policies in accordance with this section to (i) life estates purchased by or on behalf of the recipient, and (ii) to real property excluded as "income producing", tenancy-in-common, or as nonhomesite property made "income producing." ~~The transfer of assets policy shall apply only to an institutionalized individual or the individual's spouse, as defined in subsection (h) of this section.~~ The Department shall exclude from countable resources any life estate in real property that is in the recipient's home and is measured by the recipient's life. Federal transfer of assets policies applied to income producing real property shall become effective not earlier than October 1, 2001. Federal transfer of assets policies applied to real property excluded as tenancy-in-common, or as nonhomesite property made income producing in accordance with this subsection, shall become effective not earlier than October 1, 2005."

SECTION 9.(a) G.S. 58-50-46, as enacted in Section 10.8 of S.L. 2006-66, is recodified as G.S. 108A-55.4.

SECTION 9.(b) G.S. 108A-55.4(b)(5), as recodified in subsection (a) of this section, reads as rewritten:

"(5) Agree not to deny a claim submitted by the Division solely on the basis of the date of submission of the claim, the type of format of the

claim form, or a failure to present ~~property~~ proper documentation at the point-of-sale that is the basis of the claim, if:

a. The claim is submitted by the Division within the three-year period beginning on the date on which the item or service was furnished; and

b. Any action by the Division to enforce its rights with respect to such claim is commenced within six years of the Division's submission of the claim."

SECTION 9.(c) Section 10.8 of S.L. 2006-66 is amended in the first sentence by inserting before the word "Part 1" the words "Effective January 1, 2007,".

SECTION 10. Section 10.26(b) of S.L. 2006-66 reads as rewritten:

"**SECTION 10.26.(b)** Of the funds appropriated in this act for consultants to aid the Division and LMEs to the Department of Health and Human Services, the sum of two hundred twenty-five thousand dollars ($225,000) for the 2006-2007 fiscal year shall be used by the Department to enter into one or more ~~personal services~~ contracts to provide technical assistance to Local Management Entities to develop and implement the crisis plans required under subsection (a) of this section. In addition to any other factors the Department determines are relevant when selecting the consultant, the Department shall take into consideration whether an applicant has prior experience evaluating crisis services at a local, regional, and statewide level, prior experience assisting State and local public agencies develop and implement crisis services, and the ability to implement its responsibilities within the time frames established under this section. Funds not expended during the 2006-2007 fiscal year shall not revert to the General Fund but shall remain available for the purposes outlined in this subsection."

SECTION 11. Section 10.26(d) of S.L. 2006-66 is amended by deleting "24-hour beds" and substituting "23-hour beds."

SECTION 12. Section 10.32(b) of S.L. 2006-66 reads as rewritten:

"**SECTION 10.32.(b)** The Secretary shall review and revise the LME systems management cost model to provide adequate funds for LMEs to fully implement the functions outlined in G.S 122C-115.4(b) as enacted in Section 4 of this act. The Secretary shall consult with the Joint Legislative Committee on Mental Health, Developmental Disabilities, and Substance Abuse Services prior to implementing a revised cost model.

For the 2006-2007 fiscal year and until the revised cost model is implemented, the Department shall maintain the 2005-2006 level of funding to LMEs for all LME functions except the following:

(1) Up to thirteen million three hundred thirty-three thousand four hundred ~~eighty-four~~ eighty-one dollars ($13,333,481) for utilization review; and

(2) Up to twelve million one hundred fifty-six thousand forty-two dollars ($12,156,042) for claims processing.

Any savings of State appropriations realized from the revised cost model shall be reallocated to State-funded services for mental health, developmental disabilities, and substance abuse services.

Funds withdrawn for LME administrative functions shall be reallocated to other LMEs to be used to provide mental health, developmental disabilities, and substance abuse services. The ten percent (10%) reduction authorized under G.S. 122C-155(a1), as enacted by this section, is in addition to funding limitations of this subsection."

SECTION 13A. Section 10.9D of S.L. 2006-66 reads as rewritten:

"**SECTION 10.9D.(a)** The General Assembly recognizes the critical need for pharmacy management services to Medicaid recipients enrolled in Medicare Part D. In light of the additional costs to pharmacists that provide pharmacy services to Medicaid recipients enrolled in Medicare Part D, and in light of the fact that federal law does not provide federal matching funds under the Medicaid program for these services, the Department of Health and Human Services shall study strategies for assisting pharmacists in providing these services to Medicaid recipients enrolled in Medicare Part D. In studying the strategies, the Department shall specifically address the special circumstances of pharmacists that provide pharmacy services to long-term care facilities. Among the strategies to be considered are those that address pharmacies adversely affected by the additional costs such that they may remain in business and thus continue to provide pharmacy services throughout the State. As part of this effort, the Department shall also assess the impact of the Deficit Reduction Act of 2005 on the payment for generic drugs under the Medicaid Program. The Department shall report its findings and recommended strategies 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 ~~April~~ February 1, 2007.

SECTION 10.9D.(b) If a decrease in the average manufacturer's price ("AMP") of prescription drugs during the period January 1, 2007 through June 30, 2007, is estimated by the Department to result in average savings to the State Medicaid Program during that period, then the Department shall supplement the dispensing fee established by the General Assembly in this act by an amount calculated to be budget neutral and not to exceed average savings less administrative costs to the State to implement the supplemental fee. The supplemental fee shall be implemented no earlier than January 1, 2007 and no later than June 30, 2007. If an amendment to the State Medicaid Plan is required by the Centers for Medicare and Medicaid ("CMS") in order to implement this subsection, then implementation of this subsection is contingent upon receipt of approval of the State Plan amendment prior to June 30, 2007. If a State Plan amendment is required, the Department shall submit the amendment to CMS not later than 60 days from the date the Department receives information on the AMP. This subsection expires June 30, 2007."

SECTION 14. Section 14.4(a) of S.L. 2006-66, which amends G.S. 7A-133A, is amended for Districts 27A and 28 by substituting the following for what appears in that act:

"27A	~~6~~ 7	Gaston"; and
28	~~6~~ 7	Buncombe."

SECTION 15. S.L. 2006-66 is amended by adding a new section to read:

"**SECTION 14.20.(a)** G.S. 7A-806(b) reads as rewritten:

'(b) Election of Officers. – Officers of the Conference are a President, two Vice Presidents, a Secretary, a Treasurer, and other officers from among its membership that the Conference may designate in its bylaws. Officers are elected for one-year terms at the annual summer conference and take office ~~on July 1~~ immediately following their election.'

SECTION 14.20.(b) The Administrative Office of the Courts may establish up to 10 interpreter positions to replace contract positions with funds appropriated to the Judicial Department for the 2006-2007 fiscal year."

SECTION 16. S.L. 2006-66 is amended by adding a new section to read:

"**SECTION 16.11.** Section 17.23(h) of S.L. 2005-276 reads as rewritten:

'**SECTION 17.23.(h)** For the 2005-2006 fiscal year, notwithstanding the formula in G.S. 143B-273.15, each county's formula allocation shall be capped at no less than ninety-nine percent (99%) and no greater than one hundred twenty percent (120%) of the funds allocated to that county for the 2004-2005 fiscal year. Funding caps shall be accomplished by the redistribution of three hundred forty-four thousand four hundred ninety-one dollars ($344,491) that was spent on case management services in day reporting centers prior to 2002. No funds shall be used to fund programs that did not participate in the Criminal Justice Partnership Program in fiscal year 2004-2005.

For the 2006-2007 fiscal year, notwithstanding the formula in G.S. 143B-273.15, each county's formula allocation shall be capped at no less than ninety-five percent (95%) and no greater than one hundred twenty percent (120%) of the funds allocated to that county for the 2004-2005 fiscal year. ~~After determining the capped formula allocations, funds that were used in the 2005-2006 fiscal year for pretrial release programs shall be reallocated among all participating counties using the formula in G.S. 143B-273.15 and dedicated to sentenced offender programs.~~' "

SECTION 17. S.L. 2006-66 is amended by adding a new Part to read:

"**PART XVI-B. DEPARTMENT OF JUSTICE**

SECTION 16B.1. Notwithstanding G.S. 143-34.1(a1), the Department of Justice may use up to one hundred six thousand five hundred seventy dollars ($106,570) in receipts in the 2006-2007 fiscal year to establish one Attorney III position in the Department to provide legal services for the Department of Cultural Resources."

SECTION 18. S.L. 2006-66 is amended by adding a new section to read:

"**SECTION 17.2A.(a)** The State Energy Office shall study the State's ability to respond adequately to an energy emergency or crisis and shall update the North Carolina Energy Emergency Plan consistent with the findings of its study and with the findings of the Joint Study Committee on Emergency Preparedness and Disaster Management Recovery as set out in Section 1 of House Bill 2194 and Senate Bill 1489 of the 2005 Regular Session. As part of this study, the State Energy Office shall:

(1) Review and recommend the revision of existing energy emergency plans of appropriate State agencies and units of local government or recommend to a particular unit of government that it should develop an energy emergency plan, if it currently has none.

(2) Clarify the roles and responsibilities among State agencies, federal agencies, and units of local government in the event of an emergency petroleum shortage.

(3) Review, in consultation with the Office of State Purchase and Contract, the current contracts for fuel for State purchases and purchases by units of local government and determine whether they adequately minimize the risk that the State and units of local government would experience supply curtailments for their highest fuel needs during an emergency fuel shortage.

SECTION 17.2A.(b) The State Energy Office shall report its findings, recommendations, and its draft updated North Carolina Energy Emergency Plan to the Joint Study Committee on Emergency Preparedness and Disaster Management Recovery no later than November 1, 2006. All recommendations to the Committee shall include a cost estimate of the recommended undertaking.

SECTION 17.2A.(c) Of the funds appropriated to the Department of Administration in this act, the sum of forty thousand dollars ($40,000) for the 2006-2007 fiscal year shall be used to implement this section."

SECTION 19. S.L. 2006-66 is amended by adding a new section to read:

"**SECTION 17.6.** Notwithstanding Page L-3, Item 18, of the Joint Conference Committee Report on the Continuation, Expansion and Capital Budgets dated June 30, 2006, funds appropriated to a statewide reserve for pending ethics legislation shall be used to establish up to five positions in the Department of Administration for the North Carolina Board of Ethics and shall be used to implement House Bill 1843, House Bill 1844, or Senate Bill 1694, if either of those bills becomes law."

SECTION 20. S.L. 2006-66 is amended by adding a new section to read:

"**SECTION 18.2.(a)** Section 68 of Chapter 830 of the 1987 Session Laws, as reenacted and amended by Section 13 of Chapter 1111 of the 1987 Session Laws, is repealed.

SECTION 18.2.(b) Section 1 of Chapter 1111 of the 1987 Session Laws, as amended by Section 1 of Chapter 35 of the 1989 Session Laws, is repealed.

SECTION 18.2.(c) The number of administrative law judges and employees in the Office of Administrative Hearings are established as follows:

Position	Number
Administrative Law Judge	10
Rules Review Commission	4
Other Employees	31.

SECTION 18.2.(d) Article 60 of Chapter 7A of the General Statutes is amended by adding a new section to read:

'**§ 7A-760. Number and status of employees; staff assignments; role of State Personnel Commission.**

(a) The number of administrative law judges and employees of the Office of Administrative Hearings shall be established by the General Assembly. The Chief Administrative Law Judge is exempt from provisions of the State Personnel Act as

provided by G.S. 126-5(c1)(26). All other employees of the Office of Administrative Hearings are subject to the State Personnel Act.

(b) The Chief Administrative Law Judge shall designate, from among the employees of the Office of Administrative Hearings, the Director and staff of the Rules Review Commission.'

SECTION 18.2.(e) G.S. 126-5(c1) is amended by adding a new subdivision to read:

'(27) The Chief Administrative Law Judge of the Office of Administrative Hearings.'

SECTION 18.2.(f) G.S. 143B-30.1 reads as rewritten:

'**§ 143B-30.1. Rules Review Commission created.**

(a) The Rules Review Commission is created. The Commission shall consist of 10 members to be appointed by the General Assembly, five upon the recommendation of the President Pro Tempore of the Senate, and five upon the recommendation of the Speaker of the House of Representatives. These appointments shall be made in accordance with G.S. 120-121, and vacancies in these appointments shall be filled in accordance with G.S. 120-122. Except as provided in subsection (b) of this section, all appointees shall serve two-year terms.

(b) In 1990, two of the appointments made by the General Assembly upon the recommendation of the President of the Senate shall expire June 30, 1991, and two shall expire June 30, 1992. In 1990, two of the appointments made by the General Assembly upon the recommendation of the Speaker of the House of Representatives shall expire June 30, 1992, and two shall expire June 30, 1993. Subsequent terms shall be for two years.

(c) Any appointment to fill a vacancy on the Commission created by the resignation, dismissal, ineligibility, death, or disability of any member shall be for the balance of the unexpired term. The chairman shall be elected by the Commission, and he shall designate the times and places at which the Commission shall meet. The Commission shall meet at least once a month. A quorum of the Commission shall consist of six members of the Commission. ~~The Chief Administrative Law Judge, Office of Administrative Hearings, shall be responsible for the hiring and supervision of the Director and staff to the Commission.~~

(d) Members of the Commission who are not officers or employees of the State shall receive compensation of two hundred dollars ($200.00) for each day or part of a day of service plus reimbursement for travel and subsistence expenses at the rates specified in G.S. 138-5. Members of the Commission who are officers or employees of the State shall receive reimbursement for travel and subsistence at the rate set out in G.S. 138-6.

(e) The Chief Administrative Law Judge, Office of Administrative Hearings, shall assign the staff and designate the Director of the Commission in accordance with G.S. 7A-760. ~~Any other provision of the General Statutes notwithstanding, the appointment of employees of the Commission shall be made by the Chief Administrative Law Judge, Office of Administrative Hearings. Nothing in this Article~~

~~shall be construed to exempt employees of the Commission from the State Personnel Act.~~

(f) The Commission shall prescribe procedures and forms to be used in submitting rules to the Commission for review. The Commission may have computer access to the North Carolina Administrative Code to enable the Commission and its staff to view and copy rules in the Code.' "

SECTION 21.(a) If Senate Bill 774 of the 2005 Regular Session becomes law, Section 21.11 of S.L. 2006-66 is repealed.

SECTION 21.(b) Subsection (a) of this section repeals the amendment made by Section 21.11 of S.L. 2006-66, leaving in effect the identical enactment in Senate Bill 774 of the 2005 Regular Session, as ratified.

SECTION 22. Section 29.11 of S.L. 2005-276, as rewritten by Section 22.11 of S.L. 2006-66, reads as rewritten:

"**SECTION 29.11.** The Director of the Budget shall transfer from the Reserve for Compensation Increases, created in this act for fiscal years 2005-2006 and 2006-2007, funds to the North Carolina Community Colleges System Office necessary to provide an annual salary increase of the greater of eight hundred fifty dollars ($850.00) or two percent (2%), including funds for the employer's retirement and social security contributions, commencing July 1, 2005, for all community college employees supported by State funds. The Director of the Budget shall transfer from the Reserve for Compensation Increases, created in this act for fiscal year 2006-2007, funds to the North Carolina Community Colleges System Office necessary to provide:

(1) An annual salary increase for faculty and professional staff of six percent (6%), plus a one-time two percent (2%) bonus, including funds for the employer's retirement and social security contributions, commencing July 1, 2006, for all community college employees and system office staff who are exempt from the State Personnel Act, supported by State funds. The one-time two percent (2%) bonus authorized by this section shall be made in accordance with rules adopted by the State Board of Community Colleges.

(2) An annual increase of five and one-half percent (5.5%), including funds for employer's retirement and social security contributions, commencing July 1, 2006, for all other community college employees supported by State funds."

SECTION 23. S.L. 2006-66 is amended by adding a new section to read:

"**SECTION 22.22.(a)** G.S. 140-14 reads as rewritten:

'**§ 140-14. North Carolina State Art Society ~~as membership arm of~~ within the North Carolina Museum of Art; promotion of public appreciation of art; ~~organization of art exhibits, etc.~~**

The North Carolina State Art Society, Incorporated, ~~shall be the membership arm of the North Carolina Museum of Art, the means whereby citizens of North Carolina can support their museum through individual or corporate memberships in the Society and through participation in its diverse programs.~~ is administratively located within the North Carolina Museum of Art. It shall be the duty of the North Carolina State Art

Society to promote the public appreciation of art and its role in the development of civilization; to organize State and regional ~~art exhibits, including works by contemporary North Carolina artists;~~ advocacy initiatives; and to do all other things deemed necessary to advance the objectives of the Society.' "

SECTION 22.22.(b) G.S. 140-5.13(b)(2) reads as rewritten:

"(b) The Board of Trustees of the North Carolina Museum of Art shall consist of 29 members, chosen as follows:

...

(2) The North Carolina State Art Society, Incorporated, shall elect four members;

...'

SECTION 22.22.(c) G.S. 140-12 reads as rewritten:

'**§ 140-12. Department of Administration authorized to provide space for Art Society.**

Subject to the approval of the Governor, the Department of Administration is authorized and empowered to set apart, for the administration of the affairs of the North Carolina State Art Society, Incorporated, space in any of the public buildings in Wake County which may be so used without interference with the conduct of the business of the State. Prior to taking any action under this section, the Governor may consult with the Advisory Budget Commission.'

SECTION 22.22.(d) G.S. 140-13 reads as rewritten:

'**§ 140-13. Audit.**

The operations of the North Carolina State Art Society, Inc., shall be subject to the oversight of the State Auditor pursuant to Article 5A of Chapter 147 of the General Statutes.'

SECTION 22.22.(e) G.S. 143B-53 reads as rewritten:

"**§ 143B-53. Organization of the Department.**

The Department of Cultural Resources shall be organized initially to include the Art Commission, the Art Museum Building Commission, the North Carolina Historical Commission, the Tryon Palace Commission, the U.S.S. North Carolina Battleship Commission, the Sir Walter Raleigh Commission, the Executive Mansion Fine Arts Committee, the American Revolution Bicentennial Committee, the North Carolina Awards Committee, the America's Four Hundredth Anniversary Committee, the North Carolina Arts Council, the Public Librarian Certification Commission, the State Library Commission, the North Carolina Symphony Society, Inc., the North Carolina State Art Society, and the Division of the State Library, the Division of Archives and History, the Division of the Arts, and such other divisions as may be established under the provisions of the Executive Organization Act of 1973.'

SECTION 22.22.(f) Part 15 of Article 2 of Chapter 143B of the General Statutes reads as rewritten:

'Part 15. North Carolina State Art Society, Incorporated.

'**§ 143B-89. North Carolina State Art Society, Incorporated.**

The North Carolina State Art Society, Incorporated, shall continue to be under the patronage of the State as provided in Article 3 of Chapter 140 of the General Statutes of

North Carolina. The governing body of the North Carolina Art Society, Incorporated, shall be a board of directors consisting of a minimum of 22 members as follows: the Governor, the Superintendent of Public Instruction, the State Treasurer, Secretary of Cultural Resources, and the Director of the North Carolina Museum of Art, who shall be ex officio members; six members who shall be named by the Governor; and a minimum of 12 directors who shall be chosen by members of the North Carolina Art Society, Incorporated, in such manner and for such terms as that body shall determine. The six directors named by the Governor shall serve for terms of three years each.'

SECTION 22.22.(g) G.S. 140-5.15(c) reads as rewritten:

'(c) The State-funded portion of the salary of the Director shall be fixed by the General Assembly in the Current Operations Appropriations Act.' "

SECTION 24. S.L. 2006-66 is amended by adding a new section to read:

"**SECTION 22.23.** G.S. 84-20 reads as rewritten:

'**§ 84-20. Compensation of councilors.**

The members of the Council and members of committees when actually engaged in the performance of their duties, including committees sitting upon disbarment proceedings, shall receive as compensation for the time spent in attending meetings an amount to be determined by the Council, subject to approval of the North Carolina Supreme Court, and shall receive actual expenses of travel and subsistence while engaged in their duties provided that for transportation by use of private automobile the expense of travel shall not exceed ~~the rate per mile allowed by G.S. 138-6.~~ the business standard mileage rate set by the Internal Revenue Service per mile of travel. The Council shall determine per diem and mileage to be paid. The allowance fixed by the Council shall be paid by the secretary-treasurer of the North Carolina State Bar upon presentation of appropriate documentation by each member.' "

SECTION 25. Section 23.11 of S.L. 2006-66 is repealed.

SECTION 26. Section 23.12 of S.L. 2006-66 is amended by adding a new subsection to read:

"**SECTION 23.12.(e1)** Notwithstanding Page M-4, Item 31, of the Joint Conference Committee Report on the Continuation, Expansion and Capital Budgets dated June 30, 2006, this project may be located anywhere within the State."

SECTION 27.(a) G.S. 105-134.6(d)(4), as enacted by S.L. 2006-66, reads as rewritten:

"(d) Other Adjustments. – The following adjustments to taxable income shall be made in calculating North Carolina taxable income:

...

(4) A taxpayer whose adjusted gross income (AGI), as calculated under the Code, is less than the amount listed in this subdivision may deduct from taxable income the amount, not to exceed ~~seven hundred fifty dollars ($750.00),~~ two thousand dollars ($2,000), contributed to an account in the Parental Savings Trust Fund of the State Education Assistance Authority established pursuant to G.S. 116-209.25. In the case of a married couple filing a joint return, the maximum dollar amount of the deduction is ~~one thousand five hundred dollars ($1,500).~~ four thousand dollars ($4,000).

Filing Status	AGI
Married, filing jointly	$100,000
Head of Household	80,000
Single	60,000
Married, filing separately	50,000".

SECTION 27.(b) This section is effective for taxable years beginning on or after January 1, 2007.

SECTION 28. Except as otherwise provided in this act, this act becomes effective July 1, 2006.

Senate Bill 198:
Revise 2006 Budget Act

BILL ANALYSIS

Committee:	House Appropriations	**Introduced by:**	Sen. Garrou
Date:	July 24, 2006	**Summary by:**	Committee Staff
Version:	Proposed House Committee Substitute		

Senate Bill 198 makes technical, clarifying, conforming, and other changes to S.L. 2006-66 (Senate Bill 1741), the Current Operations and Capital Improvements Act of 2006.

Section 1: Adds Section 6.11 to S.L. 2006-66. The new section requires Crime Control and Public Safety to modify the Crisis Housing Assistance Fund so that up to 110 applicants who would not otherwise qualify under existing Crisis Housing Assistance Fund eligibility rules because they failed to apply for FEMA assistance after the 2004 western hurricanes are eligible for assistance.

Section 2: This section modifies the Watkins Amendment, which prohibits the use of funds for any expenditure for which the General Assembly has considered but not enacted an appropriation. Currently grants are excluded from this prohibition. This section specifies that the grant funds excluded from the Watkins amendment can be either public or private.

Section 2A: Changes a provision in the Budget Report, allowing use of funds appropriated to DPI for Futures for Kids for operations while the corporation develops plans for consolidation during 2007-2008 with the Pathways Program. The two programs are directed to report the consolidation plan to the Joint Legislative Education Oversight Committee by March 1, 2007.

Section 3: Adds Section 6.18 to S.L. 2006-66 to require the Department of Administration to report to the Joint Legislative Commission on Governmental Operations on why S.L. 2005-255 has not been implemented and on the schedule of implementation.

S.L. 2005-255 directs that the State shall sell roughly three-quarters of Green Square in Raleigh to the State Employees' Credit Union for one dollar. In return, the Credit Union shall finance the redevelopment of the property to include an expanded Credit Union building, a major expansion of the Natural Science Museum, and a new office building for DENR. The State would pay contractual lease payments, with an option to purchase, to the Credit Union for the Museum expansion, the DENR building, and related parking facilities.

Section 5: Allows community colleges and public and private universities to offer classes to high school students without modifying their buildings to comply with fire codes required for high schools. Colleges and universities will still have to comply with fire codes for higher education buildings.

Section 5A: Adds new section to S.L. 2006-66 transferring $1.5 million in capital funds (originally appropriated in the 2004 budget for the NC Motorsports Testing and Research Complex) to the Community Colleges System Office for start-up costs for a modern multi-use motorsports specialized training program and directs the State Board of Community Colleges to establish a consortium of

colleges (membership listed in Section 6) to address the training needs of industry members and to direct training programs to meet those needs.

Section 6: Changes the item description of the Future Teachers of North Carolina Scholarship Loan Program in the Joint Conference Committee Report expansion so that it is consistent with the amount of funds appropriated. The amount of money provided funds an additional 50 scholarships; the description was not changed accordingly. This technical correction fixes that oversight.

Section 7: This section corrects a typographical error in the Medicaid provision in Section 10.3 of S.L. 2006-66.

Section 8(a): Under federal law the Transfer of Assets applies to both institutionalized and non-institutionalized. The institutionalized section was not amended accordingly and this section makes that correction.

Section 8(b): This section corrects a federal citation by adding "Subpart B, C, or D" and corrects a technical error – "(3)" should be "(iii)".

Section 8(c): This section corrects an internal inconsistency in the statute because the language should apply to both institutionalized and non-institutionalized individuals.

Sections 9(a) and (b): Section 10.9 of S.L. 2006-66 requires private insurers to share data with the Medicaid Program. The new statute was originally placed under the statutes for the Department of Insurance. Subsection (a) recodifies the language under the statutes for public assistance programs operated under the Department of Health and Human Services. Subsection (b) corrects a typographical error in the data sharing statute.

Section 10: This section amends Section 10.26(b) of S.L. 2006-66 by deleting the words "personal services." This change was requested by the Department of Health and Human Services because it will give the Department more flexibility in contracting for the consultants to provide technical assistance and aid with developing and implementing crisis services plans.

Section 11: This section corrects a typographical error in Section 10.26(d) of S.L. 2006-66.

Section 12: This section corrects a typographical error in Section 10.32(b) of S.L. 2006-66.

Section 13A: Subsection (a) changes the reporting date. Subsection (b) authorizes DHHS to use savings realized from a reduction in the price of drugs for the Medicaid program to supplement the services fee to pharmacists that is enacted in the budget every year.

Section 14: Corrects the current and proposed number of judges allocated to Buncombe and Gaston Counties, which were entered into the budget bill incorrectly. This section puts in the correct current number of judges assigned to those counties, and adds one judge in each county per the appropriations act.

Section 15: Changes the beginning date of term for officers of Conference of Clerks of Superior Court from July 1 to immediately following their election. Also gives AOC the authority to establish up to ten permanent positions to provide interpreter services in the courts.

Section 15A: Corrects an error in the 2005 appropriations act (S.L. 2005-276) dividing District Court District 20. The descriptions of the new districts were reversed.

Section 16: Amends the funding formula for the Criminal Justice Partnership Program to eliminate a step in the application of the formula. This change follows money in the budget bill.

Section 17: Authorizes the Department of Justice to establish a receipt-supported attorney position using the expansion funds provided to the Department of Cultural Resources for this purpose.

Section 18: Specifies how expansion funds to the State Energy Office are to be used. Expansion funds were provided to update the state emergency energy plan as directed in Senate Bill 1489 and House Bill 2194. These bills were referred to Appropriations and the funds were included in the budget, but no corresponding provision was included in the budget specifying that the funds were for the purposes stated in these bills.

Section 19: Adds Section 17.6 to S.L. 2006-66 to clarify that funding ($422,871) authorized in that act per Section 2.1 in the Reserve for Pending Ethics Legislation shall be used to support up to five (5) positions.

Section 19A: Changes a provision in the Budget Report (Page J-5, Item 20) to transfer funds from to the Dept. of Administration to the NC Indian Economic Development Initiative to create jobs and economic growth in the Indian community.

Section 20: Amends S.L. 2006-66 by adding a new section clarifying that all employees of the Office of Administrative Hearings, other than the Chief Administrative Law Judge, are subject to the State Personnel Act. Also clarifies that the General Assembly shall establish the number of administrative law judges and employees of the Office of Administrative Hearings and that the Chief Administrative Law Judge shall designate the Director and staff of the Rules Review Commission. Makes conforming changes. Establishes an independent legislative study of the State Personnel Act in general and career banding in particular.

Section 21: Repeals Section 21.11 of the S.L. 2006-66. Section 21.11 enacted language that is included in SB 774, An Act to Modify the Seat Belt Use Statutes to Enhance the Use of Seat Belts. The language in Section 21.11 that is identical to the language in SB 774 would change NC seat belt laws so that they conform to federal law and avoid a loss to the State of federal highway funds.

Section 21A: Amends Section 22.15A of S.L. 2006-66 relating to career banding by clarifying that career banded classifications that were approved on or before June 15, 2006, and for which the agency had actually begun implementation, may be continued outside the suspension otherwise provided by that section.

Section 23: Amends S.L. 2006-66 by adding a new section to clarify that salary of the Director of the Art Museum as fixed by the General Assembly in the Current Operations Appropriations Act is the State-funded portion only. Also makes technical correction changing statute to conform to legal name of North Carolina State Art Society.

Section 24: G. S. 84-20 is amended to allow the North Carolina State Bar to reimburse members of its Council and committees at the business standard mileage rate set by the Internal Revenue Service per mile of travel. Members will continue to provide documentation of travel. Current IRS rate is 44.5 cents per mile.

Section 24A: Amends Section 23.3 of the S.L. 2006-66 to ensure that the full amounts of Repairs and Renovations funding earmarked for the specified projects are available for those projects. Also deletes language that provides for an offset of the amounts earmarked for those projects against the amounts that the recipient institutions would otherwise be allocated from Repairs and Renovations.

Section 25: Repeals Section 23.11 of S.L. 2006-66 and enacts a provision providing that the $7 million reserve appropriated to the Board of Governors of the UNC System shall be used to develop further the joint plan for dental education and dental outreach developed by UNC-CH and ECU and approved by the Board of Governors.

Section 27A: This section amends G.S. 105-134.6(d)(4), the 529 education deduction, as enacted by Section 24.12 of S.L. 2006-66, by increasing the income tax deduction from $750 to $2,000 for single filers and from $1,500 to $2,000 for a married couple filing jointly. The section is effective for taxable years beginning on or after January 1, 2007.

EFFECTIVE DATE: Except as otherwise specifically provided, the act becomes effective July 1, 2006.

Attachment No. 3

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 198

AMENDMENT NO. 1
(to be filled in by Principal Clerk)

S198-ALL-60 [v.3]

Date _____,2006

Comm. Sub. [NO]
Amends Title [NO]
PCS75573-LL-38

Representative _____

moves to amend the bill on page 4, line 13,

by deleting "G.S. 131E-15." and substituting "G.S. 131E-16(14) or school of nursing affiliated with a nonpublic postsecondary institution as defined in G.S. 116-22(1)."

SIGNED Becky Carney
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED ✓ FAILED _____ TABLED _____

Attachment No. 6

VISITOR REGISTRATION SHEET

APPROPRIATIONS — July 20, 2006

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
FRANK W. FOLGER	HELMS MULLISS WICKER
[signature]	NCSBA
[signature]	NCTPC
Jeff Myron	Civitas
[signature]	NCFPC
Rita L. Joyner	SBE
DAVID BARNES	Poyner + Spruill
[signature]	ACS
[signature]	NCAST
[signature]	NCAE
[signature]	[illegible]

VISITOR REGISTRATION SHEET

APPROPRIATIONS — July 20, 2006

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Gary Wiggins	OSP
Carl Dunn	DSD
Lynda Sue	H/HS
John Bowlick	Cistina Seneca
Lori Ann Harris	LAHA
Wayne Goodwin	DOI

VISITOR REGISTRATION SHEET

APPROPRIATIONS — July 20, 2006

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Hubert Tyson	NCHA
Stacy Flannery	NCHCFA
Barbara Carlson	BSCAR
Joe McNally	Economics
Luther	NCCLA
Bill Rustin	
W. Potter Jr	NCDS
Patrick Buffkin	Alley Associates, Inc.
Guy McLeod	ARCADO
M. Beason	Capitol Group
Sam Sadler	WLSR

VISITOR REGISTRATION SHEET

APPROPRIATIONS — July 20, 2006

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
	ABCNC/MOD/LLPP
	GPM & Assoc
	WCPSS
Gene Causby	NCSCA
Susan Coward	NCDOT
	NCACC
Ken McMahon	D.O.R.
Sir G. McCloud	A.G.
	NCSPA
Becki Gray	Citizens Institute
	NCLCV

VISITOR REGISTRATION SHEET

APPROPRIATIONS — July 20, 2006

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
DAVID RICE	
Rick Eccleshi	NCAR

REFERRAL FORM

NORTH CAROLINA HOUSE OF REPRESENTATIVES
ASSIGNMENT OF BILLS TO SUBCOMMITTEE

COMMITTEE: **APPROPRIATIONS**

Chairs: **Representatives Clary, Crawford, Earle, Nye, Owens, Sherrill, Yongue**

DATE: **June 7, 2006**

Bill Number (Indicate **H** or **S**): H 2548

Short Title: FFA Center Funds

Assigned to Subcommittee on: **Appropriations**

Re-Assigned to Subcommittee on: **Natural and Economic Resources**

Bill Number (Indicate **H** or **S**): H 2748

Short Title: Friends of Agriculture and FFA Funds

Assigned to Subcommittee on: **Appropriations**

Re-Assigned to Subcommittee on: **Natural and Economic Resources**

Bill Number (Indicate **H** or **S**): H 2749

Short Title: Ag Curriculum Development Coordinator Funds

Assigned to Subcommittee on: **Apropriations**

Re-Assigned to Subcommittee on: **Natural and Economic Resources**

Bill Number (Indicate **H** or **S**):

Short Title:

Assigned to Subcommittee on:

Re-Assigned to Subcommittee on:

Bill Number (Indicate **H** or **S**):

Short Title:

Assigned to Subcommittee on:

Re-Assigned to Subcommittee on:

Bill Number (Indicate **H** or **S**):

Short Title:

Assigned to Subcommittee on:

Re-Assigned to Subcommittee on:

Bill Number (Indicate **H** or **S**):

Short Title:

Assigned to Subcommittee on:

Re-Assigned to Subcommittee on:

REFERRAL FORM

NORTH CAROLINA HOUSE OF REPRESENTATIVES
ASSIGNMENT OF BILLS TO SUBCOMMITTEE

COMMITTEE: **APPROPRIATIONS**

Chairs: **Representatives Clary, Crawford, Earle, Nye, Owens, Sherrill, Yongue**

DATE: **July 10, 2006**

Bill Number (Indicate **H** or **S**): H 2783

Short Title: Heritage Gallery Funds

Assigned to Subcommittee on:

Re-Assigned to Subcommittee on: **Appropriations - General Government**

Bill Number (Indicate **H** or **S**):

Short Title:

Assigned to Subcommittee on:

Re-Assigned to Subcommittee on:

Bill Number (Indicate **H** or **S**):

Short Title:

Assigned to Subcommittee on:

Re-Assigned to Subcommittee on:

Bill Number (Indicate **H** or **S**):

Short Title:

Assigned to Subcommittee on:

Re-Assigned to Subcommittee on:

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Short Title:

Assigned to Subcommittee on:

Re-Assigned to Subcommittee on:

Bill Number (Indicate **H** or **S**):

Short Title:

Assigned to Subcommittee on:

Re-Assigned to Subcommittee on:

REFERRAL FORM

NORTH CAROLINA HOUSE OF REPRESENTATIVES
ASSIGNMENT OF BILLS TO SUBCOMMITTEE

COMMITTEE: **APPROPRIATIONS**

Chairs: **Representatives Clary, Crawford, Earle, Nye, Owens, Sherrill, Yongue**

DATE: **July 6, 2006**

Bill Number (Indicate **H** or **S**): H 2183

Short Title: Capital Improvements Reserve Account

Assigned to Subcommittee on:

Re-Assigned to Subcommittee on: **Appropriations - Capital**

Bill Number (Indicate **H** or **S**):

Short Title:

Assigned to Subcommittee on:

Re-Assigned to Subcommittee on:

Bill Number (Indicate **H** or **S**):

Short Title:

Assigned to Subcommittee on:

Re-Assigned to Subcommittee on:

Bill Number (Indicate **H** or **S**):

Short Title:

Assigned to Subcommittee on:

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Bill Number (Indicate **H** or **S**):

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Re-Assigned to Subcommittee on:

Bill Number (Indicate **H** or **S**):

Short Title:

Assigned to Subcommittee on:

Re-Assigned to Subcommittee on:

Bill Number (Indicate **H** or **S**):

Short Title:

Assigned to Subcommittee on:

Re-Assigned to Subcommittee on:

REFERRAL FORM

NORTH CAROLINA HOUSE OF REPRESENTATIVES
ASSIGNMENT OF BILLS TO SUBCOMMITTEE

COMMITTEE: **APPROPRIATIONS**

Chairs: **Representatives Clary, Crawford, Earle, Nye, Owens, Sherrill, Yongue**

DATE: **June 21, 2006**

Bill Number (Indicate **H** or **S**): H 2083

Short Title: Consumer and Family Advisory Committees

Assigned to Subcommittee on: **Appropriations**

Re-Assigned to Subcommittee on: **Health and Human Services**

Bill Number (Indicate **H** or **S**):

Short Title:

Assigned to Subcommittee on:

Re-Assigned to Subcommittee on:

Bill Number (Indicate **H** or **S**):

Short Title:

Assigned to Subcommittee on:

Re-Assigned to Subcommittee on:

Bill Number (Indicate **H** or **S**):

Short Title:

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Assigned to Subcommittee on:

Re-Assigned to Subcommittee on:

Bill Number (Indicate **H** or **S**):

Short Title:

Assigned to Subcommittee on:

Re-Assigned to Subcommittee on:
