2005

JOINT APPROPRIATIONS – NATURAL & ECONOMIC RESOURCES

COMMITTEE MINUTES

JOINT APPROPRIATIONS SUBCOMMITTEE ON NATURAL AND ECONOMIC RESOURCES 2005 – 2006

SENATE

DAVID F. WEINSTEIN, CHAIRMAN
CHARLES W. ALBERTSON, VICE-CHAIRMAN
HAMILTON C. HORTON, JR., RANKING MINORITY MEMBER
DANIEL G. CLODFELTER
JERRY W. TILLMAN

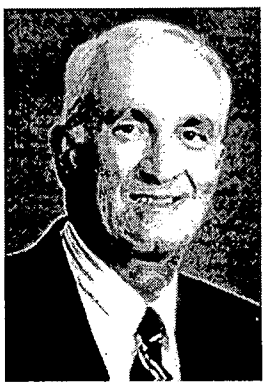
HOUSE

HOWARD HUNTER, JR., CHAIRMAN
EDITH D. WARREN, CHAIRMAN
LUCY T. ALLEN, VICE-CHAIRMAN
R. TRACY WALKER, VICE-CHAIRMAN
ARLIE CULP
PRICEY HARRISON
JAMES H. LANGDON, JR.
STEPHEN LAROQUE
MITCHELL S. SETZER
W. A. "WINKIE" WILKINS
MICHAEL WRAY

STAFF
JENNIFER HAYGOOD
JOY HICKS
SUSAN MORGAN

COMMITTEE ASSISTANTS
DEE BAGLEY, SENATE
NANCY WILLIS, HOUSE
BARBARA PHILLIPS, HOUSE

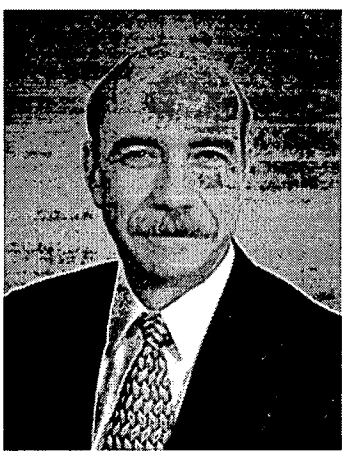
SENATE APPROPRIATIONS SUBCOMMITTEE
ON
NATURAL AND ECONOMIC RESOURCES
2005-2006



Senator David F. Weinstein
Chairman

Senator Charles W. Albertson
Vice Chairman

Senator Hamilton C. Horton, Jr.
Ranking Minority Member



Senator Daniel G. Clodfelter

Senator Jerry W. Tillman

HOUSE APPROPRIATIONS SUBCOMMITTEE
ON
NATURAL AND ECONOMIC RESOURCES
2005-2006

Howard Hunter, Jr.
Chairman

Edith D. Warren
Chairman

Lucy T. Allen
Vice-Chairman

R. Tracy Walker
Vice-Chairman

Arlie Culp

Pricey Harrison

James H. Langdon, Jr.

Stephen LaRoque

Mitchell S. Setzer

W. A. "Winkie" Wilkins

Michael Wray

ATTENDANCE

2005 – 2006

HOUSE APPROPRIATIONS/NATURAL AND ECONOMIC RESOURCES

DATES	2/22/05	3/1/05	3/2/05 AM	3/2/05 PM	3/3/05	3/9/05 AM	3/9/05 PM	3/10/05	3/15/05 AM	3/15/05 PM	3/16/05 AM	3/16/05 PM	3/17/05	3/22/05 AM	3/22/05 PM
Rep. Howard Hunter, Chairman	X	X	X	X	X	X	X	X	X	X	X	X	X		
Rep. Edith Warren, Chairman	X	X	X	X	X	X	X	X	X	X	X	X	X		
Rep. Lucy Allen, Vice Chairman	X	X	X	X	X	X	X	X	X	X	X	X	X		
Rep. R. Tracy Walker, Vice Chair	X		X	X	X	X	X	X	X	X	X	X	X		
Rep. Arlie Culp	X	X	X	X	X		X	X		X	X	X	X		
Rep. Pricey Harrison		X	X	X	X	X	X	X	X	X	X	X			
Rep. James Langdon	X	X	X	X	X	X	X		X	X	X	X	X		X
Rep. Stephen LaRoque		X	X	X	X		X								
Rep. Mitchell Setzer			X		X						X		X		
Rep. Winkie Wilkins	X	X	X	X	X	X	X	X	X	X	X	X	X		
Rep. Michael Wray		X	X	X	X	X	X	X	X	X	X	X	X		
Susan Morgan	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
Jennifer Haygood	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
Joy Hicks	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
Rep. Culpepper, Ex-Officio															
Rep. Cunningham, Ex-Officio															
Rep. Eddins, Ex-Officio															
Rep. Joe Hackney															

ATTENDANCE

2005 – 2006

HOUSE APPROPRIATIONS/NATURAL AND ECONOMIC RESOURCES

DATES	2-22-05	3-1-05	3-2-05 8:30	3-3-05 2:00	3-3-05	3-9-05 8:30	3-9-05 2:00	3-10-05	3-15-05 8:30	3-15-05 2:00	3-16-05 8:30	3-16-05 2:00	3-17-05 8:30		
Rep. Howard Hunter, Chairman	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓		
Rep. Edith Warren, Chairman	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓		
Rep. Lucy Allen, Vice Chairman	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓		
Rep. R. Tracy Walker, Vice Chair	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓		
Rep. Arlie Culp	✓	✓	✓	✓	✓		✓	✓		✓		✓			
Rep. Pricey Harrison	✓	✓	✓			✓	✓	✓	✓	✓	✓	✓			
Rep. James Langdon	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓		
Rep. Stephen LaRoque		✓	✓	✓			✓								
Rep. Mitchell Setzer	✓		✓		✓						✓				
Rep. Winkie Wilkins	✓	✓	✓		✓	✓	✓	✓	✓	✓	✓	✓			
Rep. Michael Wray		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓			
Susan Morgan	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓		
Jennifer Haygood	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓		
Joy Hicks	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓		
Rep. Culpepper, Ex-Officio															
Rep. Cunningham, Ex-Officio															
Rep. Eddins, Ex-Officio															
Rep. Joe Hackney															

ATTENDANCE

2005-2006

Senate Appropriations Subcommittee On Natural And Economic Resources

(Name of Committee)

DATES	2-22-05	3-1-05	3-2-05 8:30	3-2-05 2:00 pm	3-3-05	3-9-05 8:30	3-9-05 2:00	3-10-05	3-15-05 8:30	3-15-05 2:00	3-16-05 8:30	3-16-05 8:00	3-17-05 8:30		
David Weinstein, Chairman	✓	✓	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓		
Charlie Albertson, Vice-Chairman		✓	✓			✓	✓	✓	✓	✓	✓	✓			
Ham Horton, RRM		✓	✓				✓	✓	✓		✓	✓			
Dan Clodfelter		✓	✓	✓		✓		✓							
Jerry Tillman	✓	✓	✓	✓	✓		✓	✓	✓	✓	✓	✓	✓		

ATTENDANCE

2005 – 2006

HOUSE APPROPRIATIONS/NATURAL AND ECONOMIC RESOURCES

DATES	3-22-05 8:30	3-22-05 3:01	3-31-05	4-5-05 8:30	5-11-05 9:15	5-11-05 2:00	5-18-05 8:30	5-18-05 1:30	5-19-05 9:30	6-10-05	8-23-05 12:45 pm	8-23-05 7:50 pm			
Rep. Howard Hunter, Chairman			✓	✓	✓	✓	✓	✓	✓	✓	✓				
Rep. Edith Warren, Chairman			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓			
Rep. Lucy Allen, Vice Chairman			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓			
Rep. R. Tracy Walker, Vice Chair			✓	✓	✓		✓	✓	✓						
Rep. Arlie Culp			✓	✓	✓	✓	✓	✓	✓	✓					
Rep. Pricey Harrison			✓		✓	✓	✓			✓	✓	✓			
Rep. James Langdon		✓	✓	✓	✓	✓	✓		✓	✓		✓			
Rep. Stephen LaRoque					✓	✓	✓	✓							
Rep. Mitchell Setzer			✓	✓		✓	✓	✓			✓				
Rep. Winkie Wilkins			✓		✓	✓	✓	✓		✓		✓			
Rep. Michael Wray			✓		✓		✓	✓	✓	✓		✓			
Susan Morgan	✓	✓	✓	✓	✓	✓	✓	✓	✓						
Jennifer Haygood	✓		✓	✓	✓	✓	✓	✓	✓	✓					
Joy Hicks	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓					
Rep. Culpepper, Ex-Officio									✓						
Rep. Cunningham, Ex-Officio															
Rep. Eddins, Ex-Officio															
Rep. Joe Hackney									✓						

ATTENDANCE

2005-2006

Senate Appropriations Subcommittee On Natural And Economic Resources

(Name of Committee)

DATES	3-22-05 8:30	3-22-05 2:00	3-31-05	4-5-05 8:30											
David Weinstein, Chairman	✓	✓	✓	✓											
Charlie Albertson, Vice-Chairman	✓	✓	✓	✓											
Ham Horton, RRM		✓	✓	✓											
Dan Clodfelter			✓												
Jerry Tillman	✓	✓	✓	✓											

MINUTES

Joint Appropriations Subcommittee
on
Natural and Economic Resources
Tuesday, February 22, 2005, at 8:30 a.m.
423 Legislative Office Building

The Joint Appropriations Subcommittee on Natural and Economic Resources (NER) met at 8:30 a.m. on Tuesday, February 22, 2005, in Room 423 of the Legislative Office Building. Two members of the Senate Subcommittee attended along with Representatives Hunter, Warren, Allen, Walker, Culp, Langdon and Wilkins. Senator David Weinstein presided.

The meeting was called to order and the Subcommittee members and interested parties were welcomed. The following served the meeting: Pages - Frank Moore sponsored by Representative Russell Capps, and Wayne Sheppard and Curtina King sponsored by Senator Tony Rand; Sergeant at Arms Staff - Ernie Sherrell and Ron Spann (Senate), and James Worth and Earl Coker (House); and the Fiscal Research NER Team - Susan Morgan, Jennifer Haygood, and Joy Hicks. After the introduction of the Senate and House Subcommittee members, Senator Weinstein proceeded with the Agenda (Attachment 1).

Susan Morgan, NER Fiscal Research Team Leader, provided the members' with a list of the NER agencies and their primary and backup analysts (Attachment 2), a glossary of frequently used terms (Attachment 3), and an overview of the Fiscal Research Division (Attachment 4). She also informed the members that Susan Iddings of Bill Drafting would be responsible for putting the NER budget together.

David Brown, Assistant State Budget Officer for General Government and Natural and Economic Resources, Office of State Budget and Management, gave a brief overview of the continuation budget process. At the conclusion of his comments, Mr. Brown entertained questions and/or comments from the Subcommittee members.

Senator Weinstein acknowledged the Committee Assistants, Dee Bagley (Senate), and Barbara Phillips and Nancy Willis (House); and asked if there were any further questions and/or comments from the Subcommittee members or audience. There were none and the meeting adjourned at 8:45 a.m.

Senator David Weinstein
Chairman

Jane M. "Dee" Bagley
Committee Assistant

Joint Appropriations Subcommittee on Natural and Economic Resources

Tuesday, February 22nd, 2005
Senator David Weinstein, Presiding
Room 423

1. **Chairman's Comments**

2. **Member Introductions**

3. **Staff Introductions –NER Fiscal Research Team**
   - Susan Morgan
   - Jennifer Haygood
   - Joy Hicks

4. **Developing the Continuation Budget –** David Brown
   Office of State Budget and Management

5. **Closing Remarks – Senator Weinstein**

6. **Adjourn**

FISCAL RESEARCH DIVISION
NATURAL AND ECONOMIC RESOURCES

Team email: frdnerteam@ncleg.net

ANALYSTS	E-MAIL ADDRESS	PHONE
Jennifer Haygood	Jenniferha@ncleg.net	919-733-4910
Joy Hicks	Joyh@ncleg.net	919 733-4910
Susan Morgan –Team Lead	SusanMo@ncleg.net	919-733-4910

DEPARTMENTS/ASSIGNMENTS	ANALYST	(BACKUP)
Department of Agriculture	Susan Morgan	(Jennifer Haygood)
Administration		
Agricultural Statistics Division		
Agronomic Services Division		
Aquaculture and Natural Resources Division		
Boards and Commissions		
Emergency Programs Division		
Food Distribution Division		
Food and Drug Protection Division		
Division of Livestock Marketing		
Marketing Division		
(Ag Centers, Farmers Markets, Grading Services)		
NC State Fair Division		
Plant Industry Division		
Property and Construction Division		
Research Stations Division		
Standards Division		
Structural Pest Control Division		
Veterinary Division		
Tobacco Trust Fund		
Department of Labor	Jennifer Haygood	(Susan Morgan)
Administration		
Agricultural Safety and Health Bureau		
Apprenticeship & Training Bureau		
Boiler Safety Bureau		
Consultative Services		
Education, Training and Technical Assistance		
Elevator and Amusement Device Inspection Bureau		
Employment Discrimination		
Mine & Quarry Bureau		
Occupational Safety and Health		
Planning, Statistics and Information Management		
Wage and Hour		

DEPARTMENTS/ASSIGNMENTS	ANALYST	(BACKUP)
Department of Commerce	Susan Morgan	(Joy Hicks)
Administrative Services		
Business/Industry Development		
Commerce Finance Center		
Community Assistance		
Economic Policy & Research		
Employment and Training		
Film Office		
International Trade		
Marketing and Customer Service		
NC Rural Development		
Sports Development		
Science Advisor		
Tourism Development		
Wanchese Seafood Industrial Park		
Workforce Commission		
Commerce Boards and Commission	Susan Morgan	(Joy Hicks)
Alcohol Beverage Control Commission		
Banking Commission		
Cemetery Commission		
Credit Union Commission		
Employment Security Commission		
Industrial Commission		
Ports Authority		
Public Staff		
Rural Electrification Authority		
Utilities Commission		
Worker Training Trust Fund		
Nonprofit Organizations/Independent Agencies	Joy Hicks	(Susan Morgan)
Biotechnology Center		
Coalition of Farm & Rural Families		
Golden Leaf Foundation		
Institute for Minority Economic Development		
Land Loss Prevention Project		
NC Assoc. of Community Develop Corps (CDCs)		
NC Community Development Initiative		
NC Minority Support Center		
Rural Economic Development Center		
Technological Development Authority		
Regional Economic Development Partnerships		

DEPARTMENTS/ASSIGNMENTS	ANALYST	(BACKUP)
Department of Environment and Natural Resources		
Environmental and Regulatory	Jennifer Haygood	(Joy Hicks)
Administrative Services		
Air Quality		
Clean Water Management Trust Fund		
Coastal Management		
Environmental Health		
Land Resources		
Marine Fisheries		
Pollution Prevention & Environmental Assistance		
Waste Management		
Water Quality		
Water Resources		
Natural Resources	Joy Hicks	(Jennifer Haygood)
Aquariums		
Environmental Education		
Forest Resources		
Grassroots Science Museums		
Museum of Natural Sciences		
Parks and Recreation		
Partnership for the Sounds		
Soil and Water Conservation		
Wildlife Resources Commission		
Zoo		

Glossary of Frequently Used Fiscal Terms

AUTHORIZED BUDGET: Total monies appropriated by the General Assembly plus additional departmental receipts that reflect reallocations of monies by line item as approved by the Office of State Budget.

BEGINNING GENERAL FUND CREDIT BALANCE: The sum of unspent and/or unobligated appropriations (reversions) and overcollections of legislative revenue estimates, at the beginning of the fiscal year.

BILL LEE ACT: The William S. Lee Quality Jobs and Expansion Act provides for tax credits available to eligible companies expanding or relocating in North Carolina that hire within the North Carolina workforce to fill positions.

BOILERPLATE: Special provisions, or budgetary language that is typically repeated year after year in the budget bill. For example, non-profit reporting requirements are boilerplate.

"CARRY-FORWARDS": Funds appropriated but unspent in the first fiscal year of a biennium which by authorized budget revision are brought forward for expenditure in the second fiscal year of the same biennium. (Funds are carried forward from one biennium to the next biennium by check.)

CDBG: Community Development Block Grant; a federally funded program operated by the Department of Commerce to assist local governments with community and economic development projects that benefit low and moderate income individuals and families.

COG (Council of Governments) or LRO (Lead Regional Organization): These eighteen regional organizations provide the leadership for regional planning and program implementation for local governments in each region.

CERTIFIED BUDGET: All monies appropriated by the General Assembly to each spending agency as that agency's legal budget.

COMMUNITY DEVELOPMENT CORPORATION (CDC): A non-profit corporation whose activities and decisions are initiated, managed, and controlled by its constituencies, and whose primary mission is to develop and improve low-income communities and neighborhoods through economic and related development.

CONTINUATION (BASE) BUDGET: The budgeted amounts for operating funds to carry on already established programs at the level of support approved by the previous General Assembly. May contain increases for documented increases in the price of food, drugs, utilities; for statutory increases, i.e., social security; for operation of newly completed facilities; or for annualization of costs for programs previously funded for only part of a year.

DENR: The Department of Environment and Natural Resources.

ENTERPRISE FUNDS: A special fund account in which most or all of the revenue is derived from direct charges to users of the services supplied by the program supported from the fund.

ESC: The state Employment Security Commission was created in statute to promote the economic well being of North Carolina's workforce by providing unemployment services, unemployment assistance, and labor market information. The ESC is administered through the Department of Commerce.

EXPANSION BUDGET: The recommendations to fund improvements or expansions in existing programs, to establish new programs, to provide for salary increases, and to provide for increases in enrollments, caseloads and institutional populations.

FISCAL NOTE: A description of the estimated financial impact on State or local government budgets of proposed or introduced legislation, an amendment thereto, or a resolution. Senate Fiscal Note procedures are described in the Senate Rules. (Rule 42.1(a)-(f)). House Fiscal Note procedures are described in the House Rules (Rule 36.1 (a)-(f)). See also requirements for fiscal notes where legislation may increase inmate population (G.S. 120-36.7).

FULL-TIME EQUIVALENT (F.T.E.): The figure arrived at by converting an unduplicated head-count of full-time and part-time program participants to an equivalent full-time count.

GENERAL FUND: A pool of financial resources made up of a beginning credit balance, state tax revenues, and state non-tax revenues. These monies are appropriated for both the operation of state agencies and construction and renovation of state facilities.

LAPSED SALARY FUNDS: Lapsed salary funds are surpluses that accrue because a position may be temporarily vacant due to delays in hiring, resignation, termination, or retirement. Lapsed salary surpluses are *one-time* monies that accumulate only while a position vacancy exists.

NEGATIVE RESERVE: An authorized reduction to the total program needs for a specific purpose, (i.e., management flexibility or inflationary cost adjustments) without identifying the specific line-items affected. The agency/department must identify savings or excess in budgeted line-items and transfer this excess to offset the negative reserve appropriation.

NON-RECURRING: Term used to denote one-time revenues (windfalls, reversions) or one-time expenditures (grant-in-aid, capital).

NON-TAX REVENUES: Consists of interest earned on Treasurer's investments, court fees, and a number of other sources.

OSH: The Occupational Safety and Health Division of the Department of Labor operates a number of programs, including inspection, consultation, designed to promote workplace safety and health.

RECURRING: Term used to denote revenues or expenditures that will be continuing, such as sales and personal income taxes, or salaries, fringe benefits, utilities.

REVERSIONS. Unspent appropriations returned to the General Fund or Highway Fund (as applicable) at the end of each fiscal year.

SALARY RESERVE: Unobligated or surplus funds generated by positions being filled at a salary less than the budgeted salary authorized by the General Assembly.

SPECIAL BUDGET PROVISIONS: Language contained in the Appropriation Bill pertaining to State fiscal matters, the management, evaluation, and oversight of State government programs or policy, and the expenditure of appropriations contained in the Bill.

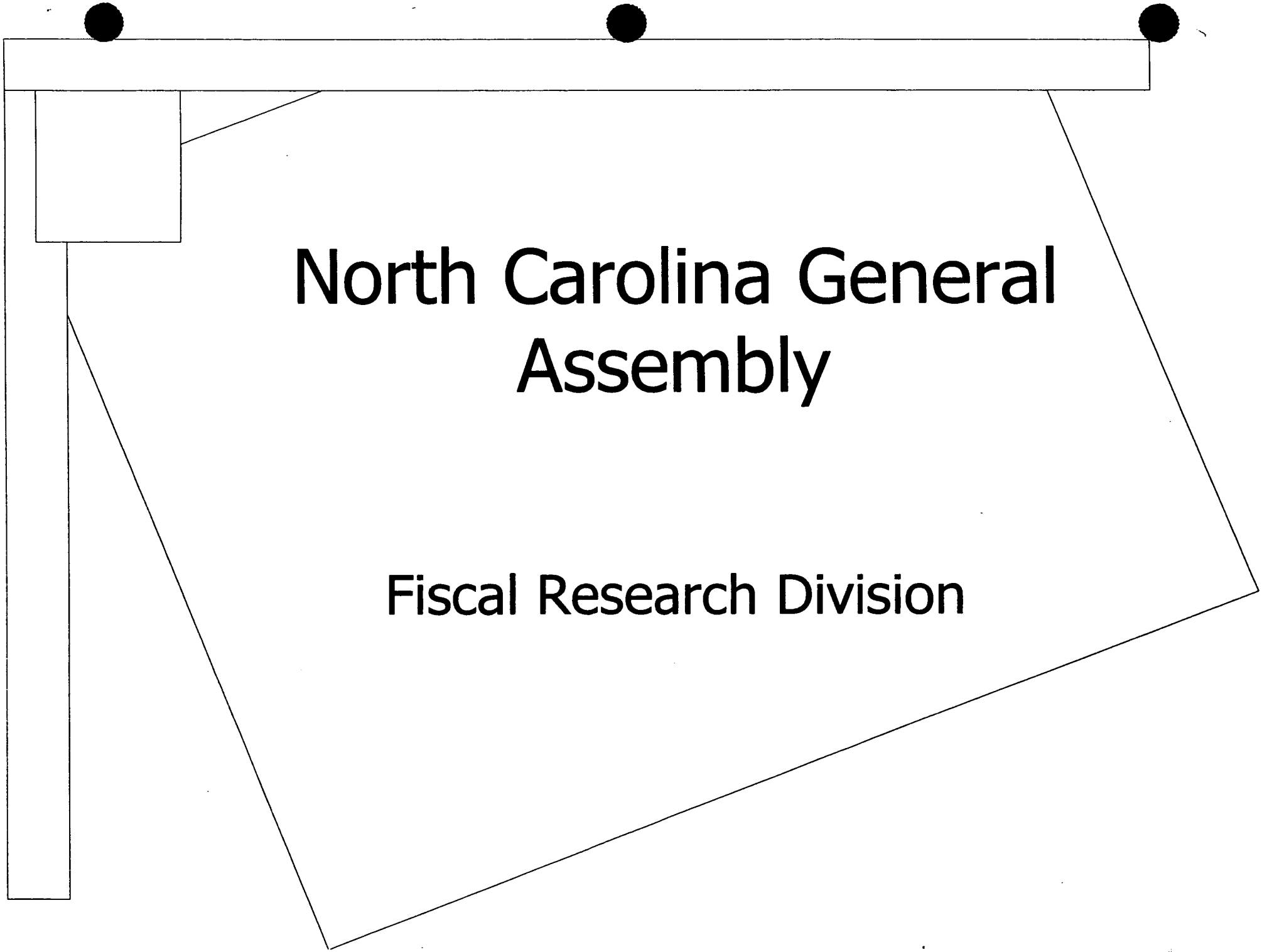
SPECIAL FUNDS: Accounts to which revenues are deposited that are designated for a specific purpose and remain in the account until expended for that purpose. Special funds do not have state monies directly appropriated to them. By definition, money in a special fund does not revert at the end of the fiscal year. Example: Wildlife Fund or Clean Water Management Trust Fund.

STATE AID FOR NON-STATE ENTITIES: Funds appropriated by the General Assembly for nongovernmental entities for a variety of purposes. Funds may or may not carry restrictions on expenditures.

TRUST FUNDS: Accounts consisting of resources received and held by the State as trusted to be expended or invested in accordance with the conditions of the trust. They are classified as to what assets, if any, may be paid out of the fund. The three classifications are (1) expendable, (2) non-expendable, or (3) expendable as to income but unexpendable as to principle.

WIA: Workforce Investment Act; The Workforce Investment Act, signed into law in 1998, reformed Federal job training programs and created a new, comprehensive workforce investment system. WIA replaced the Job Training Partnership Act (JTPA).

WORKER TRAINING TRUST FUND (WTTF): The worker Training Trust Fund was created as part of the statutory authorization for the ESC Reserve Fund to provide funding for programs to support unemployed workers. The fund balance derives from interest earnings generated by the ESC Reserve Fund.



Attachment 4

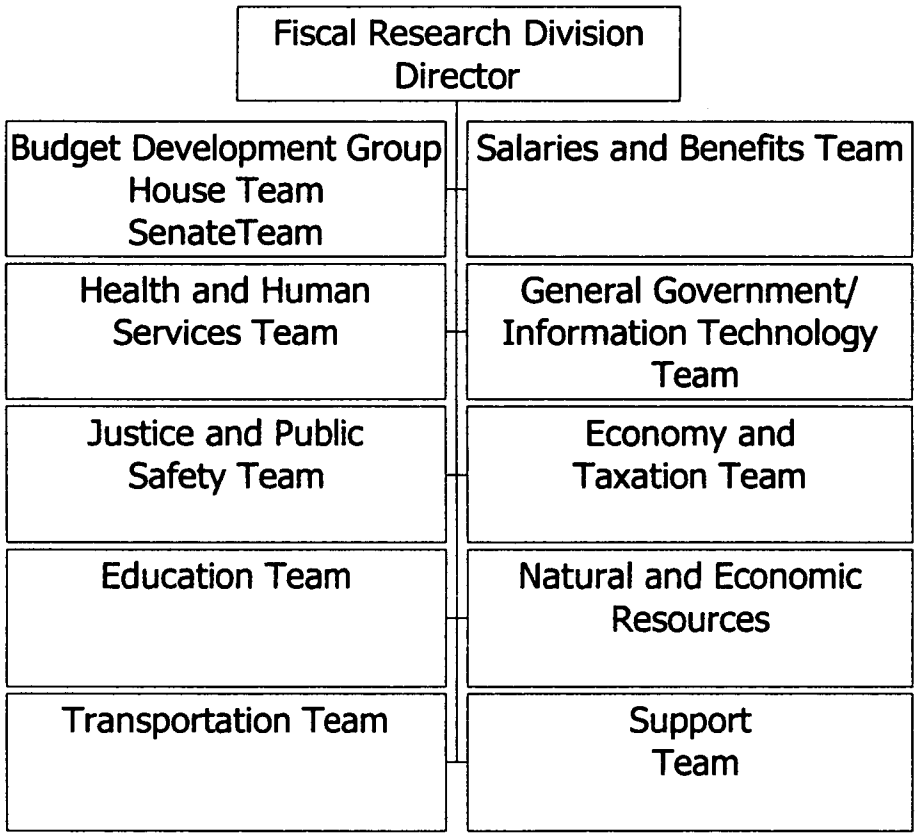
Fiscal Research Division

- Established by the General Assembly in 1971
- Created solely as a staff agency to the General Assembly
- Independent of all other organizations in state government
- 1971 legislation exempted the division from the Executive Budget Act or the State Personnel Act

Fiscal Research Division: Statutory Duties

- Analyze past expenditures and current budget recommendations of state departments
- Review and evaluate agency compliance with legislative directions
- Examine the structure and organization of state departments
- Conduct studies at the direction of the General Assembly
- Report on study results to the General Assembly

Fiscal Research Division: Organization



Fiscal Research Division: Responsibilities

- Staff to the Appropriations Committee
- Staff to the Finance Committee
- Preparation of fiscal notes
- Revenue estimates
- Committee reports
- Special studies
- Interim standing committees and research commissions

Requesting Fiscal Notes

- E-mail or call FRD division director with your member's request
  - ✓ Always include the bill number with your request
- When trying to find a fiscal note on a bill, please do the following:
  - ✓ Fiscal Note Viewer - Desktop
  - ✓ http://info.ncga.state.nc.us/

Fiscal Research Division: Making the Connection

- Know as much about your question when you call. This allows for the right referral.
- Business Phone Number - 919.733.4910
- Fax Number - 919.715.3589
- Web Address
  http://info.ncga.state.nc.us/

FISCAL RESEARCH DIVISION
NATURAL AND ECONOMIC RESOURCES

Team email: frdnerteam@ncleg.net

ANALYSTS	E-MAIL ADDRESS	PHONE
Jennifer Haygood	Jenniferha@ncleg.net	919-733-4910
Joy Hicks	Joyh@ncleg.net	919 733-4910
Susan Morgan –Team Lead	SusanMo@ncleg.net	919-733-4910

DEPARTMENTS/ASSIGNMENTS	ANALYST	(BACKUP)
Department of Agriculture	Susan Morgan	(Jennifer Haygood)
Administration		
Agricultural Statistics Division		
Agronomic Services Division		
Aquaculture and Natural Resources Division		
Boards and Commissions		
Emergency Programs Division		
Food Distribution Division		
Food and Drug Protection Division		
Division of Livestock Marketing		
Marketing Division		
(Ag Centers, Farmers Markets, Grading Services)		
NC State Fair Division		
Plant Industry Division		
Property and Construction Division		
Research Stations Division		
Standards Division		
Structural Pest Control Division		
Veterinary Division		
Tobacco Trust Fund		
Department of Labor	Jennifer Haygood	(Susan Morgan)
Administration		
Agricultural Safety and Health Bureau		
Apprenticeship & Training Bureau		
Boiler Safety Bureau		
Consultative Services		
Education, Training and Technical Assistance		
Elevator and Amusement Device Inspection Bureau		
Employment Discrimination		
Mine & Quarry Bureau		
Occupational Safety and Health		
Planning, Statistics and Information Management		
Wage and Hour		

DEPARTMENTS/ASSIGNMENTS	ANALYST	(BACKUP)
Department of Commerce	Susan Morgan	(Joy Hicks)
Administrative Services		
Business/Industry Development		
Commerce Finance Center		
Community Assistance		
Economic Policy & Research		
Employment and Training		
Film Office		
International Trade		
Marketing and Customer Service		
NC Rural Development		
Sports Development		
Science Advisor		
Tourism Development		
Wanchese Seafood Industrial Park		
Workforce Commission		
Commerce Boards and Commission	Susan Morgan	(Joy Hicks)
Alcohol Beverage Control Commission		
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Employment Security Commission		
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Technological Development Authority		
Regional Economic Development Partnerships		

DEPARTMENTS/ASSIGNMENTS	ANALYST	(BACKUP)
Department of Environment and Natural Resources		
Environmental and Regulatory	Jennifer Haygood	(Joy Hicks)
Administrative Services		
Air Quality		
Clean Water Management Trust Fund		
Coastal Management		
Environmental Health		
Land Resources		
Marine Fisheries		
Pollution Prevention & Environmental Assistance		
Waste Management		
Water Quality		
Water Resources		
Natural Resources	Joy Hicks	(Jennifer Haygood)
Aquariums		
Environmental Education		
Forest Resources		
Grassroots Science Museums		
Museum of Natural Sciences		
Parks and Recreation		
Partnership for the Sounds		
Soil and Water Conservation		
Wildlife Resources Commission		
Zoo		

VISITOR REGISTRATION SHEET

APPROPRIATIONS SUBCOMMITTEE
ON NATURAL AND ECONOMIC RESOURCES — 2/22/05

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Tim Dodge	Research Division, NCGA
Sheryl Stephens	OSBM
Gloria Vance-Sims	Commerce
Cleveland Thompson	Commerce
Olivia Hill	Commerce
[illegible]	Commerce
Brigette Rasberry	NCACDC
Lori Ann Harris	LAHA
Johanna Reese	DENR

VISITOR REGISTRATION SHEET

APPROPRIATIONS SUBCOMMITTEE
ON NATURAL AND ECONOMIC RESOURCES — 2/22/05

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Shannon Hobby	Commerce
Christy Russell	NC Biotech Ctr.
Fran McRae	Governor's Senior Advisor Coll.
David Brown	OSBM
Lenwood V. Long	NC Minority Support Center
Thomas Check	OSBM
N. David Smith	AGRICULTURE
Howard Isley	Agriculture
Clara Hay	Agriculture
Jim Lowry	NC Util. Contractors Association
Ebonie Alexander	NC Initiative

NER

2/22/05

House Pages

1. Name: Frank Moore
   County: Wake
   Sponsor: Russel Capps

   → HOUSE

2. Name:
   County:
   Sponsor:

3. Name: Waynco Sheppard
   County: Cumberland
   Sponsor: Tony RAND

4. Name: Curtina King
   County: Cumberland
   Sponsor: TONY RAND

   → Senate Pages

5. Name:
   County:
   Sponsor:

Sgt-At-Arms

1. Name: ERNIE SHERRELL
2. Name: RON SPANN

   → SENATE

3. Name: JAMES WORTH
4. Name: EARL COKER

   → HOUSE

MINUTES

JOINT HOUSE SENATE
APPROPRIATIONS SUBCOMMITTEE ON
NATURAL & ECONOMIC RESOURCES

March 1, 2005

The Joint Appropriations Subcommittee on Natural & Economic Resources met in Room 423 of the Legislative Office Building on March 1, 2005 at 2:05 p.m. Representative Warren called the meeting to order and introduced the Sergeant-At-Arms, Linda Fuller, Ernie Sherrell, James Worth, and Ronnie Spain, and the House and Senate Pages, Clay Miller, Zachary Lowman and Ben Abele. The following Committee members were present: Co-Chairs: Representatives Hunter and Warren, Senator Weinstein; Vice Chair Representative Allen, Senator Albertson; Members: Representatives Culp, Harrison, Langdon, LaRoque, Wilkins, Wray, Senators Horton, Clodfelter and Tillman. Susan Morgan, Jennifer Haygood and Joy Hicks, Staff Counsel, were in attendance. Notice of Meeting is attached as **Attachment 1**. The Agenda is also attached as **Attachment 2** and a Visitor Registration list is attached and made part of the minutes. See **Attachment 6.**

Representative Warren introduced the staff present and called on Susan Morgan with Fiscal Research, to give an overview of the schedule for the Subcommittee. The Senate identified a deadline for the Senate budget to be completed by April 28th and for Subcommittee work to be completed by April 7th. With meetings five times per week, the Subcommittee would on track to meet those deadlines and have all presentations completed.

The Commissioner of Agriculture and Consumer Services, Steve Troxler, was introduced. Commissioner Troxler thanked the Subcommittee for allowing him to be present and speak about agriculture and agribusiness in North Carolina. An introduction was made of his staff present A copy of the Commissioner's Notes and Speech are attached and made part of the minutes as **Attachment 3**.

Representative Warren then introduced Commissioner Cherie Berry of the Department of Labor who thanked the Subcommittee for allowing her to come before it and make its presentation. Staff members were introduced. Commissioner Berry then continued with an overview of the Department of Labor and the aspects of that department's budget. The highlights from 2003 – 2004 are attached to these minutes as **Attachment 4**.

Secretary Jim Fain of the Department of Commerce was then introduced by Representative Warren. Secretary Fain thanked the Subcommittee for allowing him to present an overview of the Department of Commerce and express their needs and introduced staff who were present.

The next presenter was Secretary William Ross of the Department of Environment & Natural Resources, introduced by Representative Warren. Secretary Ross thanked the Subcommittee for allowing him to speak before them and introduced the members of his staff who were present. Secretary Ross then gave an overview of the Department and his growth. He explained the mission statement of the Department: to conserve and protect North Carolina's natural resources and to maintain an environment of high quality for the health, well being and benefit of all." He explained the various agencies of the department and expressed their needs in the coming years.

Representative Warren then called on Jennifer Haygood from the Fiscal Staff to present an Overview of Budget Funding of the Departments of Agriculture and Consumer Services, Commerce, Environment and Natural Resources, and Labor. See **Attachment 5**.

There being no further business, the chair adjourned the meeting at 3:30 p.m.

Respectfully submitted,

Edith D Warren

Representative Edith D. Warren
Co-Chair

Nancy S. Willis

Nancy S. Willis
Assistant to the Committee

ATTACHMENTS:
Notice of Meeting
Agenda
Agriculture Commissioner's Remarks
Highlights from Labor Department Presentation
Overview of Budget Funding from Fiscal Staff
Visitor Registration Form

Attachment 1

DATE CORRECTION

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

You are hereby notified that the Joint Appropriations Subcommittee on **NER** will meet as follows:

DAY & DATE: **Tuesday, March 1, 2005**

TIME: **2:00**

LOCATION: **423 LOB**

Presentations of Department Secretaries/Commissioners

Respectfully,

Representatives Hunter and Warren
Co-chairs

I hereby certify this notice was filed by the committee clerk at the following offices at **1:00** on February 24, **2005**.

___Principal Clerk
___Reading Clerk - House Chamber

Nancy Willis (Committee Assistant)

Attachment 2

Joint Appropriations Subcommittee on Natural and Economic Resources

Tuesday, March 1st, 2005
Representative Edith Warren, Presiding
Room 423

1. **Chairman's Comments**

2. **NER Overview** – *Jennifer Haygood, Fiscal Research*

3. **Department of Agriculture and Consumer Services** –*Commissioner Steve Troxler*

4. **Department of Labor** – *Commissioner Cherie Berry*

5. **Department of Commerce** – *Secretary Jim Fain*

6. **Department of Environment & Natural Resources** – *Secretary William Ross*

Closing Remarks – Representative Warren

Adjourn

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Attachment 3

Agriculture Commissioner Steve Troxler's Remarks to NER Appropriations Subcommittee
Tuesday, March 1, 2005
2 p.m.

- I would like to take just a few minutes to talk about my priorities and those of the N.C. Department of Agriculture and Consumer Services.

- Agriculture is our state's top industry, contributing about $60 billion a year to the economy and employing 20 percent of our workforce.

- The industry is in transition. Dairy farms are dwindling, tobacco farmers face uncertainty. But the future of agriculture is promising, and I'm going to work hard to move the industry forward.

- My top priority will be working to preserve family farms. Not just preserving the farmland, but preserving the working farms. We can do this by returning profitability to family farms.

- We need to continue to develop value-added opportunities for farmers and recruit agribusinesses that will provide jobs to North Carolinians and provide a market for our producers.

- We also must not tax families off their farms. Currently, taxes on farmland are based on the land's agricultural use value instead of its development value. This enables families to continue farming. Repealing this method would saddle families with exorbitant taxes that would force them to quit farming and sell their land.

- North Carolina has a diverse agricultural base. But in the wake of the tobacco buyout, it's crucial that we do even more to diversify this base.

- North Carolina is still the largest tobacco-producing state in the country. The buyout will allow farmers to regain a competitive footing with overseas growers, and tobacco will still be a major agricultural commodity here. But we must continue to diversify our agriculture industry to ensure its long-term success.

- We must seek out and develop alternatives to the traditional practice of selling commodities wholesale. Adding value to farm products provides farmers with a much greater return on their investment than selling raw commodities. We must help growers take that extra step. And we will.

- We also will continue to find and open international markets for our agricultural products. I've marketed my farm products directly to consumers, and I'll draw on that firsthand experience to help our state's farmers.

- The department will continue to help farmers sell directly to consumers here in North Carolina, too.

- The most important issue facing our department is the responsibility to ensure that the people of North Carolina have a safe and adequate food supply. One way to achieve this goal is to make sure we have an ample supply of locally grown foods. This is a matter of strategic importance. If we can preserve our family farms, we will reduce our dependence on imported food products. And that will cut the risk of contaminated food getting into our food supply.

- We also must ensure that our animal agriculture industries are protected. We will be vigilant, constantly looking for the warning signs of diseases. And we will help producers take steps to reduce the risk of disease. By better understanding our vulnerabilities to natural and terrorist threats, we can take steps to reduce the impact of attacks, disease outbreaks and natural disaster that threaten the economic health of our state.

- Through the Governor's budget, we are requesting money for five new positions in our Emergency Programs Division. These positions will work on projects aimed at reducing a variety of threats, such as mad cow disease, Exotic Newcastle Disease, bird flu and bioterrorism.

- The positions and support we are requesting will enable the department to continue with critical programs that are currently funded through grants. The problem with grants is that they eventually run out. But the important work of our Emergency Programs Division will — and must — continue. This work is vital to protecting our state's agriculture industry, people and economy.

- To further protect our livestock and poultry industries, we will be asking the General Assembly to extend the foreign animal disease legislation that was passed in 2001. It's currently scheduled to expire in October. This legislation authorized the State Veterinarian to take emergency actions to prevent the spread of serious and contagious diseases, such as foot and mouth disease.

- Fortunately, we have not needed to use these emergency powers, but the threat of foreign animal disease is still there, as well as new threats from bioterrorism. So we will be asking for your help in continuing this important piece of legislation.

- We will also work to protect consumer standards — to make sure that gas pumps, price scanners and scales are accurate, and that our motor fuel and LP gas are properly handled and labeled. It is particularly fitting that I mention this today, because this week is National Weights and Measures Week.

- And we will work to help the public better understand our role because our department affects every North Carolinian every day.

- I want to make the N.C. Department of Agriculture and Consumer Services the best in the country. We have a dedicated, hardworking staff that is committed to serving the public.

- I've enjoyed meeting my employees, and I'm continuing to learn about the department's programs and services.

- I have made a few changes that I believe will improve our efficiency. These changes reflect my common-sense approach to managing the department. I'm a farmer, not a bureaucrat. I came to Raleigh to serve the residents of this state, and I want our department to reflect that attitude.

- Members of the subcommittee, I respectfully ask for your help in protecting the department's budget. In the past four years, our department's appropriations have been cut by nearly $8 million. In addition, we have lost 124 positions through the appropriations process. These have included meat and poultry inspectors, pesticide specialists, weights and measures inspectors, chemists, agronomists and international marketing specialists.

- We fear that additional cuts will harm our ability to protect the state's food supply and promote our agriculture industry.

- In addition, a few weeks from now the U.S. Department of Agriculture will donate to the state more than 4 acres of land, plus office and lab facilities, in Oxford. This property has been under-utilized by USDA for several years. It is surrounded by our department's Oxford Tobacco Research Station. We have a strong interest in making this a world-class facility for forestry, plant and biotech research. The facilities will need to be renovated, but if we can obtain state funding for engineering studies, we are hopeful we can secure federal funds for the renovations.

- Our budget has never been a large portion of the overall state budget. Over the past few years, it has gone from being slightly less than one-half of 1 percent of the state budget, to being less than one-third of 1 percent of the state budget. And it's currently projected to go even lower. This has occurred during a time when many of our responsibilities have become even more important.

- Whether they realize it or not, the people of North Carolina depend on our department for a variety of protections and services, and I intend to make sure we deliver. But I'm going to need your help.

- Again, thank you for this opportunity to speak to you today. If you have any questions, I'll be happy to answer them.

Attachment 4

HIGHLIGHTS FROM 2003-2004

- The number of new registrations (6,383) in 2003-2004 as compared to the number of new registrations (7,011) in 2002–2003. Although the number of new registrations were slightly down from the previous year, this was the second year in a row where new registrations were above 6000. This firmly establishes bureau productivity at an all-time high.

- Completions in 2003-2004 (3180) rose nearly **36%** compared to the previous fiscal year 2002-2203 (2,017) topping 3000 for the first time in the bureau's history.

- The number of cancellations in 2003-2004 fell to 1250 compared to the number cancelled in 2002-2003 of 1426.

- The total number served (17,369) in 2003-2004 continues to be at a record level in the bureau history.

- Most of Apprenticeship and Training's active registrations 2003-2004 were in Public Administration (5122), followed by services (4306) construction (3,335), and manufacturing (2,674)

- The main trades among all active registrations in 2003-2004 were Correctional Officer, Powerline Technician, Teacher Assistants, Fire Fighter, Electrician, Ironworker, Elevator Constructor Mechanic, Maintenance Mechanic, Chemical Plant Operator.

- The number of new programs registered in 2003-2004 was 1773 which was a **15%** increase over the new programs registered in 2002-2003 of 1515.

NCDOL by the Numbers. . .

- Labor Budget = .001% of State Budget

- Labor Budget ($14.4m state appropriations) (Total Budget is $27.8m; difference is Fed support of OSH program and Boiler & Elevator receipts)

- Permanent Reductions (in state approprfations) (since taking office 1/6/01): almost 20%

- We've always met our Mandated Reversions (over $3m since taking office)

Eliminated
- ~~Lost~~ 24 positions since taking office (approximately 420 employees at any given time)

Becky Brown - Div. of Budget & Management
Cal Britt - Div. of Admin. and Governmental Affairs -

NATURAL AND ECONOMIC RESOURCES APPROPRIATIONS SUBCOMMITTEE

OVERVIEW

DEPARTMENT OF AGRICULTURE AND CONSUMER SERVICES

- Includes Tobacco Trust Fund

DEPARTMENT OF COMMERCE

- Includes a number of receipt-supported regulatory boards and commissions
  - Employment Security Commission
  - Industrial Commission
  - NC Ports Authority
  - Other Boards and Commissions

- Includes Non-State Entities
  - NC Biotechnology Center
  - Rural Economic Development Center
  - Other Non-Profits

DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES

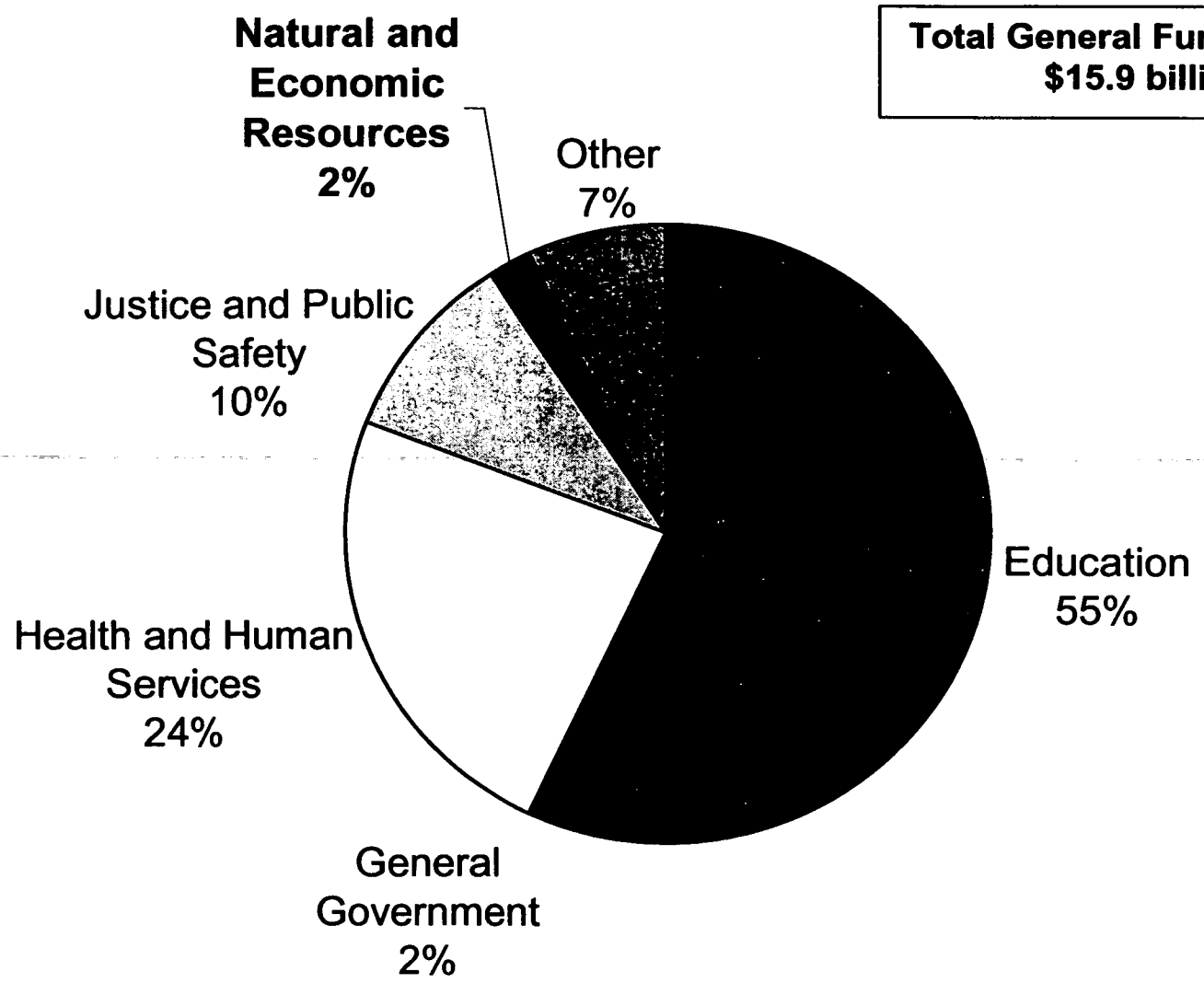
- Includes Wildlife Resources Commission
- Includes Clean Water Management Trust Fund

DEPARTMENT OF LABOR

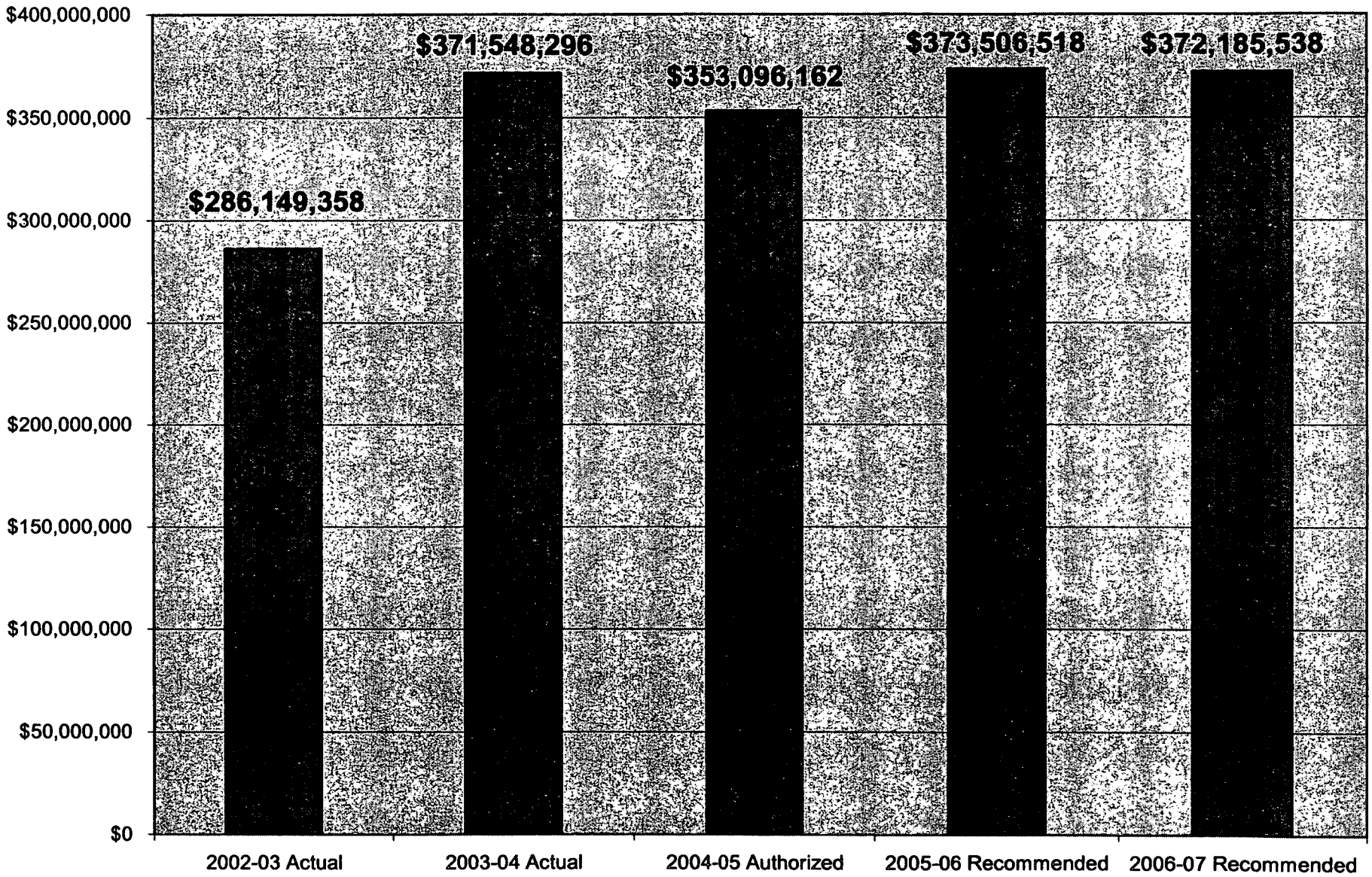
Attachment 5

NATURAL AND ECONOMIC RESOURCES APPROPRIATIONS SUBCOMMITTEE

FY 2004-05 AUTHORIZED GENERAL FUND BUDGET BY AREA



NER GENERAL FUND APPROPRIATIONS: FY 2002-2007



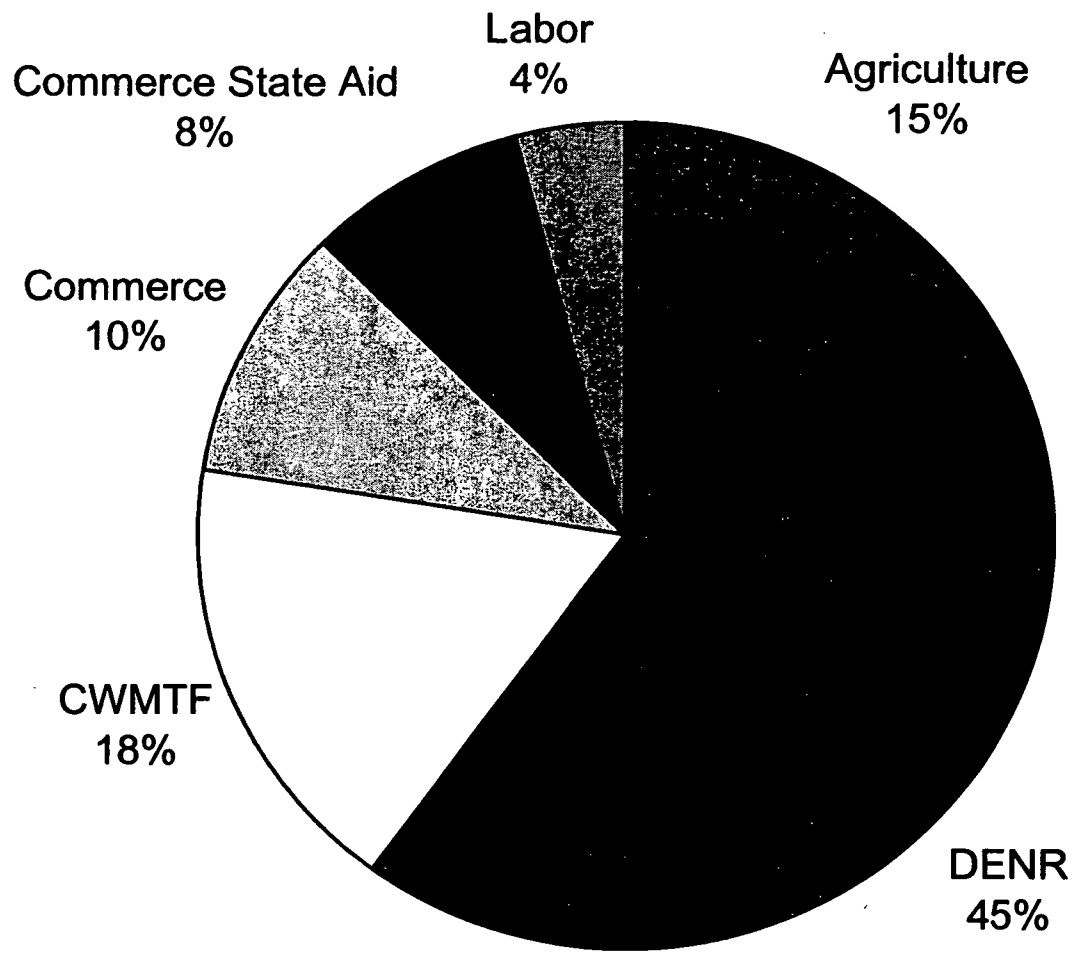
NATURAL AND ECONOMIC RESOURCES APPROPRIATIONS SUBCOMMITTEE

BREAKDOWN OF GOVERNOR'S RECOMMENDED BUDGET

	2005-06 Recommended		2006-07 Recommended	
	Amount	**Percent Change**	**Amount**	**Percent Change**
2004-05 Authorized Budget	$353,096,162		$353,096,162	
Adjustments +/-				
Continuation Adjustments	$3,175,837	0.9%	$3,962,768	1.1%
Governor's Recommended Adjustments	$17,234,519	4.9%	$15,126,608	4.3%
Total Adjustments	$20,410,356	5.8%	$19,089,376	5.4%
Governor's Recommended Budget	**$373,506,518**		**$372,185,538**	

NATURAL AND ECONOMIC RESOURCES APPROPRIATIONS SUBCOMMITTEE

FY 2004-05 AUTHORIZED GENERAL FUND APPROPRIATION BY DEPARTMENT



Attachment 6

VISITOR REGISTRATION SHEET

APPROPRIATIONS SUBCOMMITTEE ON NATURAL AND ECONOMIC RESOURCES — 3-1-05

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Dianne Beasley	Forest Resources - DENR
Nancy Rego	SELC
Richard C. Reich	N.C. Dept. of Agriculture Consumer Services
N. David Smith	Agriculture
David McLeod	NCDA&CS
Clara Day	NCDA&CS
Howard Isley	NCDA&CS
T. Zane Hedgpeth	NCDA&CS
Geraldy McLellic	NC - Conservation Network
Clare Simpson	NC Dept of Commerce
Jeff Bone	Bone & Asso.

VISITOR REGISTRATION SHEET

APPROPRIATIONS SUBCOMMITTEE
ON NATURAL AND ECONOMIC RESOURCES — 3-1-05

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Lori Ann Harris	LWIA
Terry L. Pierce	DEH, DENR
Patricia A. Yancey	LLPP

VISITOR REGISTRATION SHEET

Name of Committee | Date

VISITORS: PLEASE SIGN BELOW AND RETURN TO COMMITTEE ASSISTANT

NAME	FIRM OR AGENCY
Dianne Reasley	Forest Resources - DENR
Jane Smith	DENR
Art Britt	NCDOL
Becky Brown	NCDOL
Cherie Berry	NCDOL
Vicki Mullen	Commerce
Gloria Nance-Sims	Commerce
Olivia Neal	Commerce
Denise A. Sessoms	Commerce
ROBIN PASQUARELLO	Commerce
Shannon Holoby	Commerce
Thomas Cheek	OSBM
Sherri Stephens	OSBM
L. Hollowell V. Long	NC Minority Support Center
	NCFB
MIKE WATERS	NCRPA
Helen McInnis	NC Rural Economic Dev. Center
SUSAN PERRY COLE	NCACDC
Sandra Long	Martin Marietta

MINUTES

Joint Appropriations Subcommittee
on
Natural and Economic Resources
Wednesday, March 2, 2005, at 8:30 a.m.
423 Legislative Office Building

The Joint Appropriations Subcommittee on Natural and Economic Resources (NER) met at 8:30 a.m. on Wednesday, March 2, 2005, in Room 423 of the Legislative Office Building. Five members of the Senate Subcommittee attended along with Representatives Hunter, Warren, Allen, Walker, Culp, Harrison, Langdon, LaRoque, Setzer, Wilkins and Wray. Due to the temporary absence of Senator David Weinstein, Vice-Chairman Charles Albertson presided.

The meeting was called to order and the Subcommittee members and interested parties were welcomed. The following served the meeting: Pages – Zack Lowman sponsored by Representative Mitchell Setzer, Laura Kennedy sponsored by Senator Janet Cowell and Ally Conerly sponsored by Senator John Garwood; Sergeant at Arms - Ernie Sherrell and Ron Spann (Senate), and James Worth and Linda Fuller (House); and the Fiscal Research NER Team - Susan Morgan, Jennifer Haygood, and Joy Hicks. Senator Albertson proceeded with the Agenda (Attachment 1).

Susan Morgan, NER Fiscal Research Team Leader, reviewed the Department of Commerce presentation outline and gave an overview of the department, its organization, budget history, 2004-2005 authorized general fund, 2005-2006 recommended general fund, general fund appropriation by function, positions by function, and a summary of 2003-2005 biennium legislative actions (Attachments 2 and 3). After entertaining questions and/or comments from the Subcommittee members, Susan proceeded by giving a program and budget overview for the following Department of Commerce programs: Administrative, Business and Industry, Commerce Finance Center, International Trade Division, Division of Tourism, Film and Sports Development, Division of Community Assistance, Division of Employment and Training (funded with federal money), and Industrial Commission (Attachment 4). During and after her presentation, Susan entertained questions and comments from the Subcommittee members.

The following Department of Commerce representatives reported to the Subcommittee the impact of the proposed FY 2006 Federal Budget reductions on their programs:

- Gloria Nance-Sims with the Community Development Block Grant Program (CDBG) informed the Subcommittee that the 2006 Federal Budget proposed the elimination of the CDBG Program. A new program would be created within the US Department of Commerce called Strengthening Americas Communities Grant Program, which would consist of 18 consolidated Federal Community and Economic Development Programs. Of the 18 consolidated programs, the CDBG Program would be the largest. The new budget proposes $3.7 billion dollars in funding for the new program. The CDBG Program annually in the Federal Budget when budgeted in HUD was more than $4.3 billion, so there are 18 programs rolled into one that will now have less than the normal appropriations for block grants. The new initiative will include a formula based Grant Program and an Economic Development

Challenge Fund, which is a bonus grant for low income communities that have already taken steps to improve economic conditions and demonstrate readiness for development. The new program will have a limited number of activities; the distribution of the funds to state and local governments will be different; and, according to an Assistant Secretary with the US Department of Commerce, the 18 programs consolidated into the new program will lose their discrete identity. Other committees are reviewing the Federal Budget bill and submitting their markup to the US House and Senate budget committees, which is where many trade organizations are concentrating their efforts to get block grants put back into the budget, specifically in HUD's budget.

- Roger Shackleford, Executive Director of the Workforce Development Program, informed the Subcommittee that the President's budget would cause more issues in terms of how the dollars flow down to the state verses how much the allocation will be. There is a minimum decrease in what the President is recommending for employment and training, specifically to Commerce Workforce Investment Act Funds. It appears that there would be a 2% decrease in the Federal budget for core programs for the Workforce Investment Act Funds and the difference may occur in programs that are not administered directly by the Department of Commerce. Examples are the elimination of the Wagner Pisser Federal Legislation, which funds a large portion of the Employment Security Commissions and labor exchange activities; elimination of funding for vocational and technical education, which in NC goes to the Department of Public Instruction ($20,000,000) and the Community College System ($10,000,000); and a significant cut (63%) to adult basic and literacy education, which fund GED and adult basic skill building activities within the Community Colleges and a number of community based organizations. The issue is not as much the dollars that flow down but how the dollars will get distributed.

After their comments, questions and/or comments were entertained from the Subcommittee.

Susan Morgan resumed her presentation by drawing the Subcommittee's attention to 2003-2004/2004-2005 highlight documents for the Department of Commerce (Attachments 5 and 6). She referred to Page H9 of the 2003-2004 document, which related to Page 10, Summary of Legislative Actions (Attachment 2) earlier in her presentation. She explained that the documents reflect adjustments made by section in the Department of Commerce and recommended that the Subcommittee review the items and in the afternoon meeting their questions would be addressed.

Senator Weinstein announced that the next NER Subcommittee Meeting would be at 2:00 p.m. on this date and asked if there were any questions and/or comments by the Subcommittee members. There were none and the meeting adjourned at 9:25 a.m.

Senator David Weinstein
Chairman

Jane M. "Dee" Bagley
Committee Assistant

Joint Appropriations Subcommittee on Natural and Economic Resources

Wednesday, March 2nd, 2005
Senator Charles Albertson, Presiding
Room 423

Chairman's Comments

Department of Commerce Overview – *Susan Morgan, Fiscal Research*
Robin Pasquarello, Department of Commerce
Don Hobart, Department of Commerce

Closing Remarks – Senator Albertson

Adjourn

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Department of Commerce

Department Overview

Presentation Outline:

- **Background Information**
- **Organizational Structure**
- **Budget Overview**
- **Summary of Departmental Legislative Actions** (2003-2005 Biennium)
- **Program Presentations**
  - ✓ Summary of Programmatic Legislative Actions (2003-2005 Biennium)
  - ✓ Potential Impact of Federal Budget Changes – *Department Presentation*
- **Boards/Commissions**
- **Governor's Recommended Continuation Budget Adjustments** - *Department Presentation*
- **Governor's Recommended Expansion Requests** - *Department Presentation*
- **Hot Topics/Items for Committee Consideration**

Attachment 2

Department of Commerce

Department Overview

Background Information:

Statutory Authority:

G.S. 143B-431. Department of Commerce – functions (Attached)

Mission:

"To Improve the Economic Well-Being and Quality of Life for All North Carolinians."

Functional Structure:

Administrative/Support:
- Air Transportation Services
- Fiscal Management
- Human Resources
- Management Information Systems
- Policy, Research and Strategic Planning
- Public Affairs
- Marketing and Customer Services
- Science and Technology
- Wanchese Seafood Industrial Park

Business and Industry Development
- 9 Regional Offices

Finance Center
- 1 State Regional Office

International Trade
- 6 International Offices

Tourism, Film & Sports Development
- Tourism
- Film Office
- Welcome Centers
    - 9 Centers

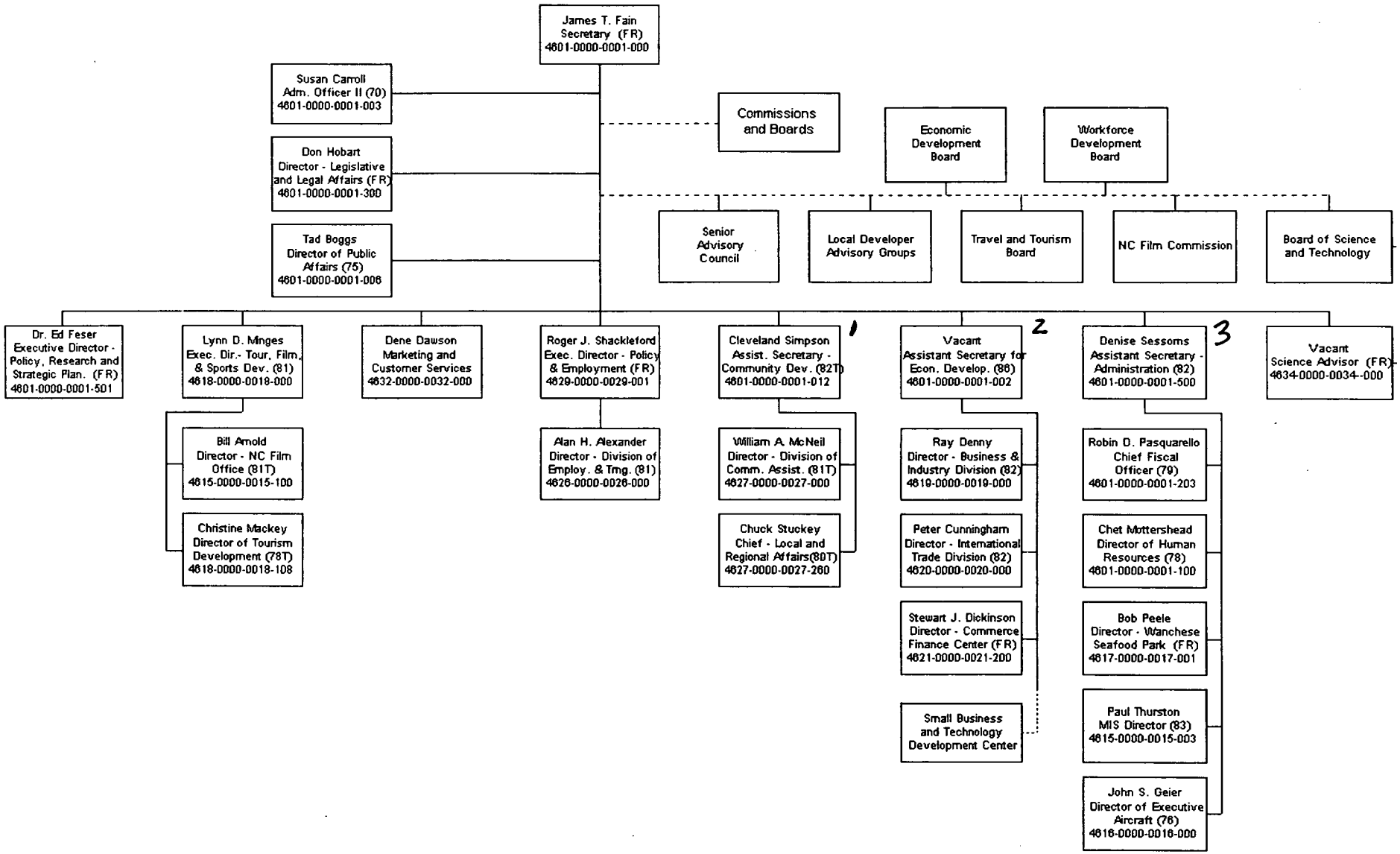
Community Assistance

Employment, Training and Workforce Development
- 24 Area Workforce Boards

Department of Commerce

Department Overview

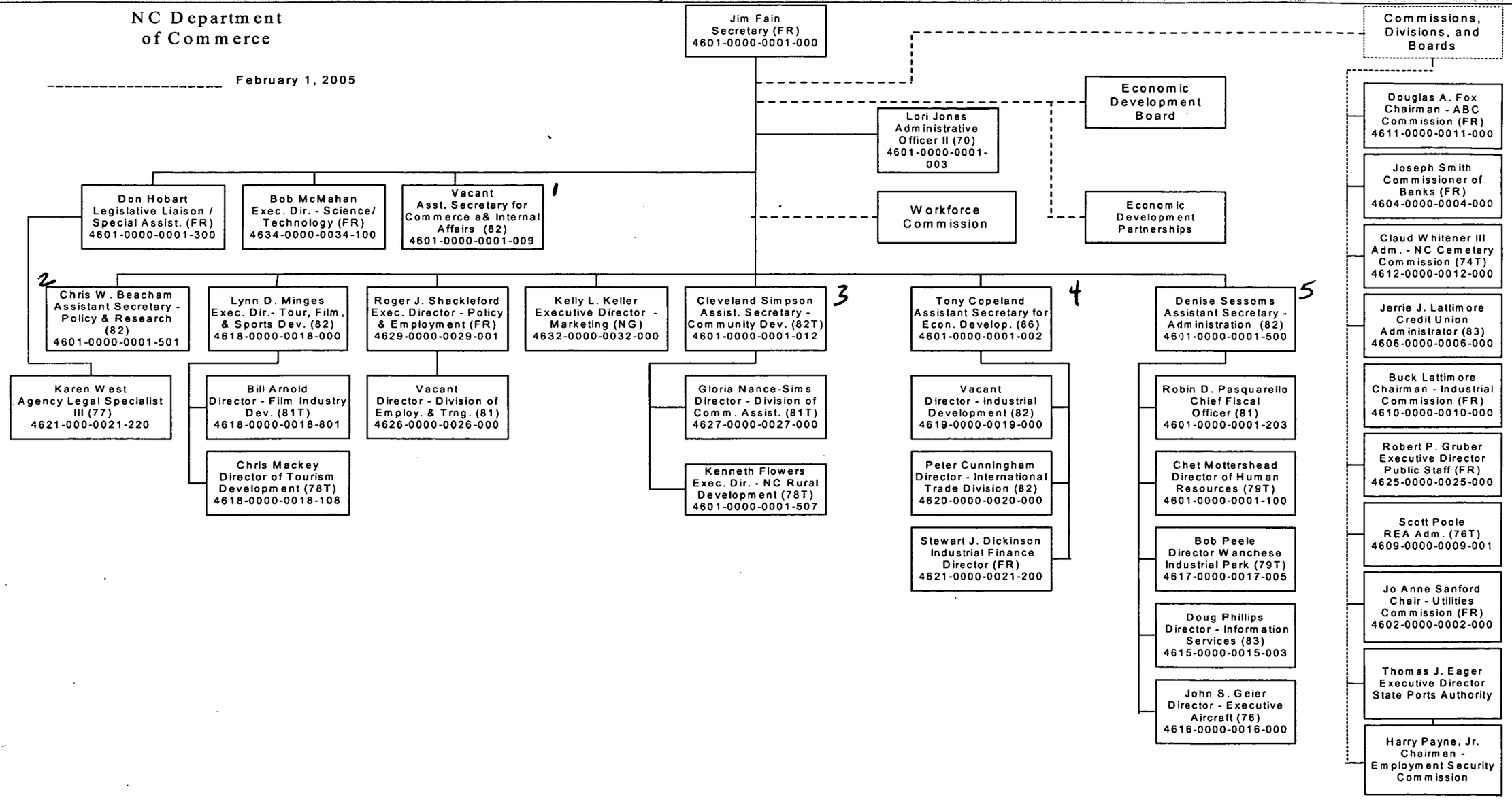
2003



Department of Commerce
Department Overview

See 2005 Organizational Chart

Department of Commerce
Department Overview

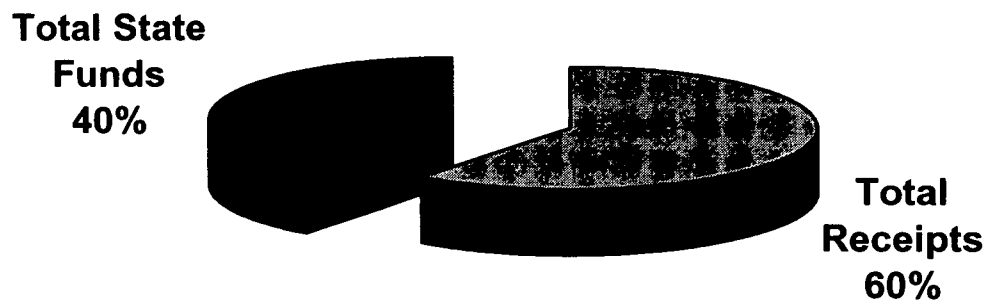


Department of Commerce
Department Overview

Budget Overview

	2002-2003 Actual	2003-2004 Actual	Current Fiscal Year 2004-2005 Authorized (Worksheet I 1/24/05)	Governor's 2005-2006 Recommended	Governor's 2006-2007 Recommended
Expenditures	$77,281,865	$127,557,344	$87,770,372	$86,218,261	$86,269,527
Less Receipts	($64,102,362)	($61,693,563)	($52,901,926)	($50,685,955)	($50,685,955)
State Appropriations	***$13,179,503***	***$65,863,781***	***$34,868,446***	***$35,532,306***	***$35,583,572***
Positions	**426.13**	**415.88**	**425.93**	**425.93**	**425.93**

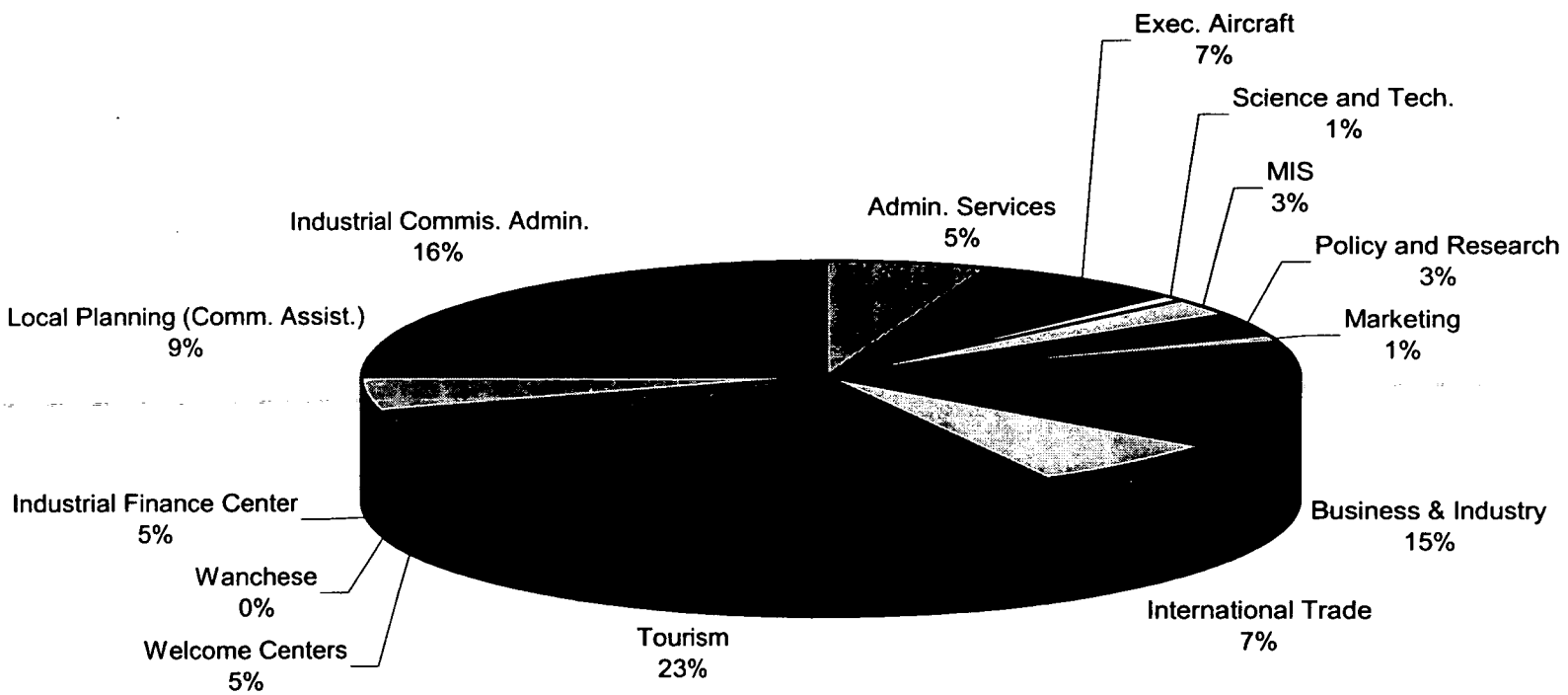
2004-2005 Authorized Source of Funds



2004-2005 Authorized Total Requirements - $87,770,372

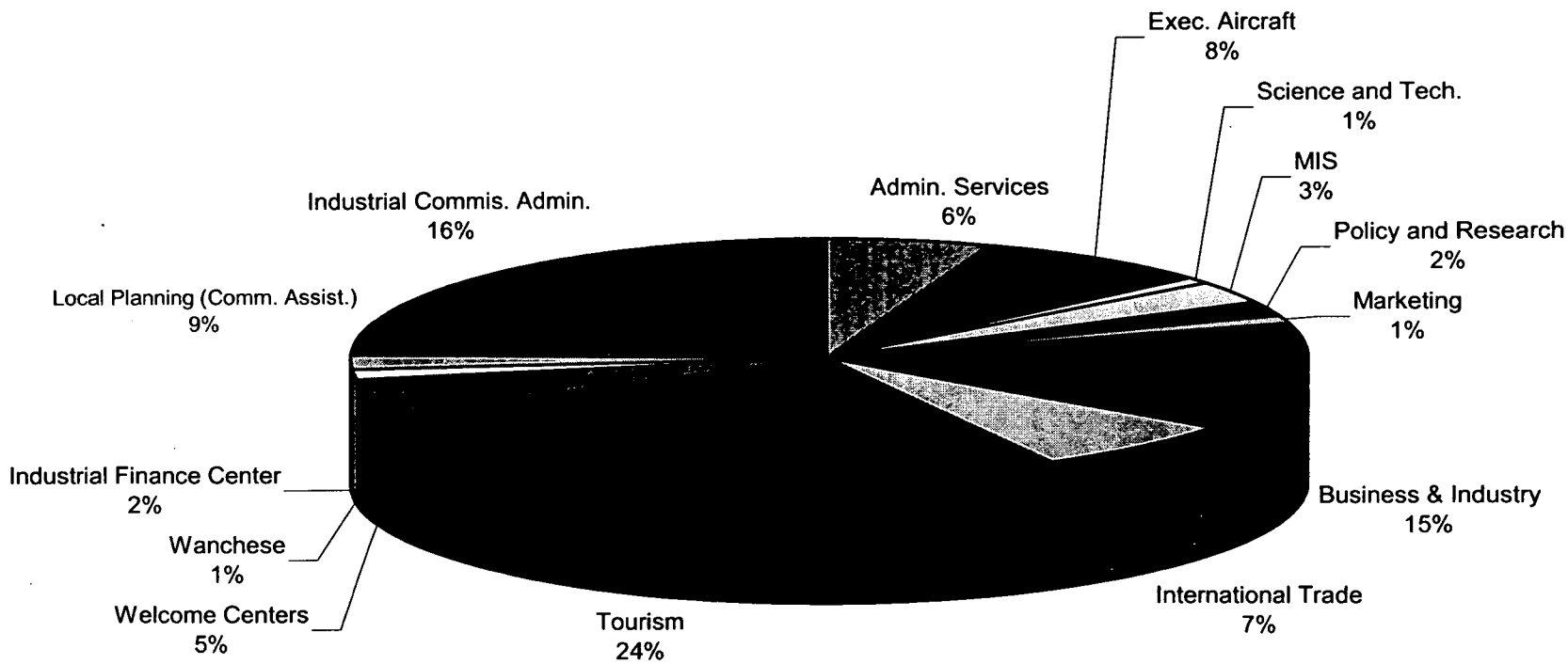
Department of Commerce
Department Overview

2004-2005 Authorized General Fund Appropriation: $34,868,446.00



Department of Commerce
Department Overview

2005-2006 Recommended General Fund Appropriation: $35,532,306.00



Department of Commerce

Department Overview

General Fund Appropriation by Function (Fund Code)

Fund Code	2004-05 Authorized	% of Total	2005-06 Recommended	% of Total	2006-07 Recommended	% of Total
Admin. Services	$1,899,700	5%	$2,012,760	6%	$1,933,893	5%
Exec. Aircraft	2,565,351	7%	2,843,051	8%	3,037,850	9%
Science and Tech.	252,855	1%	287,487	1%	245,558	1%
MIS	931,907	3%	1,108,002	3%	1,088,376	3%
Policy and Research	995,860	3%	623,748	2%	624,588	2%
Marketing	463,585	1%	461,386	1%	461,386	1%
B+I	5,179,623	15%	5,167,891	15%	5,170,254	15%
Int. Trade	2,450,032	7%	2,455,765	7%	2,455,765	7%
Tourism	7,879,996	23%	8,988,427	25%	8,989,360	25%
Welcome Centers	1,755,832	5%	1,754,777	5%	1,756,892	5%
Wanchese	118,837	0%	442,131	1%	427,131	1%
Ind. Finance Center	1,722,041	5%	724,417	2%	724,417	2%
Finance Center - CDBG	0	0%	0	0%	0	0%
Local Planning (Comm. Assist.)	3,144,035	9%	3,152,774	9%	3,147,593	9%
CDBG	0	0%	0	0%	639	0%
Ind. Commis. Admin.	5,508,792	16%	5,509,690	16%	5,519,870	16%
Total	$34,868,446	100%	$35,532,306	100%	$35,583,572	100%
			$663,860		$51,266	

Increase over 04/05 Authorized Budget

Increase over 05/06 Recommended Budget

Department of Commerce

Department Overview

Positions by Function

Fund Code	2002-03 Actual	2003-04 Actual	2004-05 Authorized	2005-06 Recommended	2006-07 Recommended
Admin. Services	36.00	40.00	39.0	39.0	39.0
Exec. Aircraft	8.00	8.00	8.0	8.0	8.0
Science and Tech.	2.00	2.00	2.0	2.0	2.0
MIS	11.00	9.00	9.0	9.0	9.0
Policy and Research	11.00	11.00	11.0	11.0	11.0
Marketing	5.00	4.00	4.00	4.00	4.00
B+I	44.50	43.50	53.50	53.50	53.50
Int. Trade	11.00	11.00	11.00	11.00	11.00
Tourism	35.00	35.00	36.00	36.00	36.00
Welcome Centers	51.70	44.95	46.00	46.00	46.00
Wanchese	4.00	4.00	4.00	4.00	4.00
Ind. Finance Center	6.00	6.00	6.00	6.00	6.00
Finance Center - CDBG	4.00	4.00	4.00	4.00	4.00
Local Planning (Comm. Assist.)	42.50	37.50	36.50	36.50	36.50
CDBG	26.00	27.50	27.50	27.50	27.50
Ind. Commis. Admin.	128.43	128.43	128.43	128.43	128.43
Total Positions	426.13	415.88	425.93	425.93	425.93

Department of Commerce
Department Overview

Summary of Legislative Actions in 2003-2005 Biennium*		
Action FY 2003-04	**FY 2003-2004**	**FY 2004-2005**
Total Legislative Changes	($1,303,273) R ($ 869,438) NR	($1,303,273) R $1,000,000 NR
Total Position Changes	0	0
Action FY 2004-05		**FY 2004-2005**
Total Legislative Budget Changes		($977,867) NR $525,604 R
Total Position Changes		16.0

***Note:** *The amounts represented in this chart are Net Changes made to the Department of Commerce Budget. Detailed information on Legislative Actions for the 2003-2005 Biennium will be provided during the Program Overview Presentations.*

§ 143B-431. Department of Commerce – functions.

(a) The functions of the Department of Commerce, except as otherwise expressly provided by Article 1 of this Chapter or by the Constitution of North Carolina, shall include:

(1) All of the executive functions of the State in relation to economic development including by way of enumeration and not of limitation, the expansion and recruitment of environmentally sound industry, labor force development, the promotion of and assistance in the orderly development of North Carolina counties and communities, the promotion and growth of the travel and tourism industries, the development of our State's ports, energy resource management and energy policy development;

(2) All functions, powers, duties and obligations heretofore vested in an agency enumerated in Article 15 of Chapter 143A, to wit:

a. The State Board of Alcoholic Control,
b. The North Carolina Utilities Commission,
c. The Employment Security Commission,
d. The North Carolina Industrial Commission,
e. State Banking Commission and the Commissioner of Banks,
f. Savings Institutions Division,
g. Repealed by Session Laws 2001-193, s. 10, effective July 1, 2001.
h. Credit Union Commission,
i. Repealed by Session Laws 2004-199, s. 27(c), effective August 17, 2004.
j. The North Carolina Mutual Burial Association Commission,
k. The North Carolina Rural Electrification Authority,
l. The North Carolina State Ports Authority,

all of which enumerated agencies are hereby expressly transferred by a Type II transfer, as defined by G.S. 143A-6, to this recreated and reconstituted Department of Commerce; and

(3) All other functions, powers, duties and obligations as are conferred by this Chapter, delegated or assigned by the Governor and conferred by the Constitution and laws of this State. Any agency transferred to the Department of Commerce by a Type II transfer, as defined by G.S. 143A-6, shall have the authority to employ, direct and supervise professional and technical personnel, and such agencies shall not be accountable to the Secretary of Commerce in their exercise of quasi-judicial powers authorized by statute, notwithstanding any other provisions of this Chapter, provided that the authority of the North Carolina State Ports Authority to employ, direct and supervise personnel shall be as provided in Part 10 of this Article.

(b) The Department of Commerce is authorized to establish and provide for the operation of North Carolina nonprofit corporations for any of the following purposes:

(1) To aid the development of small businesses.
(2) To achieve the purposes of the United States Small Business Administration's 504 Certified Development Company Program.
(3) To acquire options and hold options for the purchase of land under G.S. 143B-437.02.

(b1) The Department of Commerce is authorized to contract for the preparation of proposals and reports in response to requests for proposals for location or expansion of major industrial projects.

(c) The Department of Commerce shall have the following powers and duties with respect to local planning assistance:

(1) To provide planning assistance to municipalities and counties and joint and regional planning boards established by two or more governmental units in the solution of their local planning problems. Planning assistance as used in this section shall consist of making population, economic, land use, traffic, and parking studies and developing plans based thereon to guide public and private development and other planning work of a similar nature. Planning assistance shall also include the preparation of proposed subdivision regulations, zoning ordinances, capital budgets, and similar measures that may be recommended for the implementation of such plans. The term planning assistance shall not be construed to include the providing of plans for specific public works.
(2) To receive and expend federal and other funds for planning assistance to municipalities and counties and to joint and regional planning boards, and to enter into contracts with the federal government, municipalities, counties, or joint and regional planning boards with reference thereto.
(3) To perform planning assistance, either through the staff of the Department or through acceptable contractual arrangements with other qualified State agencies or institutions, local planning agencies, or with private professional organizations or individuals.
(4) To assume full responsibility for the proper execution of a planning program for which a grant of State or federal funds has been made and for carrying out the terms of a federal grant contract.
(5) To cooperate with municipal, county, joint and regional planning boards, and federal agencies for the purpose of aiding and encouraging an orderly, coordinated development of the State.
(6) To establish and conduct, either with its own staff or through contractual arrangements with institutions of higher education, State agencies, or private agencies, training programs for those employed or to be employed in community development activities.

(d) The Department of Commerce, with the approval of the Governor, may apply for and accept grants from the federal government and its agencies and from any foundation, corporation, association, or individual and may comply with the terms,

conditions, and limitations of such grants in order to accomplish the Department's purposes. Grant funds shall be expended pursuant to the Executive Budget Act. In addition, the Department shall have the following powers and duties with respect to its duties in administering federal programs:

(1) To negotiate, collect, and pay reasonable fees and charges regarding the making or servicing of grants, loans, or other evidences of indebtedness.

(2) To establish and revise by regulation, in accordance with Chapter 150B of the General Statutes, schedules of reasonable rates, fees, or charges for services rendered, including but not limited to, reasonable fees or charges for servicing applications. Schedules of rates, fees, or charges may vary according to classes of service, and different schedules may be adopted for public entities, nonprofit entities, private for-profit entities, and individuals.

(3) To pledge current and future federal fund appropriations to the State from the Community Development Block Grant (CDBG) program for use as loan guarantees in accordance with the provisions of the Section 108 Loan Guarantee program, Subpart M, 24 CFR 570.700, et seq., authorized by the Housing and Community Development Act of 1974 and amendments thereto. The Department may enter into loan guarantee agreements in support of projects sponsored by individual local governments or in support of pools of two or more projects supported by local governments with authorized State and federal agencies and other necessary parties in order to carry out its duties under this subdivision. In making loan guarantees and grants under this subdivision the Department shall take into consideration project applications, geographic diversity and regional balance in the entire community development block grant program. In making loan guarantees authorized under this subdivision, the Department shall ensure that apportionment of the risks involved in pledging future federal funds in accordance with State policies and priorities for financial support of categories of assistance is made primarily against the category from which the loan guarantee originally derived. A pledge of future CDBG funds under this subdivision is not a debt or liability of the State or any political subdivision of the State or a pledge of the faith and credit of the State or any political subdivision of the State. The pledging of future CDBG funds under this subdivision does not directly, indirectly, or contingently obligate the State or any political subdivision of the State to levy or to pledge any taxes, nor may pledges exceed twice the amount of annual CDBG funds.

Prior to issuing a Section 108 Loan Guarantee agreement, the Department of Commerce must make the following findings:

a. The minimum size of the Section 108 Loan Guarantee is (i) seven hundred fifty thousand dollars ($750,000) for a project supported by an individual local government and (ii) two hundred fifty thousand dollars ($250,000) for a project supported as part of a loan pool; and the maximum size is five million dollars ($5,000,000) per project.

b. The Section 108 Loan Guarantee cannot constitute more than fifty percent (50%) of total project costs.

c. The project has ten percent (10%) equity from the corporation, partnership, or sponsoring party. "Equity" means cash, real estate, or other hard assets contributed to the project and loans that are subordinated in payment and collateral during the term of the Section 108 Loan Guarantee.

d. The project has the personal guarantee of any person owning ten percent (10%) or more of the corporation, partnership, or sponsoring entity, except for projects involving Low-Income Housing Tax Credits under section 42 of the Internal Revenue Code or Historic Tax Credits under section 47 of the Internal Revenue Code. Collateral on the loan must be sufficient to cover outstanding debt obligations.

e. The project has sufficient cash flow from operations for debt service to repay the Section 108 loan.

f. The project meets all underwriting and eligibility requirements of the North Carolina Section 108 Guarantee Program Guidelines and of the Department of Housing and Urban Development regulations, except that projects involving hotels, motels, private recreational facilities, private entertainment facilities, and convention centers are ineligible for Section 108 loan guarantees.

The Department shall create a loan loss reserve fund as additional security for loans guaranteed under this section and may deposit federal program income or other funds governed by this section into the loan loss reserve fund. The Department shall maintain a balance in the reserve fund of no less than ten percent (10%) of the outstanding indebtedness secured by Section 108 loan guarantees.

(e) The Department of Commerce may establish a clearinghouse for State business license information and shall perform the following duties:

(1) Establish a license information service detailing requirements for establishing and engaging in business in the State.

(2) Provide the most recent forms and information sheets for all State business licenses.

(3) Prepare, publish, and distribute a complete directory of all State licenses required to do business in North Carolina.

(4) Upon request, the Department shall assist a person as provided below:

a. Identify the type and source of licenses that may be required and the potential difficulties in obtaining the licenses based on an informal review of a potential applicant's business at an early stage in its planning. Information provided by the Department is for guidance purposes only and may not be asserted by an applicant as a waiver or release from any license requirement. However, an applicant who uses the services of the Department as provided in this subdivision, and who receives a written statement identifying required State business licenses relating to a specific business activity, shall not be assessed a penalty for failure to obtain any State business license which was not identified, provided that the applicant submits an application for each such license within 60 days after written notification by the Department or the agency responsible for issuing the license.

b. Arrange an informal conference between the person and the appropriate agency to clarify licensing requirements or standards, if necessary.

c. Assist in preparing the appropriate application and supplemental forms.

d. Monitor the license review process to determine the status of a particular license. If there is a delay in the review process, the Department may demand to know the reasons for the delay, the action required to end the delay, and shall provide this information to the applicant. The Department may assist the applicant in resolving a dispute with an agency during the application process. If a request for a license is refused, the Department may explain the recourse available to the person under the Administrative Procedure Act.

(5) Collaborate with the business license coordinator designated in State agencies in providing information on the licenses and regulatory requirements of the agency, and in coordinating conferences with applicants to clarify license and regulatory requirements.

Each agency shall designate a business license coordinator. The coordinator shall have the following responsibilities:

a. Provide to the Department the most recent application and supplemental forms required for each license issued by the agency, the most recent information available on existing and proposed agency rules, the most recent information on changes or proposed changes in license requirements or agency rules and how those changes will affect the business community, and agency publications that would be of aid or interest to the business community.

b. Work with the Department in scheduling conferences for applicants as provided under this subsection.

c. Determine, upon request of an applicant or the Department, the status of a license application or renewal, the reason for any delay in the license review process, and the action needed to end the delay; and to notify the applicant or Department, as appropriate, of those findings.

d. Work with the Department or applicant, upon request, to resolve any dispute that may arise between the agency and the applicant during the review process.

e. Review agency regulatory and license requirements and to provide a written report to the Department that identifies the regulatory and licensing requirements that affect the business community; indicates which, if any, requirements should be eliminated, modified, or consolidated with other requirements; and explains the need for continuing those requirements not recommended for elimination.

f. Report, on a quarterly basis, to the Department on the number of licenses issued during the previous quarter on a form prescribed by the Department. (1977, c. 198, s. 1; 1987, c. 214; 1989, c. 76, s. 25; c. 751, s. 2; 1991, c. 689, s. 153; 1991 (Reg. Sess., 1992), c. 959, s. 49; 1995, c. 310, s. 1; 1995 (Reg. Sess., 1996), c. 575, s. 1; 2001-193, s. 10; 2004-124, ss. 6.26(c), 6.26(d), 13.9A(c); 2004-199, s. 27(c).)

Department of Commerce
Program Presentations

March 2, 2005

Attachment 4

Department of Commerce
Administrative Programs

Program Overview

Administrative Programs for the department range from fiscal management and human resources to information technology and air transport services. Programs include:

- **Air Transportation Services**
  Provides convenient air travel for corporate clients of the Department of Commerce's economic development programs and for state officials and agency representatives on official duty. Also available to provide emergency and law enforcement support.

- **Fiscal Management**
  Performs all accounting, budgeting, and purchasing functions for the Department.

- **Human Resources**
  Performs departmental personnel functions, including recruitment and employee relations, position classification, and fringe benefit administration.

- **Management Information Systems (MIS)**
  Provides information technology services for the department, including LAN management, project management functions for applications development, maintenance of personal computers and peripherals, and graphics design and reproduction.

- **Policy, Research and Strategic Planning**
  Collects, maintains and analyzes data on the state's economy, and monitors national and global economic trends. Provides information in support of Departmental policy formation and strategic planning. Works with other state agencies to staff the N.C. Economic Development Board.

- **Public Affairs**
  Conducts public outreach programs for Department by informing news media and public about Department programs.

Department of Commerce
Administrative Programs

Budget Overview

	2002-2003 Actual	2003-2004 Actual	Current Fiscal Year 2004-2005 Authorized (Worksheet I 1/24/05)	Governor's 2005-2006 Recommended	Governor's 2006-2007 Recommended
Expenditures	$8,141,619	$8,790,624	$8,619,371	$9,163,753	$9,203,970
Receipts	($2,819,796)	($2,020,325)	($1,391,276)	($1,385,188)	($1,385,188)
State Appropriations	$5,321,823	$6,770,299	$7,228,095	$7,778,565	$7,818,782
Positions	**77.00**	**78.00**	**77.00**	**77.00**	**77.00**

Note:
Includes the following Fund Codes:
Administrative Services
Executive Aircraft
Science and Technology
Management and Information Services
Policy and Research
Marketing and Customer Services
Wanchese Seafood Industrial Park

Department of Commerce
Business & Industry

Program Overview

The Business and Industry Division recruits new business, works to expand and retain industry, provides regional office support and a host of other client services. Efforts include:

- **Recruitment:** Actively recruits new business and industry to North Carolina. Works with a focused recruiting plan to sell the benefits of doing business in North Carolina to companies worldwide.
- **Regional Offices:** Operates nine in-state regional offices (Fletcher, Bryson City, Boone, Charlotte, Greensboro, Raleigh, Fayetteville, Greenville and Edenton). These offices work collaboratively with the Regional Economic Development Partnerships to both market the regions and to work with prospects.
- **Expansion & Retention:** Existing Industry Specialists located in the nine regional offices make more than 3,000 calls per year on our existing companies. This program spots opportunities and problems in their early stages and assists in issue resolution.
- **Business ServiCenter:** During 2004, Business ServiCenter was permanently funded to provide "one stop" shopping to both entrepreneurs and small businesses as they search for answers to their questions
- **Ombudsman:** Position created by the General Assembly to advocate for small businesses, solve problems and to provide input on oppressive regulation.
- **Client Services:** Serves as first point of contact for businesses inquiring about expansion or relocation to North Carolina.

Department of Commerce
Business & Industry

Budget Overview

	2002-2003 Actual	2003-2004 Actual	Current Fiscal Year 2004-2005 Authorized (Worksheet I 1/24/05)	Governor's 2005-2006 Recommended	Governor's 2006-2007 Recommended
Expenditures	$4,483,770	$4,610,629	$5,179,623	$5,167,891	$5,170,254
Receipts	($484,695)	($385,916)	$0	$0	$0
State Appropriations	$3,999,075	$4,224,713	$5,179,623	$5,167,891	$5,170,254
Positions	**44.50**	**43.50**	**53.50**	**53.50**	**53.50**

Program Overview

The Commerce Finance Center (CFC) administers a number of industrial incentive financing programs designed to assist local governments and new, expanding and relocating private businesses create and/or retain jobs in North Carolina.

Local governments

- Can receive grants and loans through federal Community Development Block Grant Program and grants and loans from the state-funded Industrial Development Fund and State funded Utility Account.

Private industrial and commercial firms

- To assist with relocation to or expansion in North Carolina, can access competitive rate loans through the Industrial Revenue Bond program.
- Qualifying businesses can also receive economic development tax credits as provided for by the William S. Lee Act (S.L 1999-360; modified in S.L. 2000-56 and S.L. 2000-173).
- May receive additional grant from the One North Carolina Fund (formerly the "Industrial Recruitment Competitive Fund").
- May receive a multi-year grant for new job creation based on a percentage of net new NC withholding tax as provided for by the Job Development Grant Program (S.L. 2002-172).

Department of Commerce
Commerce Finance Center

Budget Overview

	2002-2003 Actual	2003-2004 Actual	Current Fiscal Year 2004-2005 Authorized (Worksheet I 1/24/05)	Governor's 2005-2006 Recommended	Governor's 2006-2007 Recommended
Expenditures	$8,897,328	$44,748,998	$10,673,426	$9,676,396	$9,676,396
Receipts	($24,577,388)	($9,524,149)	($8,951,385)	($8,951,979)	($8,951,979)
State Appropriations	($15,680,060)	$35,224,849	$1,722,041	$724,417	$724,417
Positions	**10.00**	**10.00**	**10.00**	**10.00**	**10.00**

Program Overview

The International Trade Division provides expert assistance to North Carolina businesses looking to develop markets for their products overseas. Division employees help these companies make contacts and tap into resources to make the most of overseas business opportunities. Among the services provided:

- **Counseling and Referral:** Skilled international business development managers work one-on-one with North Carolina companies to define their international business needs, and match them with public and private organizations that can help meet those needs.

- **Distributor and Agency Searches:** Six division foreign trade offices – in Mexico City, Toronto, Frankfurt, Tokyo, Hong Kong and Korea – help North Carolina companies establish strategic distribution channels in top foreign markets.

- **Trade Events and Trade Shows:** The division monitors trade events worldwide and keeps businesses informed through its Web site about upcoming events.

- **Education and Training:** Division staff provides information about educational programs and opportunities throughout the state, especially the Export Ready Program offered through the North Carolina Community College System, that help businesses develop skills needed to enter the export market.

- **Export Financing:** Although the division provides no direct subsidies for exports, business development managers help identify public and private sources for funding and insuring overseas business expansion.

- **Advocacy:** The division helps North Carolina businesses "even the playing field" in foreign markets by tapping into the collective might of the U.S. Government's Advocacy Center in Washington, D.C.

Budget Overview

	2002-2003 Actual	2003-2004 Actual	Current Fiscal Year 2004-2005 Authorized (Worksheet I 1/24/05)	Governor's 2005-2006 Recommended	Governor's 2006-2007 Recommended
Expenditures	$2,337,991	$2,571,330	$2,450,107	$2,455,840	$2,455,840
Receipts	($292,180)	($361,471)	($75)	($75)	($75)
State Appropriations	$2,045,811	$2,209,859	$2,450,032	$2,455,765	$2,455,765
Positions	11.00	11.00	11.00	11.00	11.00

Department of Commerce
Division of Tourism, Film and Sports Development

Program Overview

The Division of Tourism, Film and Sports Development strives to unify and lead the state's travel, film and sports industry toward the common goal of developing North Carolina as a major leisure travel, a tour and convention destination, and a location for film production and sporting events. It develops and executes marketing programs to accomplish this goal for the benefit of the travel and film industries, the economy and the citizens of North Carolina. Program goals include:

- Maximizing the economic benefits of travel and tourism, and film production to the state of North Carolina and its residents, including economic development, creation of new jobs and creation of new business.
- Enhancing the contribution of travel and tourism to the physical, cultural and social well being of the state's residents.
- Increasing North Carolina's travel and tourism competitive advantage in the Southeast and the nation.
- Providing direction for the effective promotion, orderly development and coordination of travel as a sustainable product.
- Optimizing coordination and communication among North Carolina's tourism, film and sports partners including public agencies, travel distributors, film-related companies and private sector tourism suppliers.
- Developing opportunities for professional education, technical assistance, training and product development for the travel industry.
- Enhancing North Carolina's image as both a desirable destination and as a location for film production.
- Operating 9 Interstate Welcome Centers to provide travel-related information to visitors and to extend stay and expenditures in the state.

Department of Commerce
Division of Tourism, Film and Sports Development

Budget Overview

	2002-2003 Actual	2003-2004 Actual	Current Fiscal Year 2004-2005 Authorized (Worksheet I 1/24/05)	Governor's 2005-2006 Recommended	Governor's 2006-2007 Recommended
Expenditures	$10,733,504	$10,818,748	$12,623,223	$11,518,932	$11,521,980
Receipts	($872,876)	($1,212,288)	($2,987,395)	($775,728)	($775,728)
State Appropriations	$9,860,628	$9,606,460	$9,635,828	$10,743,204	$10,746,252
Positions	**86.70**	**79.95**	**82.00**	**82.00**	**82.00**

Department of Commerce
Division of Community Assistance

Program Overview

The Division of Community Assistance (DCA) provides aid to North Carolina counties, municipalities, and community-based non-profits through the Small Cities Community Development Block Grant (CDBG) program, the Office of Urban Development and the Community Planning Program.

- **Small Cities Community Development Block Grant Program**
  - The federally funded CDBG program helps local governments with community and economic development projects that primarily benefit low-and moderate-income people.
  - Grants are awarded in the following categories:
    - Community Revitalization
    - Infrastructure
    - Economic Development
    - Housing Development
    - Urgent Needs
    - Scattered Site Housing

- **Office of Urban Development**
  - The office of Urban Development administers four programs to help local municipalities address their development needs. Programs include:
    - North Carolina Main Street Program
    - Small Town Main Street Program
    - Urban Redevelopment Grant Program
    - State Development Zones Program

- **Community Planning Program**
  - Planners in DCA's five regional offices assist local municipalities with their planning and management needs. Services offered include strategic planning, downtown revitalization planning, growth management, group facilitation, and program planning for boards and commissions.
  - Staff at the regional offices also assists communities and counties through interlocal and multi-county approaches to community and economic development and growth management

Department of Commerce
Division of Community Assistance

Budget Overview

	2002-2003 Actual	2003-2004 Actual	Current Fiscal Year 2004-2005 Authorized (Worksheet I 1/24/05)	Governor's 2005-2006 Recommended	Governor's 2006-2007 Recommended
Expenditures	$35,072,500	$47,115,323	$39,753,289	$39,762,388	$39,757,846
Receipts	($31,989,098)	($44,046,138)	($36,609,254)	($36,609,614)	($36,609,614)
State Appropriations	$3,083,402	$3,069,185	$3,144,035	$3,152,774	$3,148,232
Positions	**68.50**	**65.00**	**64.00**	**64.00**	**64.00**

Program Overview

The Division of Employment and Training is the administrative agency designated by the Governor for the Workforce Investment Act of 1998, under the auspices of the Commission on Workforce Development. It is responsible for:

- Financial and administrative oversight of the Workforce Investment Act's activities for dislocated workers, adults, youth and incumbent workers.
- Assisting North Carolina's 24 local workforce development areas and partners in collaborative efforts to enhance workforce preparedness and economic development.
- Monitoring for compliance with all applicable laws and regulations and for effective outcomes.
- Conducting performance analysis and providing guidance to workforce development stakeholders.
- Serving as the Governor's Rapid Response office for the coordination of efforts to address dislocation activities.

Department of Commerce
Industrial Commission

Established in 1929 to administer the Workers' Compensation Act, the Industrial Commission is a division of the N.C. Department of Commerce. Workers' Compensation and Tort Hearings are held in all 100 counties of the state. The Industrial Commission also is responsible for administering the Law-Enforcement Officers', Firemen's, Rescue Squad Workers' and Civil Air Patrol Members' Death Benefits Act, and the Childhood Vaccine Related Injury Act.

Budget Overview

	2002-2003 Actual	2003-2004 Actual	Current Fiscal Year 2004-2005 Authorized (Worksheet I 1/24/05)	Governor's 2005-2006 Recommended	Governor's 2006-2007 Recommended
Expenditures	$7,615,153	$8,150,261	$8,471,333	$8,473,061	$8,483,241
Receipts	($3,066,329)	($4,143,276)	($2,962,541)	($2,963,371)	($2,963,371)
State Appropriations	$4,548,824	$4,006,985	$5,508,792	$5,509,690	$5,519,870
Positions	**128.43**	**128.43**	**128.43**	**128.43**	**128.43**

2003 - 2004 Summary of Legislative Actions
Department of Commerce

Commerce

	GENERAL FUND			
	FY 2003-04		FY 2004-05	
Recommended Budget	**$35,569,253**		**$34,639,574**	
Legislative Changes				
Business and Industry				
48 Provide funds for the One NC Fund Provide General Fund appropriation to the One NC Fund for Johnson and Wales University. (HB 397, Section 12.4A)			$1,000,000	NR
Industrial Commission				
49 Budget Over-Realized Receipts Budget over-realized receipts from compromised settlement agreement fees, and reduce General Fund appropriation by an equal amount.	($519,325)	R	($519,325)	R
Industrial Financing				
50 Reduce Transfer to the Industrial Development Fund Reduce appropriation to the Industrial Development Fund.	($249,606)	R	($249,606)	R
51 Reduce Industrial Development Fund Cash Balance Reduce the cash balance of the Industrial Development Fund. (HB 397, Section 12.5)	($1,169,438)	NR		
Management Information Services				
52 Reduce Computer Hardware Purchases Reduce new and replacement computer hardware purchases.	($74,480)	R	($74,480)	R
Marketing and Consumer Services				
53 Reduce Operating Support Reduce advertising line item.	($300,000)	R	($300,000)	R
Reserves and Transfers				
54 Job Loss Assistance Funds Provide funds to the 3 counties with the highest average unemployment rate for the 2002 calendar year. These counties are Yancey, Cleveland, and Richmond.	$300,000	NR		

Overview: 2003 Session Fiscal and Budgetary Actions	FY 2003-04		FY 2004-05	
Science and Technology				
55 Reduce Operating Support Reduce various operating line items.	($50,000)	R	($50,000)	R
Travel and Tourism				
56 Reduce Advertising Reduce advertising budget.	($109,862)	R	($109,862)	R
Total Legislative Changes	**($1,303,273)**	**R**	**($1,303,273)**	**R**
	($869,438)	**NR**	**$1,000,000**	**NR**
Total Position Changes				
Revised Budget	**$33,396,542**		**$34,336,301**	

Special Provisions

2003 Session: HB 397

Department: Commerce

Section: 5.2

Title: **NER Block Grant Funds**

Summary: Allocates $45 million in federal Community Development Block Grant (CDBG) funds for the 2004 program year. Provides for subsequent increases and decreases in federal fund availability. Places limitations on CDBG funds. Allows capacity building grants to be made for non-profit organizations from funds available within program categories, program income, or unobligated funds. In partnership with the Rural Economic Development Center, provides up to $2.25 million in demonstration grants to local governments in distressed areas. Directs Commerce, in consultation with the UNC School of Government, to design a regional distribution system for making Community Revitalization grants.

Section: 12.1

Title: **Wanchese Seafood Industrial Park/Oregon Inlet Funds**

Summary: Subsection (a) authorizes Wanchese Seafood Industrial Park to use appropriated general fund resources for operation, maintenance, repairs, and capital improvements in addition to other funds available for these purposes. Subsection (b) prevents funds appropriated in FY 2002-2003 for the Oregon Inlet Project from reverting on June 30, 2003. Allows these funds to be used for legal costs associated with the project.

Section: 12.2

Title: **Council of Government Funds**

Summary: Outlines the process for allocating funds to the 17 regional councils of government (COGs). Explains procedure through which funds flow from the Department of Commerce to the COGs. Requires each organization to submit an annual report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division by January 15 of each fiscal year. Audited financial statements must also be submitted to the Fiscal Research Division within 30 days of issuance.

Section: 12.3

Title: **Tourism Promotion Funds**

Summary: Specifies the selection criteria and maximum grant amounts for the tourism promotion grants.

Section: 12.4

Title: **One North Carolina - Industrial Recruitment Competitive Fund**

Summary: Specifies the purposes for which the funds shall be used. Requires the Department of Commerce to report quarterly to the Joint Legislative Commission on Governmental Operations and Fiscal Research regarding the commitment, allocation, and use of funds. Funds that are unexpended and unencumbered as of June 30, 2003, shall not revert to the General Fund.

Section: 12.4A

Title: **North Carolina Educational Development**

Summary: Directs the Department of Commerce to allocate $1,000,000 of the funds appropriated during the 2001-2003 fiscal biennium to the One North Carolina - Industrial Recruitment Competitive Fund to support Johnson and Wales University for the 2003-2004 fiscal year. An additional $1,000,000 is appropriated to the One North Carolina - Industrial Recruitment Competitive Fund for the 2004-2005 fiscal year to be allocated to Johnson and Wales University.

Section: 12.5

Title: **Industrial Development Fund**

Summary: Reduces the cash balance in the Industrial Development Fund by $1,169,438.

Section: 12.6

Title: **Worker Training Trust Fund**

Summary: Specifies appropriations from the Worker Training Trust Fund for FY 2003-04. Total appropriation from the Fund equals $6,349,419.

ESC Local Offices	$5,000,000
ESC SOICC	$ 193,879
ESC Follow-up	$ 53,856
Labor-Apprenticeship	$ 861,684
Community Colleges-Hosiery Tech	$ 120,000
NC REAL Enterprises	$ 120,000

Section: 12.6A

Title: **Film Industry Development Account**

Summary: Repeals G.S. 143B-434.3. Amends Part 2 of Article 10 of Chapter 143B of the General Statutes by creating a Film Industry Development Account within the Department of Commerce with related public purpose language. Grants the Department of Commerce the authority to adopt rules with respect to the Account.

Section: 12.6C

Title: **Industrial Commission Fees / Computer System Replacement**

Summary: Allows the North Carolina Industrial Commission to retain the additional revenue generated by raising the fee charged to parties for the filing of compromised settlements from $200 to no more than $250 for the purpose of assessing and replacing existing computer hardware and software. Any unexpended and unencumbered fees will not revert to the General Fund at the end of the fiscal year. The additional fees may only be retained in the 2003-2005 fiscal biennium.

Section: 12.6D

Title: **Film Industry Development Funds**

Summary: Of the funds in the Film Industry Development Account, $500,000 is reallocated to the Wilmington Regional Film Commission, Inc. for economic development services to develop and provide financial assistance and support necessary to attract to North Carolina a major television production which meets the specifications laid out in the provision.

Section: 12.6E

Title: **Film Development Account Funds Do Not Revert**

Summary: Specifies that the funds appropriated for the 2002-2003 fiscal year for the Film Industry Development Account that are unexpended and unencumbered as of June 30, 2003, shall not revert to the General Fund but remain available to the Department of Commerce.

2004 - 2005 Summary of Legislative Actions
Department of Commerce

Commerce

GENERAL FUND

	FY 04-05
Total Budget Approved 2003 Session	**$34,336,301**

Budget Changes

ABC Commission

18 Receipt-Supported Positions

Allows for the establishment of 4.0 permanent, full-time positions supported by ABC Commission receipts paid by the local ABC Boards. The dollar amounts are estimates of salary only. The trainer positions will be in the Education and Training Division focused on providing alcohol education to students, parents, industry members, civic groups, and the general public.

Administrative Asst. I (4.0) $145,788

Air Transportation

19 Reduce Operating Support ($52,328) R

Reduce line item for rent and lease of facilities and the line item for gasoline.

Business & Industry

20 Expand Business ServiCenter $525,000 R

$8,800 NR

10.00

This item establishes a Business ServiCenter, whose functions include a Small Business Ombudsman and the responsibilities of the Business License Information Office previously housed in the Secretary of State's Office. This item authorizes the establishment of up to 10.0 positions. (HB 1414 Section 13.9A)

Commerce Finance Center

21 Reduce Fund Balance

Reduce the cash balance of the Industrial Development Fund. (HB 1414 Section 13.5) ($2,211,667) NR

22 Reduce Operating Support ($12,924) R

Reduce travel, advertising, and registration fees.

Community Assistance

23 Eliminate Vacant Position ($47,145) R

Eliminate vacant Community Development Planner position.

-1.00

Industrial Commission

24 Budget Over-realized Receipts ($109,046) R

Budget over-realized receipts for the Industrial Commission and offset state appropriations for the same amount.

International Trade

25 Reduce Operating Support ($25,000) R

Reduce various line items within the Division of International Trade.

Management Information Systems

26 Reduce Operating Support ($20,660) R

Reduce travel, equipment, and data service line items.

Policy, Research and Strategic Planning

27 Economic Development Information System $375,000 NR

To begin the development of the North Carolina Economic Development Information System (NC EDIS), a comprehensive and customizable automated system that will house the core national, state, regional, county and municipal data necessary to monitor economic trends, identify target sectors and clusters, supply marketing profiles to clients, provide maps and data to planners and workforce analysts, and regularly brief policy officials in the Executive Branch and General Assembly on economic threats and opportunities facing the state.

28 Reduce Operating Support ($10,814) R

Reduce intern, temporary help, and miscellaneous contracts line items.

Science and Technology

29 Reduce Operating Support ($2,527) R

Reduce the contractual services line item.

Travel & Tourism

30 Funds for Film Commission $300,000 NR

Provide funds for the Charlotte Regional Film Commission.

31 Expand Heritage Tourism $100,000 R

Funds for a position and operating support at two new Heritage Tourism sites, in Rutherford and Ashe counties. 2.00

32 Increase Funds for Marketing $850,000 NR

Provide additional funds to the Division of Travel & Tourism for marketing efforts.

Utilities Commission

33 Receipt-Supported Position

Allows for the establishment of a permanent, full-time position supported by Utilities Commission fee receipts. Duties will include handling security and spam issues on PCs and servers.

Computer Systems Analyst II (1.0) $61,000

Wanchese Seafood Industrial Park

34 Reduce Carry Forward Fund Balance ($300,000) NR

Reduce the cash balance from the Wanchese Seafood Industrial Park Oregon Inlet Project. (HB 1414 Section 13.5A)

Welcome Centers

35 Fund New Welcome Center $181,048 R

A new Welcome Center on I-26 opened in August 2003, but no funds were appropriated for operating expenses. The center's current operating budget is being supported with a one-time grant from the Appalachian Regional Commission. This action will provide the necessary funds to continue operations. 5.00

Budget Changes	**$525,604**	**R**
	($977,867)	**NR**
Total Position Changes	16.00	
Revised Total Budget	**$33,884,038**	

Special Provisions

2004 Session: HB 1414

Department: Commerce

Section: 5.2

Title: **NER Block Grants**

Summary Allocates $45 million in federal Community Development Block Grant (CDBG) funds for the 2005 program year. Provides for subsequent increases or decreased in federal fund availability. Places limitations on CDBG funds. Allows capacity building grants to be made for non-profit organizations from funds available within program categories, program income, or unobligated funds. Directs Commerce to partner with the Rural Economic Development Center to award demonstration grants to local governments in distressed rural areas of the state. Directs Commerce to consult with the Joint Legislative Commission on Governmental Operations prior to reallocating funds, except when an emergency arises that poses a threat to public health or safety or if future funding might be adversely affected.

Section: 13.1

Title: **Council of Government Funds**

Summary Technical correction to the 2003-04 provision; corrects date for transfer of payments.

Section: 13.3

Title: **Tourism Promotions Funds Study**

Summary Directs the Department of Commerce to study an alternative method for ranking counties for tourism promotion grants. The Department shall consider the number and quality of tourism attractions in the county as well as the county's financial ability to promote tourism. The Department is to report findings and recommendations to the Chairs of the Appropriations Subcommittee on Natural and Economic Resources by January 16, 2005.

Section: 13.5

Title: **Industrial Development Fund**

Summary Reduces the Industrial Development Fund by $2,211,667.

Section: 13.5A

Title: **Wanchese Seafood Industrial Park**

Summary Prevents funds appropriated in the 2003-04 fiscal year and prior for the Oregon Inlet Project from reverting on June 30, 2004. Allows said funds to be used by the NC Seafood Industrial Park Authority for operations, maintenance, expansion, repair and capital improvements. Reduces the carry-forward amount by $300,000.

Section: 13.7A

Title: **Trade Jobs for Success**

Summary Directs the Employment Security Commission to request a waiver from the U.S. Department of Labor to allow the Trade Jobs for Success initiative to (1) serve persons regardless of their age, (2) use unemployment funds to provide direct monetary incentives to participating employers and direct income to eligible workers in the retraining program, and (3) use funds for in-state relocation assistance.

Directs the Department of Commerce, in cooperation with the ESC and the Community College System to implement the Trade Jobs for Success initiative in the counties hardest hit by trade impact job losses.

Section: 13.7B

Title: **Omnibus Changes to Employment Security Laws / Funds to Support Local ESC Offices**

Summary Makes the following changes to the ESC statutes: allows nonprofits more flexibility in paying their balances. removes a reporting requirement no longer necessary, clarifies the ESC appeals process, and updates the definition of employment for J1 visas so employers do not have to pay SUTA (FUTA already exempt).

Subsection (e) appropriates $6.3 million from the Special Employment Security Administration Fund to ESC.

ESC Local Offices	$6,000,000
ESC SOICC	$ 200,000
ESC Common Follow-Up	$ 100,000

Subsection (f) appropriates $400,000 from the Worker Training Trust Fund.

NC REAL	$150,000
Hosiery Center	$250 000

Section: 13.9A

Title: **Transfer Business License Information Office Functions and Duties to the Department of Commerce**

Summary Transfers the responsibilities of the Business License Information Office from the Secretary of State's Office to the Department of Commerce. Directs Commerce to establish a Small Business Ombudsman position to work with businesses to resolve issues involving state government.

VISITOR REGISTRATION SHEET

Appropriations: Nat. & Econ Resources — 3/2/05

Name of Committee — Date

VISITORS: PLEASE SIGN BELOW AND RETURN TO COMMITTEE ASSISTANT

NAME	FIRM OR AGENCY
Sheryl Stephens	OSBM
Billy Ray Hall	NC Rural Center
Bill McNeil	NC Rural Center
John Bowdish	Museum of Life & Science
Denise A. Seaborne	Commerce
Cheryl Simpson	Commerce
Art Biff	DCSOL
Becky Brown	DCSOL
Thomas Cheek	OSBM
Robin Pasquarello	Commerce
Shannon Hobby	Commerce
Clara Day	agriculture
Kelly Kelly	Commerce
Peter Cunningham	Commerce
Gene Byrd	Commerce
Brigette Rasberry	NCACDC
Lelwood V. Long	NCMSC
Johanna Reese	DENR
Stewart Dickinson	NC - Dept of Commerce
Kay Emanuel	Industrial Commission
Roger Shackleford	NC - Dept. Commerce
Erin Kinsey	NC Conservation Network
Vickie Miller	NC Commerce
Gloria Vance-Sims	NC Commerce
Marianne Dreilick	NC Commerce

VISITOR REGISTRATION SHEET

APPROPRIATIONS SUBCOMMITTEE
ON NATURAL AND ECONOMIC RESOURCES

Name of Committee **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Dempsey Benton	DENR
Jane Smith	DENR
Helen McLean	NC Rural Center
Linda Gunn	NC IMED
Becky Brown	Raleigh
Art Pope	Raleigh
[illegible]	[illegible]
Denise A. Sessoms	Commerce
Buck Lattimore	Industrial Commission
Kay Emanuel	" "
Robin Pasquarello	Commerce

House Pages

1. Name: Zack Lowman
   County: Catawba
   Sponsor: Mitchell Selzer
2. Name: Laura Kennedy
   County: Wake
   Sponsor: Senator Cowell
3. Name: Ally Conerly
   County: Wake
   Sponsor: Sen. Garwood
4. Name:
   County:
   Sponsor:
5. Name:
   County:
   Sponsor:

Sgt-At-Arms

1. Name: James Worth } House
2. Name: Linda Fuller }
3. Name: Ernie Sherrell } Senate
4. Name: Ronald Spann }

MINUTES

Joint Appropriations Subcommittee
on
Natural and Economic Resources
Wednesday, March 2, 2005, at 2:00 p.m.
423 Legislative Office Building

The Joint Appropriations Subcommittee on Natural and Economic Resources (NER) met at 2:00 p.m. on Wednesday, March 2, 2005, in Room 423 of the Legislative Office Building. Five members of the Senate Subcommittee attended along with Representatives Hunter, Warren, Allen, Walker, Culp, Harrison, Langdon, LaRoque, Wilkins and Wray. Senator David Weinstein presided.

The meeting was called to order and the Subcommittee members and interested parties were welcomed. The following served the meeting: Pages – Candace Davis sponsored by Representative Dewey Hill, Brittany Pence sponsored by Senator Fred Smith and Kathryn Dorminey sponsored by Senator Janet Cowell; Sergeant at Arms - Ernie Sherrell and Ron Spann (Senate), and James Worth and Linda Fuller (House); and the Fiscal Research NER Team - Susan Morgan, Jennifer Haygood, and Joy Hicks. Senator Weinstein proceeded with the Agenda (Attachment 1).

Robin Pasquarello, CFO for the Department of Commerce, presented an overview of the Governor's recommended continuation budget and general fund expansion adjustments for the Department of Commerce. She stated that the Department's general fund appropriation is 35.5 million dollars. Adjustments made to the continuation budget are in fringe benefit lines as needed, replacement funds for equipment, and funding for information technology replacement and upgrade such as land equipment, servers, and software. Funding was adjusted for the maintenance of equipment, which are typically ongoing contracts on copiers and other office equipment. Inflation adjustments were included for leases, utilities and other areas as outlined in the continuation budget instructions. Funding is included in the continuation budget for the maintenance of the executive aircraft, which is for insurance and pilot training required by FCC regulations. Adjustments for the second year of the continuation budget are roughly $695,000. In regard to the recommended expansion adjustments for the DOC general fund, Ms. Pasquarello explained that the first item was four million dollars and one position or FTE for film incentives with the Division of Tourism, Film, and Sports Development; the second item also under the Division of Tourism, Film, and Sports Development is the re-allocation of funds ($250,000 of unused 2004/2005 appropriation authority from the NC Motor Sports Testing and Research Complex) for the promotion of motor sports in NC; the third item is the establishment of a Deputy Director Chief Policy Analyst for the Board of Science and Technology ($60,000); the fourth item is $276,000 and one position for the operational support of the NC Economic Development System; and the fifth item is additional funding of five million dollars to the One North Carolina Fund to keep NC competitive through the biennium. In conclusion, Ms. Pasquarello stated that the total recommended expansion adjustments for the DOC are $4,336,041 and three new

positions. She then entertained questions and/or comments from the Subcommittee members.

Don Hobart also with the Department of Commerce presented a slide presentation regarding the One North Carolina Fund (Attachment 2) and the Job Development Investment Grant Program (Attachment 3). During and after his presentations Mr. Hobart entertained questions and/or comments from the Subcommittee.

Senator Weinstein announced the next NER meeting would be on Thursday, March 3, 2005, at 8:30 a.m. He asked if there were any further questions and/or comments from the Subcommittee. There were none and the meeting adjourned at 2:45 p.m.

Senator David Weinstein
Chairman

Jane M. "Dee" Bagley
Committee Assistant

Attachment 1

Joint Appropriations Subcommittee on Natural and Economic Resources

Wednesday, March 2nd, 2005
Senator Charles Albertson, Presiding
Room 423

Chairman's Comments

Department of Commerce Overview – *Susan Morgan, Fiscal Research*
Robin Pasquarello, Department of Commerce
Don Hobart, Department of Commerce

Closing Remarks – Senator Albertson

Adjourn

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One North Carolina Fund

Activity Report

NER Appropriations Subcommittee

March 2005

Attachment 2

One North Carolina Fund

- Grant program funded by appropriations.
- "Deal closing" fund.
- Stimulates economy. Secures commitments to create and retain jobs and new investment.
- Funds can be used for:
  - Equipment purchases.
  - Renovations to existing buildings.
  - On-site infrastructure.

How Does it Work?

- Grants to local governments for competitive projects. Requires local match.
- Application process.
- Funds reserved for projects.
- State enters grant agreement with local government.
- Company enters performance agreement with local government.

How Does it Work?

- No funds disbursed until performance occurs.
- Grants disbursed over 3-year period in 25% increments based on performance.
- Failure to perform = no disbursement.
- If no performance after 3 years, funds used for other projects.

What are the Safeguards?

- Primary safeguard: Performance-based grants.
  - Failure to perform = no disbursement.

- Secondary Safeguard: Retention requirement.
  - Typically 2 years. Sometimes longer.
  - Failure to retain jobs can lead to clawback.

What about Clawbacks?

- General rule for One NC: Clawbacks are not common.

- Why? Performance-based grants.
  - No performance = no disbursement = nothing to claw back.

- Clawbacks may occur when:
  - Create jobs, but fail to pay sufficient wage.
  - Create jobs, but fail to provide health insurance.
  - Create jobs, but fail to sustain them.

Funding History

- 1993-94 $5 mil.
- 1994-95 $7 mil.
- 1995-96 $2 mil.
- 1996-97 $1 mil.
- 1997-98 $1 mil.
- 1998-99 $1 mil.
- 1999-00 $2 mil.
- 2000-01 $2 mil.
- 2001-02 $15 mil.
- 2002-03 $0
- 2003-04 $20 mil.*

* Awarded May, 2004 Supp. Approp.

One NC Fund Results

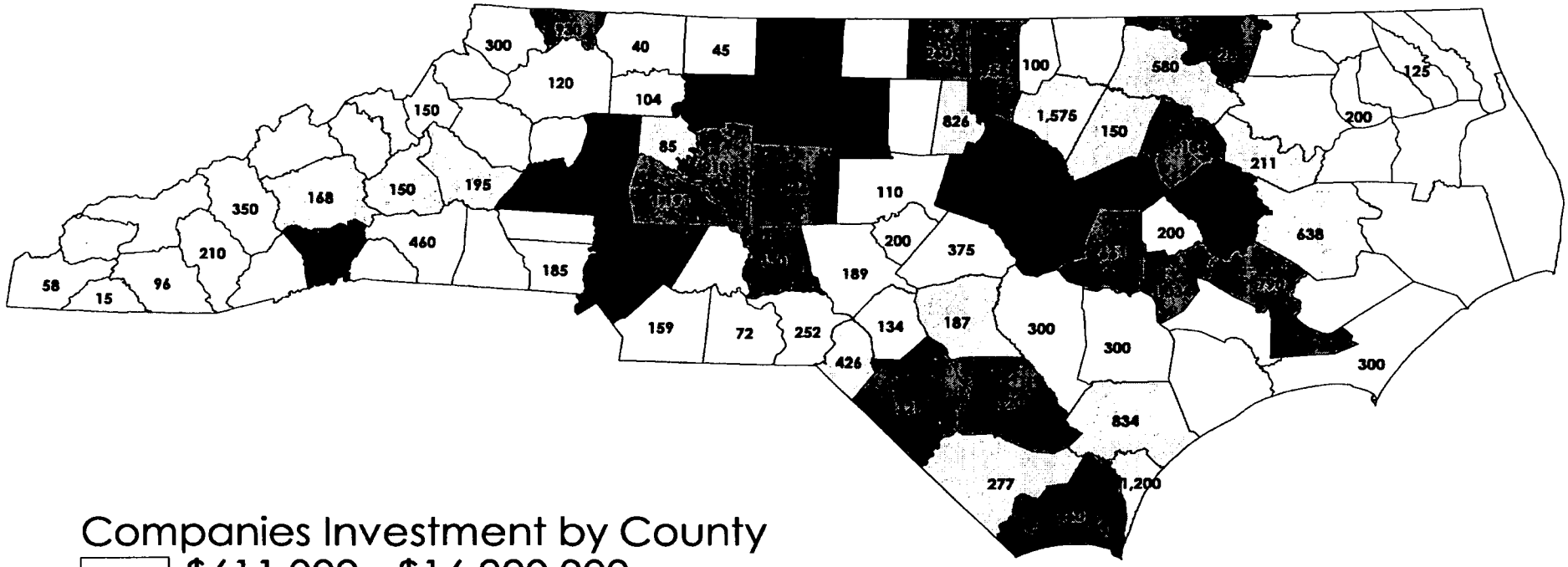
- Since 1993
  - 232 projects awarded grants
  - 36,480 new jobs created
  - $4.9 billion in new investment in the state.

One NC Fund Results

- Since June 30, 2004
  - 31 projects awarded grants
  - 4,018 new jobs created
  - $853 million in new investment in the state.

NC Department of Commerce
Commerce Finance Center

One North Carolina Fund Awards
Total Investment & Number of New Jobs Created by County
1993 - January 2005



Companies Investment by County

- $611,000 - $16,900,000
- $16,900,000 - $54,600,000
- $54,600,000 - $115,758,000
- $115,758,000 - $494,675,000

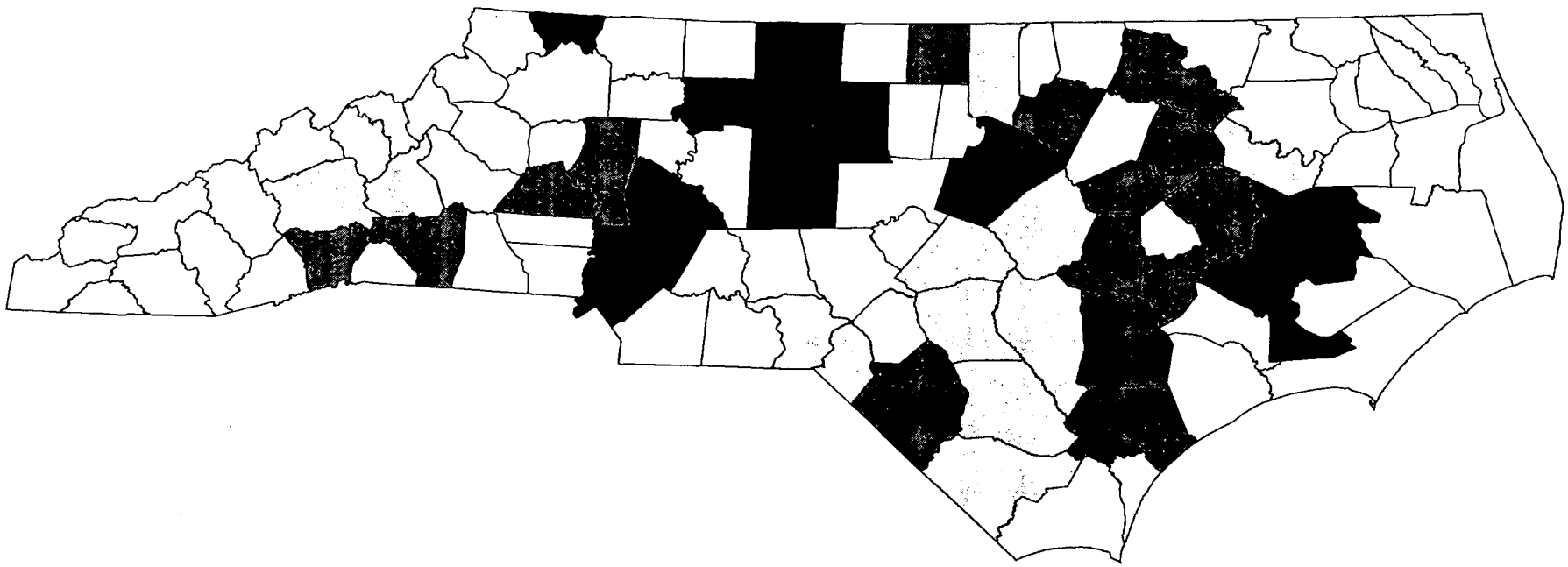
POLICY & RESEARCH & Strategic Planning

Map prepared January 14, 2005.

#'s on map represent the estimated jobs created/retained in each county.

NC Department of Commerce
Commerce Finance Center

One North Carolina Fund Awards
Total Dollars Awarded by County
1993 - January 2005



One NC Fund Awards by County

- $10,000 - $218,750
- $218,750 - $450,000
- $450,000 - $825,000
- $825,000 - $4,539,729

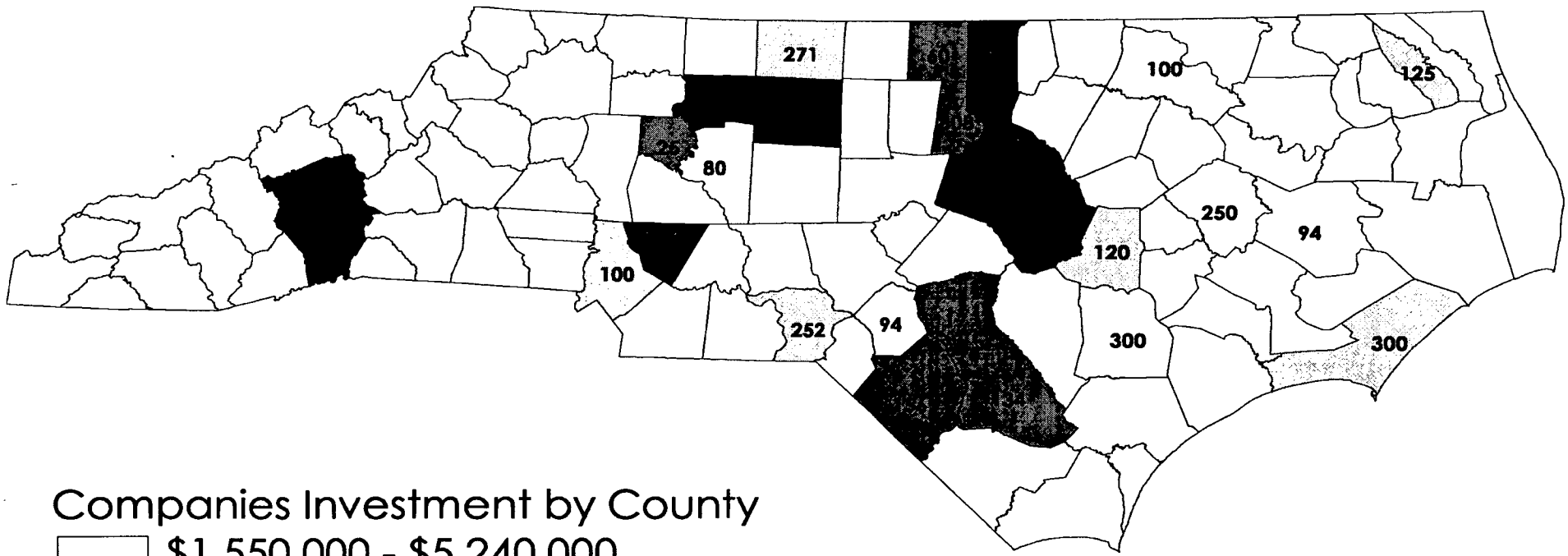
The amounts reported on this map do not represent actual funds expended but rather the dollar amounts of commitments made. Grants made under this program are performance-based and are paid out over time. Companies benefiting from these grants may or may not receive the full amount of the commitment in the future depending on whether or not they achieve the performance goals established for the grant.

POLICY & RESEARCH
Strategic Planning

Map prepared January 14, 2005.

NC Department of Commerce
Commerce Finance Center

One North Carolina Fund Awards
Total Investment & Number of New Jobs Created by County
July 2004 - January 2005



Companies Investment by County

- $1,550,000 - $5,240,000
- $5,240,000 - $12,893,452
- $12,893,452 - $27,000,000
- $27,000,000 - $139,796,000

POLICY & RESEARCH
Strategic Planning

Map prepared January 14, 2005.

#'s on map represent the estimated jobs created/retained in each county.

One NC Fund Status

- Amount Available to Award to New Projects: $6,306,632

- Amounts Previously Awarded and Held in Reserve: $24,536,050

- Projected Date for Full Commitment of All Remaining Funds: Mid-summer 2005

Issues in 2005 Session

- Additional Funding. Governor recommends $5 million.
- Establish a recurring appropriation.
- Special provision authorizing continued use of portion of fund to cover administrative costs.

Job Development Investment Grant Program

Activity Report

NER Appropriations Subcommittee

March 2005

Attachment 3

What is the JDIG Program?

Targeted grant incentive program.

Limited to 25 grants per year.

5-person committee awards.

Designed for "transformational" projects.

Portion of urban grants dedicated to rural infrastructure.

What is the JDIG Program?

Similar programs used in 15 other states.

2003 = first year of program.

Expanded in 2004

Sunsets December 31 2005.

How Does it Work?

Major, competitive projects identified.

Factors:

- Sustainable jobs
- High impact
- Large numbers of jobs
- Good salaries and benefits
- Large investments

How Does it Work?

Committee receives and studies applications

Committee awards grants.

- Performance criteria set.
- Grant based on percentage of annual withholding taxes paid.

Agreements drawn up and signed.

Company gets annual payments if performance criteria met.

What are the Safeguards?

Primary Safeguard: Performance-based.

- If job, salary or investment targets not met:
  - First year = Grant reduced.
  - Two years straight = Grant terminates.

Secondary Safeguard: Clawbacks.

- Failure to maintain operations.
- Misrepresentation, manipulation, ineligibility .

How Do We Know We are Getting a Good Deal?

Competitive projects identified.

Cost benefit analysis done.

Grants designed to be self-funding.

How Do We Know We are Getting a Good Deal?

If a company meets performance goals:

1. Grant limited to 75% withholdings in Tiers 1-3
2. Grant limited to 56% withholdings in Tiers 4-5
3. Committee typically awards <u>less.</u>
4. No job can receive more than $6,500 annually.
5. Committee sets annual caps.
6. Caps based on today's dollars.

Result: State gets share of withholdings.

How Do We Know We are Getting a Good Deal?

If company fails to meet targets:

1. Performance-based program.
2. Miss targets in single year = grant reduced.
3. Miss targets two years straight = grant ends.
4. Failure to maintain operations = clawback.

Most cases, company still in business, but grant reduced or terminated.

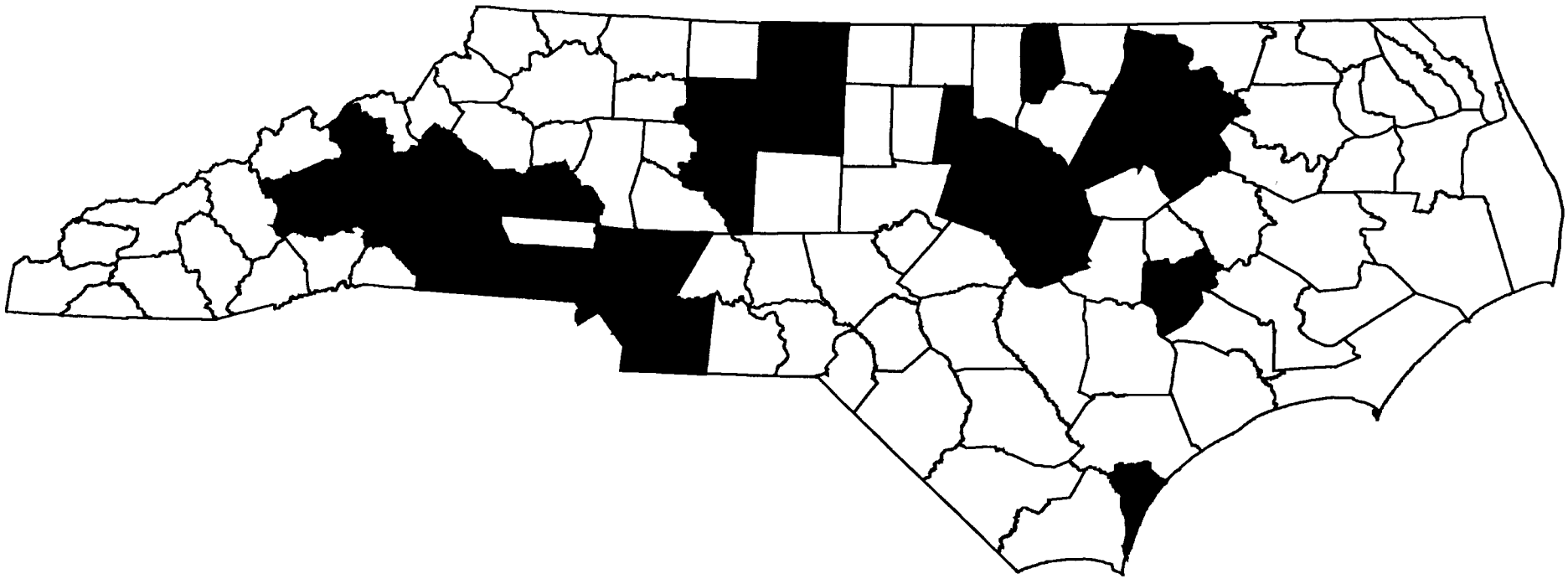
How has JDIG Performed?

Since 2003:

- 22 grants awarded.
- 8,959 direct new jobs
- $1.36 billion in direct new investment.

NC Department of Commerce
Commerce Finance Center

Job Development Investment Grant Funds
Counties Where JDIG Grants Offered in Negotiations



JDIG Negotiated

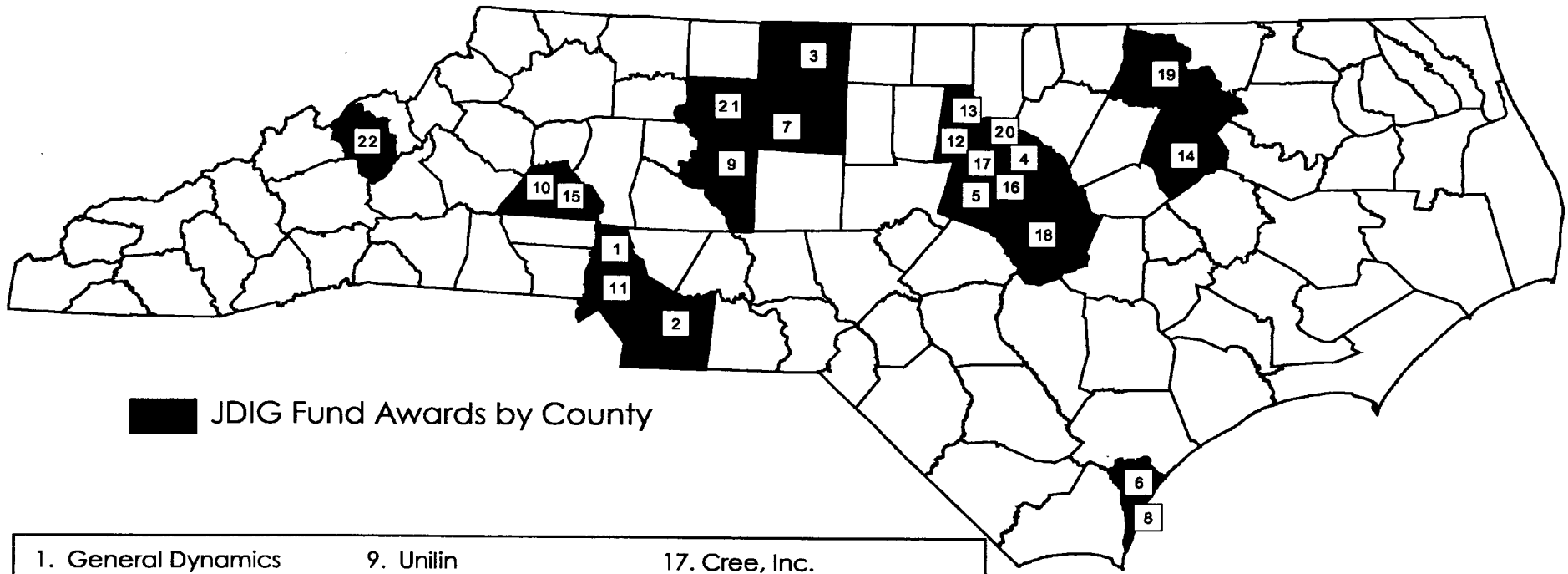
POLICY & RESEARCH
Strategic Planning
A Division of the North Carolina Department of Commerce

Map prepared January 12, 2005.

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



1. General Dynamics
2. Goodrich Corporation
3. A.F.G. Wipes
4. R.H. Donnelley
5. Infineon
6. GE Nuclear Energy
7. CitiCards
8. Verizon
9. Unilin
10. ZF Lemforder
11. Time Warner Cable
12. Merck
13. Harris Corporation
14. Superior Essex, Inc.
15. Getrag Gears
16. Network Appliance
17. Cree, Inc.
18. Novo Nordisk
19. PCB Piezotronics
20. Credit Suisse First Boston
21. Dell
22. Altec Industries

POLICY & RESEARCH
Strategic Planning

Map prepared January 12, 2005.

This map shows the geographic locations of all grants that have announced to date.

Economic Impact on NC

Over Life of Grants:

- Expected to create 41,426 new jobs in economy.
- Increase Gross State Product by $39 billion.
- Generate Net New Tax Revenues of $1.2 billion.

Based on economic model developed by Dr. Mike Walden, NCSU

Does it Work?

Issues in 2005 Session

Extend sunset until 2007.

Continue to authorize portion of incentive dollars to be used for program administration.

Technical changes and clarifications.

VISITOR REGISTRATION SHEET

2:00pm.

NER — 3/2/05

Name of Committee — Date

VISITORS: PLEASE SIGN BELOW AND RETURN TO COMMITTEE ASSISTANT

NAME	FIRM OR AGENCY
Stewart Dickinson	NC- Dept Commerce
DAVID SPRATLEY	COMMERCE
Dan Hoisant	DOC
[illegible]	NCRA
[illegible]	LLPP
David Bruton	OSBM
Buck Lattimore	Workers Comp Commission
Ray Emanuel	Industrial Commission
Chris Kay	agriculture
Clem [illegible]	Commerce
Sherry Stevens	OSBM
[illegible]	Commerce
Jane Smith	DENR
Gene Boyd	Commerce
Art Britt	NCDOL
Lynn Ming..	NC Dept of Commerce
BOB PEELE	NC COMMERCE - WAUCHESE
PETER CUNNINGHAM	NC DOC
Thomas Cheek	OSBM
Tim Dodge	NCGA Research Division
Bill McNeil	NC Rural Center
Shannon Hobby	Commerce
Gloria Nance-Sims	Commerce
MARIANNE FREDERICK	COMMERCE
Denise A. Seasoms	Commerce
Lenwood V. Long	NCMSC
Helen McLean	NC Rural Economic Dept. Center

VISITOR REGISTRATION SHEET

NER — 3/2/05

Name of Committee — Date

VISITORS: PLEASE SIGN BELOW AND RETURN TO COMMITTEE ASSISTANT

NAME	FIRM OR AGENCY
Fred Bone	Bone & Asso.

MINUTES
JOINT HOUSE SENATE
APPROPRIATIONS SUBCOMMITTEE ON
NATURAL AND ECONOMIC RESOURCES

March 3, 2005
8:30 a.m.

The Joint Appropriations Subcommittee on Natural and Economic Resources met in Room 423 of the Legislative Office Building on March 3, 2005. The following committee members were present: Co-Chairs Representatives Hunter and Warren, Rep. Lucy Allen, Rep. Tracy Walker, Rep. Arlie Culp, Rep. Pricey Harrison, Rep. James Langdon, Rep. Stephen LaRoque, Rep. Mitchell Setzer, Rep. Winkie Wilkins, Rep. Michael Wray, Sen. David Weinstein, Sen. Charlie Albertson, Sen. Ham Horton, and Sen. Jerry Tillman. Susan Morgan, Jennifer Haygood and Joy Hicks, Staff Counsel, were in attendance. The Agenda (**Attachment 1),** a Visitor Registration sheet (**Attachment 2). a**nd a list of the Pages and Sergeant at- Arms (**Attachment 3)** are included as part of these minutes.

Rep. Hunter called the meeting to order and introduced the Fiscal Research Staff. Susan Morgan presented an Overview of the programs and budget funding for the Department of Commerce. (**Attachment 4)**. Don Hobert, Legislative Liaison for the Department of Commerce informed committee that each of the division directors would give an overview of their respective divisions.

The following are the presentations by the Division Directors:

Gene Byrd of the Business and Industry Division explained that his division is the Sales force for NC. They work with companies and recruiting companies. Their goal is to build sales and do everything they can to recruit investments and jobs to the state and to retain and expand those businesses that we already have. The retention and expansion is becoming significantly more competitive and challenging for us. Work is done through 12 general developers to cover the state of NC. There are 9 regional offices across the state. In those offices we have a recruiter and an industry specialist. One way we stay in touch with our companies is by making 3000 face-to-face calls on businesses every year, and we do our best to stay in touch with what's going on in businesses around the state. One thing that assisted us significantly was the transfer of the Business License Information Office from the Secretary of State's Office. We were able to expand the capabilities of the office beyond just business licenses. We have started training for business counselors, so when a company calls in for information about how to start a business, they can also get information about how to find help on business planning and financial help or any information they may need on how to get a business started In North Carolina. The Business License Book has been updated and can be found on our web site. We are the focal point for Commerce's efforts on small businesses and entrepreneurship, Liaison to the Military Community, and to the Gov. Commission on Military affairs. We are the focal point for the Hurricane business recovery efforts in

Western NC. We try to help create and maintain a friendly business climate here in NC, so that we can both recruit and maintain our existing jobs.

Lynn Minges, Director – Division Name is Tourism, Film and Sports Dev. There are 86 employees and 10 million dollar budget. Tourism is the largest.
The tourism industry continues to grow and strive in NC. It crosses a number of industry segment, restaurants, entertainment, lodging, public Transportation, retail sales, gas stations, and car repairs. Visitors to the state spend 33 million dollars a day. The industry supports about 3000 jobs for the state of NC. NC is the 6th most visited state in America. 84% of our visitors come from 10 states. (State Travel Guide – See Handouts) In advertising, we advertise on TV outlets, in magazines, and other publications and on-line. Last year 4.8 Million people visited NC.com. They spent approximately 10 minutes on line. Another tool that we use effectively is public relations, Good Morning America came to us last year and did a segment on travel NC. We will host several events, which will bring exposer to our state. We also have international visitors that spend more and stay longer. We operate about 9 interstate welcome centers, 10 mil. Visitors a year. Anything a visitor wants to know can be found at these welcome centers. We operate an inquiry program where we handle phone inquiries when folk call about travel in NC. Those calls are answered at women's prison. We have about 20 inmates to answer these calls and they are paid $1 an hour. We also have 11 Heritage tourism officers that develop our rich heritage and culture. Film Industry employs about 1500 full time workers and 8 working studios. There is no direct appropriation for sports marketing.

Peter Cunningham – Director, International Trade Division. This Division works directly with NC businesses to develop markets overseas. Leads a team of 25 professionals, employees and contractors, to help companies be more successful in exporting. We are based in 6 different foreign markets. The largest is in Canada. We also do business with the following countries: Mexico, Japan, Germany, and China. We are interested in targeting those sectors where we have a competitive advantage like biotechnology for NC, where we are 3rd in the country, information technology, furniture, textiles, automotives, plastics, and chemicals. We do Parternership facitalation, customer services, (surveys -ask companies how we are doing). We have a 4.1 customer satisfaction ratio from our companies. In the fall we meet with our reps and do some business development and we train them on what's happening in the respective targeted industries. If more information is needed, our web site is Export NC.com.

Buck Lattimore – Director, NC Industrial Commission - We are the only independent regulatory commission funded by appropriations. We administer and adjudicate lawsuits for the worker's comp laws in NC. We handle laws on the state tarts claims, which are lawsuits against NC, as well as the Childhood Vaccine Inquiry Act, The Fireman's Rescue Act, Law Enforcement Officers Death Benefit Act. A couple of years ago, we were given the Act to Compensate erroneously convicted felons by pardon of innocence. 90% of our time is spent in the Worker's Comp area, 9% is in the tart Claims area and the other is about 1% of our time. The worker's comp area is the one you hear the most about. We are the 10th worker's comp system in the US, which paid out $479 million in lost wages and $389 m in medical claims. $888, but they are hidden

cost. There is a cost to hire temporary employees to come in when someone is injured, the cost for human resource people, and the cost for safety people. This past year there were 59,000 workman's comp claims. 88% of our claims are not contested. 12% are contested. All contested cases are being referred to mediation, where there are only 2 employees. Last year we put 9,000 cases in mediation and 71% were settled. Those cases that are not settled in mediation, we have full-blown trials and we did almost 2,000 cases last year, they take long periods of time to hear. We have a three or four step system. If your case is heard by one of our deputy commissioners as a first level hearing officer, if you are not satisfied with the decision you hear at that level, you can appeal to the full commission. There are 7 commissioners, appointed by the Governor. We have 3 judge panels to hear appeals. We hear 500-1000 appeals per year. Then you will appeal to the NC Court of Appeals and then to the Supreme Court. Only 6% of the cases are now pending over a year. We are current on solving our cases. We are in need of more fraud investigators. We only have 2 and we need more help in that area. One more clerical assistant is also needed in the mediation area.

Bob McMann – Director of the Board of Science and Technology –Governor's Science Advisor. The board was created in 1963 by the General Assembly to promote science and technology based on economic development in the state. The board works with Universities, Community colleges, private industry, local government, and local planning groups to maximize the number of technology companies and use of technology in existing companies across the state. The Biotech center, School of math and Science, Information Highways are initiatives that came out of the Board of Science and Technology. Technology jobs pay better wages. The average job paid $60,000 last year. Technology is a driver for increased pay for our citizens. Technology is across all of our industries. Bio-Pharmacy is one segment of the Biotech industry. Will employ 25,000 people in our state. Our tracking innovations Report, tracks the progress and the performance of NC in a variety of ways, Educational attainment, number of degrees awarded, companies created is on our web site and updated every two years.

The meeting was adjourned at 10:30 a.m. and the next meeting will be held on Wednesday, March 9, 2005.

Respectfully Submitted,

Representative Howard J. Hunter, Jr
Co-Chair

Barbara Y. Phillips
Committee Assistant

ATTACHMENTS

Joint Appropriations Subcommittee on Natural and Economic Resources

Wednesday, March 3rd, 2005
Representative Howard Hunter, Presiding
8:30 a.m. - Room 423

Chairman's Comments

Department of Commerce Overview – *Department of Commerce Division Directors*

Closing Remarks – Representative Hunter

Adjourn

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VISITOR REGISTRATION SHEET

NER — 3-3-05

Name of Committee — Date

VISITORS: PLEASE SIGN BELOW AND RETURN TO COMMITTEE ASSISTANT

NAME	FIRM OR AGENCY
MARIANNE FREDRICK	COMMERCE
Gloria Name-Sims	Commerce
Olivia Hill	Commerce
Bob Peele	NC Commerce - Wanchese
Erin Kuney	NC Conservation Network
Robin Pasquarello	Commerce
Thomas Check	OSBM
David Brown	OSBM
Buck Lattimore	Industrial Commission
Kay Emanuel	Industrial Commission
Clida May	agriculture
PETER CUNNINGHAM	NCDOC
SANDY JORDAN	NCDOC
Stewart Dickinson	NC-DOC
Lenwood V. Long	NC MSC
Vickie Miller	NC Dept. Commerce
Bill Mann Rep. Ba.	Rep.
FRAN NOLAN	GRASSROOTS SCIENCE MUSEUMS
CLEVE SIMPSON	COMMERCE
Roger Shackleford	COMMERCE
Bill McNeil	NC RURAL CENTER
Helen Mc McClenny	NC Rural Center
Lynn Minges	NC Commerce
Loretta Martin	NC REAL
Bob McMahon	NC DOC
Sharon Stephens	OSBM
David Fisher	Secretary Mgt. Trust

VISITOR REGISTRATION SHEET

NER — 3-3-05

Name of Committee — Date

VISITORS: PLEASE SIGN BELOW AND RETURN TO COMMITTEE ASSISTANT

NAME	FIRM OR AGENCY
John Goddard	Alley Associates

313105

House Pages

1. Name: Zack Lowman
   County: Catawba
   Sponsor: Mitchell Setzer

2. SENATE PAGES
   Name: Kathryn Dorminey
   County: Wake
   Sponsor: Janet Cowell

3. Name: Erica Hill
   County: Wake
   Sponsor: Janet Cowell

4. Name:
   County:
   Sponsor:

5. Name:
   County:
   Sponsor:

Sgt-At-Arms

1. Name: WALTER SPELL
2. Name: JAMES WORTH
3. Name: RONALD SPANN
4. Name: ERNIE SHERRELL

Department of Commerce

Department Overview

Presentation Outline:

- **Background Information**
- **Organizational Structure**
- **Budget Overview**
- **Summary of Departmental Legislative Actions** (2003-2005 Biennium)
- **Program Presentations**
  - ✓ Summary of Programmatic Legislative Actions (2003-2005 Biennium)
  - ✓ Potential Impact of Federal Budget Changes – *Department Presentation*
- **Boards/Commissions**
- **Governor's Recommended Continuation Budget Adjustments** - *Department Presentation*
- **Governor's Recommended Expansion Requests** - *Department Presentation*
- **Hot Topics/Items for Committee Consideration**

Attachment 4-1

Department of Commerce

Department Overview

Background Information:

Statutory Authority:

G.S. 143B-431. Department of Commerce – functions (Attached)

Mission:

"To Improve the Economic Well-Being and Quality of Life for All North Carolinians."

Functional Structure:

Administrative/Support:
- Air Transportation Services
- Fiscal Management
- Human Resources
- Management Information Systems
- Policy, Research and Strategic Planning
- Public Affairs
- Marketing and Customer Services
- Science and Technology
- Wanchese Seafood Industrial Park

Business and Industry Development
- 9 Regional Offices

Finance Center
- 1 State Regional Office

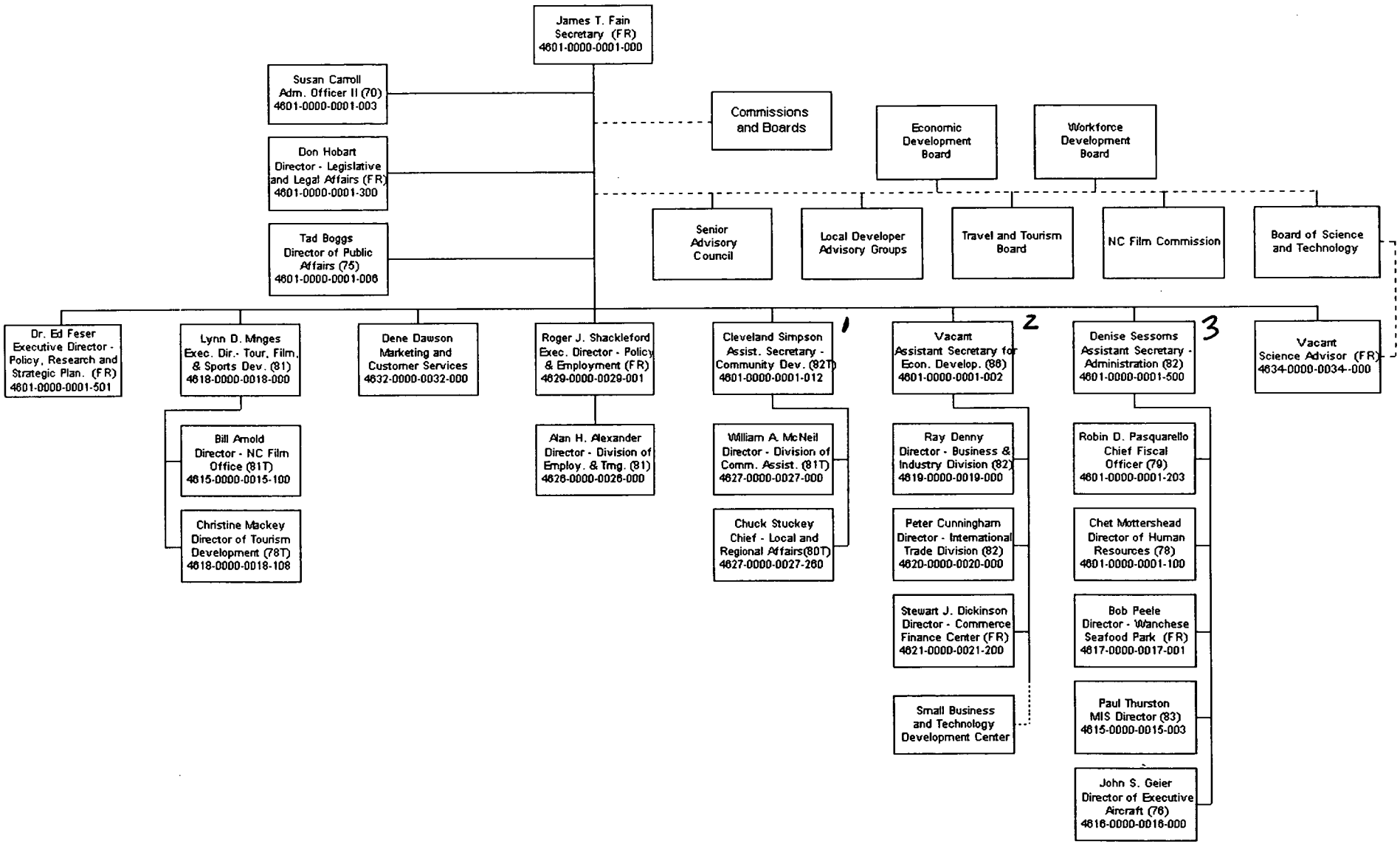
International Trade
- 6 International Offices

Tourism, Film & Sports Development
- Tourism
- Film Office
- Welcome Centers
  - 9 Centers

Community Assistance

Employment, Training and Workforce Development
- 24 Area Workforce Boards

Department of Commerce
Department Overview
2003



Department of Commerce
Department Overview

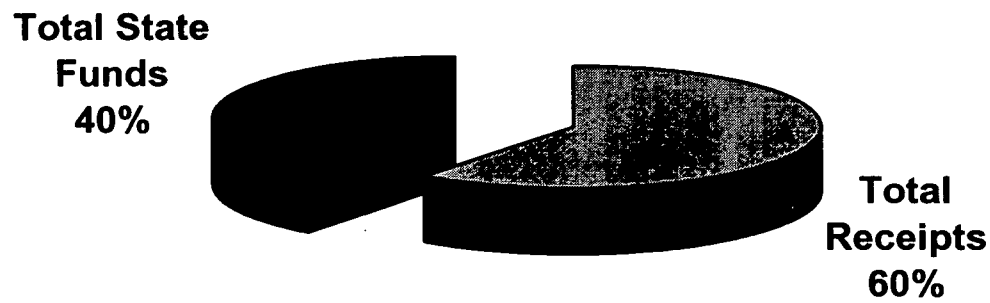
See 2005 Organizational Chart

Department of Commerce
Department Overview

Budget Overview

	2002-2003 Actual	2003-2004 Actual	Current Fiscal Year 2004-2005 Authorized (Worksheet I 1/24/05)	Governor's 2005-2006 Recommended	Governor's 2006-2007 Recommended
Expenditures	$77,281,865	$127,557,344	$87,770,372	$86,218,261	$86,269,527
Less Receipts	($64,102,362)	($61,693,563)	($52,901,926)	($50,685,955)	($50,685,955)
State Appropriations	***$13,179,503***	***$65,863,781***	***$34,868,446***	***$35,532,306***	***$35,583,572***
Positions	**426.13**	**415.88**	**425.93**	**425.93**	**425.93**

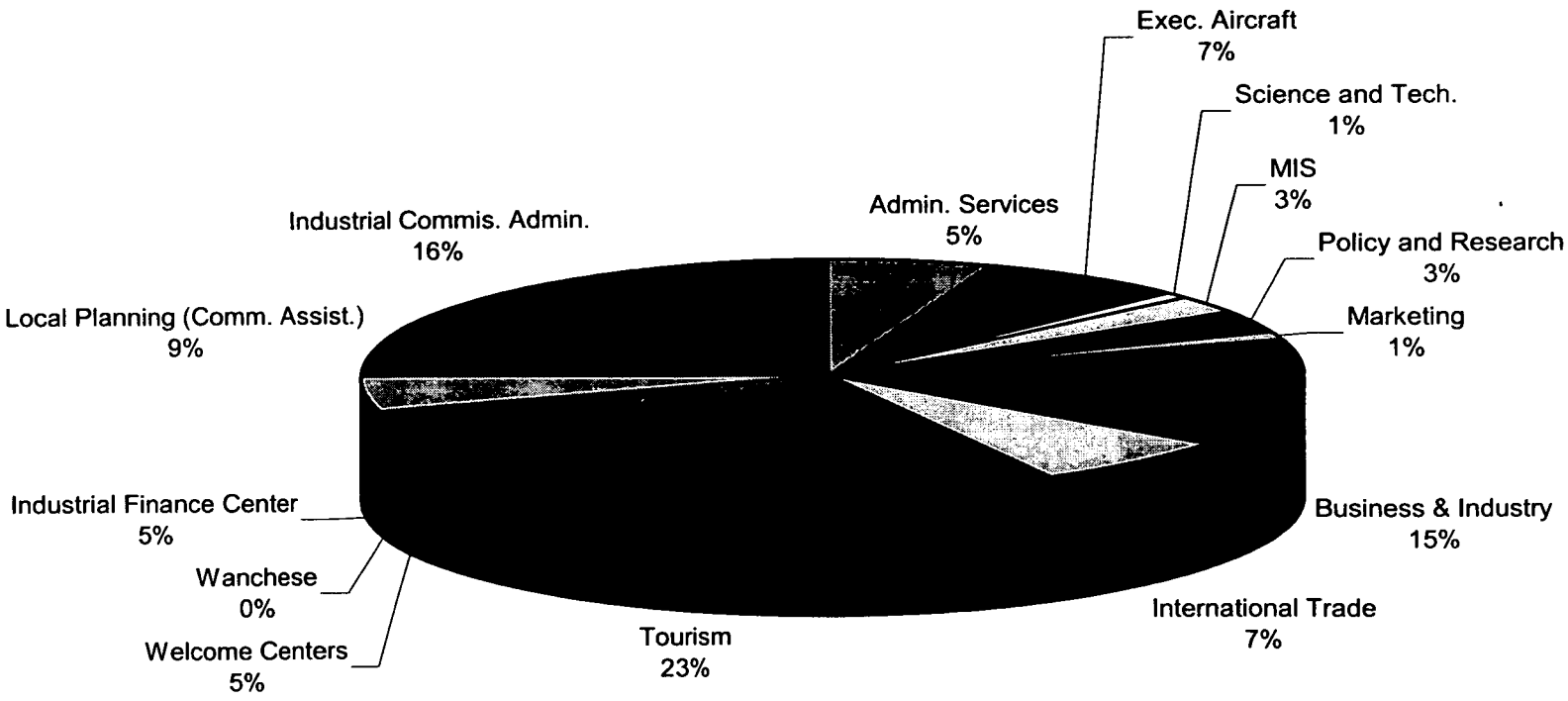
2004-2005 Authorized Source of Funds



2004-2005 Authorized Total Requirements - $87,770,372

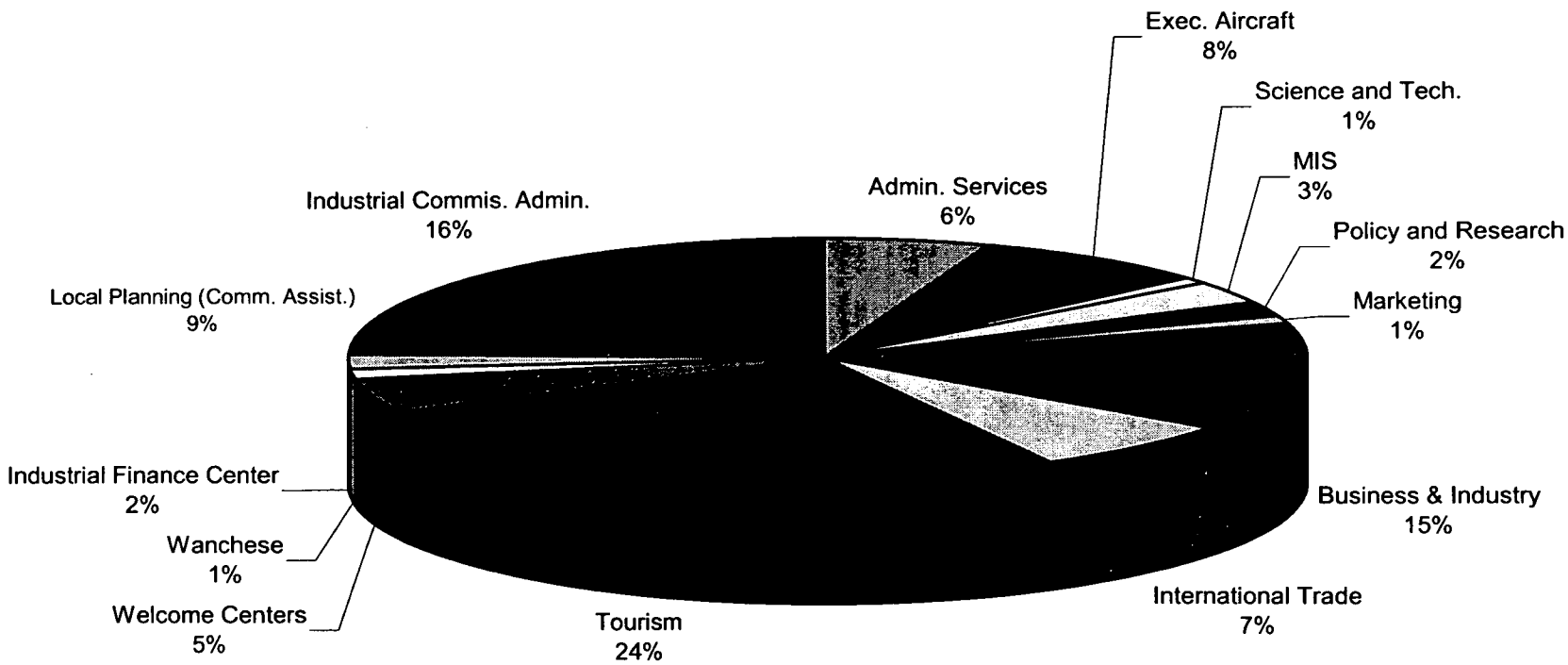
Department of Commerce
Department Overview

2004-2005 Authorized General Fund Appropriation: $34,868,446.00



Department of Commerce
Department Overview

2005-2006 Recommended General Fund Appropriation: $35,532,306.00



Department of Commerce

Department Overview

General Fund Appropriation by Function (Fund Code)

Fund Code	2004-05 Authorized	% of Total	2005-06 Recommended	% of Total	2006-07 Recommended	% of Total
Admin. Services	$1,899,700	5%	$2,012,760	6%	$1,933,893	5%
Exec. Aircraft	2,565,351	7%	2,843,051	8%	3,037,850	9%
Science and Tech.	252,855	1%	287,487	1%	245,558	1%
MIS	931,907	3%	1,108,002	3%	1,088,376	3%
Policy and Research	995,860	3%	623,748	2%	624,588	2%
Marketing	463,585	1%	461,386	1%	461,386	1%
B+I	5,179,623	15%	5,167,891	15%	5,170,254	15%
Int. Trade	2,450,032	7%	2,455,765	7%	2,455,765	7%
Tourism	7,879,996	23%	8,988,427	25%	8,989,360	25%
Welcome Centers	1,755,832	5%	1,754,777	5%	1,756,892	5%
Wanchese	118,837	0%	442,131	1%	427,131	1%
Ind. Finance Center	1,722,041	5%	724,417	2%	724,417	2%
Finance Center - CDBG	0	0%	0	0%	0	0%
Local Planning (Comm. Assist.)	3,144,035	9%	3,152,774	9%	3,147,593	9%
CDBG	0	0%	0	0%	639	0%
Ind. Commis. Admin.	5,508,792	16%	5,509,690	16%	5,519,870	16%
Total	$34,868,446	100%	$35,532,306	100%	$35,583,572	100%
			$663,860		$51,266	

Increase over 04/05 Authorized Budget

Increase over 05/06 Recommended Budget

Department of Commerce

Department Overview

Positions by Function

Fund Code	2002-03 Actual	2003-04 Actual	2004-05 Authorized	2005-06 Recommended	2006-07 Recommended
Admin. Services	36.00	40.00	39.0	39.0	39.0
Exec. Aircraft	8.00	8.00	8.0	8.0	8.0
Science and Tech.	2.00	2.00	2.0	2.0	2.0
MIS	11.00	9.00	9.0	9.0	9.0
Policy and Research	11.00	11.00	11.0	11.0	11.0
Marketing	5.00	4.00	4.00	4.00	4.00
B+I	44.50	43.50	53.50	53.50	53.50
Int. Trade	11.00	11.00	11.00	11.00	11.00
Tourism	35.00	35.00	36.00	36.00	36.00
Welcome Centers	51.70	44.95	46.00	46.00	46.00
Wanchese	4.00	4.00	4.00	4.00	4.00
Ind. Finance Center	6.00	6.00	6.00	6.00	6.00
Finance Center - CDBG	4.00	4.00	4.00	4.00	4.00
Local Planning (Comm. Assist.)	42.50	37.50	36.50	36.50	36.50
CDBG	26.00	27.50	27.50	27.50	27.50
Ind. Commis. Admin.	128.43	128.43	128.43	128.43	128.43
Total Positions	426.13	415.88	425.93	425.93	425.93

Department of Commerce
Department Overview

Summary of Legislative Actions in 2003-2005 Biennium*		
Action FY 2003-04	**FY 2003-2004**	**FY 2004-2005**
Total Legislative Changes	($1,303,273) R ($ 869,438) NR	($1,303,273) R $1,000,000 NR
Total Position Changes	0	0
Action FY 2004-05		**FY 2004-2005**
Total Legislative Budget Changes		($977,867) NR $525,604 R
Total Position Changes		16.0

***Note:** *The amounts represented in this chart are Net Changes made to the Department of Commerce Budget. Detailed information on Legislative Actions for the 2003-2005 Biennium will be provided during the Program Overview Presentations.*

Department of Commerce
Program Presentations

March 2, 2005

Department of Commerce
Administrative Programs

Program Overview

Administrative Programs for the department range from fiscal management and human resources to information technology and air transport services. Programs include:

- **Air Transportation Services**
  Provides convenient air travel for corporate clients of the Department of Commerce's economic development programs and for state officials and agency representatives on official duty. Also available to provide emergency and law enforcement support.

- **Fiscal Management**
  Performs all accounting, budgeting, and purchasing functions for the Department.

- **Human Resources**
  Performs departmental personnel functions, including recruitment and employee relations, position classification, and fringe benefit administration.

- **Management Information Systems (MIS)**
  Provides information technology services for the department, including LAN management, project management functions for applications development, maintenance of personal computers and peripherals, and graphics design and reproduction.

- **Policy, Research and Strategic Planning**
  Collects, maintains and analyzes data on the state's economy, and monitors national and global economic trends. Provides information in support of Departmental policy formation and strategic planning. Works with other state agencies to staff the N.C. Economic Development Board.

- **Public Affairs**
  Conducts public outreach programs for Department by informing news media and public about Department programs.

Department of Commerce
Administrative Programs

Budget Overview

	2002-2003 Actual	2003-2004 Actual	Current Fiscal Year 2004-2005 Authorized (Worksheet I 1/24/05)	Governor's 2005-2006 Recommended	Governor's 2006-2007 Recommended
Expenditures	$8,141,619	$8,790,624	$8,619,371	$9,163,753	$9,203,970
Receipts	($2,819,796)	($2,020,325)	($1,391,276)	($1,385,188)	($1,385,188)
State Appropriations	$5,321,823	$6,770,299	$7,228,095	$7,778,565	$7,818,782
Positions	77.00	78.00	77.00	77.00	77.00

Note:
Includes the following Fund Codes:
Administrative Services
Executive Aircraft
Science and Technology
Management and Information Services
Policy and Research
Marketing and Customer Services
Wanchese Seafood Industrial Park

Department of Commerce
Business & Industry

Program Overview

The Business and Industry Division recruits new business, works to expand and retain industry, provides regional office support and a host of other client services. Efforts include:

- **Recruitment:** Actively recruits new business and industry to North Carolina. Works with a focused recruiting plan to sell the benefits of doing business in North Carolina to companies worldwide.
- **Regional Offices:** Operates nine in-state regional offices (Fletcher, Bryson City, Boone, Charlotte, Greensboro, Raleigh, Fayetteville, Greenville and Edenton). These offices work collaboratively with the Regional Economic Development Partnerships to both market the regions and to work with prospects.
- **Expansion & Retention:** Existing Industry Specialists located in the nine regional offices make more than 3,000 calls per year on our existing companies. This program spots opportunities and problems in their early stages and assists in issue resolution.
- **Business ServiCenter:** During 2004, Business ServiCenter was permanently funded to provide "one stop" shopping to both entrepreneurs and small businesses as they search for answers to their questions
- **Ombudsman:** Position created by the General Assembly to advocate for small businesses, solve problems and to provide input on oppressive regulation.
- **Client Services:** Serves as first point of contact for businesses inquiring about expansion or relocation to North Carolina.

Department of Commerce
Business & Industry

Budget Overview

	2002-2003 Actual	2003-2004 Actual	Current Fiscal Year 2004-2005 Authorized (Worksheet I 1/24/05)	Governor's 2005-2006 Recommended	Governor's 2006-2007 Recommended
Expenditures	$4,483,770	$4,610,629	$5,179,623	$5,167,891	$5,170,254
Receipts	($484,695)	($385,916)	$0	$0	$0
State Appropriations	$3,999,075	$4,224,713	$5,179,623	$5,167,891	$5,170,254
Positions	**44.50**	**43.50**	**53.50**	**53.50**	**53.50**

Program Overview

The Commerce Finance Center (CFC) administers a number of industrial incentive financing programs designed to assist local governments and new, expanding and relocating private businesses create and/or retain jobs in North Carolina.

Local governments

- Can receive grants and loans through federal Community Development Block Grant Program and grants and loans from the state-funded Industrial Development Fund and State funded Utility Account.

Private industrial and commercial firms

- To assist with relocation to or expansion in North Carolina, can access competitive rate loans through the Industrial Revenue Bond program.
- Qualifying businesses can also receive economic development tax credits as provided for by the William S. Lee Act (S.L 1999-360; modified in S.L. 2000-56 and S.L. 2000-173).
- May receive additional grant from the One North Carolina Fund (formerly the "Industrial Recruitment Competitive Fund").
- May receive a multi-year grant for new job creation based on a percentage of net new NC withholding tax as provided for by the Job Development Grant Program (S.L. 2002-172).

Department of Commerce
Commerce Finance Center

Budget Overview

	2002-2003 Actual	2003-2004 Actual	Current Fiscal Year 2004-2005 Authorized (Worksheet I 1/24/05)	Governor's 2005-2006 Recommended	Governor's 2006-2007 Recommended
Expenditures	$8,897,328	$44,748,998	$10,673,426	$9,676,396	$9,676,396
Receipts	($24,577,388)	($9,524,149)	($8,951,385)	($8,951,979)	($8,951,979)
State Appropriations	($15,680,060)	$35,224,849	$1,722,041	$724,417	$724,417
Positions	**10.00**	**10.00**	**10.00**	**10.00**	**10.00**

Program Overview

The International Trade Division provides expert assistance to North Carolina businesses looking to develop markets for their products overseas. Division employees help these companies make contacts and tap into resources to make the most of overseas business opportunities. Among the services provided:

- **Counseling and Referral:** Skilled international business development managers work one-on-one with North Carolina companies to define their international business needs, and match them with public and private organizations that can help meet those needs.

- **Distributor and Agency Searches:** Six division foreign trade offices – in Mexico City, Toronto, Frankfurt, Tokyo, Hong Kong and Korea – help North Carolina companies establish strategic distribution channels in top foreign markets.

- **Trade Events and Trade Shows:** The division monitors trade events worldwide and keeps businesses informed through its Web site about upcoming events.

- **Education and Training:** Division staff provides information about educational programs and opportunities throughout the state, especially the Export Ready Program offered through the North Carolina Community College System, that help businesses develop skills needed to enter the export market.

- **Export Financing:** Although the division provides no direct subsidies for exports, business development managers help identify public and private sources for funding and insuring overseas business expansion.

- **Advocacy:** The division helps North Carolina businesses "even the playing field" in foreign markets by tapping into the collective might of the U.S. Government's Advocacy Center in Washington, D.C.

Budget Overview

	2002-2003 Actual	2003-2004 Actual	Current Fiscal Year 2004-2005 Authorized (Worksheet I 1/24/05)	Governor's 2005-2006 Recommended	Governor's 2006-2007 Recommended
Expenditures	$2,337,991	$2,571,330	$2,450,107	$2,455,840	$2,455,840
Receipts	($292,180)	($361,471)	($75)	($75)	($75)
State Appropriations	$2,045,811	$2,209,859	$2,450,032	$2,455,765	$2,455,765
Positions	**11.00**	**11.00**	**11.00**	**11.00**	**11.00**

Department of Commerce
Division of Tourism, Film and Sports Development

Program Overview

The Division of Tourism, Film and Sports Development strives to unify and lead the state's travel, film and sports industry toward the common goal of developing North Carolina as a major leisure travel, a tour and convention destination, and a location for film production and sporting events. It develops and executes marketing programs to accomplish this goal for the benefit of the travel and film industries, the economy and the citizens of North Carolina. Program goals include:

- Maximizing the economic benefits of travel and tourism, and film production to the state of North Carolina and its residents, including economic development, creation of new jobs and creation of new business.
- Enhancing the contribution of travel and tourism to the physical, cultural and social well being of the state's residents.
- Increasing North Carolina's travel and tourism competitive advantage in the Southeast and the nation.
- Providing direction for the effective promotion, orderly development and coordination of travel as a sustainable product.
- Optimizing coordination and communication among North Carolina's tourism, film and sports partners including public agencies, travel distributors, film-related companies and private sector tourism suppliers.
- Developing opportunities for professional education, technical assistance, training and product development for the travel industry.
- Enhancing North Carolina's image as both a desirable destination and as a location for film production.
- Operating 9 Interstate Welcome Centers to provide travel-related information to visitors and to extend stay and expenditures in the state.

Department of Commerce
Division of Tourism, Film and Sports Development

Budget Overview

	2002-2003 Actual	2003-2004 Actual	Current Fiscal Year 2004-2005 Authorized (Worksheet I 1/24/05)	Governor's 2005-2006 Recommended	Governor's 2006-2007 Recommended
Expenditures	$10,733,504	$10,818,748	$12,623,223	$11,518,932	$11,521,980
Receipts	($872,876)	($1,212,288)	($2,987,395)	($775,728)	($775,728)
State Appropriations	$9,860,628	$9,606,460	$9,635,828	$10,743,204	$10,746,252
Positions	**86.70**	**79.95**	**82.00**	**82.00**	**82.00**

Program Overview

The Division of Community Assistance (DCA) provides aid to North Carolina counties, municipalities, and community-based non-profits through the Small Cities Community Development Block Grant (CDBG) program, the Office of Urban Development and the Community Planning Program.

- **Small Cities Community Development Block Grant Program**
  - The federally funded CDBG program helps local governments with community and economic development projects that primarily benefit low-and moderate-income people.
  - Grants are awarded in the following categories:
    - Community Revitalization
    - Infrastructure
    - Economic Development
    - Housing Development
    - Urgent Needs
    - Scattered Site Housing

- **Office of Urban Development**
  - The office of Urban Development administers four programs to help local municipalities address their development needs. Programs include:
    - North Carolina Main Street Program
    - Small Town Main Street Program
    - Urban Redevelopment Grant Program
    - State Development Zones Program

- **Community Planning Program**
  - Planners in DCA's five regional offices assist local municipalities with their planning and management needs. Services offered include strategic planning, downtown revitalization planning, growth management, group facilitation, and program planning for boards and commissions.
  - Staff at the regional offices also assists communities and counties through interlocal and multi-county approaches to community and economic development and growth management

Department of Commerce
Division of Community Assistance

Budget Overview

	2002-2003 Actual	2003-2004 Actual	Current Fiscal Year 2004-2005 Authorized (Worksheet I 1/24/05)	Governor's 2005-2006 Recommended	Governor's 2006-2007 Recommended
Expenditures	$35,072,500	$47,115,323	$39,753,289	$39,762,388	$39,757,846
Receipts	($31,989,098)	($44,046,138)	($36,609,254)	($36,609,614)	($36,609,614)
State Appropriations	$3,083,402	$3,069,185	$3,144,035	$3,152,774	$3,148,232
Positions	**68.50**	**65.00**	**64.00**	**64.00**	**64.00**

Program Overview

The Division of Employment and Training is the administrative agency designated by the Governor for the Workforce Investment Act of 1998, under the auspices of the Commission on Workforce Development. It is responsible for:

- Financial and administrative oversight of the Workforce Investment Act's activities for dislocated workers, adults, youth and incumbent workers.
- Assisting North Carolina's 24 local workforce development areas and partners in collaborative efforts to enhance workforce preparedness and economic development.
- Monitoring for compliance with all applicable laws and regulations and for effective outcomes.
- Conducting performance analysis and providing guidance to workforce development stakeholders.
- Serving as the Governor's Rapid Response office for the coordination of efforts to address dislocation activities.

Department of Commerce
Industrial Commission

Established in 1929 to administer the Workers' Compensation Act, the Industrial Commission is a division of the N.C. Department of Commerce. Workers' Compensation and Tort Hearings are held in all 100 counties of the state. The Industrial Commission also is responsible for administering the Law-Enforcement Officers', Firemen's, Rescue Squad Workers' and Civil Air Patrol Members' Death Benefits Act, and the Childhood Vaccine Related Injury Act.

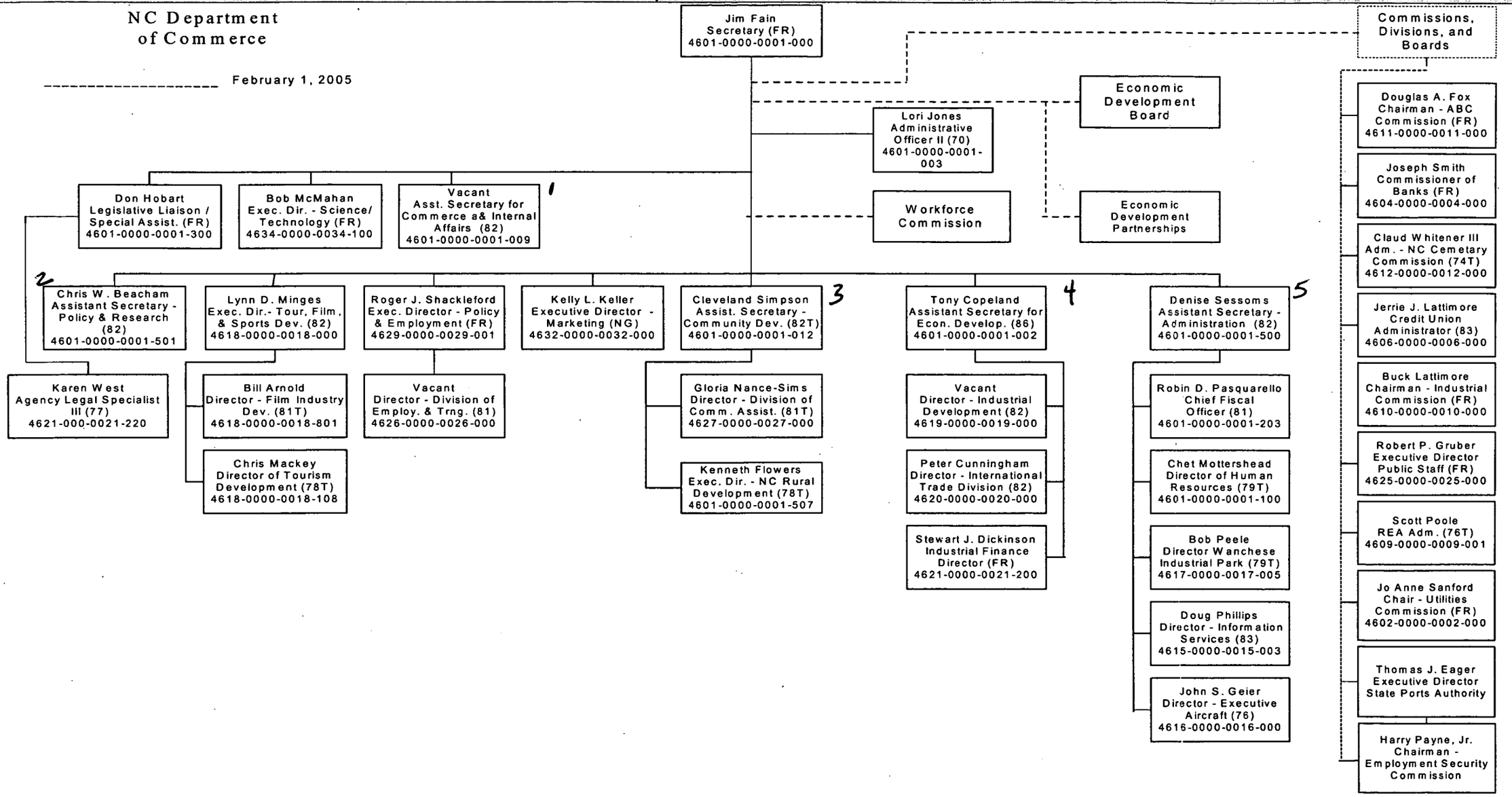
Budget Overview

	2002-2003 Actual	2003-2004 Actual	Current Fiscal Year 2004-2005 Authorized (Worksheet I 1/24/05)	Governor's 2005-2006 Recommended	Governor's 2006-2007 Recommended
Expenditures	$7,615,153	$8,150,261	$8,471,333	$8,473,061	$8,483,241
Receipts	($3,066,329)	($4,143,276)	($2,962,541)	($2,963,371)	($2,963,371)
State Appropriations	$4,548,824	$4,006,985	$5,508,792	$5,509,690	$5,519,870
Positions	**128.43**	**128.43**	**128.43**	**128.43**	**128.43**

Department of Commerce
Department Overview

NC Department of Commerce

February 1, 2005



Michael F. Easley, Governor

James T. Fain III, Secretary

North Carolina Department of Commerce

LEGISLATIVE PRIORITIES
2005 General Assembly Session

Department of Commerce

Program and Policy Recommendations

- Replace the William S. Lee Act with a new series of tax credits for new and expanding industry.
  - Create new stand-alone credits for activities such as job creation and investment in machinery and equipment and real property.
  - Credits should be simple, accountable, and provide incentive for rural investment.

- Extend sunset date for the Job Development Investment Grant (JDIG) program to December 31, 2007.

- Provide additional funding as needed to the One NC Fund for continued recruitment of competitive projects.
  - Continue to authorize portion of funds for administration of incentive programs.
  - Governor's budget allocates $5 million for coming fiscal year.

- Establish a workable schedule for corporate income tax relief to North Carolina's businesses through, e.g., appropriate reductions in the tax rate or exemptions from the tax.

- Permit the sunset of the 8.25% upper income tax bracket to increase competitiveness.

- Develop and fund effective programs to provide angel, pre-seed and seed capital for entrepreneurial businesses and to speed technology transfer from universities to N.C. entrepreneurs.
  - Treasurer has recommended use of Escheats Fund as a vehicle for such investments.

- Establish incentives to secure new film productions to North Carolina.
  - Eliminate 1% sales tax on goods used in production.
  - Allow occupancy tax refunds for productions that use hotel rooms for 30 full days (current law allows refunds, but only for 90-day stays)
  - Create grant program to recruit competitive productions to North Carolina. Fund with $4 million recurring appropriation.

Governor's Budget Recommendations

- Secure continued funding to build world class, web-based Economic Development Intelligence System (EDIS)
  - Will help state, regional and local economic teams gather critical data to recruit business, identify clusters, and plan strategically for state and regional economic growth.
  - Supported by broad coalition of interests – universities, regional partnerships, local economic developers, nonprofit economic development agencies.
  - Governor budget recommends 1 position and $297,000 in funding.

- Provide funding to continue Deputy Science Advisor and Policy Analyst position for N.C. Board of Science & Technology.
  - University funding for current position runs out this year.
  - Governor budget recommends 1 position and $60,000 in recurring funds.

- Permit reallocation of $250,000 in unused appropriations from NC Motorsports Testing and Research Complex to Travel & Tourism Division to promote NC motorsports nationally and internationally.

§ 143B-431. Department of Commerce – functions.

(a) The functions of the Department of Commerce, except as otherwise expressly provided by Article 1 of this Chapter or by the Constitution of North Carolina, shall include:

(1) All of the executive functions of the State in relation to economic development including by way of enumeration and not of limitation, the expansion and recruitment of environmentally sound industry, labor force development, the promotion of and assistance in the orderly development of North Carolina counties and communities, the promotion and growth of the travel and tourism industries, the development of our State's ports, energy resource management and energy policy development;

(2) All functions, powers, duties and obligations heretofore vested in an agency enumerated in Article 15 of Chapter 143A, to wit:

a. The State Board of Alcoholic Control,
b. The North Carolina Utilities Commission,
c. The Employment Security Commission,
d. The North Carolina Industrial Commission,
e. State Banking Commission and the Commissioner of Banks,
f. Savings Institutions Division,
g. Repealed by Session Laws 2001-193, s. 10, effective July 1, 2001.
h. Credit Union Commission,
i. Repealed by Session Laws 2004-199, s. 27(c), effective August 17, 2004.
j. The North Carolina Mutual Burial Association Commission,
k. The North Carolina Rural Electrification Authority,
l. The North Carolina State Ports Authority,

all of which enumerated agencies are hereby expressly transferred by a Type II transfer, as defined by G.S. 143A-6, to this recreated and reconstituted Department of Commerce; and

(3) All other functions, powers, duties and obligations as are conferred by this Chapter, delegated or assigned by the Governor and conferred by the Constitution and laws of this State. Any agency transferred to the Department of Commerce by a Type II transfer, as defined by G.S. 143A-6, shall have the authority to employ, direct and supervise professional and technical personnel, and such agencies shall not be accountable to the Secretary of Commerce in their exercise of quasi-judicial powers authorized by statute, notwithstanding any other provisions of this Chapter, provided that the authority of the North Carolina State Ports Authority to employ, direct and supervise personnel shall be as provided in Part 10 of this Article.

(b) The Department of Commerce is authorized to establish and provide for the operation of North Carolina nonprofit corporations for any of the following purposes:

(1) To aid the development of small businesses.

(2) To achieve the purposes of the United States Small Business Administration's 504 Certified Development Company Program.

(3) To acquire options and hold options for the purchase of land under G.S. 143B-437.02.

(b1) The Department of Commerce is authorized to contract for the preparation of proposals and reports in response to requests for proposals for location or expansion of major industrial projects.

(c) The Department of Commerce shall have the following powers and duties with respect to local planning assistance:

(1) To provide planning assistance to municipalities and counties and joint and regional planning boards established by two or more governmental units in the solution of their local planning problems. Planning assistance as used in this section shall consist of making population, economic, land use, traffic, and parking studies and developing plans based thereon to guide public and private development and other planning work of a similar nature. Planning assistance shall also include the preparation of proposed subdivision regulations, zoning ordinances, capital budgets, and similar measures that may be recommended for the implementation of such plans. The term planning assistance shall not be construed to include the providing of plans for specific public works.

(2) To receive and expend federal and other funds for planning assistance to municipalities and counties and to joint and regional planning boards, and to enter into contracts with the federal government, municipalities, counties, or joint and regional planning boards with reference thereto.

(3) To perform planning assistance, either through the staff of the Department or through acceptable contractual arrangements with other qualified State agencies or institutions, local planning agencies, or with private professional organizations or individuals.

(4) To assume full responsibility for the proper execution of a planning program for which a grant of State or federal funds has been made and for carrying out the terms of a federal grant contract.

(5) To cooperate with municipal, county, joint and regional planning boards, and federal agencies for the purpose of aiding and encouraging an orderly, coordinated development of the State.

(6) To establish and conduct, either with its own staff or through contractual arrangements with institutions of higher education, State agencies, or private agencies, training programs for those employed or to be employed in community development activities.

(d) The Department of Commerce, with the approval of the Governor, may apply for and accept grants from the federal government and its agencies and from any foundation, corporation, association, or individual and may comply with the terms,

conditions, and limitations of such grants in order to accomplish the Department's purposes. Grant funds shall be expended pursuant to the Executive Budget Act. In addition, the Department shall have the following powers and duties with respect to its duties in administering federal programs:

(1) To negotiate, collect, and pay reasonable fees and charges regarding the making or servicing of grants, loans, or other evidences of indebtedness.

(2) To establish and revise by regulation, in accordance with Chapter 150B of the General Statutes, schedules of reasonable rates, fees, or charges for services rendered, including but not limited to, reasonable fees or charges for servicing applications. Schedules of rates, fees, or charges may vary according to classes of service, and different schedules may be adopted for public entities, nonprofit entities, private for-profit entities, and individuals.

(3) To pledge current and future federal fund appropriations to the State from the Community Development Block Grant (CDBG) program for use as loan guarantees in accordance with the provisions of the Section 108 Loan Guarantee program, Subpart M, 24 CFR 570.700, et seq., authorized by the Housing and Community Development Act of 1974 and amendments thereto. The Department may enter into loan guarantee agreements in support of projects sponsored by individual local governments or in support of pools of two or more projects supported by local governments with authorized State and federal agencies and other necessary parties in order to carry out its duties under this subdivision. In making loan guarantees and grants under this subdivision the Department shall take into consideration project applications, geographic diversity and regional balance in the entire community development block grant program. In making loan guarantees authorized under this subdivision, the Department shall ensure that apportionment of the risks involved in pledging future federal funds in accordance with State policies and priorities for financial support of categories of assistance is made primarily against the category from which the loan guarantee originally derived. A pledge of future CDBG funds under this subdivision is not a debt or liability of the State or any political subdivision of the State or a pledge of the faith and credit of the State or any political subdivision of the State. The pledging of future CDBG funds under this subdivision does not directly, indirectly, or contingently obligate the State or any political subdivision of the State to levy or to pledge any taxes, nor may pledges exceed twice the amount of annual CDBG funds.

Prior to issuing a Section 108 Loan Guarantee agreement, the Department of Commerce must make the following findings:

a. The minimum size of the Section 108 Loan Guarantee is (i) seven hundred fifty thousand dollars ($750,000) for a project supported by an individual local government and (ii) two hundred fifty thousand dollars ($250,000) for a project supported as part of a loan pool; and the maximum size is five million dollars ($5,000,000) per project.

b. The Section 108 Loan Guarantee cannot constitute more than fifty percent (50%) of total project costs.

c. The project has ten percent (10%) equity from the corporation, partnership, or sponsoring party. "Equity" means cash, real estate, or other hard assets contributed to the project and loans that are subordinated in payment and collateral during the term of the Section 108 Loan Guarantee.

d. The project has the personal guarantee of any person owning ten percent (10%) or more of the corporation, partnership, or sponsoring entity, except for projects involving Low-Income Housing Tax Credits under section 42 of the Internal Revenue Code or Historic Tax Credits under section 47 of the Internal Revenue Code. Collateral on the loan must be sufficient to cover outstanding debt obligations.

e. The project has sufficient cash flow from operations for debt service to repay the Section 108 loan.

f. The project meets all underwriting and eligibility requirements of the North Carolina Section 108 Guarantee Program Guidelines and of the Department of Housing and Urban Development regulations, except that projects involving hotels, motels, private recreational facilities, private entertainment facilities, and convention centers are ineligible for Section 108 loan guarantees.

The Department shall create a loan loss reserve fund as additional security for loans guaranteed under this section and may deposit federal program income or other funds governed by this section into the loan loss reserve fund. The Department shall maintain a balance in the reserve fund of no less than ten percent (10%) of the outstanding indebtedness secured by Section 108 loan guarantees.

(e) The Department of Commerce may establish a clearinghouse for State business license information and shall perform the following duties:

(1) Establish a license information service detailing requirements for establishing and engaging in business in the State.

(2) Provide the most recent forms and information sheets for all State business licenses.

(3) Prepare, publish, and distribute a complete directory of all State licenses required to do business in North Carolina.

(4) Upon request, the Department shall assist a person as provided below:

a. Identify the type and source of licenses that may be required and the potential difficulties in obtaining the licenses based on an informal review of a potential applicant's business at an early stage in its planning. Information provided by the Department is for guidance purposes only and may not be asserted by an applicant as a waiver or release from any license requirement. However, an applicant who uses the services of the Department as provided in this subdivision, and who receives a written statement identifying required State business licenses relating to a specific business activity, shall not be assessed a penalty for failure to obtain any State business license which was not identified, provided that the applicant submits an application for each such license within 60 days after written notification by the Department or the agency responsible for issuing the license.

b. Arrange an informal conference between the person and the appropriate agency to clarify licensing requirements or standards, if necessary.

c. Assist in preparing the appropriate application and supplemental forms.

d. Monitor the license review process to determine the status of a particular license. If there is a delay in the review process, the Department may demand to know the reasons for the delay, the action required to end the delay, and shall provide this information to the applicant. The Department may assist the applicant in resolving a dispute with an agency during the application process. If a request for a license is refused, the Department may explain the recourse available to the person under the Administrative Procedure Act.

(5) Collaborate with the business license coordinator designated in State agencies in providing information on the licenses and regulatory requirements of the agency, and in coordinating conferences with applicants to clarify license and regulatory requirements.

Each agency shall designate a business license coordinator. The coordinator shall have the following responsibilities:

a. Provide to the Department the most recent application and supplemental forms required for each license issued by the agency, the most recent information available on existing and proposed agency rules, the most recent information on changes or proposed changes in license requirements or agency rules and how those changes will affect the business community, and agency publications that would be of aid or interest to the business community.

b. Work with the Department in scheduling conferences for applicants as provided under this subsection.

c. Determine, upon request of an applicant or the Department, the status of a license application or renewal, the reason for any delay in the license review process, and the action needed to end the delay; and to notify the applicant or Department, as appropriate, of those findings.

d. Work with the Department or applicant, upon request, to resolve any dispute that may arise between the agency and the applicant during the review process.

e. Review agency regulatory and license requirements and to provide a written report to the Department that identifies the regulatory and licensing requirements that affect the business community; indicates which, if any, requirements should be eliminated, modified, or consolidated with other requirements; and explains the need for continuing those requirements not recommended for elimination.

f. Report, on a quarterly basis, to the Department on the number of licenses issued during the previous quarter on a form prescribed by the Department. (1977, c. 198, s. 1; 1987, c. 214; 1989, c. 76, s. 25; c. 751, s. 2; 1991, c. 689, s. 153; 1991 (Reg. Sess., 1992), c. 959, s. 49; 1995, c. 310, s. 1; 1995 (Reg. Sess., 1996), c. 575, s. 1; 2001-193, s. 10; 2004-124, ss. 6.26(c), 6.26(d), 13.9A(c); 2004-199, s. 27(c).)

2003 - 2004 Summary of Legislative Actions
Department of Commerce

Commerce

	GENERAL FUND			
	FY 2003-04		FY 2004-05	
Recommended Budget	**$35,569,253**		**$34,639,574**	
Legislative Changes				
Business and Industry				
48 Provide funds for the One NC Fund Provide General Fund appropriation to the One NC Fund for Johnson and Wales University. (HB 397, Section 12.4A)			$1,000,000	NR
Industrial Commission				
49 Budget Over-Realized Receipts Budget over-realized receipts from compromised settlement agreement fees, and reduce General Fund appropriation by an equal amount.	($519,325)	R	($519,325)	R
Industrial Financing				
50 Reduce Transfer to the Industrial Development Fund Reduce appropriation to the Industrial Development Fund.	($249,606)	R	($249,606)	R
51 Reduce Industrial Development Fund Cash Balance Reduce the cash balance of the Industrial Development Fund. (HB 397, Section 12.5)	($1,169,438)	NR		
Management Information Services				
52 Reduce Computer Hardware Purchases Reduce new and replacement computer hardware purchases.	($74,480)	R	($74,480)	R
Marketing and Consumer Services				
53 Reduce Operating Support Reduce advertising line item.	($300,000)	R	($300,000)	R
Reserves and Transfers				
54 Job Loss Assistance Funds Provide funds to the 3 counties with the highest average unemployment rate for the 2002 calendar year. These counties are Yancey, Cleveland, and Richmond.	$300,000	NR		

Overview: 2003 Session Fiscal and Budgetary Actions	FY 2003-04		FY 2004-05	
Science and Technology				
55 Reduce Operating Support Reduce various operating line items.	($50,000)	R	($50,000)	R
Travel and Tourism				
56 Reduce Advertising Reduce advertising budget.	($109,862)	R	($109,862)	R
Total Legislative Changes	**($1,303,273)**	**R**	**($1,303,273)**	**R**
	($869,438)	**NR**	**$1,000,000**	**NR**
Total Position Changes				
Revised Budget	**$33,396,542**		**$34,336,301**	

Special Provisions

2003 Session: HB 397

Department: Commerce

Section: 5.2

Title: **NER Block Grant Funds**

Summary: Allocates $45 million in federal Community Development Block Grant (CDBG) funds for the 2004 program year. Provides for subsequent increases and decreases in federal fund availability. Places limitations on CDBG funds. Allows capacity building grants to be made for non-profit organizations from funds available within program categories, program income, or unobligated funds. In partnership with the Rural Economic Development Center, provides up to $2.25 million in demonstration grants to local governments in distressed areas. Directs Commerce, in consultation with the UNC School of Government, to design a regional distribution system for making Community Revitalization grants.

Section: 12.1

Title: **Wanchese Seafood Industrial Park/Oregon Inlet Funds**

Summary: Subsection (a) authorizes Wanchese Seafood Industrial Park to use appropriated general fund resources for operation, maintenance, repairs, and capital improvements in addition to other funds available for these purposes. Subsection (b) prevents funds appropriated in FY 2002-2003 for the Oregon Inlet Project from reverting on June 30, 2003. Allows these funds to be used for legal costs associated with the project.

Section: 12.2

Title: **Council of Government Funds**

Summary: Outlines the process for allocating funds to the 17 regional councils of government (COGs). Explains procedure through which funds flow from the Department of Commerce to the COGs. Requires each organization to submit an annual report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division by January 15 of each fiscal year. Audited financial statements must also be submitted to the Fiscal Research Division within 30 days of issuance.

Section: 12.3

Title: **Tourism Promotion Funds**

Summary: Specifies the selection criteria and maximum grant amounts for the tourism promotion grants.

Section: 12.4

Title: **One North Carolina - Industrial Recruitment Competitive Fund**

Summary: Specifies the purposes for which the funds shall be used. Requires the Department of Commerce to report quarterly to the Joint Legislative Commission on Governmental Operations and Fiscal Research regarding the commitment, allocation, and use of funds. Funds that are unexpended and unencumbered as of June 30, 2003, shall not revert to the General Fund.

Section: 12.4A

Title: **North Carolina Educational Development**

Summary: Directs the Department of Commerce to allocate $1,000,000 of the funds appropriated during the 2001-2003 fiscal biennium to the One North Carolina - Industrial Recruitment Competitive Fund to support Johnson and Wales University for the 2003-2004 fiscal year. An additional $1,000,000 is appropriated to the One North Carolina - Industrial Recruitment Competitive Fund for the 2004-2005 fiscal year to be allocated to Johnson and Wales University.

Section: 12.5

Title: **Industrial Development Fund**

Summary: Reduces the cash balance in the Industrial Development Fund by $1,169,438.

Section: 12.6

Title: **Worker Training Trust Fund**

Summary: Specifies appropriations from the Worker Training Trust Fund for FY 2003-04. Total appropriation from the Fund equals $6,349,419.

ESC Local Offices	$5,000,000
ESC SOICC	$ 193,879
ESC Follow-up	$ 53,856
Labor-Apprenticeship	$ 861,684
Community Colleges-Hosiery Tech	$ 120,000
NC REAL Enterprises	$ 120,000

Section: 12.6A

Title: **Film Industry Development Account**

Summary: Repeals G.S. 143B-434.3. Amends Part 2 of Article 10 of Chapter 143B of the General Statutes by creating a Film Industry Development Account within the Department of Commerce with related public purpose language. Grants the Department of Commerce the authority to adopt rules with respect to the Account.

Section: 12.6C

Title: **Industrial Commission Fees / Computer System Replacement**

Summary: Allows the North Carolina Industrial Commission to retain the additional revenue generated by raising the fee charged to parties for the filing of compromised settlements from $200 to no more than $250 for the purpose of assessing and replacing existing computer hardware and software. Any unexpended and unencumbered fees will not revert to the General Fund at the end of the fiscal year. The additional fees may only be retained in the 2003-2005 fiscal biennium.

Section: 12.6D

Title: **Film Industry Development Funds**

Summary: Of the funds in the Film Industry Development Account, $500,000 is reallocated to the Wilmington Regional Film Commission, Inc. for economic development services to develop and provide financial assistance and support necessary to attract to North Carolina a major television production which meets the specifications laid out in the provision.

Section: 12.6E

Title: **Film Development Account Funds Do Not Revert**

Summary: Specifies that the funds appropriated for the 2002-2003 fiscal year for the Film Industry Development Account that are unexpended and unencumbered as of June 30, 2003, shall not revert to the General Fund but remain available to the Department of Commerce.

Job Development Investment Grant Program

Activity Report

NER Appropriations Subcommittee

March 2005

What is the JDIG Program?

Targeted grant incentive program.

Limited to 25 grants per year.

5-person committee awards.

Designed for "transformational" projects.

Portion of urban grants dedicated to rural infrastructure.

What is the JDIG Program?

Similar programs used in 15 other states.

2003 = first year of program.

Expanded in 2004

Sunsets December 31 2005.

How Does it Work?

Major, competitive projects identified.

Factors:

- Sustainable jobs
- High impact
- Large numbers of jobs
- Good salaries and benefits
- Large investments

How Does it Work?

Committee receives and studies applications

Committee awards grants.

- Performance criteria set.
- Grant based on percentage of annual withholding taxes paid.

Agreements drawn up and signed.

Company gets annual payments if performance criteria met.

What are the Safeguards?

- Primary Safeguard: Performance-based.
  - If job, salary or investment targets not met:
    - First year = Grant reduced.
    - Two years straight = Grant terminates.
- Secondary Safeguard: Clawbacks.
  - Failure to maintain operations.
  - Misrepresentation, manipulation, ineligibility .

How Do We Know We are Getting a Good Deal?

Competitive projects identified.

Cost benefit analysis done.

Grants designed to be self-funding.

How Do We Know We are Getting a Good Deal?

If a company meets performance goals:

1. Grant limited to 75% withholdings in Tiers 1-3
2. Grant limited to 56% withholdings in Tiers 4-5
3. Committee typically awards <u>less.</u>
4. No job can receive more than $6,500 annually.
5. Committee sets annual caps.
6. Caps based on today's dollars.

Result: State gets share of withholdings.

How Do We Know We are Getting a Good Deal?

If company fails to meet targets:

1. Performance-based program.
2. Miss targets in single year = grant reduced.
3. Miss targets two years straight = grant ends.
4. Failure to maintain operations = clawback.

Most cases, company still in business, but grant reduced or terminated.

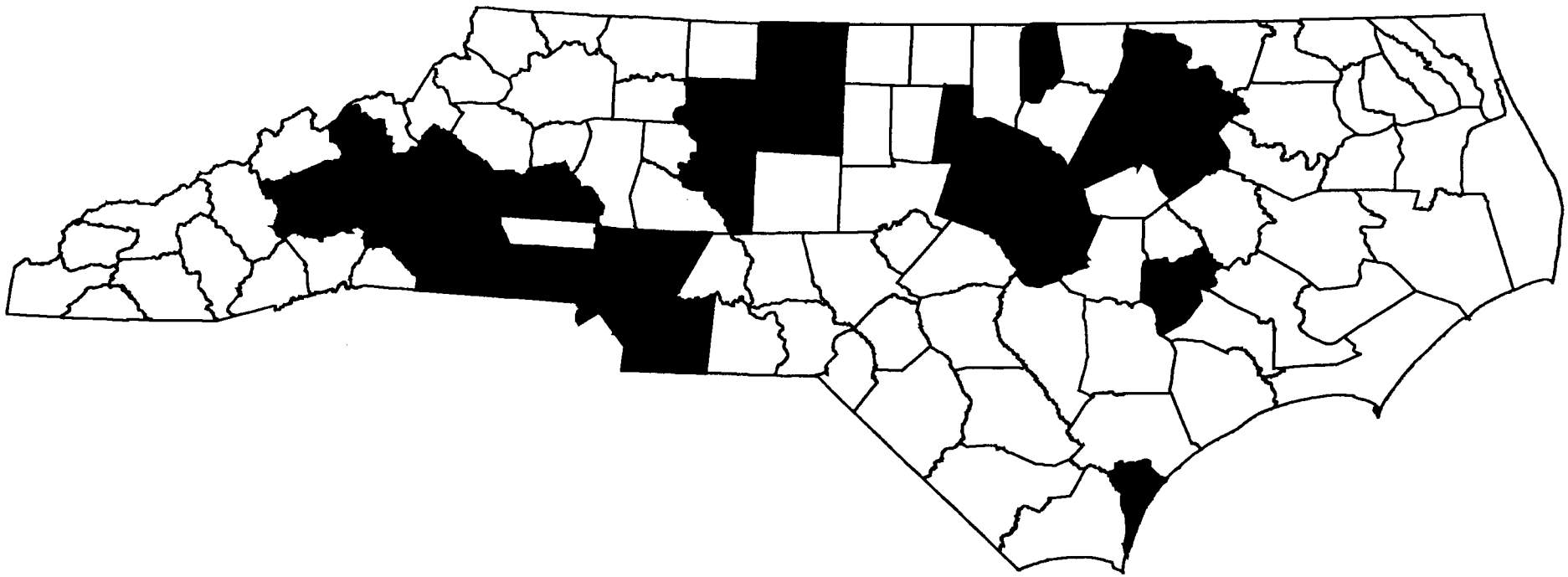
How has JDIG Performed?

Since 2003:

- 22 grants awarded.
- 8,959 direct new jobs
- $1.36 billion in direct new investment.

NC Department of Commerce
Commerce Finance Center

Job Development Investment Grant Funds
Counties Where JDIG Grants Offered in Negotiations



JDIG Negotiated

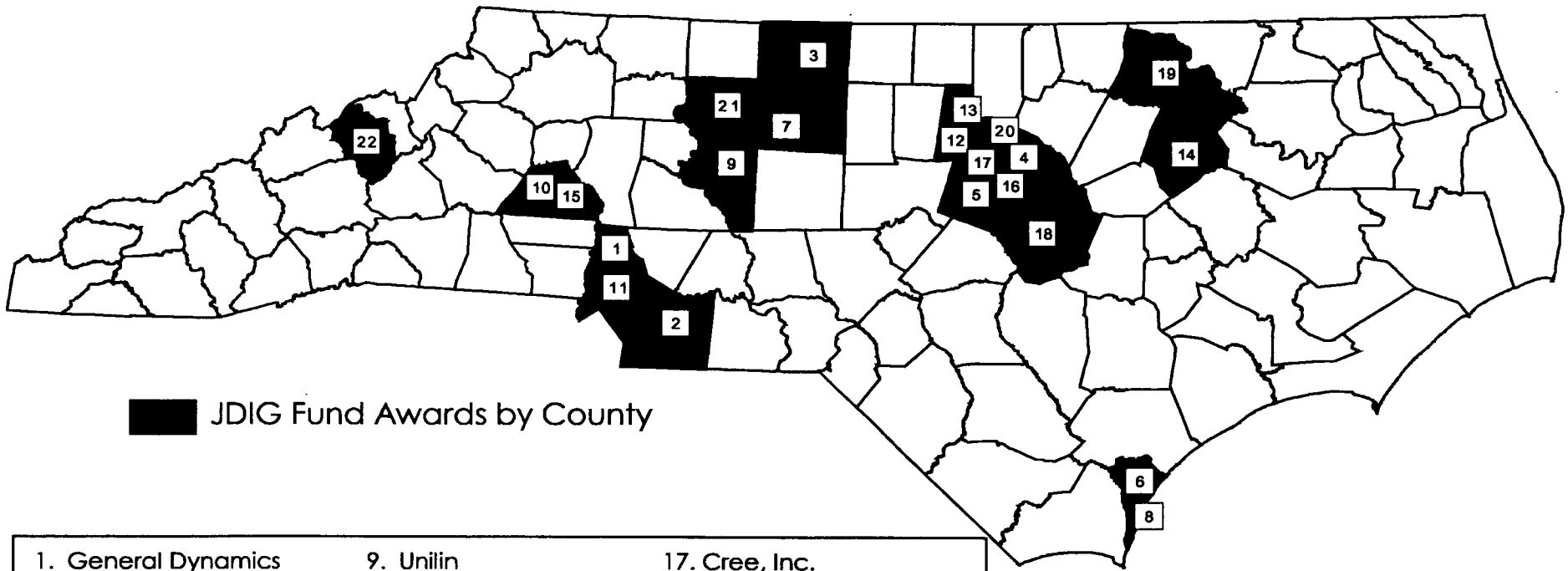
POLICY & RESEARCH Strategic Planning

Map prepared January 12, 2005.

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



1. General Dynamics
2. Goodrich Corporation
3. A.F.G. Wipes
4. R.H. Donnelley
5. Infineon
6. GE Nuclear Energy
7. CitiCards
8. Verizon
9. Unilin
10. ZF Lemforder
11. Time Warner Cable
12. Merck
13. Harris Corporation
14. Superior Essex, Inc.
15. Getrag Gears
16. Network Appliance
17. Cree, Inc.
18. Novo Nordisk
19. PCB Piezotronics
20. Credit Suisse First Boston
21. Dell
22. Altec Industries

POLICY & RESEARCH Strategic Planning

Map prepared January 12, 2005.

This map shows the geographic locations of all grants that have announced to date.

Economic Impact on NC

Over Life of Grants:

- Expected to create 41,426 new jobs in economy.
- Increase Gross State Product by $39 billion.
- Generate Net New Tax Revenues of $1.2 billion.

Based on economic model developed by Dr. Mike Walden, NCSU

Does it Work?

Issues in 2005 Session

Extend sunset until 2007.

Continue to authorize portion of incentive dollars to be used for program administration. .

Technical changes and clarifications.

MINUTES

Joint Appropriations Subcommittee
on
Natural and Economic Resources
Wednesday, March 9, 2005, at 8:30 a.m.
423 Legislative Office Building

The Joint Appropriations Subcommittee on Natural and Economic Resources (NER) met at 8:30 a.m. on Wednesday, March 9, 2005, in Room 423 of the Legislative Office Building. Three members of the Senate Subcommittee attended along with Representatives Hunter, Warren, Allen, Walker, Harrison, Langdon, Wilkins and Wray. Senator David Weinstein presided.

The meeting was called to order and the Subcommittee members and interested parties were welcomed. The following served the meeting: Pages – Jyllian Barber sponsored by Representative Jean Preston, Katie Lovett sponsored by Representative Danny McComas and Elise Blum sponsored by Senator David Weinstein; Sergeant at Arms - Ernie Sherrell and Ron Spann (Senate), and James Worth (House); and the Fiscal Research NER Team - Susan Morgan, Jennifer Haygood, and Joy Hicks. Senator Weinstein proceeded with the Agenda (Attachment 1).

Joy Hicks, NER Fiscal Research Team, presented a funding history overview of Commerce State-Aid (Attachment 2), and a program overview of the Regional Economic Development Commissions (Regional Partnerships) (Attachment 3). After both presentations Ms. Hicks entertained questions and/or comments from the Subcommittee.

Ms. Hicks then introduced the following representatives of the Regional Economic Development Commissions to give presentations to the Subcommittee:

- Dale Carrell, CEO of Advantage West, began the presentations with a brief introduction of the Seven Regional Partnerships, counties they serve, their integrated marketing plan, and the seven five-year vision plan industry clusters.

- Don Kirkman, President and CEO of the Piedmont Triad Partnership (Attachments 4A, 4B, and 4C)

- Dale Carrell, CEO of Advantage West (Attachments 5A and 5B)

- Kenny McDonald, Senior Vice President for Economic Development, Charlotte Regional Partnership (Attachment 6A and 6B)

- Vann Rogerson, Director of Marketing, and Kathy Scott, Senior Economic Development Specialist, Northeast Partnership (Attachments 7A, 7B, 7C, and 7D)

- Tom Greenwood, Executive Director, Eastern Partnership (Attachments 8A and 8B)

- Paul Butler, Director, Southeast Partnership (Attachments 9A and 9B)

- Ted Abernathy, Senior Vice President, Research Triangle Partnership (Attachments 10A, 10B, 10C and 10D)

- Charles Hayes, Research Triangle Partnership, closed the presentations by stating that all of the regions are fully integrated and have done what they have in conjunction with the Department of Commerce and their local economic development programs. He emphasized that the one consistency among the seven regions is they are all about jobs. There is a war being fought with the world over jobs and they appreciate the support given to hopefully win the war.

A handout was presented to the Subcommittee that reflected the General Statute regarding Regional Partnerships Vision Plans, and the Partnerships' updates on vision plan status (Attachment 11). After each presentation, questions and/or comments were entertained by the Subcommittee.

Senator Weinstein announced that the next NER meeting would be at 2:00 p.m. (Wednesday, March 9, 2005). He asked if there were any further questions and/or comments from the Subcommittee. There were none and the meeting adjourned at 9:50 a.m.

Senator David Weinstein
Chairman

Jane M. "Dee" Bagley
Committee Assistant

Joint Appropriations Subcommittee on Natural and Economic Resources

Wednesday, March 9th, 2005
Senator David Weinstein, Presiding
8:30 a.m. Room 423

Chairman's Comments

Overview of Commerce State-Aid *Joy Hicks, Fiscal Research*

Overview of Regional Economic Development Commissions *Joy Hicks, Fiscal Research*

Regional Economic Development Commissions *Representatives of the Partnerships*

Closing Remarks – Senator Weinstein

Adjourn

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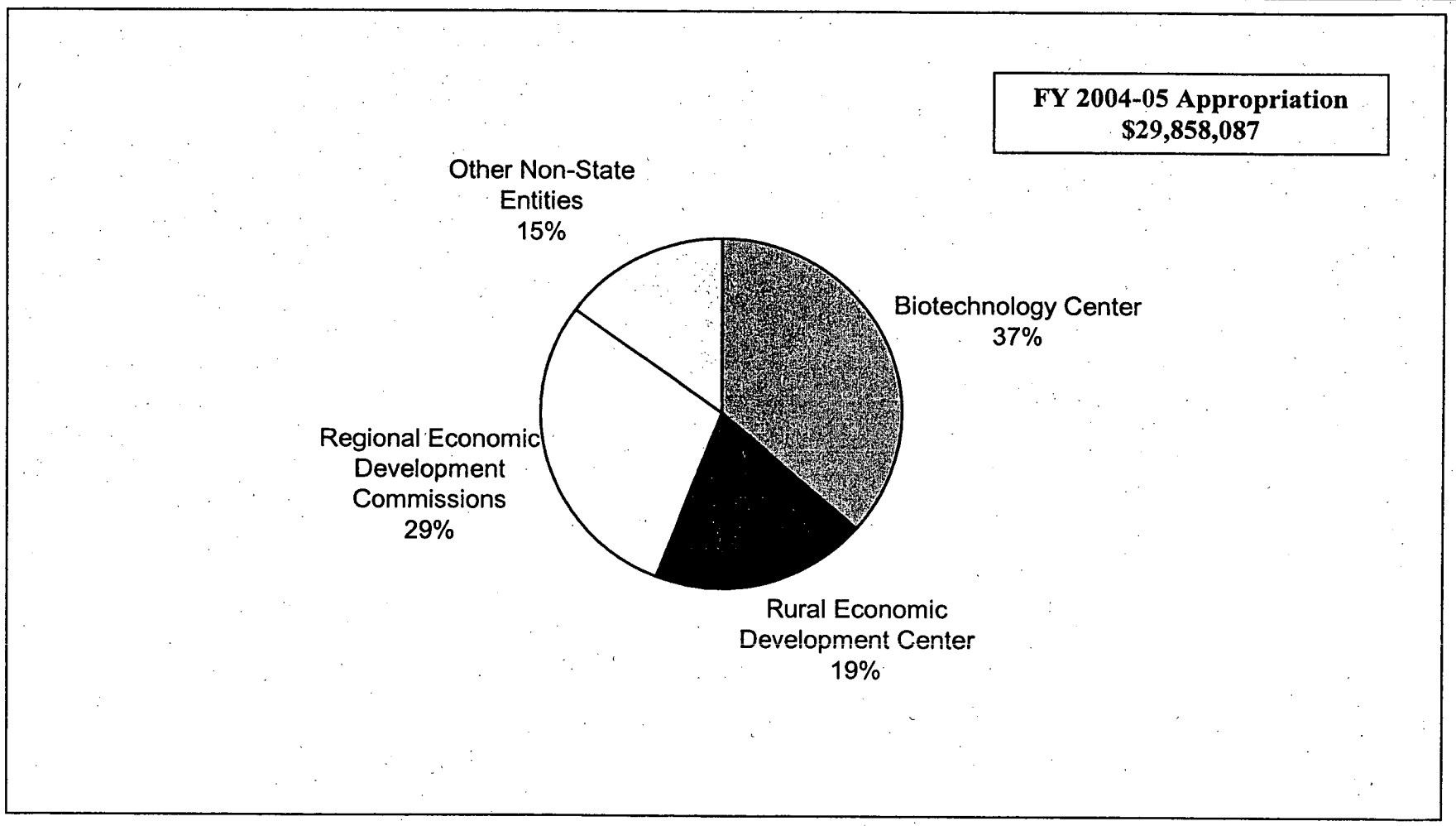
COMMERCE STATE-AID

FY 2004-05 AUTHORIZED GENERAL FUND BUDGET



Attachment 2

COMMERCE STATE-AID

FUNDING HISTORY

	FY 2003 Actual	FY 2004 Actual	FY 2005 Authorized	FY 2006 Recommended	FY 2007 Recommended
Biotechnology Center	5,214,195	5,792,708	10,883,395	12,083,395	10,583,395
Rural Economic Development Center	4,475,998	24,586,800	5,802,607	4,802,607	4,802,607
Regional Economic Development Commissions	5,591,523	6,639,500	8,725,000	6,775,000	6,775,000
Other Non-State Entities					
Land Loss Prevention Project	388,434	396,194	404,280	404,280	404,280
Coalition of Farm and Rural Families	29,600	49,000	0	0	0
Institute of Minority Economic Development	1,294,779	1,320,650	1,347,602	1,347,602	1,347,602
Minority Support Center	517,911	528,260	539,041	539,041	539,041
NC Community Development Initiative	1,726,371	1,760,866	1,796,802	1,796,802	1,796,802
NC Association of Community Dev Corps	374,873	352,173	359,360	359,360	359,360
Total Non-State Entities	4,331,968	4,407,143	4,447,085	4,447,085	4,447,085
Total Commerce - General State Aid	**19,613,684**	**41,426,151**	**29,858,087**	**28,108,087**	**26,608,087**

North Carolina
Regional Economic Development Commissions

Program Overview

- **Created by General Assembly:** In 1994, the General Assembly directed the Department of Commerce to develop a "program for promoting the expansion of economic development efforts such that all counties in the State participate in and benefit from organized regional economic development activities [and to] encourage county participation in public/private partnerships for economic development through membership in regional economic development commissions."[1]

- **Begun with three:** Three Regional Economic Development Commissions ("Commissions") were created by statute in FY 1993-94: Northeast, Southeast, and Western (Advantage West). Three more were funded in FY 1994-95: Carolina's Partnership, Piedmont Triad Partnership, Research Triangle Partnership. The Global TransPark was created by statute in 1995-96.

- **Statewide:** Each county in the state is represented by one of the following seven Commissions:

Commission	Home Office
NC's Northeast Partnership	Edenton
NC's Southeast Commission	Elizabethtown
Advantage West	Fletcher
NC's Eastern Region (Global TransPark Commission)	Kinston
Charlotte Regional Partnership (Carolinas Partnership)	Charlotte
Piedmont-Triad Partnership	Greensboro
Research Triangle Regional Partnership	RDU

- **Non-State Entities:** All of the Commissions are private non-profit corporations that receive non-state funding.

[1] Chapter 769 of the 1993 Session Laws, Section 28.7

Attachment 3

Regional Economic Development Commissions
Comparison of Boards

Regional Commission	Enabling Legislation	Board Members	Voting	Nonvoting	Method of Compensation
Advantage West (Western Regional Economic Development Commission)	G.S. 158-8.1	19	19	0	Members who are State Employees receive expenses as allowed under G.S. 138-6. Others receive per diem of $100/day for each day of service the Commission meets and also reimbursed for travel and subsistence as provided in G.S. 138-5. The Commission may also adopt policies authorizing additional per diem of $100/day for non-State employee members, plus reimbursement as provided in G.S. 138-5.
Charlotte Regional Partnership (Carolina's Partnership)	n/a	81	72	9	No compensation provided
NC's Eastern Region (Global TransPark Regional Economic Development Commission)	G.S. 158-35	50 (maximum)	46 (maximum)	4	No compensation other than travel, subsistence and reasonable per diem expenses determined by the Commission for attendance at Commission meetings and other official Zone functions.
NC's Northeast (Northeastern Regional Economic Development Commission)	G.S. 158-8.2	19	19	0	Members who are State Employees receive expenses as allowed under G.S. 138-6. Others receive per diem of $100/day for each day of service the Commission meets and also reimbursed for travel and subsistence as provided in G.S. 138-5.
Research Triangle Regional Partnership	n/a	55	55	0	No compensation provided
Piedmont Triad Partnership	n/a	31 minimum, 55 maximum	31 minimum, 56 maximum	0	No compensation provided
NC's Southeast (Southeastern Regional Economic Development Commission)	G.S. 158-8.3	15	15	0	Members who are State Employees receive expenses as allowed under G.S. 138-6. Others receive per diem of $100/day for each day of service the Commission meets and also reimbursed for travel and subsistence as provided in G.S. 138-5. The Commission may also adopt policies authorizing additional per diem of $100/day for non-State employee members, plus reimbursement as provided in G.S. 138-5.

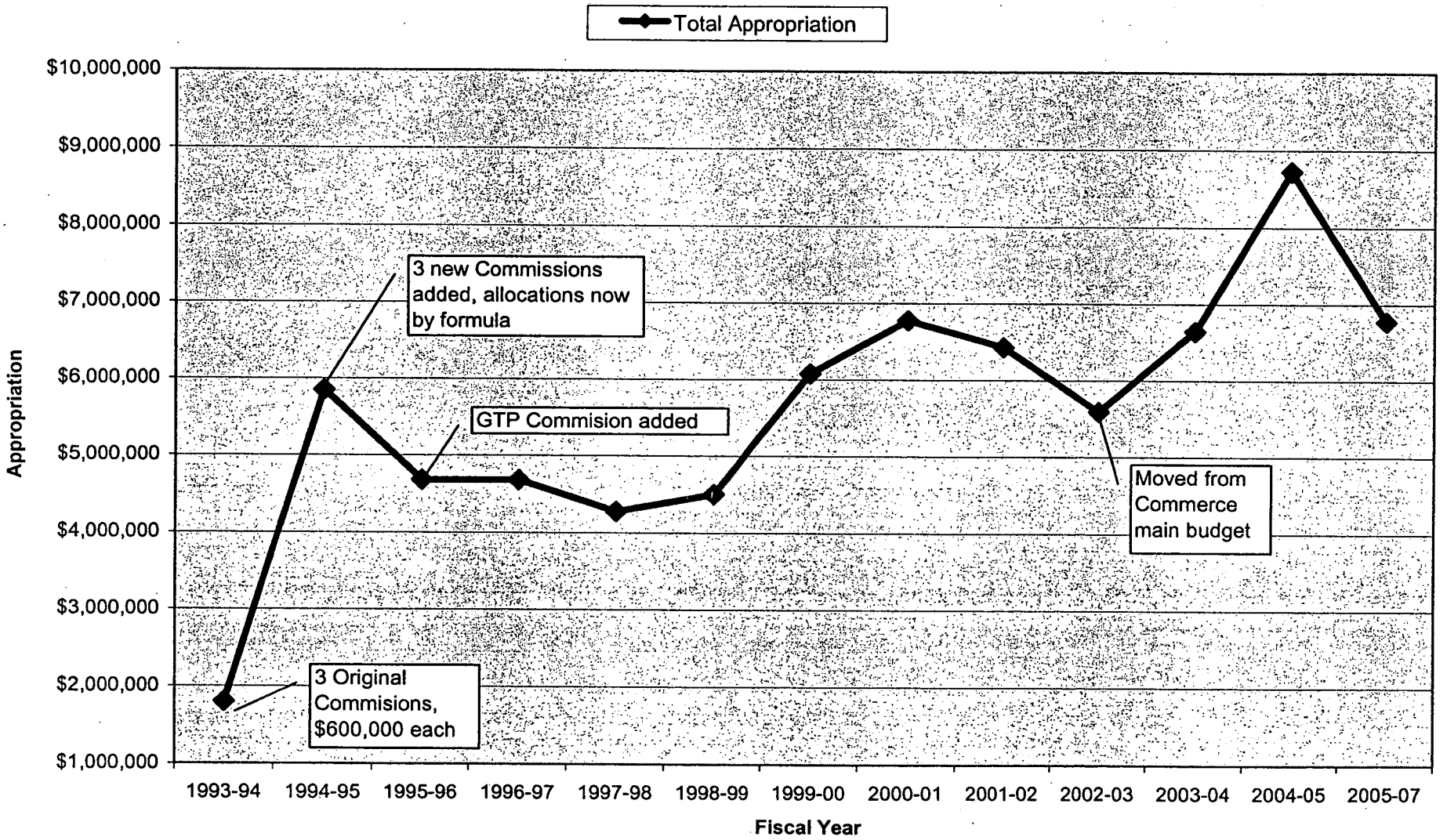
Regional Economic Development Commissions
History of Appropriations

Commission	2002-03 Actual	2003-04 Actual	2004-05 Authorized	2005-06 Recommended	2006-07 Recommended
Charlotte	467,663	647,550	964,729		
NC's Eastern Region (GTP)	686,941	834,916	1,091,344		
NC's Northeast	1,336,338	1,438,451	1,716,713		
Piedmont Triad	506,921	654,291	975,127		
Research Triangle	449,705	594,974	879,288		
NC's Southeast	757,918	914,030	1,167,259		
Advantage West	1,386,037	1,555,288	1,879,728		
Total	$5,591,523	$6,639,500	$8,674,188	$6,775,000	$6,775,000

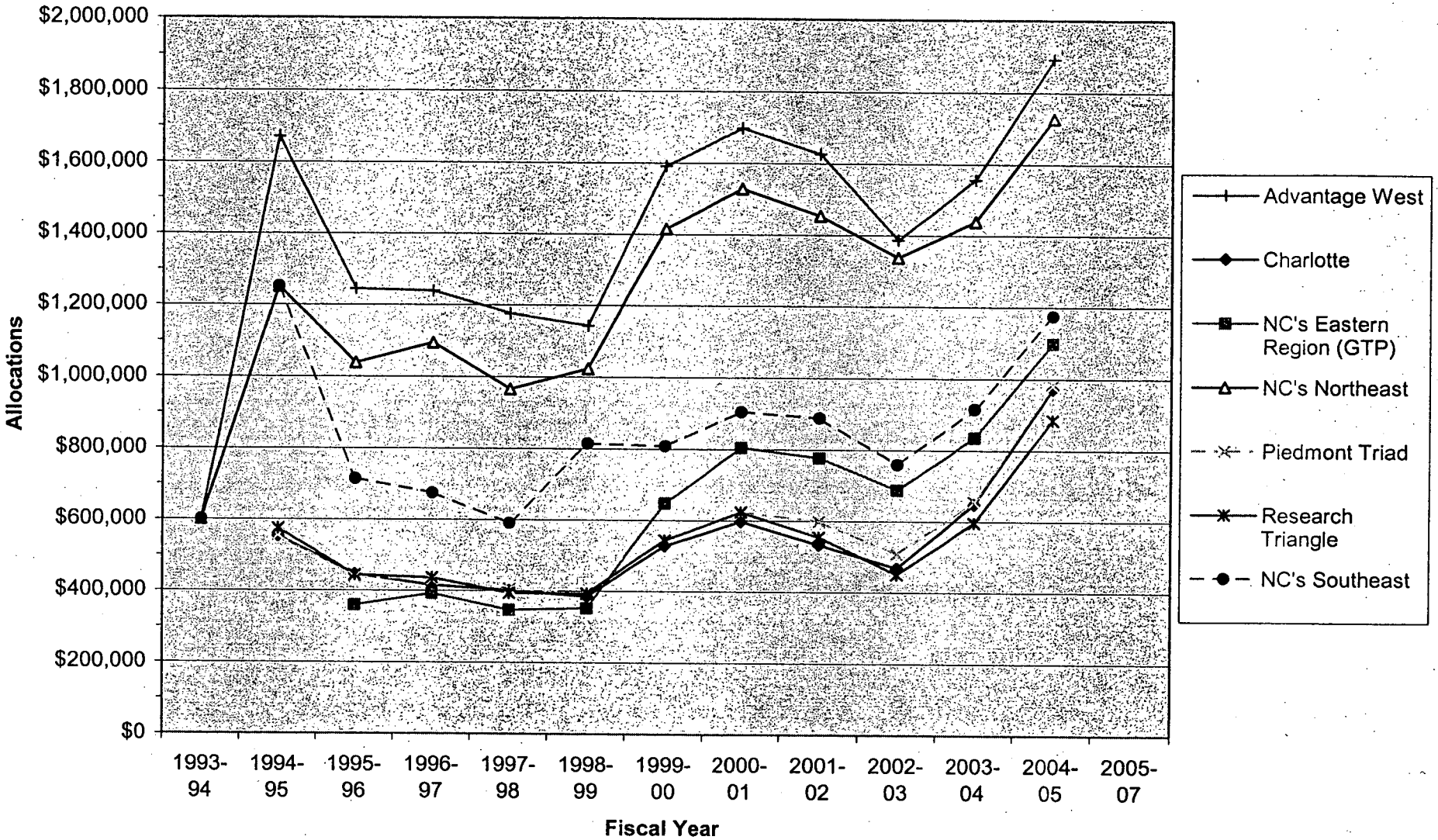
Notes:

- (1) FY 2002-03 figures reflect a decrease of $85,000 for each commission that is in addition to any changes made through the formula.
- (2) FY 2003-04 figures reflect a total decrease of $135,000 for the commissions, in addition to any changes made through the formula. This represents a 2% budget reduction.
- (3) FY 2004-05 figures reflect a decrease of $50,813 across all commissions.
- (4) FY 2004-05 figures include a $250,000 appropriation to each partnership for the development and implementation of strategic plans. Additionally, the Northeast Partnership received $200,000 for the Advanced Vehicle Research Center.

History of Appropriations



Regional Economic Development Commissions
History of Allocations



Regional Economic Development Commissions

Summary of Legislative Actions in 2003-2005 Biennium

Action	FY 2003-2004	FY 2004-2005
• Increase funding to return to FY 2000-2001 level	$955,357	$955,357
• Fund strategic economic development plans		$1,750,000 NR
• Funds to Northeast Partnership for Advanced Vehicle Research Center		$200,000 NR

Budget Special Provision: Section 12.8 (f) of S.L. 2003-284 (Budget Bill) requires that the Board Structure of the Global TransPark Development Commission be studied as recommended by the UNC Kenan-Flagler business school study. The study shall determine if the board structure should be reconstituted and made similar to the boards of the Northeastern or Southeastern NC Regional Economic Development Commissions. The results of the study shall be submitted by the beginning of the 2004 Regular Session of the 2003 General Assembly.

Regional Partnership Allocations

Fiscal year 2004-05

Prepared by the Commerce Finance Center on 08/09/04

ASSUMPTIONS

Appropriation	**$6,775,000**	Recurring Item	**$0** (Same method as appropriation)
Global TransPark Interest	**$125,681**	Non-Recurring Item	**$0** (Divided equally)

Method of Distribution Calculation (from House Bill 1414)

(1) First, the Department shall establish each commission's allocation by determining the sum of allocations to each county that is a member of that commission. Each county's allocation shall be determined by dividing the county's enterprise factor by the sum of the enterprise factors for eligible counties and multiplying the resulting percentage by the amount of the appropriation. As used in this subdivision, the term "enterprise factor" means a county's enterprise factor as calculated under G.S. 105-129.3

COUNTY	Enterprise Factor	% of Total	Portion of Allocation	Region
ALAMANCE	89	0.59%	$ 39,800.33	PT
ALEXANDER	150	0.99%	$ 67,079.21	CP
ALLEGHANY	165	1.09%	$ 73,787.13	AW
ANSON	239	1.58%	$ 106,879.54	CP
ASHE	189	1.25%	$ 84,519.80	AW
AVERY	74	0.49%	$ 33,092.41	AW
BEAUFORT	199	1.31%	$ 88,991.75	NE
BERTIE	239	1.58%	$ 106,879.54	NE
BLADEN	195	1.29%	$ 87,202.97	SE
BRUNSWICK	100	0.66%	$ 44,719.47	SE
BUNCOMBE	67	0.44%	$ 29,962.05	AW
BURKE	206	1.36%	$ 92,122.11	AW
CABARRUS	56	0.37%	$ 25,042.90	CP
CALDWELL	180	1.19%	$ 80,495.05	AW
CAMDEN	64	0.42%	$ 28,620.46	NE
CARTERET	111	0.73%	$ 49,638.61	GTP
CASWELL	207	1.37%	$ 92,569.31	PT
CATAWBA	112	0.74%	$ 50,085.81	CP
CHATHAM	24	0.16%	$ 10,732.67	RT
CHEROKEE	207	1.37%	$ 92,569.31	AW
CHOWAN	135	0.89%	$ 60,371.29	NE
CLAY	96	0.63%	$ 42,930.69	AW
CLEVELAND	226	1.49%	$ 101,066.01	CP
COLUMBUS	238	1.57%	$ 106,432.34	SE
CRAVEN	133	0.88%	$ 59,476.90	GTP
CUMBERLAND	139	0.92%	$ 62,160.07	SE
CURRITUCK	34	0.22%	$ 15,204.62	NE
DARE	60	0.40%	$ 26,831.68	NE
DAVIDSON	113	0.75%	$ 50,533.00	PT
DAVIE	53	0.35%	$ 23,701.32	PT
DUPLIN	177	1.17%	$ 79,153.47	GTP
DURHAM	46	0.30%	$ 20,570.96	RT
EDGECOMBE	269	1.78%	$ 120,295.38	GTP
FORSYTH	62	0.41%	$ 27,726.07	PT
FRANKLIN	82	0.54%	$ 36,669.97	RT
GASTON	167	1.10%	$ 74,681.52	CP
GATES	153	1.01%	$ 68,420.79	NE
GRAHAM	256	1.69%	$ 114,481.85	AW
GRANVILLE	124	0.82%	$ 55,452.15	RT
GREENE	166	1.10%	$ 74,234.32	GTP
GUILFORD	90	0.59%	$ 40,247.52	PT
HALIFAX	275	1.82%	$ 122,978.55	NE
HARNETT	156	1.03%	$ 69,762.38	RT
HAYWOOD	137	0.90%	$ 61,265.68	AW
HENDERSON	44	0.29%	$ 19,676.57	AW
HERTFORD	143	0.94%	$ 63,948.84	NE
HOKE	187	1.23%	$ 83,625.41	SE
HYDE	226	1.49%	$ 101,066.01	NE
IREDELL	80	0.53%	$ 35,775.58	CP
JACKSON	107	0.71%	$ 47,849.83	AW
JOHNSTON	46	0.30%	$ 20,570.96	
JONES	227	1.50%	$ 101,513.20	
LEE	132	0.87%	$ 59,029.70	
LENOIR	205	1.35%	$ 91,674.92	
LINCOLN	147	0.97%	$ 65,737.62	
MACON	71	0.47%	$ 31,750.83	
MADISON	165	1.09%	$ 73,787.13	
MARTIN	242	1.60%	$ 108,221.12	
MCDOWELL	203	1.34%	$ 90,780.53	
MECKLENBURG	39	0.26%	$ 17,440.59	
MITCHELL	224	1.48%	$ 100,171.62	
MONTGOMERY	197	1.30%	$ 88,097.36	
MOORE	76	0.50%	$ 33,986.80	
NASH	128	0.84%	$ 57,240.92	
NEW HANOVER	67	0.44%	$ 29,962.05	
NORTHAMPTON	269	1.78%	$ 120,295.38	
ONSLOW	129	0.85%	$ 57,688.12	
ORANGE	37	0.24%	$ 16,546.20	
PAMLICO	147	0.97%	$ 65,737.62	
PASQUOTANK	107	0.71%	$ 47,849.83	
PENDER	162	1.07%	$ 72,445.54	
PERQUIMANS	138	0.91%	$ 61,712.87	
PERSON	170	1.12%	$ 76,023.10	
PITT	113	0.75%	$ 50,533.00	
POLK	50	0.33%	$ 22,359.74	
RANDOLPH	119	0.79%	$ 53,216.17	
RICHMOND	254	1.68%	$ 113,587.46	
ROBESON	251	1.66%	$ 112,245.87	
ROCKINGHAM	206	1.36%	$ 92,122.11	
ROWAN	138	0.91%	$ 61,712.87	
RUTHERFORD	231	1.52%	$ 103,301.98	
SAMPSON	178	1.17%	$ 79,600.66	
SCOTLAND	258	1.70%	$ 115,376.24	
STANLY	182	1.20%	$ 81,389.44	
STOKES	151	1.00%	$ 67,526.40	
SURRY	180	1.19%	$ 80,495.05	
SWAIN	223	1.47%	$ 99,724.42	
TRANSYLVANIA	172	1.14%	$ 76,917.49	
TYRRELL	261	1.72%	$ 116,717.82	
UNION	45	0.30%	$ 20,123.76	
VANCE	199	1.31%	$ 88,991.75	
WAKE	19	0.13%	$ 8,496.70	
WARREN	281	1.85%	$ 125,661.72	
WASHINGTON	257	1.70%	$ 114,929.04	
WATAUGA	123	0.81%	$ 55,004.95	
WAYNE	184	1.21%	$ 82,283.83	
WILKES	153	1.01%	$ 68,420.79	
WILSON	148	0.98%	$ 66,184.82	
YADKIN	137	0.90%	$ 61,265.68	
YANCEY	262	1.73%	$ 117,165.02	
Totals	**15,150**	**100%**	**$6,775,000**	

PARTNERSHIP TOTALS

	% of Total	Portion of Allocation
AW-Advantage West	23.80%	$1,612,137
CP- Carolina's Partnership	10.44%	$707,015
PT-Piedmont Triad	10.59%	$717,300
RT-Research Triangle	9.19%	$622,495
SE-Southeast	13.39%	$907,358
GTP-Global TransPark	14.11%	$955,655
NE-Northeast	18.50%	$1,253,040
	100%	$6,775,000

(2) Next, the Department shall subtract from funds allocated to the Global TransPark Development Zone the sum of one hundred seventy one thousand nine hundred seventy nine dollars ($171,979) in the 2003-2004 fiscal year and the sum of one hundred twenty five thousand six hundred eighty one dollars (125,681) in the 2004-2005 fiscal year which sum represents the interest earnings in each fiscal year on the estimated balance of seven million five hundred thousand dollars ($7,500,000) appropriated to the Global TransPark Development Zone in Section 6 of Chapter 561 of the 1993 Session Laws.

	% of Total	Portion of Allocation	Interest to Redistrib.
AW-Advantage West	23.80%	$1,612,137	
CP- Carolina's Partnership	10.44%	$707,015	
PT-Piedmont Triad	10.59%	$717,300	
RT-Research Triangle	9.19%	$622,495	
SE-Southeast	13.39%	$907,358	
GTP-Global TransPark	14.11%	$829,974	$125,681
NE-Northeast	18.50%	$1,253,040	
	100%	$6,649,319	

(3) Next, the Department shall redistribute the sum of one hundred seventy-one thousand nine hundred seventy-nine dollars ($171,979) in the 2003- 2004 fiscal year and the sum of one hundred twenty five thousand six hundred eighty one dollars (125,681) in the 2004-2005 fiscal year to the seven Regional Economic Development Commissions named in subsection (a) of this section. Each commission's share of this redistribution shall be determined according to the enterprise factor formula set out in subdivision (1) of this subsection. This redistribution shall be in addition to each commission's allocation determined under subdivision (1) of this subsection."

	% of Total	Portion of Allocation	Portion of Interest	Total
AW-Advantage West	23.80%	$1,612,137	$29,906	$1,642,043
CP- Carolina's Partnership	10.44%	$707,015	$13,116	$720,130
PT-Piedmont Triad	10.59%	$717,300	$13,306	$730,607
RT-Research Triangle	9.19%	$622,495	$11,548	$634,043
SE-Southeast	13.39%	$907,358	$16,832	$924,190
GTP-Global TransPark	14.11%	$829,974	$17,728	$847,702
NE-Northeast	18.50%	$1,253,040	$23,245	$1,276,284
	100%	$6,649,319	$125,681	$6,775,000

Final Distribution of Funds for the Regional Partnerships	
Advantage West	$1,642,043
Carolina's Partnership	$720,130
Piedmont Triad	$730,607
Research Triangle	$634,043
Southeast	$924,190
Global TransPark	$847,702
Northeast	$1,276,284
Total	$6,775,000

REGIONAL ECONOMIC DEVELOPMENT COMMISSION ALLOCATIONS

SECTION 12.7.(a) Funds appropriated in this act to the Department of Commerce for regional economic development commissions shall be allocated to the following Commissions in accordance with subsection (b) of this section: Western North Carolina Regional Economic Development Commission, Research Triangle Regional Commission, Southeastern North Carolina Regional Economic Development Commission, Piedmont Triad Partnership, Northeastern North Carolina Regional Economic Development Commission, Global TransPark Development Commission, and Carolinas Partnership, Inc.

SECTION 12.7.(b) Funds appropriated pursuant to subsection (a) of this section shall be allocated to each Regional Economic Development Commission as follows:

(1) First, the Department shall establish each Commission's allocation by determining the sum of allocations to each county that is a member of that Commission. Each county's allocation shall be determined by dividing the county's enterprise factor by the sum of the enterprise factors for eligible counties and multiplying the resulting percentage by the amount of the appropriation. As used in this subdivision, the term "enterprise factor" means a county's enterprise factor as calculated under G.S. 105-129.3; and

(2) Next, the Department shall subtract from funds allocated to the Global TransPark Development Commission the sum of one hundred seventy-one thousand nine hundred seventy-nine dollars ($171,979) in each fiscal year, which sum represents the interest earnings in each fiscal year on the estimated balance of seven million five hundred thousand dollars ($7,500,000) appropriated to the Global TransPark Development Zone in Section 6 of Chapter 561 of the 1993 Session Laws; and

(3) Next, the Department shall redistribute the sum of one hundred seventy-one thousand nine hundred seventy-nine dollars ($171,979) in each fiscal year to the seven Regional Economic Development Commissions named in subsection (a) of this section. Each Commission's share of this redistribution shall be determined according to the enterprise factor formula set out in subdivision (1) of this subsection. This redistribution shall be in addition to each Commission's allocation determined under subdivision (1) of this subsection.

REGIONAL ECONOMIC DEVELOPMENT COMMISSION REPORTS

SECTION 12.8.(a) By February 15 of each fiscal year, beginning in 2004, the seven regional economic development commissions shall report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division the following information:

(1) The preceding fiscal year's program activities, objectives, and accomplishments.

(2) The preceding fiscal year's itemized expenditures and fund sources.

(3) Demonstration of how the commission's regional economic development and marketing strategy aligns with the State's overall economic development and marketing strategies.

(4) To the extent they are involved in promotion activities such as trade shows, visits to prospects and consultants, advertising and media placement, the commissions shall demonstrate how they have generated qualified leads.

SECTION 12.8.(b) Each of the commissions shall provide to the Fiscal Research Division a copy of their annual audited financial statement within 30 days of issuance of the statement.

SECTION 12.8.(c) The reporting requirements for regional economic development commissions, as provided in subsection (a) of this section, shall be reviewed annually by the North Carolina Partnership for Economic Development and recommendations for changes to the reporting requirements shall be made to the Fiscal Research Division, the President Pro Tempore of the Senate, and the Speaker of the House of Representatives.

SECTION 12.8.(d) Regional economic development commissions shall receive quarterly allocations of the funds appropriated in this act to the Department of Commerce for regional economic development commissions.

SECTION 12.8.(e) Regional economic development commissions shall remain in the Department of Commerce's Budget Code 14601 with other State-aided nonprofit entities.

SECTION 12.8.(f) The Board Structure of the Global TransPark Development Commission shall be studied in accordance with the recommendations found in the UNC Kenan-Flagler study, to determine if the board structure should be reconstituted and made similar to the boards of the Northeastern or Southeastern North Carolina Regional Economic Development Commissions. In conducting the study, the following conditions shall be met:

(1) The Global TransPark Development Commission shall contribute to the cost of the study by retaining a consultant familiar with the partnership.

(2) The Study shall be conducted by a designee of the North Carolina Partnership for Economic Development determined by the Partnership Presidents, a designee of the UNC Kenan-Flager School of Business, and the consultant retained by the Global TransPark Development Commission.

(3) None of the eastern regional commissions shall be consolidated.

(4) The results of the study shall be submitted to the Fiscal Research Division and members of the North Carolina Partnership for Economic Development prior to the beginning of the 2004 Regular Session of the 2003 General Assembly.

Session Laws 2004-124

REGIONAL PARTNERSHIPS VISION PLANS

SECTION 13.6.(a) There is appropriated from the General Fund to the North Carolina Partnership for Economic Development, Inc., the sum of one million seven hundred fifty thousand dollars ($1,750,000) for the 2004-2005 fiscal year. From these funds, the Partnership shall allocate two hundred fifty thousand dollars ($250,000) to each of the seven regional economic development partnerships. These funds shall be used by each partnership to develop and implement a strategic economic development plan in accordance with this section.

SECTION 13.6.(b) In developing and implementing a strategic economic development plan, each of the regional partnerships shall do the following:

(1) Perform a comprehensive study of the region's resources and existing businesses located in the region to determine what business clusters exist and the boundaries of those clusters, to develop ways to strengthen those clusters, and to determine in what areas the region has a competitive advantage that could lead to the development of future clusters.

(2) Ensure that the benefits of the economic development plan are widely dispersed and that the plan provides real opportunities in rural areas as well as in urban and suburban areas.

(3) Develop focused and targeted economic development initiatives related to the recruitment and development of new businesses and the retention of existing businesses.

(4) Provide a mechanism for continuous monitoring of the regional economy and competitiveness indicators and for updating the strategic economic development plan to take account of changing economic conditions.

(5) Recommend infrastructure investments to meet the region's current and anticipated future needs.

(6) Integrate the North Carolina Community College System and The University of North Carolina into economic development efforts and planning.

(7) Create leadership networks that span the public and private sectors and that facilitate communication within clusters, between members of complementary clusters, and between members of the public and private sectors.

SECTION 13.6.(c) Section 8.3 of S.L. 2002-126 is repealed.

Attachment 4A

Piedmont Triad PARTNERSHIP

- **Board**
  - Chair: Watts Carr
  - 55 members from public, private, and nonprofit sectors
- **Staff**
  - Don Kirkman, president & CEO for 5 years
  - 6 additional staff members, all full-time
- **Piedmont Triad Region**
  - 12 counties
  - Population: 1,507,231
- **PTP Budget**
  - 2003-2004 annual budget: revenues $1,239,138, expenses $1,299,569
  - Sources: 56% state, 22% private, 20% local governments, 2% other
- **Vision Plan**
  - 35-member steering committee chaired by Watts Carr/Tom Ross
  - Market Street Services of Atlanta is consultant; PTP providing staff support
  - Vision plan web site: www.piedmonttriadvision.com; Competitive Realities, Public Input Summary, and Target Cluster Analysis have been posted online; Vision Plan and Implementation Plan to be completed by end of May
- **Programmatic Areas of Emphasis**
  - Marketing and media relations; research
  - Regional facilitation; regional leadership (Triad Leadership Network)
  - Licensee of FTZ 230

For Additional Information, contact Don Kirkman, president and CEO, dkirkman@piedmonttriadnc.com, 336-668-4556

Piedmont Triad Partnership

Presented to NER Subcommittee

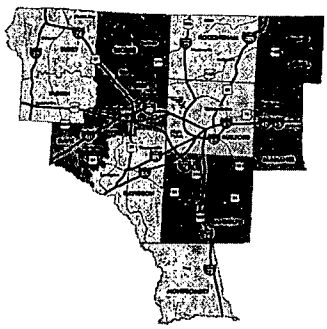
March 9, 2005

"Since metropolitan areas are now the fundamental competitive units of the New Economy, it no longer makes sense for municipalities in a region to fight each other for economic advantage."

Progressive Policy Institute

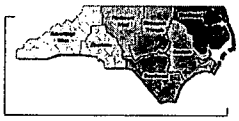
Outline of Presentation

- Brief Description of Piedmont Triad Partnership (PTP)
- Brief Summary of PTP Program of Work
- Description of 5-Year Economic Development Vision Plan Process



Piedmont Triad Partnership

- **56-member board includes all ED offices, NCDOC, county appointees, private and municipal investors, and at-large members**
- **Funding from state (56%), private (22%), local governments (20%), and other (2%)**
- **Staff of seven**
- **501(c)(3) corporation**



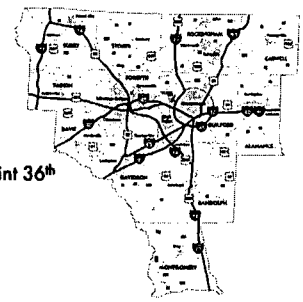
Vision Statement

North Carolina's Piedmont Triad Region will be recognized around the world as a superior place in which to live and work.

Mission Statement

The Piedmont Triad Partnership will market and promote North Carolina's Piedmont Triad Region as a superior place in which to work and live, and to that end will encourage collaborations among individuals, organizations and institutions within the Region.

Metro Rankings



- Charlotte 33rd
- New Orleans 34th
- Salt Lake City 35th
- **Greensboro/W-S/High Point 36th**
- Austin 37th
- Nashville 38th
- Providence 39th
- Raleigh/Durham 40th

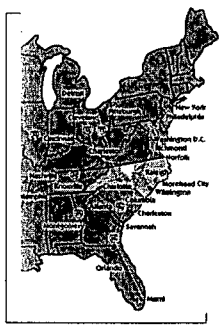
Source: 2000 Census

Piedmont Triad Partnership

- Marketing and Lead Generation
  - Targeted Industries
  - Consultant and Ally Relationships
  - International Marketing
  - Public & Media Relations
- Research Support for Local Offices
- Foreign Trade Zone #230
- Piedmont Triad Partnership Foundation

Piedmont Triad - Key Advantages

- Mid-Atlantic Location
- Interstate Highways
  I-40, I-85, I-77, I-73, I-74
- 1.5 Million Population
- 775,000 Labor Force
- 11 Four-Year Colleges & Universities
- 9 Community Colleges
- Fed Ex Mid-Atlantic Hub
- Quality of Life
- International Home Furnishings Market



Marketing Emphasis (2003-2004)

- 135 site location consultants in New York, Detroit, Colorado, Dallas and throughout the Southeast
- 307 new leads, 66 qualified prospects, 45 client visits, over 300 research requests filled
- Industry call missions in Detroit and Chicago
- Domestic and international trade shows for medical and automotive industries
- Recent articles appeared in Attaché, Biotech Today, Montreal Business Magazine, Our State, American Journal of Transportation, Wine Enthusiast

PTP Vision Plan

- Assembled 35-member Steering Committee
- Chaired by Tom Ross, executive director, Z. Smith Reynolds Foundation, and Watts Carr, chairman, Piedmont Triad Partnership
- Hired Market Street Services, Atlanta, as contractor
- Piedmont Triad Partnership providing staff support

Vision Plan, Continued

- Five deliverables: Competitive Realities analysis; Public Input Summary; Target Cluster Analysis; Vision Plan; Implementation Plan
- Web Site: www.piedmonttriadvision.com
- First three documents on line
- Vision Plan and Implementation Plan to be completed by end of May

Vision Plan Budget

- Market Street Services Contract: $162,455 fee plus estimated $7,580 expenses
- Some overhead expenses to PTP (10%)
- Balance of approximately $63,000 will be expended for implementation when Vision and Implementation Plans completed

"Economic development led by an advanced technology transportation and distribution cluster in the Triad puts a special premium on something that government and business leaders throughout the Triad historically have not been good at—regional cooperation."

Regional Technology Strategies

Thank You

Vision Plan Steering Committee

Co-Chairmen

Watts Carr ..... Piedmont Triad Partnership
Tom Ross ..... Z. Smith Reynolds Foundation

Members

Evelyn Acree ..... Mechanics and Farmers Bank
Dennis Barry ..... The Greensboro Partnership
Robert Brown ..... B & C Associates
Steve Googe ..... Economic Developers Advisory Council to PTP
Lyons Gray ..... Downtown Winston-Salem Partnership
Nate Hall ..... Piedmont Triad Council of Governments
Phil Hanes ..... Cultural Affairs, City of Winston-Salem
Wade Hobgood ..... North Carolina School of the Arts
Keith Holliday ..... Greensboro Mayor
Jose Isasi ..... Latino Communications Inc.
Allen Joines ..... Winston-Salem Mayor
David Jones ..... NC Zoological Park
Robert Jordan ..... Jordan Lumber Company
Mary Kirk ..... Montgomery Community College
Harold Martin ..... Winston-Salem State University
Jim Melvin ..... Joseph M. Bryan Foundation
Judy Mendenhall ..... International Home Furnishings Market Authority
James Merrill ..... Alamance-Burlington School System
Jeff Miller ..... High Point Regional Hospital
Adnan Mjalli ..... TransTech Pharma
Dave Norbury ..... Piedmont Triad Entrepreneurs Network
John O'Leary ..... Thomas Built Bus
Dan Pugh ..... Northwest Piedmont Council of Governments
James Renick ..... North Carolina A&T State University
Steve Ross ..... Burlington Mayor
Frank Sells ..... Surry Community College
Ralph Shelton ..... Southeast Fuels Incorporated
Becky Smothers ..... High Point Mayor
Patricia Sullivan ..... UNC Greensboro
Priscilla Taylor ..... UNC Board of Governors
Barbara Todd ..... Yadkin County Schools
Craven Williams ..... Greensboro College
Ralph Womble ..... Hanes Dye & Finishing

Piedmont Triad Partnership

Presented to NER Subcommittee

March 9, 2005

Attachment 4C

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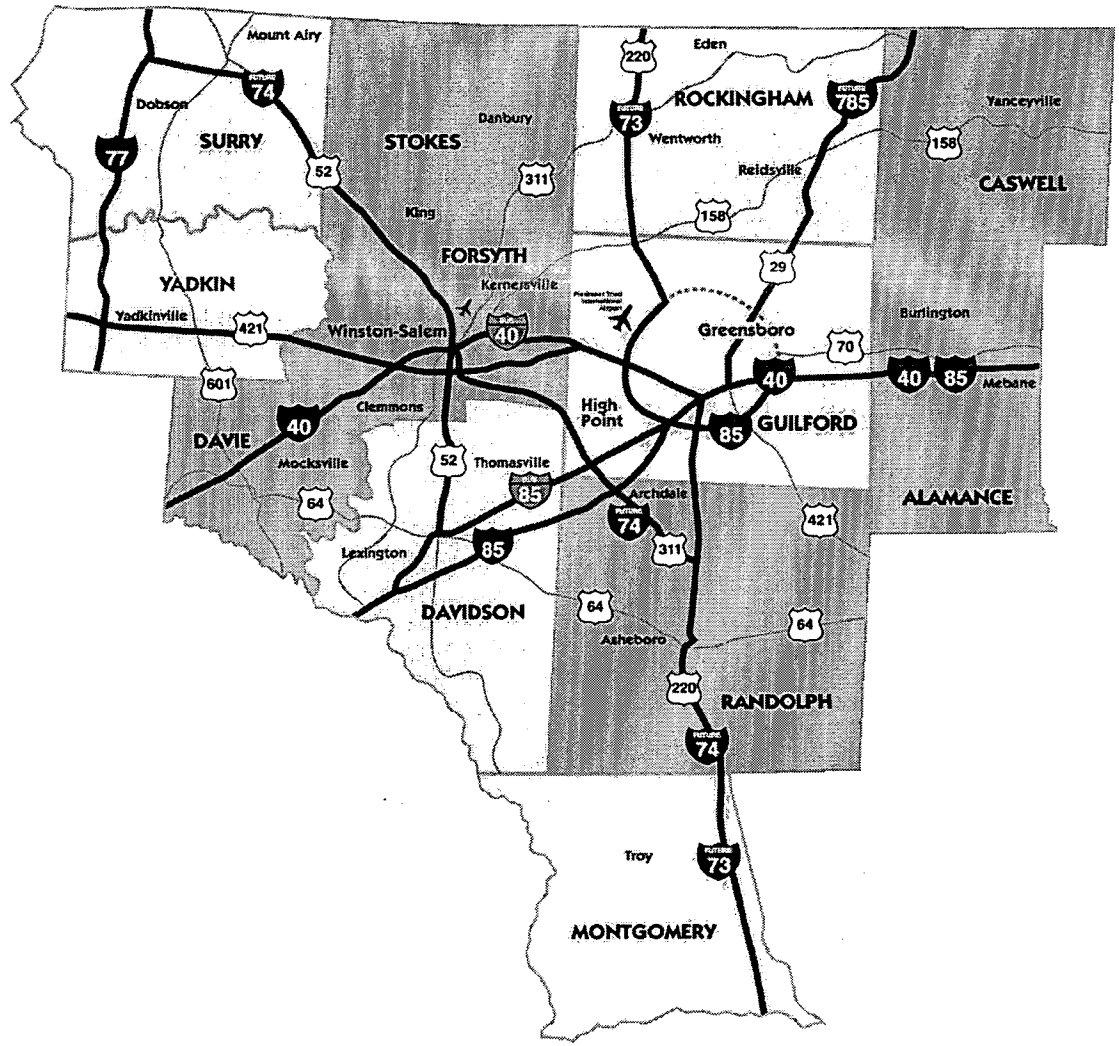
Mount Airy
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SURRY
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STOKES
Danbury
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King
FORSYTH
Kernersville
YADKIN
Yadkinville
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Winston-Salem
40
601
Clemmons
DAVIE
Mocksville
64
52
Thomasville
85
Lexington
DAVIDSON
Eden
220
ROCKINGHAM
73
785
Wentworth
Reidsville
158
29
Greensboro
70
High Point
85
GUILFORD
Archdale
74
311
421
64
Asheboro
220
RANDOLPH
Yanceyville
CASWELL
Burlington
Mebane
ALAMANCE
Troy
MONTGOMERY

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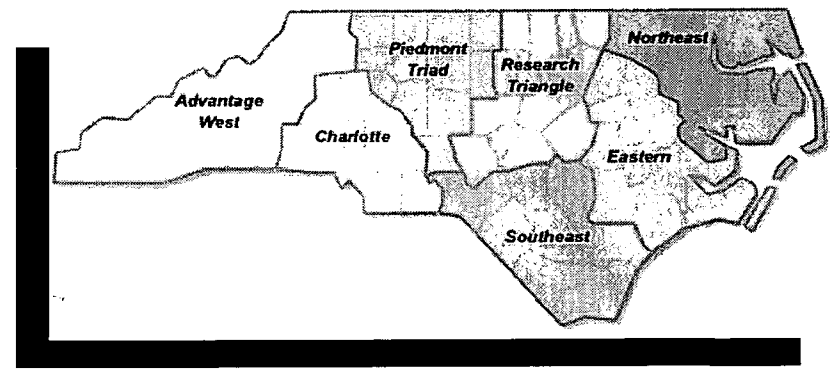

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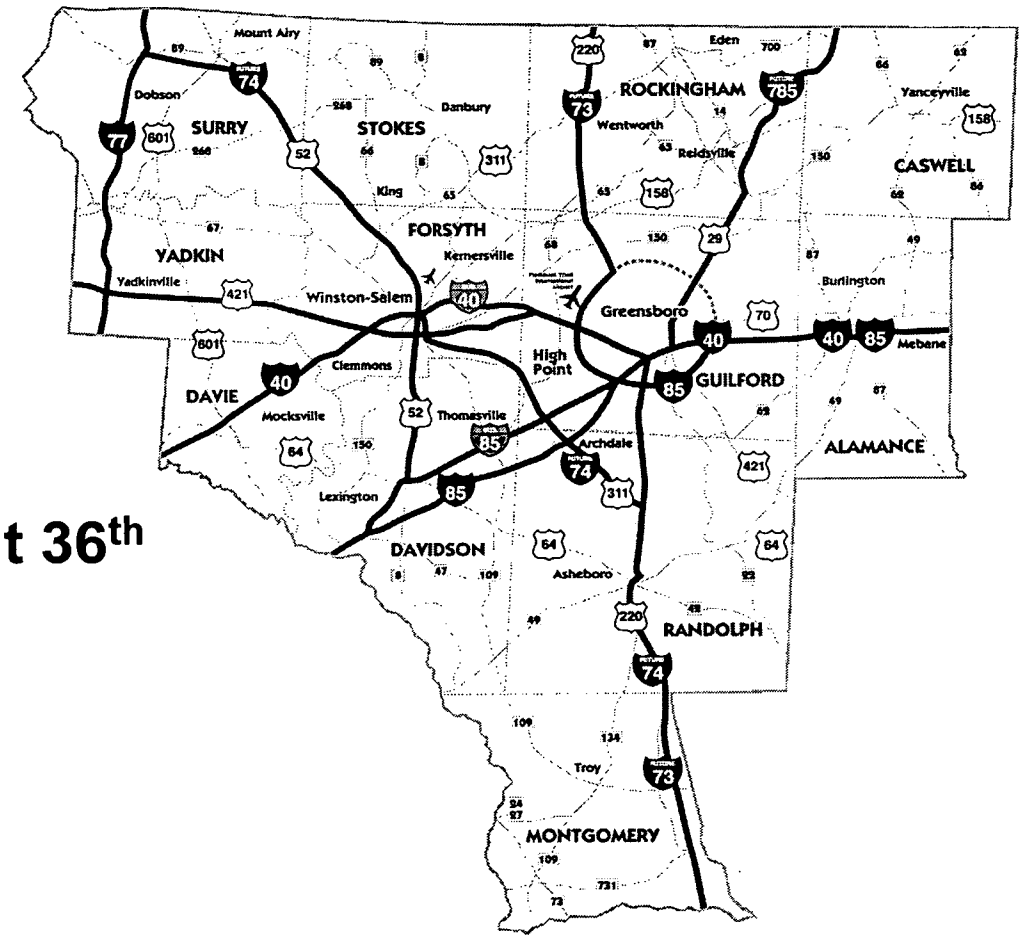

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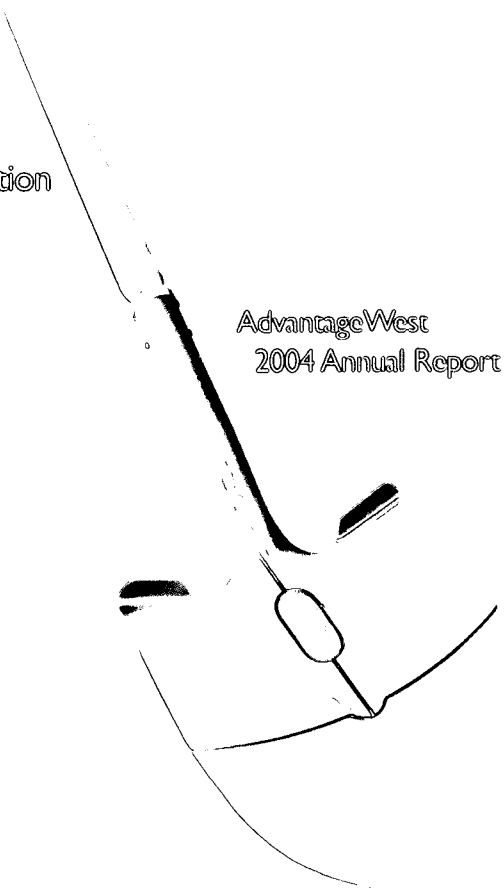
Regional Technology Strategies

Thank You

ecade of transformation

AdvantageWest
2004 Annual Report



ADVANTAGE WEST

NORTH CAROLINA

Mission Statement

The Western North Carolina Regional Economic Development Commission shall promote and advocate the creation of improved economic opportunity in our region, while encouraging stewardship of the culture, heritage, and natural resources of Western North Carolina.

AdvantageWest was born a little more than 10 years ago in the North Carolina General Assembly. Noting he couldn't see the bright lights of the state's Research Triangle Park west of the Continental Divide, Representative Martin Nesbitt called for the creation of a regional organization to focus on economic development issues specific to Western North Carolina. With funding from the General Assembly, a loaned desk and a yellow legal pad, the organization grew into a 501 (c)(3) in 1994.

Economic development has long been a priority for mountain leaders, but no one knew in 1994 how our world would transform in a decade. We've witnessed a rapidly globalizing economy that has taken a heavy toll on the US manufacturing sector. We've watched global terror reach our shores, and seen its impact on our economy, even in the mountains. And we've seen the explosion of the Internet and emerging industries like biotechnology.

There are constants; manufacturing remains a critical component of our economy. Yet manufacturing itself has been transformed. The days of a North Carolina worker turning a bolt on an assembly line are over. A manufacturing plant that opens in 2004, such as the $50 million Jacob Holm Industries facility currently under construction in Enka, looks nothing like the textiles plants we watched close in the early 90s. Our workforce, too, has transformed, to learn the new technology employed in today's automated factory environment.

Entrepreneurs, agriculture, services and tourism are not new to the mountains, but this decade of transformation has changed the way that we relate to the world through these industries. These industries — all industries — have transformed, and in the mountains, many have emerged stronger than before.

This decade has also changed the way economic developers and the communities that they serve approach the challenge of creating jobs and growing a regional economy. At AdvantageWest, we are so proud to have played a lead role in economic development across Western North Carolina during this decade of transformation. This report details our history and successes during the past 10 years, and also provides a look at our future.

Thank you for your interest in Western North Carolina and AdvantageWest, and I hope you will let us know how we can help you during the decade to come.

Sincerely,

Gordon Myers

Gordon Myers

AdvantageWest Board of Directors

Gordon S. Myers
Chairman
Ingles Markets, Inc.
Asheville, NC

Ronald C. Leatherwood
Vice Chairman
Clark & Leatherwood
Waynesville, NC

Eugene W. Ellison
2nd Vice Chairman
Attorney at Law
Asheville, NC

Connie M. Haire
Corporate Secretary
Southwestern Community College
Sylva, NC

David C. Reeves
Corporate Treasurer
The Capital Corporation
Hendersonville, NC

George J. Couch
George J. Couch Real Estate
Tryon, NC

William F. Forsyth
Cherokee County EDC
Murphy, NC

Kenneth C. Hankinson
KCH Services, Inc.
Forest City, NC

J.W. Davis
Carolina First Bank
Hendersonville, NC

Thomas K. Jenkins
DeSoto Trail Realty
Franklin, NC

J. Craig Madison
The Grove Park Inn Resort & Spa
Asheville, NC

Van F. Phillips
Great Meadows, Inc.
Spruce Pine, NC

Nancy Thompson
Progress Energy
Asheville, NC

Wanda Proffitt
Carolina Mountain Realty
Burnsville, NC

Jewell Wilson
U.S. Senator John Edwards' WNC Office
Asheville, NC

W. Randy Banks
Mountain Air Country Club
Burnsville, NC

Leon D. Jones
Eastern Band of the
Cherokee Indians
Cherokee, NC

D. Samuel Neill
Attorney at Law
Hendersonville, NC

J. Mark Vannoy
Vannoy & Sons Construction Co.
Jefferson, NC

A Region Reborn Through Enhanced Economic Development.

AdvantageWest is a marketing-focused public/private partnership that provides a broad range of economic development services to the 23 western-most counties of North Carolina.

Western North Carolina (WNC) is in the heart of Appalachia, a 410-county stretch of the Eastern United States rich in natural beauty, heritage, and culture, but traditionally behind mainstream America in important measures such as wages, educational attainment, infrastructure, and technology.

In 1965, the federal government formed the Appalachian Regional Commission to support economic and social development initiatives in Appalachia, and in so doing, helped Western North Carolina and the broader region surrounding it make great strides in some areas.

Yet in the twilight of the 20th Century, an emerging global economy, growing emphasis on knowledge-based industries and technology, and the declining role of low-skill labor and natural resources in our nation's economy posed a serious threat to the gains Western North Carolina had made.

Western North Carolina's economy had grown strong in manufacturing, with a particular reliance on textiles and furniture. But it was becoming apparent that swift economic changes threatened to destroy the way of life in communities across this region without a deliberate and strategic approach designed to meet the challenges ahead. As part of that approach, the North Carolina General Assembly set out to create a regional strategy to economic development that would eventually be deployed statewide. In fact, this very same approach has been emulated across the nation and world as a best practice in economic development.

Our business, headquartered in Charleston, SC, uses technology developed at Oak Ridge National Laboratories for applications in the global shipping industry. Major concerns for a business like ours include technology infrastructure, providing a great atmosphere and quality of life for our employees, and access to Angel Investors and Venture Capital. Through AdvantageWest and the Blue Ridge Angel Investors Network, we saw tremendous advantages to opening an operation in Western North Carolina.

-Eric Dobson, President & CEO, Navigational Sciences

The Inception of an Idea

Created by an act of the NC General Assembly in 1993, the Western North Carolina Regional Economic Development Commission incorporated as a 501(c)(3) non-profit in 1994. The commission soon adopted a marketing brand, "AdvantageWest–North Carolina," to reflect its mission of promoting the advantages of the region to business leaders, decision makers, film producers, leisure travelers, the general public, and other audiences.

Today, AdvantageWest's program of work is guided by a board of 19 business leaders appointed by the Governor, Lieutenant Governor, and General Assembly of North Carolina. With funding from the General Assembly and other partners, AdvantageWest provides diverse regional services and grants programs to help Western North Carolina's economy grow and prosper. Additional funding is provided by the following diversified sources:

- Private industry such as Progress Energy, Bell South, and Carolina First
- Federal agencies such as the Appalachian Regional Commission and US Department of Commerce
- Grants from private foundations such as Z. Smith Reynolds, Golden LEAF, and The Community Foundation of Western North Carolina

Tourism Marketing and Development

Look around the world, and it's hard to find a place with a better assortment of outdoor activities, more genuinely preserved culture and heritage, and a greater diversity of recreational fun than the mountains of North Carolina.

But that's not by accident; our region is home to skilled and dedicated tourism industry practitioners who work hard to put us on the map as a heralded destination.

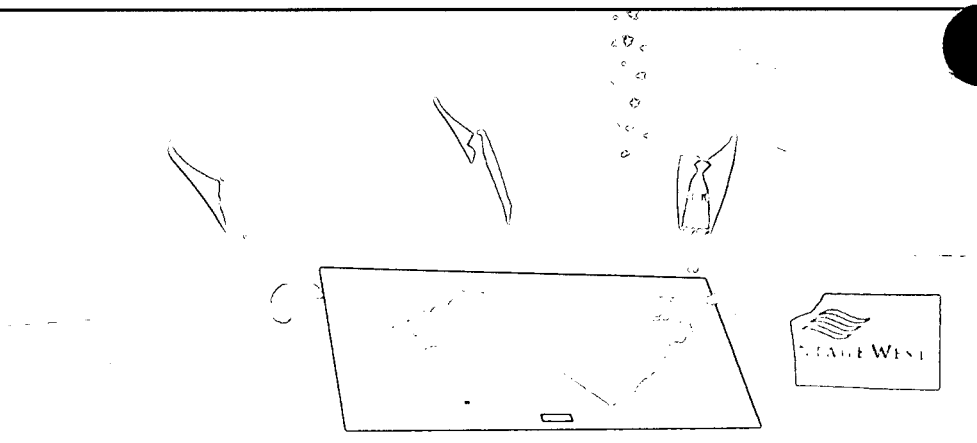
AdvantageWest brings these professionals together for regular meetings as part of our Tourism Advisory Committee. The committee is comprised of our Corporate Partners from the tourism industry, representatives from the region's three sub-regional tourism host organizations, and major public attractions, including the Great Smoky Mountains National Park and the Blue Ridge Parkway. The committee plays an important policy role, but also focuses on regional marketing efforts such as cooperative advertising.

Greater Strategic Marketing Investments Lead to Stronger WNC Economy.

Industrial Marketing

Under the direction of the region's local economic developers and through strategic partnerships, AdvantageWest develops an industrial marketing plan that encompasses site consultant events, direct mail, targeted call missions, select trade-show participation, online marketing, and focused advertising.

The focus of the plan is to generate qualified leads that have an interest in starting, expanding or relocating a business to our region. Based on our comprehensive inventory of available buildings and sites, compiled in conjunction with the NC Department of Commerce, we market a broad range of individual business locations based on the client's stated needs and expectations. Once a lead is qualified and has expressed interest in a specific set of potential business locations, local economic developers and the NC Department of Commerce can provide targeted incentives to help close the deal. AdvantageWest stays involved through the recruiting process by offering our own grant funding, as well as providing professional grant-writing services in cases where additional funding is needed. At the end of the process, AdvantageWest stands with local and state leaders to welcome new industry and new jobs to communities across Western North Carolina. Our region has seen more than 20,000 new jobs established and more than $1.8 billion invested since 1997.



Governor Mike Easley (left), AdvantageWest Vice-Chairman Ron Leatherwood (right) and Michael Norboge of Jacob Holm Industries at a plant announcement in 2004.

Our Programs and Initiatives

Industrial Marketing

Blue Ridge Entrepreneurial Council

Blue Ridge Angel Investors Network

Blue Ridge Food Ventures LLC

MountainSouth USA

Western North Carolina Film Commission

Blue Ridge National Heritage Area

Economic Developers Advisory Council

Tourism Advisory Committee

Blue Ridge National Heritage Area (BRNHA)

Rep. Charles Taylor

Western North Carolina has much to celebrate with the designation of the region as the Blue Ridge National Heritage Area by President George W. Bush on November 10, 2003. The distinction is drawing national attention to the region's cultural and natural heritage and qualifies WNC for up to $10 million in federal funding over the next decade. Congressman Charles Taylor and US Senator John Edwards introduced the authorizing legislation, in conjunction with their WNC colleagues Congressman Ballenger and Congressman Burr. AdvantageWest and HandMade in America helped lay the groundwork for the designation by preparing a feasibility study and working extensively to identify partners for implementation.

A nine-member board of directors constitutes the management entity for the BRNHA; AdvantageWest serves as the fiscal and staffing agent. Federal funds for the BRNHA are channeled through the National Park Service, which also oversees 23 other National Heritage Areas throughout the country.

A region-wide public planning process is currently underway to develop a Management Plan that will identify priorities for heritage preservation, education, and promotion, as well as guide the use of federal dollars over the next decade. Projects initiated in 2004 include a marketing brand for the BRNHA region, a web site, an inventory of existing heritage education programs, and a research program to measure the economic impact of the designation. The management entity also awarded a total of $164,000 to non-profit organizations to support Cherokee Heritage Trail exhibits, Blue Ridge Music Trail signage, agri-tourism development, small town revitalization, and other projects throughout the region.

While providing a tremendous opportunity to protect and celebrate WNC's extraordinary cultural and natural heritage, the BRNHA designation will also help to strengthen the regional economy through the development of heritage tourism.

BRNHA Board of Directors:

Becky Anderson *HandMade in America*	*John Cooper* *Mast General Store*	*Mary Jaeger-Gale* *Chimney Rock Park*
John Bardo *Western Carolina University*	*Joyce Dugan* *Harrah's Cherokee Casino*	*Bill Gibson* *Southwestern Commission*
Janice Brumit (Chair) *Arby's/The Winning Team*	*Gene Ellison* *Ellison Law Firm*	*Patrick Woodie* *New River Community Partners*

Western North Carolina. One of Hollywood's Favorite Settings.

WNC Film Commission

AdvantageWest's Film Commission has stepped up its efforts to develop the region into not only a destination for Hollywood filmmakers, but also a home to a growing indigenous film production community. The Film Commission has the opportunity to leverage our creative community into a self-sustaining film, video, and media arts community. With its new Internet-based digital library of more than 8,000 images, the Film Commission can market Western North Carolina's beautiful locations and talent to potential film, TV, and photography crews around the world. The library has allowed the commission to respond more quickly and efficiently to requests from potential filmmakers. Since 1995, film projects have brought more than $39 million to the region (which includes local film crew wages and out-of-town filmmakers' spending on hotels, catering, and other services). The long-term goal of the commission is to increase that income by supporting and growing the local film industry, as well as luring more film projects to the region. Such efforts were expanded in 2004 by reaching out to local industry leaders, universities, and regional partners.

Sam Neill
Chairman of the WNC Film Commission, Attorney

Paul Bonesteel
Independent Filmmaker

Marty Cherrix
Freelance Casting Director

Bruce Frazier
The Belk Distinguished Professor of Commercial and Electronic Music at Western Carolina University

Linda Haynes
Former Chairman of the Board of North Carolina Public Television

Don MacDougald
Radio Executive (retired)

David McConville
Founder of Black Box Studios and President of Asheville's Media Arts Project

David Mitchell
Superintendent for Cultural Arts, City of Asheville

Dale Pollock
Dean, North Carolina School of the Arts School of Filmmaking

Travis Tatham
Director of Planning and Special Projects, Biltmore Estate

Paul Evans
Director, Center for Regional Development, Western Carolina University

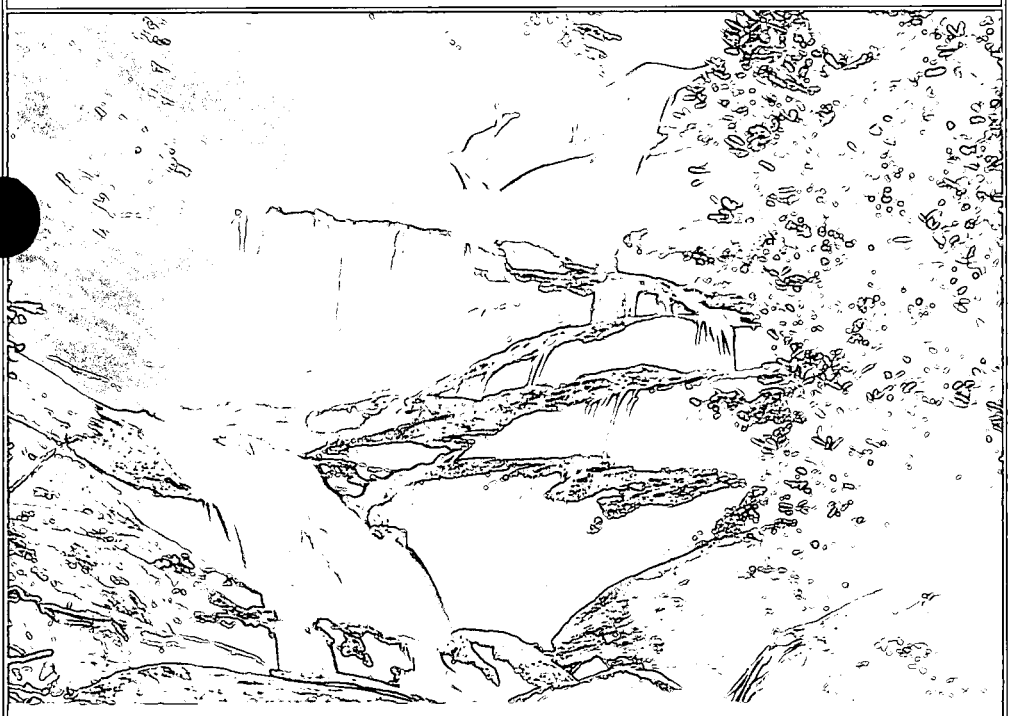
Greg Lucas
Director, Media Arts Project

MountainSouth USA. A Big Part of the Tourism Revenue Equation.

AdvantageWest is committed to finding new and innovative ways to grow Western North Carolina's economy. One example is MountainSouth USA, a cooperative initiative of AdvantageWest and other partners from both the public and private sectors. MountainSouth USA markets the region to travelers in select overseas markets; currently focusing on the United Kingdom and Germany. These markets are promising because the average vacation visit of a foreign traveler is significantly longer than most US-based travelers, meaning a greater economic impact to the region per visitor. Since MountainSouth USA's inception, UK and German visitors to our region have risen steadily, even as international travel to the US overall has slowed. The initiative's web site, www.mountainsouthusa.com, provides detailed itineraries, regional information geared toward international travel agents and travelers, and more.

Counties Within Our Region

Alleghany	Graham	Polk
Ashe	Haywood	Rutherford
Avery	Henderson	Swain
Buncombe	Jackson	Transylvania
Burke	Macon	Watauga
Caldwell	Madison	Wilkes
Cherokee	McDowell	Yancey
Clay	Mitchell	



My business is a start-up operation that I hope can create 1,000 jobs in Western North Carolina over the next 10 years. But to do that we'll need to raise capital. AdvantageWest has been tremendous in helping me achieve this goal. Since I presented my business plan at a meeting of the Blue Ridge Angel Investors Network, I've had a number of serious follow-up discussions with potential funding sources.

-Rick Lampe, CEO, Mariner Container Corp.

A Region Where Rich Culture And Diverse Ecology Intersect.

Western North Carolina is home to North Carolina's Blue Ridge Region, one of the most captivatingly beautiful, culturally rich, and ecologically diverse places on earth.

Our 23-county region comprises 9,629 sq. miles, larger than eight states and roughly the size of Maryland. With a population of approximately 1 million, we have room to grow and yet still enjoy natural landmarks, such as the Great Smoky Mountains National Park, the US Park Service's most visited attraction. And, we're anything but isolated. Our region is served by Interstates 40 and 26, as well as the scenic Blue Ridge Parkway. Our central Eastern US location puts us three hours or less from Atlanta, Charlotte, Raleigh, Greenville-Spartanburg, Knoxville, and Johnson City, and less than a day's drive from half of the US population. And the Asheville Regional Airport has added a host of new direct flights, including some straight to Newark, Houston and Minneapolis.

Our Economy and Workforce

There are many things that make North Carolina's Blue Ridge region special: scenery, climate, heritage, music, crafts, and more. But nothing defines a region more than its people. It's the collective strength of our region's people, their vision and their commitment that make Western North Carolina's economy and workforce truly special.

Our region is home to close to 1,000 manufacturing firms, and manufacturing-related jobs comprise more than 30% of the workforce. AdvantageWest values all of these incumbent companies and has been directly involved in helping to retain 3,000 manufacturing jobs. As traditional manufacturing declines across our state and nation, Western North Carolina's economy continues to diversify. Today, WNC has more than 300 IT-related businesses, and serves as a health-care, retirement, and tourism hub. More than 25% of our region's workforce is engaged in the services sector, and 25,000 workers have tourism-related jobs, generating $1.6 billion in annual revenues. WNC can also boast a significant film industry; more than 45 major motion pictures have been made in our Blue Ridge Mountains.

As homegrown, entrepreneurial businesses play an increasingly important role in our national economy, AdvantageWest has been a leader in fostering economic growth of the entrepreneurial sector in our region through the Blue Ridge Entrepreneurial Council and Blue Ridge Angel Investors Network.

Currently, more than 15,000 businesses reside in WNC with under 5 employees. And more than 4,500 businesses have 5 - 9 employees, employing a grand total of more than 62,000 workers. These micro and (very) small businesses may not employ many as individual companies, but together, they are a strong economic force, and are growing stronger every day. Even as the region's largest employers -- those employing more than 100 workers -- saw a decrease in headcount averaging 8.4 percent, these small and micro-businesses saw an increase of 8.3 percent.

Grant Allocations 1994-2004

ADVANTAGE WEST
NORTH CAROLINA

County	2004 Tier #	Total Grant $	Population	Per Capita $
Alleghany	1	$249,138.97	10,860	$22.94
Ashe	3	$226,820.56	24,734	$9.17
Avery	3	$132,638.97	17,946	$7.39
Buncombe	5	$536,310.67	210,550	$2.55
Burke	2	$169,408.37	89,354	$1.90
Caldwell	3	$99,007.67	78,234	$1.27
Cherokee	2	$205,850.94	25,080	$8.21
Clay	3	$183,050.94	9,216	$19.86
Graham	1	$177,441.84	8,030	$22.10
Haywood	4	$262,038.51	55,114	$4.75
Henderson	5	$237,888.69	92,988	$2.56
Jackson	3	$219,997.23	34,132	$6.45
Macon	3	$188,906.32	30,936	$6.11
Madison	3	$182,893.59	19,856	$9.21
McDowell	2	$205,674.29	42,960	$4.79
Mitchell	2	$194,668.31	15,934	$12.22
Polk	3	$121,674.29	18,866	$6.45
Rutherford	2	$214,783.38	63,345	$3.39
Swain	1	$212,222.03	13,287	$15.97
Transylvania	3	$238,276.59	29,400	$8.10
Watauga	4	$109,376.94	42,892	$2.55
Wilkes	3	$202,166.36	66,660	$3.03
Yancey	1	$168,946.43	17,944	$9.42
Totals		**$4,739,181.99**	**1,018,318**	

Since the inception of the program, AdvantageWest has awarded 291 matching grants that have leveraged over $400 million of resources and impact in the region.

Economic Development Courtesy of the Blue Ridge Entrepreneurial Council.

Mike Arriola of US SBA (left), and Chris Derrick of Womble Carlyle Sandridge & Rice at the Connect 2004 conference in Asheville.

AdvantageWest's Blue Ridge Entrepreneurial Council (BREC) held successful events in 2004 centered around three objectives. First, to build private partnerships aimed at helping local entrepreneurs increase sales. Second, to build awareness of the availability of research grants and partnerships with universities and research laboratories. And third, to attract new sources of capital to the region. For example, in July, Red Hat, the nation's largest open source software company based in Research Triangle Park, brought three of their executives to Western North Carolina to address technology entrepreneurs. Four local companies that use open source software gave business plan presentations to the Red Hat executives, generating new dialogue and inspiring partnerships.

BREC also partnered with the Small Business and Technology Development Center to put on a program about the Small Business and Innovation Research Grant Program to improve our regional statistics for research grants. BREC has also been very active in working on the infrastructure for the life sciences and biotech industries. This event was very well-attended and had measurable success in networking the local people in the biotech industry.

The Blue Ridge Angel Investor Network (BRAIN) was also effective in 2004 and has now helped four different companies raise nearly $1 million in private equity capital. This has had a direct impact on the ability of these four companies to add new jobs in our region.

BREC and BRAIN partnered with Oak Ridge National Laboratory and the new WNC Center for Technology Commercialization to put on the 2nd Annual Connect Entrepreneur and Venture Capital Conference. More than 200 people attended and more than $800 million in venture capital was represented.

AdvantageWest is the only regional partnership that directly supports an entrepreneurial council and is becoming the model for success as the other partnerships look for better ways to create an entrepreneur infrastructure.

BRAIN
Blue Ridge Angel Investors Network

BREC
Blue Ridge Entrepreneurial Council

Blue Ridge was formed in May of 1999. They created the company with KPS and a lot of help from a lot of people across Western North Carolina, including AdvantageWest. AdvantageWest provided a grant through local government to help the employees look at what the future might be, what the possibilities were, and the kind of things they could do with the company.

-George Henson, Recently Retired CEO, Blue Ridge Paper

Blue Ridge Food Ventures will be housed in a former BASF facility that is today a small-business incubator on the campus of AB Tech in Enka, NC.

Blue Ridge Food Ventures LLC

Opening its doors as the first of its kind in North Carolina this fall, Blue Ridge Food Ventures LLC, a joint initiative of AdvantageWest and the North Carolina Department of Agriculture, is a support system and full-scale commercial kitchen operation for value-added food production in Western North Carolina. The initiative enables small-scale growers and entrepreneurs such as caterers and bakers to reap much higher profit margins by selling value-added food products, such as pickled vegetables, juices, or dried fruits, rather than raw commodities or bulk products, which are less profitable.

AdvantageWest has raised nearly $1 million in special funding for start-up costs associated with Blue Ridge Food Ventures LLC. Once fully equipped and operational, user fees will sustain the operating budget of the facility.

BRFV
Blue Ridge Food Ventures
A Program of ADVANTAGEWEST

Who funds Blue Ridge Food Ventures LLC? Contributions and grants have come from the following:

NC Dept. of Agriculture

NC Dept. of Justice

BB&T

The Golden LEAF Foundation

The Janirve Foundation

US Dept. of Agriculture

The Z. Smith Reynolds Foundation

The Asheville Merchant's Fund of the Community Foundation of Western North Carolina

NC Rural Center

The Progress Energy Foundation

NC Agricultural Advancement Consortium

AdvantageWest – North Carolina

Appalachian Regional Commission

NC Farm Bureau

Ten more years: The future is brighter.

There's an old saying that suggests the only constant is change. AdvantageWest stands ready to serve the region, come what may, as we embark on a new decade of transformation. Our organization recently completed a five-year vision planning process with area higher-learning institutions that lays the groundwork for our future success. In 2004, an internal reorganization better aligned our resources with areas where we have the highest probabilities for success, ultimately translating into new jobs and economic opportunity for the region.

Today, we are focusing marketing efforts on 10 "innovation clusters" identified through our vision-planning process, including:

Advanced manufacturing-related

Communications & IT-related

Food-related

Life sciences & agribusiness-related

Retirement-related

Arts, crafts & design-related

Healthcare-related

Environment-related

Recreation & tourism-related

Security-related

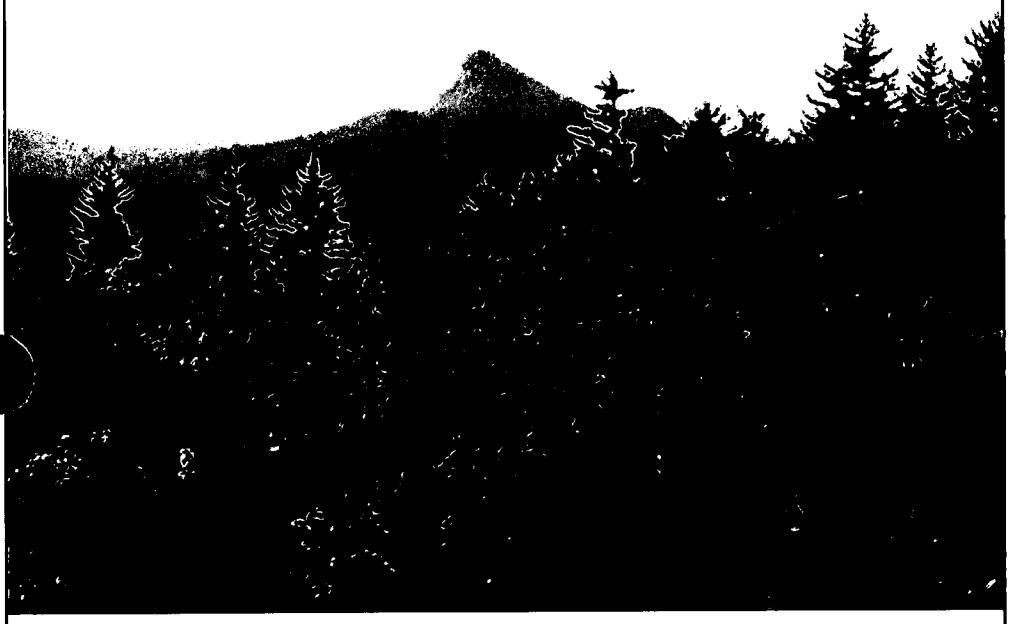
These clusters will serve as a roadmap as we grow the economy of the future. We recognize that innovation will lead to new products and industries that haven't even been invented yet. But these strategies give us vision and focus as we embark on a new decade of transformation.

Jacob Holm is a global leader in non-woven technology and manufacturing. When we made the decision to expand into the United States and open a major new operation, an investment of $50 million, we knew we would need to work with the right partners to find the right community. One of the first economic development organizations we came into contact with was AdvantageWest. Their overall knowledge of the Western North Carolina region, its communities, workforce and assets, helped us decide to locate our plant in North Carolina, one of several southeastern states we considered.

-Michael Norboge, Executive, Jacob Holm Industries

When Martin Marietta Composites needed a top-quality manufacturing facility for our composites product production, we turned to AdvantageWest. They provided immediate, very efficient, and confidential service in advising us of alternative properties with detailed information on costs, local services, and local contacts. As a direct result, we landed an outstanding property in a community that is second to none in Sparta, NC. We couldn't be more impressed with the economic development support we received, and with the local community and its workforce. It's a great place to do business and great to have a partner like AdvantageWest who supports our business efforts.

-Grant Godwin, Vice President and General Manager, Martin Marietta Composite Materials, Sparta, NC.



We realize that we are not able to promote the park like it needs to be promoted by ourselves. And so we have for a long time realized that by working with our partners, like other area attractions, and associations like AdvantageWest, that we can get much more out of our advertising dollars. Thanks to the cooperation of AdvantageWest, we've been able to grow our resources, we've been able to raise the awareness, and we have been fortunate in the last many years to be able to see attendance grow from 85,000 guests a year to over 270,000. That's what partnerships are about.

-Mary Jaeger-Gale, Director of Marketing, Chimney Rock Park

Bolstering the Bottom Line: Investment and Inspiration.

The State of North Carolina is the largest financial supporter of AdvantageWest. None of the accomplishments, initiatives, or services outlined in this report would be possible without the leadership and financial support of the General Assembly. The state's investment in AdvantageWest continues to be leveraged by a growing number of additional sources.

Ongoing support from our private investors is a key component of fulfilling our mission. Our investors provide critical ongoing financial support, and stand ready to further assist individuals, groups, or corporations interested in doing business in Western North Carolina.

Board Chairman Gordon Myers (left) and Progress Energy Representative Rodger Sauls at an AdvantageWest board meeting.

Our largest private-sector supporters, Sustaining Partners, typically provide support ranging from $10,000 - $25,000 annually. These partners include:

Progress Energy

Duke Energy

BellSouth

Verizon

RBC Centura

First Citizens

PSNC Energy

The Eastern Band of the Cherokee Indian

Carolina First

Grant Thornton

Womble Carlyle Sandridge & Rice, PLLC

When Bristol Compressors, at one time Alleghany County's largest private employer, closed its doors, AdvantageWest was there. They quickly helped market the facility to prospective users, and helped locate Martin Marietta Composite Materials in the 185,000 sq. ft. facility. Today, they are working with the industry and local community college to help establish a support system for a cluster of advanced composite materials manufacturers in the area.

-Don Adams, Alleghany County Manager

Our Team

Dale Carroll
President & CEO

Ray Bratsch
Controller

Betty Huskins
Senior VP, External Relations

Rick Carleton
Senior VP, Business Development

Carolyn Griffin
Assistant Corporate Secretary

Sam Powers
Director, Industrial Marketing

Jim Roberts
Director, Blue Ridge Entrepreneurial Council
and Blue Ridge Angel Investors Network

Kate Russell-Cobb
Director, MountainSouth USA

Mary Lou Surgi
Director, Blue Ridge Food Ventures LLC

Rob Bell
Director of Programs, Blue Ridge National Heritage Area

Karen Hays
Director, Grants Administration

Mark Owen
Director, Communications and Research

Alice Wilder
Administrative Professional

From providing grants for economic development initiatives and sub-regional marketing efforts, to bringing site consultants and other decision makers to Western North Carolina, AdvantageWest plays a critical role in the economic development efforts of our region. AdvantageWest brings the critical resources to the table that local developers and the NC Department of Commerce could not on their own.

-Scott T. Hamilton, Executive Vice President, Henderson County Partnership for Economic Development

Additional corporate partners participate in a variety of ways, from financial support to in-kind donations of goods or services. These include:

BB&T

Biltmore Farms

Blue Ridge Motion Pictures

Blue Ridge Mountain EMC

Blue Ridge Mountain Host

Blue Spiral Gallery

BUILDERadius

Buncombe County TDA

Cherokee Travel & Promotion

Chetola Resort

Chimney Rock Park

Crisp Hughes Evans

DeepWeave

Dot Org Group

Doubletree Biltmore Hotel

Eastern Band of the Cherokee Indian

Elant Systems

Enterprise Solutions

Fairway Outdoor Advertising

Golden LEAF, Inc.

Grant Thornton

Great Smoky Mountain Golf Association

Great Smoky Mountain Railroad

Handmade in America

Haywood County TDA

Helms Mullis Wicker

Home Trust Bank

Hutchinson & Mason

Ironwood Media Group

KemperStrategy

Macon Savings Bank

McGill Associates

McGuire, Wood & Bissette

Murphy Power Board

Phil Hawkins Consulting

Nanotech Capital

Nantahala Outdoor Center

North Carolina High Country Host

Office Environments Asheville

RBC Centura

Ridgetop Associates

Seventy-two DPI

Smoky Mountain Host

Sonopress

The Alpha Group

The Grove Park Inn Resort & Spa

The Sanford Holshouser Law Firm

The Technology Resource of the Southeast

Tweetsie Railroad

UBS Financial

Wachovia

Womble Carlyle Sandridge & Rice, PLLC

Federal agencies, private foundations, and educational institutions also provide funding and support for many AdvantageWest initiatives. These include:

Golden LEAF Foundation

Appalachian Regional Commission

The North Carolina Department of Agriculture

The North Carolina Department of Justice

The Asheville Merchant's Fund of The Community Foundation of Western North Carolina

The Janirve Foundation

Z. Smith Reynolds Foundation

The Stonecutter Foundation

The US Department of Commerce Market Development Cooperator Program

The US Congress, with special thanks to Rep. Charles Taylor, Rep. Cass Ballenger, Rep. Richard Burr, Sen. John Edwards, and Sen. Elizabeth Dole

Western Carolina University

The Center for Regional Development

Appalachian State University

The Walker College of Business

The Appalachian-Regional Development Institute

The Cherokee Preservation Foundation

National Park Service

NC Agricultural Advancement Foundation

Rural Internet Access Authority

USDA/NC Farm Bureau

The National Endowment for Arts

Verizon Foundation

AdvantageWest 2004 Annual Report "A Decade of Transformation" and Annual Meeting made possible by support from:

CAROLINA FIRST

We take banking personally.

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Western North Carolina Regional Economic Development Commission
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www.advantagewest.com

Presentation by

ADVANTAGE WEST

NORTH CAROLINA

Dale Carroll, CEO

NER-NC General Assembly

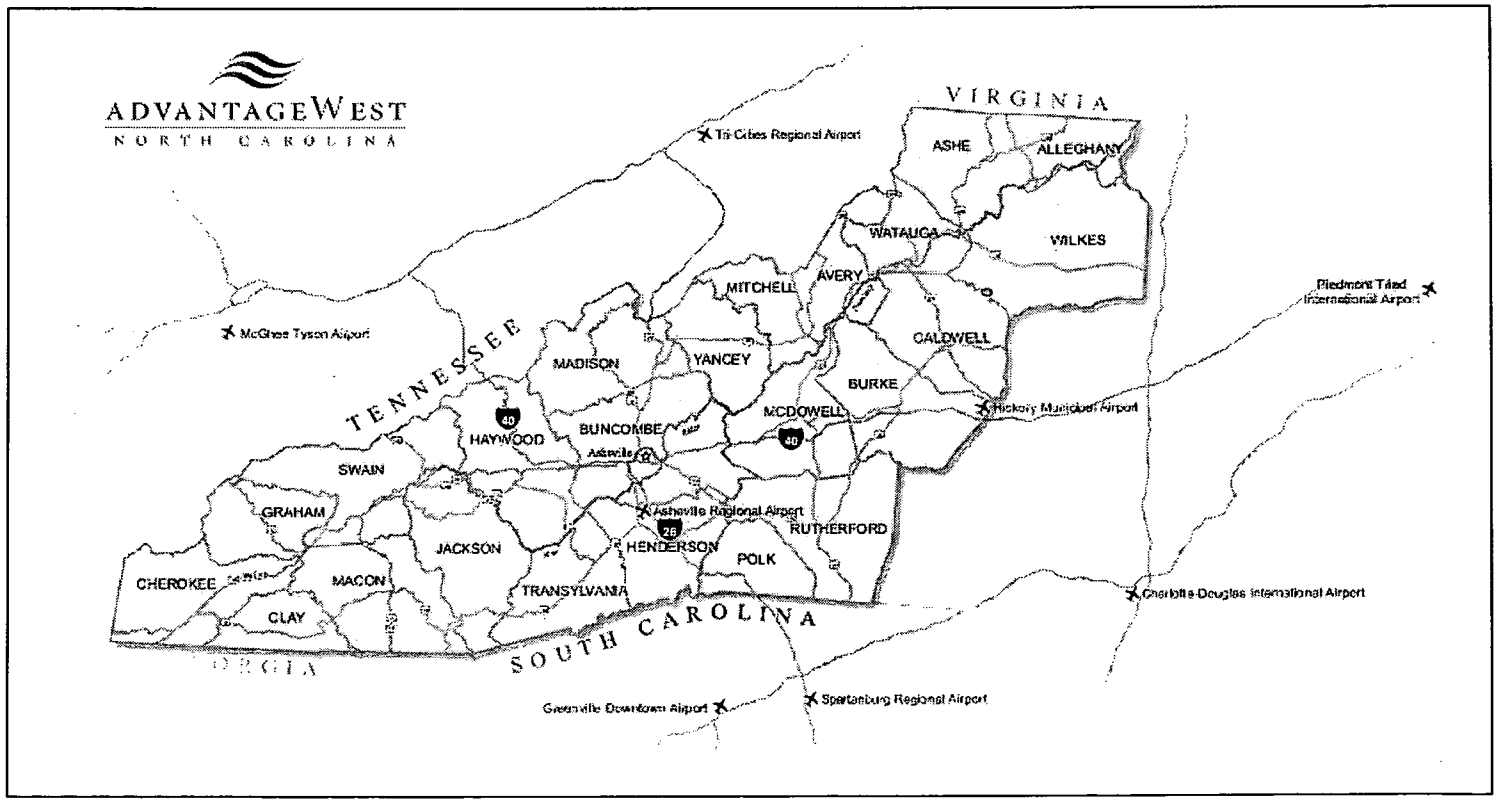
March 9, 2005

Attachment 5B

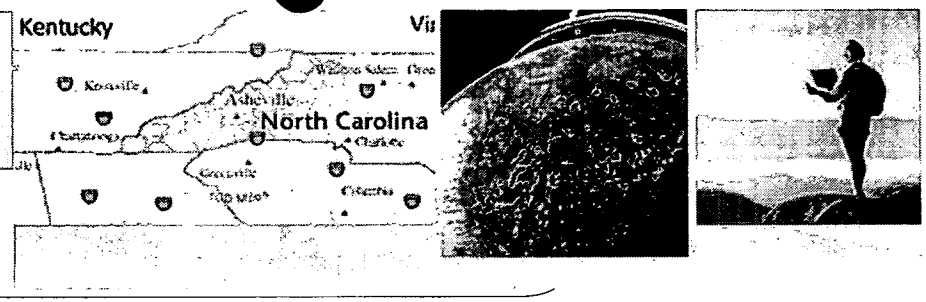
ADVANTAGEWEST
NORTH CAROLINA

Where Are We?

Closer to the capitals of five other states than Raleigh!



ADVANTAGEWEST
NORTH CAROLINA



Mission Statement

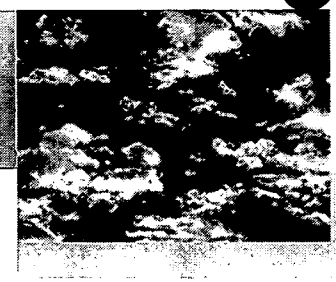
The Western North Carolina Regional Economic Development Commission shall promote and advocate the creation of improved economic opportunity in our region, while encouraging stewardship of the culture, heritage and natural resources of Western North Carolina.

ADVANTAGE WEST
NORTH CAROLINA

Organizational Record

- 20,000+Jobs Created since 1993
- 3,000+Jobs Saved since 1993
- 23% Increase in Tourism Revenues
- Over $1 million angel capital raised for region - 2004
- Started Certified Industrial Site Program in NC
- First Dual-State Business Park in US – NC and GA
- Tri-State Conference yearly- TN, VA, NC
- Multi Gov Airpark – Caldwell, Burke, & 2 cities
- First commercial kitchen in NC – 18th in the US
- First National Heritage Area in NC – 24th in US

ADVANTAGE WEST
NORTH CAROLINA



Organizational Structure

- **Regionalism was born here! -1993 Legislation**
- **19 Business leaders serving on board**
- **Co-located with NCDOC – First region to do so**
- **Rely on advisory boards - EDAC & TAC**
- **Largest geographic region of the 7 partnerships**
  - 23 counties and 1 million citizens
  - Approximately 10,000 square miles
  - Larger than 8 states in the U.S.
  - Roughly the size of Maryland
- **Staff team of professionals and experts in their fields**

ADVANTAGEWEST
NORTH CAROLINA

Diversified Development Approach

- Traditional Industry Development
- Tourism Development
- Film Development
- Entrepreneurial Development

ADVANTAGEWEST CIS
NORTH CAROLINA Department of Commerce

MOUNTAINSOUTH • USA
AMERICA'S SOUTHERN HIGHLANDS
Heritage Areas
National Park Service
U.S. Department of Interior

BREC
Blue Ridge Entrepreneurial Council

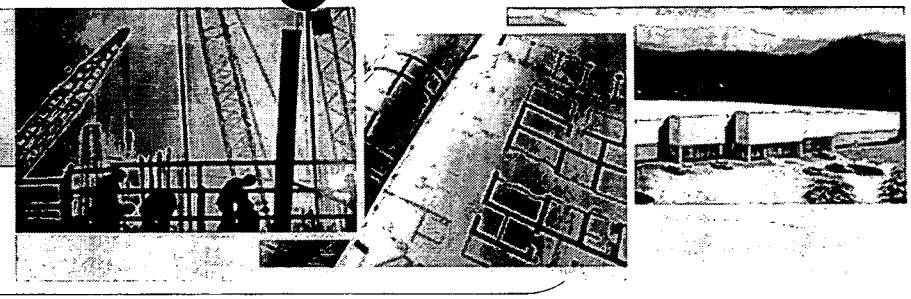
BRAIN
Blue Ridge Angel Investors Network

workready.net
ADVANTAGEWEST

WESTERN NORTH CAROLINA
FILM COMMISSION

BLUE RIDGE
FOOD VENTURES

ADVANTAGEWEST
NORTH CAROLINA



Traditional Industry

Retention

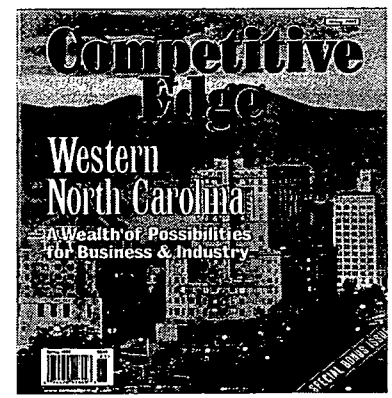
- WNC Training Alliance
- Business Retention & Expansion Program
- ESOP Development

Recruitment

- Certified Industrial Site Program
- Client Direct Marketing & Advertising
- Supplier & Vendor Initiative

ADVANTAGEWEST
CIS
NORTH CAROLINA
Department of Commerce

- Over 20,000 jobs created
- 3,000+ jobs saved



ADVANTAGE WEST
NORTH CAROLINA

Five-Year Vision Plan In Action

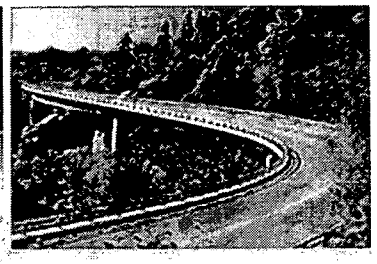
• **Advanced manufacturing**	⇒	Martin Marietta & Jacob Holm
• **Communications & IT**	⇒	Navigational Sciences & MAP
• **Food-related**	⇒	Blue Ridge Food Ventures, LLC
• **Life sciences & agribus.**	⇒	Genesis Molecular Discovery, Inc.
• **Retirement-related**		
• **Arts, crafts & design**	⇒	Grove Arcade Art Space, BRNHA
• **Healthcare-related**		
• **Environment-related**	⇒	MicroCell, Inc.
• **Recreation & tourism**	⇒	Blue Ridge National Heritage Area
• **Security-related**	⇒	Navigational Sciences, Inc.

ADVANTAGE WEST
NORTH CAROLINA

Five-Year Vision Plan In Action

- **Advanced manufacturing** ⇒ Jacob Holm-$25K to establish cluster
- **Communications & IT** ⇒ NavSci-$25K to establish cluster
- **Food-related** ⇒ Food Ventures-$25K for incubator
- **Life sciences & agribus.** ⇒ Genesis-$55K for wet lab incubator
- **Retirement-related**
- **Arts, crafts & design** ⇒ Grove Arcade-$25K to establish cluster
- **Healthcare-related**
- **Environment-related** ⇒ MicroCell, Inc.
- **Recreation & tourism** ⇒ Blue Ridge National Heritage Area
- **Security-related** ⇒ Navigational Sciences, Inc.

ADVANTAGEWEST
NORTH CAROLINA



Tourism Development

Support Host Organizations

MOUNTAINSOUTH·USA
AMERICA'S SOUTHERN HIGHLANDS

Heritage Areas
National Park Service
U.S. Department of Interior
Blue Ridge National

USDOCPartnership

- **Blue Ridge Mountain Host**
- **NC High Country Host**
- **Smoky Mountain Host of NC**

These organizations represent over 700 private businesses involved in the tourism industry

•AdvantageWest has helped increase the economic impact of tourism from $124.72 million in 1995 to $163.26 million in 2000, ***an increase of 23 percent.***

ADVANTAGE WEST
NORTH CAROLINA

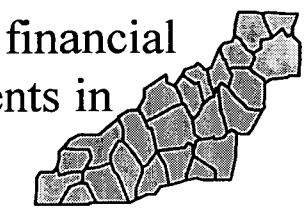
Regional Capacity Building

Grant Programs	Broadband Access	Biotechnology	Advocacy

Securing Grants for the Region
$5 million in non-state funds -2005

- **EDI Grants**
- **Co-Op Marketing**
- **Special Projects**

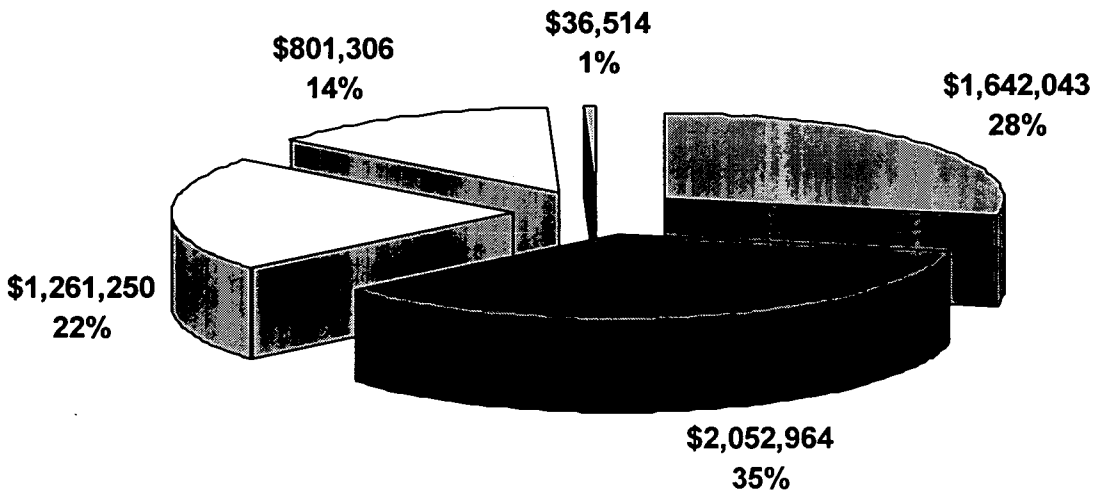
More than $4 million in matching grants awarded since 1995 have leveraged over **$400 million** in financial commitments in WNC



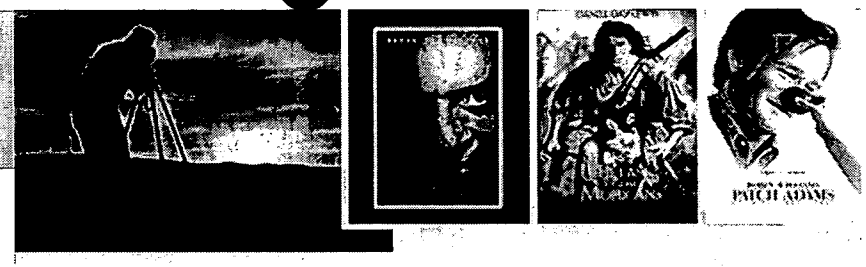
- **Elected Officials**
  Federal-State-Local
  ***STPC**
- **Agencies**
  Federal-State-Local
  ***NEA – NEH - NPS**

ADVANTAGE WEST
NORTH CAROLINA

Leverage Increasing! 2005 Revenues



ADVANTAGEWEST
NORTH CAROLINA



Film Development

WESTERN NORTH CAROLINA
FILM COMMISSION

Over $85 million economic impact by projects involving the WNC Film Commission since 1991

- **Feature Films**
- **Still Photo Shoots**
- **TV Commercials**
- **Film Festivals**

Collaboration with WCU & NC School of the Arts

WNC Film Fund! wncfilm.net
ADVANTAGEWEST

ADVANTAGE WEST
NORTH CAROLINA

Entrepreneurial Development

BREC
Blue Ridge Entrepreneurial Council

An organization that provides education, networking, and access to capital for entrepreneurs

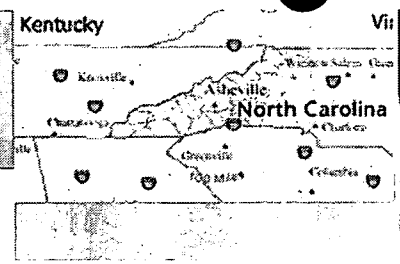
BRAIN
Blue Ridge Angel Investors Network

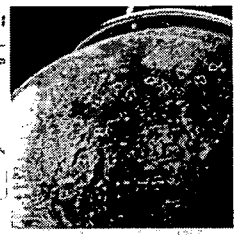
An organization that provides access to capital for entrepreneurs

BLUE RIDGE
FOOD VENTURES

An organization that provides space, expertise and opportunity for food-related entrepreneurs to produce their products and take them to market

ADVANTAGEWEST
NORTH CAROLINA





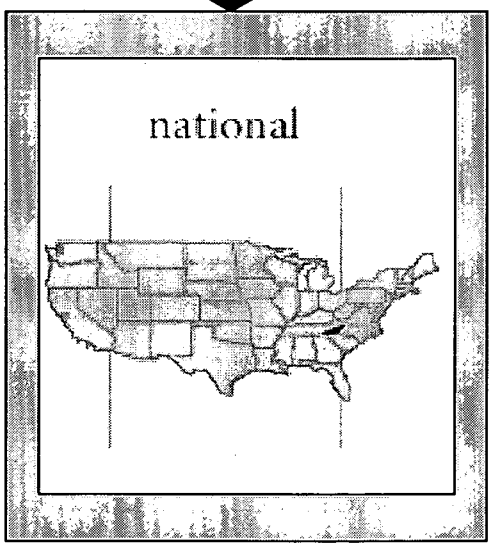
Economic Development Initiatives

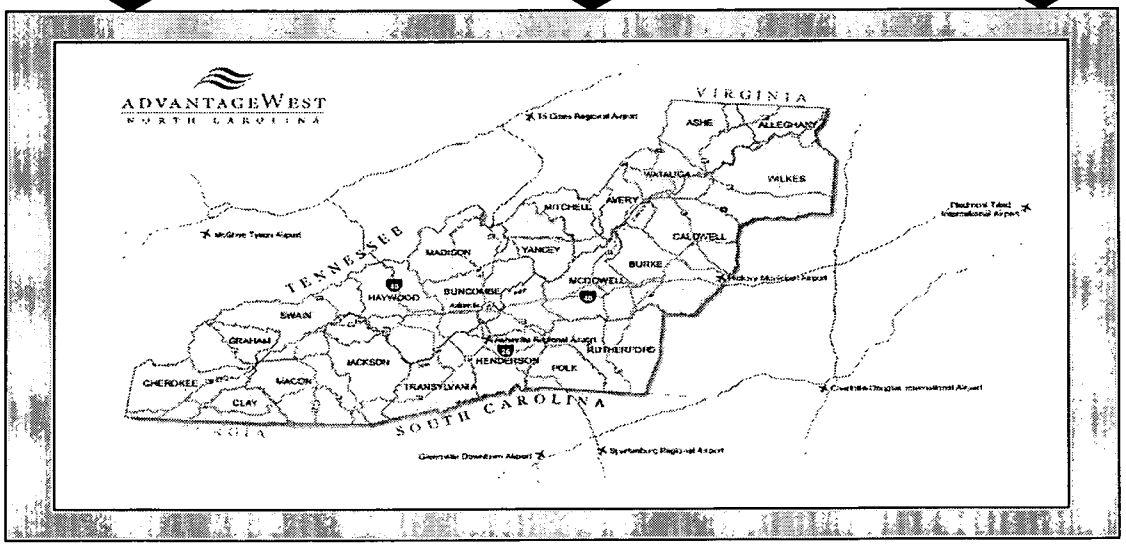
Federal CEDS Plan
Future Forward
Northwest Forum

Regional Vision Plan
Higher Education

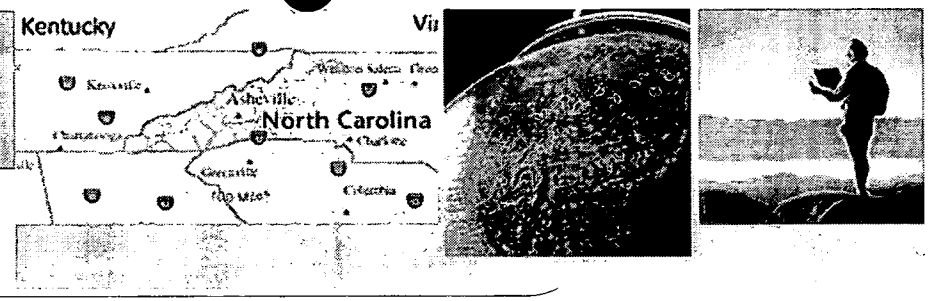
Local Planning
***Brownfields**
***Amend. One**

Master Plans for Industrial Sites





ADVANTAGE WEST
NORTH CAROLINA



Awards for Leadership in the Field

ED Pro International Website

Georgia Tech Economic Development Institute

National Association of Manufacturers

***Entrepreneur* Magazine**

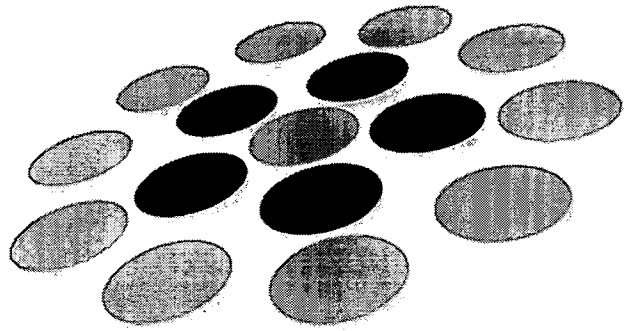
US Department of Commerce

Southeast Tourism Society

American Economic Development Council

Southern Economic Development Council

***Economic Development America* Magazine**



CHARLOTTE REGIONAL

PARTNERSHIP

Attachment 6A

CHARLOTTE REGIONAL PARTNERSHIP

Charlotte Regional Partnership

CHARLOTTE REGIONAL PARTNERSHIP

Charlotte Regional Partnership

3. Partnership Mission

CHARLOTTE REGIONAL PARTNERSHIP

Focus Areas

Marketing & Business Development

- Focus for realigning [illegible] efforts [illegible]
  - Create marketing and business development [illegible]
  - [illegible]
  - [illegible]
  - [illegible]
  - [illegible] "Everyday"
  - [illegible] Keep it Common
  - [illegible]

CHARLOTTE REGIONAL PARTNERSHIP

Focus Areas

International Marketing

Focus on international marketing efforts

development of foreign direct investment

- Continue to develop
- Target
- Target
- Develop
- Create
- Assist

CHARLOTTE REGIONAL PARTNERSHIP

Focus Areas

Public/Private Partnership

CHARLOTTE REGIONAL PARTNERSHIP

Focus Areas

Strategic Planning

- Approve 3 year Strategic Plan for Organization
- 2005 Work Program
  - Regional Vision Process
  - Regional Indicators Report
  - Regional Scorecard
  - Regional Summit

CHARLOTTE REGIONAL PARTNERSHIP

Focus Areas

Regional Visioning Plan

CHARLOTTE REGIONAL PARTNERSHIP

Name of Partnership: Charlotte Regional Partnership

Board Chair and Profession:

Michael G. Mayer, Senior Vice President, Bank of America

Number of Board Members: 91 – comprised of private sector, all 16 counties, local economic development professionals, elected officials

Chief Executive, and how long has been in current position:

Michael A. Almond, President & CEO (1999-present)

Operational staff size: 11 + 1 intern

How many counties are represented: 16 (12 in North Carolina)

What is the total population of the counties in the partnership:
16 CRP counties = 2,243,975

What the partnership's annual budget, how much is taken in: $2.9 million

Where does the partnership's money come from (specific percentages split between Legislative, local government if any, private business, tag tax, etc):

State of North Carolina = 25%; Local government = 27%; Private business = 48%

What current initiatives are being developed/implemented:

- International Business Development – "Elbow Strategy"
- Website Development / Enhancement
- Film Production

What is the partnership's particular specialty?

- Regional Branding & Advertising - $2.5 million "Charlotte USA" campaign
- International Business Development – "Elbow Strategy"
- Annual Program of Work: focus on face-to-face, business-to-business contacts w/business leaders, site selection consultants, and project managers worldwide

CHARLOTTE REGIONAL PARTNERSHIP

Focus Areas:
Regional Visioning Plan

- Collection & Assessment of Regional Studies completed in last 5 years by the Carolina Center for Competitive Economies (Regional CED's studies, etc.)
  - An assessment of the region's current state of competitiveness
  - A profile of the Charlotte region's existing and emerging industry clusters
  - A profile of the current and potential pool of workers for the identified clusters
  - Articulation of realistic regional economic development goals for 2005-2010
  - An initial set of policy priorities and actions necessary to achieve the vision, and of the steps necessary to ensure successful implementation of the plan
  - *The capacity and role of the area's community colleges and universities will be incorporated into all elements of the plan.*
- Set up account to track expenses allocated to the process
- Organizing stakeholder planning meeting for April
- Finalize plan by July 2005 – begin execution immediately

NORTH CAROLINA'S NORTHEAST
Discover the Difference

Northeastern North Carolina Regional Economic Development Commission/Partnership

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Complete Name of Partnership: **North Carolina's Northeast Partnership, Inc.**

Board Chair and Profession: **Jack Runion, Chairman (retired Dominion NC Power Executive)**

Number of Board Members: **20**

Chief Executive, and how long has been in current position: **Rick G. Watson, President & CEO; 8 years**

Operational staff size: **5 staff members**

How many counties are represented: **16**

What is the total population of the counties in the partnership: **348,441**

What the partnership's annual budget, how much is taken in: **$1,972,500**

Where does the partnership's money come from (specific percentages split between Legislative, local government if any, private business, tag tax, etc): **65% legislative appropriation; 1% private business; and 34% state, federal and private grants.**

What current initiatives are being developed/implemented:

- **New Business/Industry Recruitment Program**
- **Existing Business/Industry Retention & Expansion Program**
- **Tourism Development Program**
- **Grant Funding/Financing Support for New & Expanding Business/Industry**
- **Regional Vision Study & Cluster Market Analysis**
- **Advanced Vehicle Research Center**
- **NC State Centennial Campus East Biotechnology Park**
- **Theater/Entertainment District**
- **Minority Business Development**
- **Phase II Certified Sites Program**
- **Loan Pool for Business/Industry Financing**

What is the partnership's particular specialty: **Working with our counties and communities to identify and develop sustainable rural economic development initiatives and activities.**

Northeastern North Carolina Regional Economic Development Commission & North Carolina's Northeast Partnership, Inc.

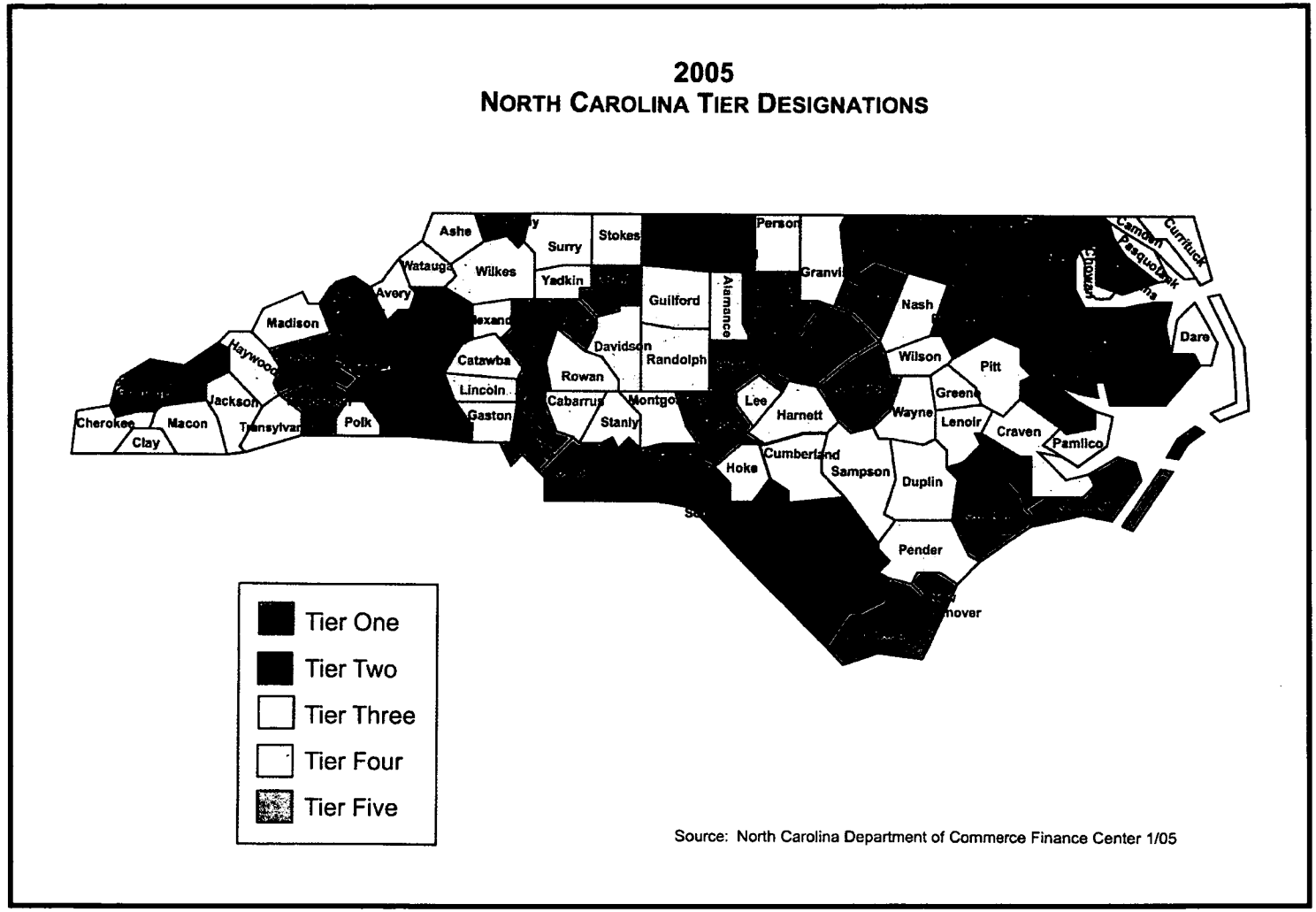
Discover the Difference

Appropriations Subcommittee – NER
& Fiscal Research Staff

March 9, 2005

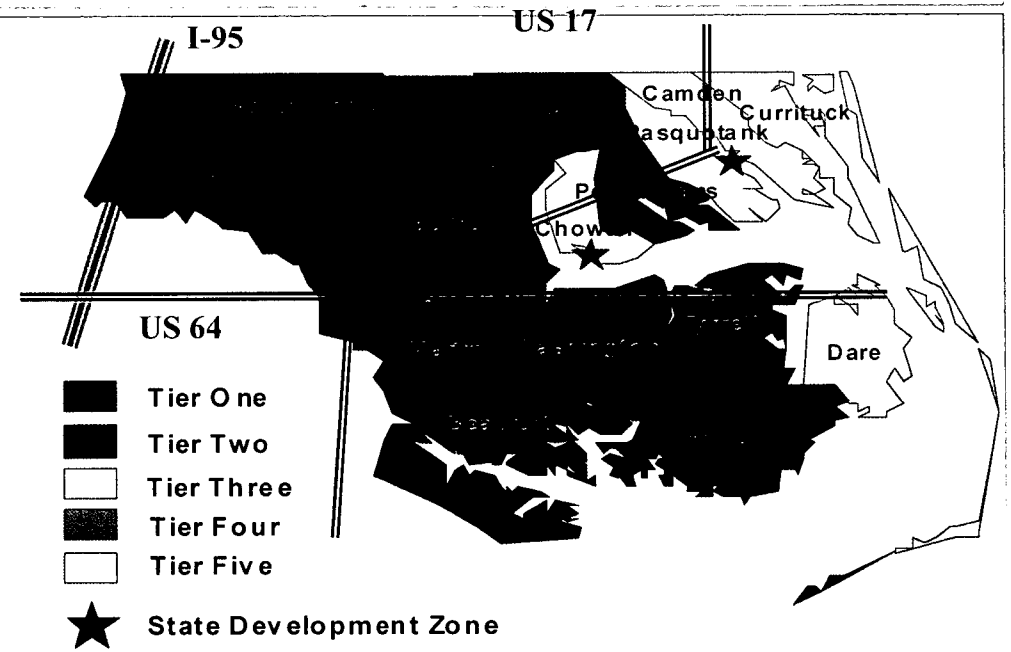
Attachment 7B

2005 Enterprise Tier Designations



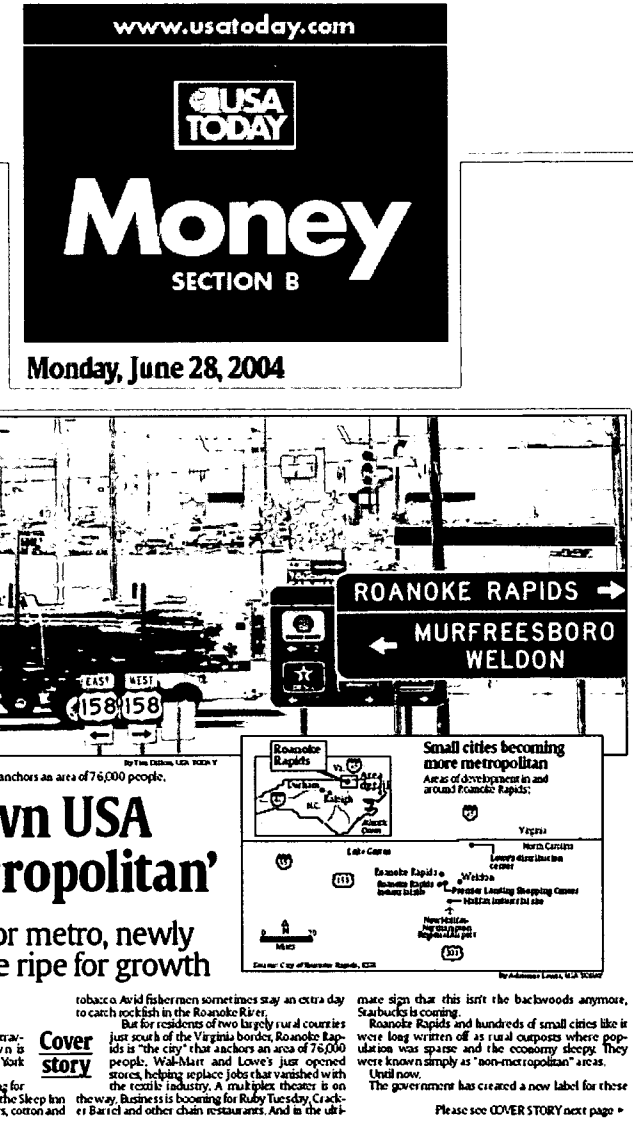
Regional Overview

- Distressed Economic Development Region
  - 11 Enterprise Tier One Counties
  - 5 Enterprise Tier Three Counties
  - 5 State Development Zones
- Major Focus Areas
  - Business/Industry Recruitment
  - Business/Industry Expansion, including Minority Business
  - Tourism Development



Regional Overview (cont.)

- Emerging Economic Development Region
  - Interstate 95 and regional commercial/industrial appeal
  - New 4-laned highways
    - US Highways 64 & 17
    - US Highway 17 in Virginia
  - Natural gas and high-speed telecommunications
  - Norfolk Port
    - 2nd busiest port on the East Coast
  - 15,000 commuters daily to Virginia
  - Growing international business interest



www.usatoday.com

USA TODAY

Money

SECTION B

Monday, June 28, 2004

Tiny, but mighty: Roanoke Rapids, N.C., anchors an area of 76,000 people.

Small-town USA goes 'micropolitan'

Not quite rural or metro, newly minted areas are ripe for growth

By Haya El Nasser
USA TODAY

Cover story

ROANOKE RAPIDS, N.C. — For many travelers on Interstate 95, this old mill town is merely a pit stop halfway between New York and Florida.

They fill their tanks, satisfy their craving for Carolina barbecue, crash for the night at the Sleep Inn and drive away from the fields of peanuts, cotton and tobacco. Avid fishermen sometimes stay an extra day to catch rockfish in the Roanoke River.

But for residents of two largely rural counties just south of the Virginia border, Roanoke Rapids is "the city" that anchors an area of 76,000 people. Wal-Mart and Lowe's just opened stores, helping replace jobs that vanished with the textile industry. A multiplex theater is on the way. Business is booming for Ruby Tuesday, Cracker Barrel and other chain restaurants. And in the ultimate sign that this isn't the backwoods anymore, Starbucks is coming.

Roanoke Rapids and hundreds of small cities like it were long written off as rural outposts where population was sparse and the economy deepy. They were known simply as "non-metropolitan" areas.

Until now.

The government has created a new label for these

Please see COVER STORY next page ▸

Regional Accomplishments

- Named one of the "Top 10 Economic Development Organizations in the U.S. & Canada" by Site Selection Magazine in 1996
- 16,754 jobs created since 1996
- $3.5 billion in business/industry investment since 1996
- 54% increase in tourism revenues since 1996
- $124 million in federal, state, and other resources to support new job creation and investment and tourism development

Economic Development Efforts

- **New Business/Industry Recruitment**
  - Source of Prospects
    - 62% Partnership; 23% County; and 15% Commerce
  - Prospect Distribution
    - 77% Industrial; 16% Commercial; and 7% Tourism
  - Serve as economic development representative for 38% of our counties
  - Creative financing packages
    - Syfan Manufacturing, Martin County
    - PCB Piezotronics, Halifax County
  - Highly successful job fairs to support employee recruitment

Existing Business & Industry Support

- Work collaboratively with DOC regional office, NCSU Industrial Extension, and local community colleges
- Focus on small businesses AND industries
- Local business/industry associations to foster communications between communities and businesses
- Internet-based buyer-supplier network
- Minority business development

Tourism Development Efforts

- Cooperative advertising with region and counties
- Regional Visitors Guide
- Tourism Web Portal
- Northeast Heritage Trails
  - Aviation, Civil War & African American
- Regional Heritage Initiative
- 14 million visitors annually
  - 7 million to Coast
- Inner Banks "hot" land development opportunity
  - Golf, housing, waterfront development
  - Housing creep from Southeast Virginia

Regional Economic Development Vision Plan

- Contracted with Office of Economic Development, Kenan Institute of Private Enterprise
- Scope of work consistent with Session Law 2002-126, Section 8.3, Regional Economic Vision Plans
- 5-Year Vision Plan focusing on the 16 counties in North Carolina's Northeast Region and influences of the Hampton Roads Area of Virginia
- Capacity and role of Region's community colleges and universities incorporated into all elements
- Scheduled for completion in April, 2005

Vision Plan Elements

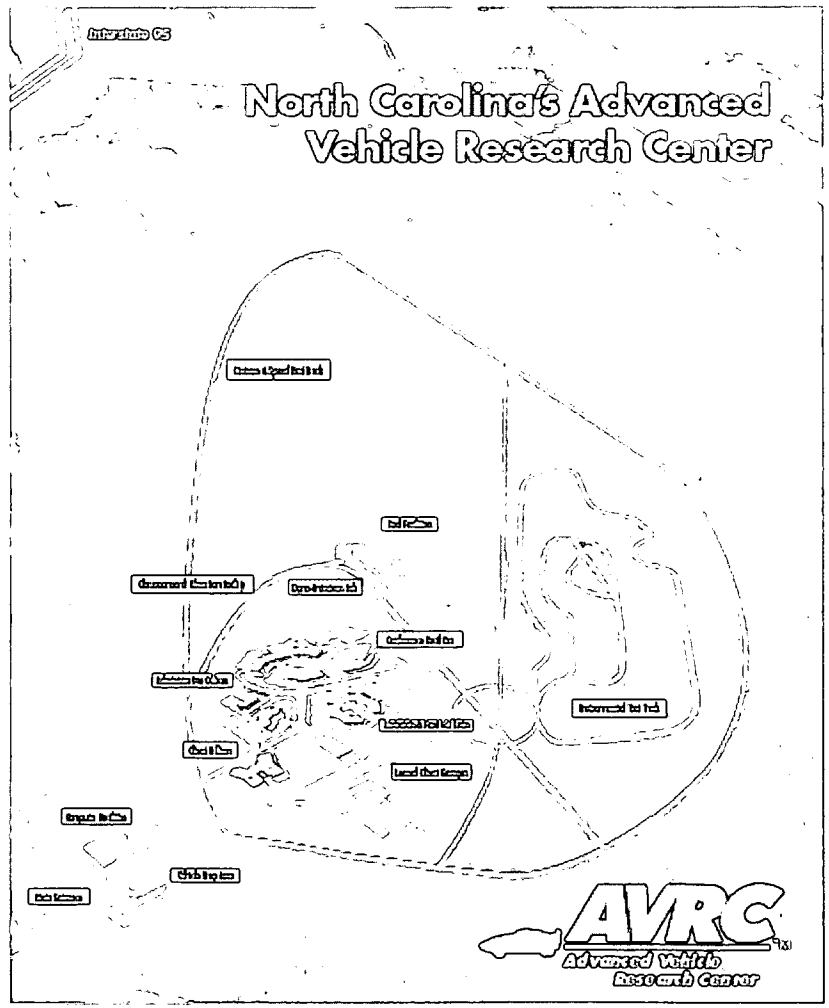
- Emerging Rural Region with new infrastructure and new transportation corridors
- Planting seeds that will impact future industry and employment clusters
  - Advanced Vehicle Research Center
  - NC Centennial Campus East Biotechnology Park
  - Entertainment District
- Elements of Vision Plan
  - Assessment of Region as of 2004-2005
    - Human, Physical, Financial & Social Capital
  - Existing and emerging industry and technology strengths
  - Industry and employment cluster analysis
  - Analysis of technology strengths of the Region's community colleges, universities, and businesses
  - Profile of current and likely pool of workers
  - Articulation of realistic economic development goals for the next five years
  - Discussion of policy priorities and actions necessary to achieve this vision
  - Involvement of regional stakeholders in all aspects of work plan

Vision Plan Budget

Regional Vision Study	$ 70,000
Stakeholders Meetings	$ 10,000
Target Marketing Initiatives	
❖Existing & Minority Business/Industry	$ 50,000
❖Tourism/Entertainment Development	$ 30,000
❖Second Tier Automotive Manufacturers	$ 30,000
❖Biotechnology (crop and extraction)	$ 30,000
❖Emerging Clusters (from Vision Study)	$ 30,000
Total	$250,000

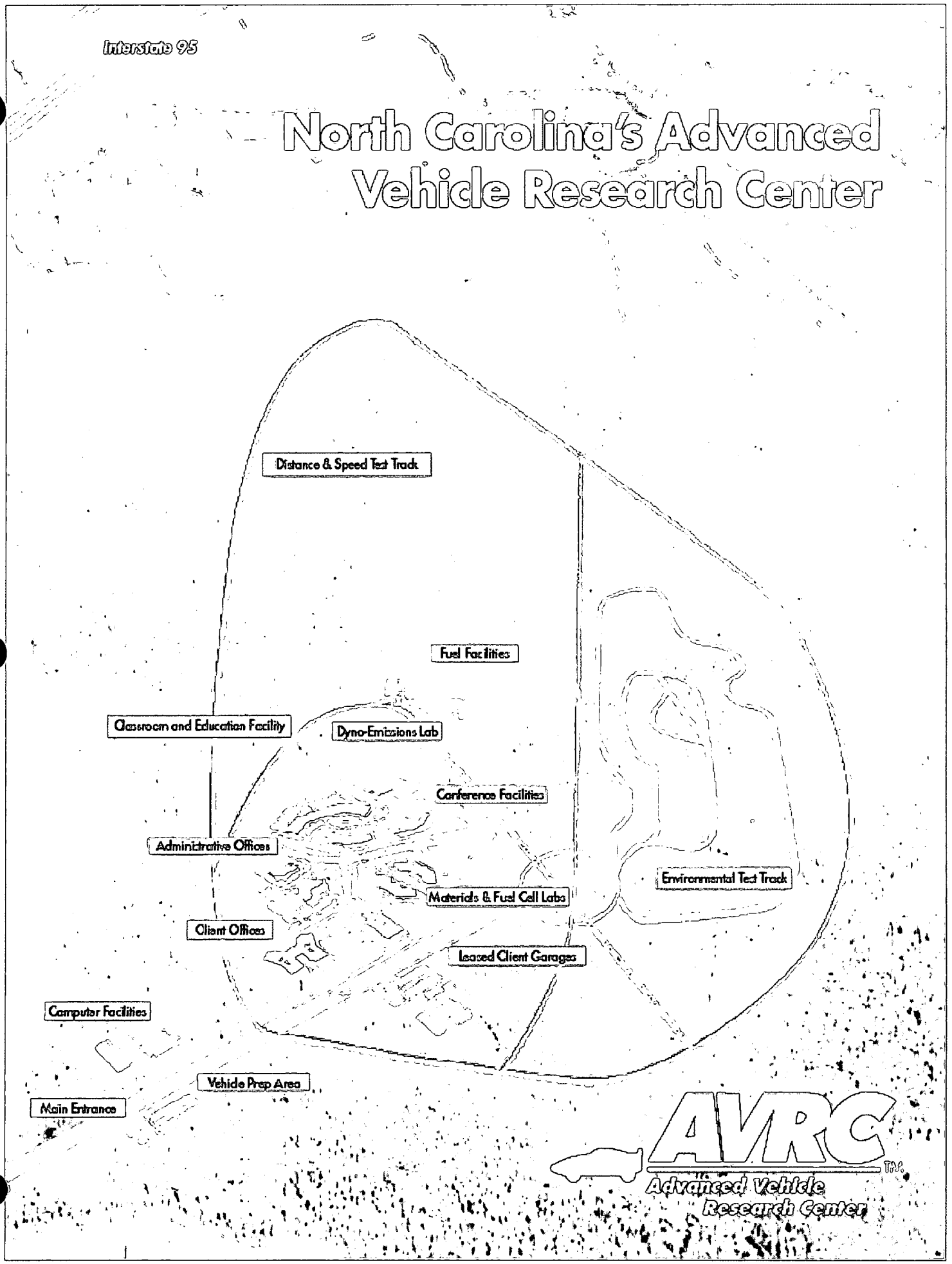
Advanced Vehicle Research Center

- Automotive proving ground and research center (650 acres)
- 2002 feasibility study determined best location as I-95 in Northampton County
- Legislature appropriated $200,000 to verify project viability
- Nationally-recognized international company wants to design AVR test track and establish engineering facility
- Multiple companies interested in participating



Advanced Vehicle Research Center

- Two similar facilities are economic successes
  - Transportation Research Center (TRC), Ohio
  - Motor Industry Research Agency (MIRA), United Kingdom
- Experts voice need for auto proving ground in an Eastern U.S., Mid-Atlantic location
- FY 2004-2005 activities are focused on marketing, education, legislative, and management
- Organized as not-for-profit corporation with world-class advisory board
- Active partners from NCSU, NCDOT, NC State Energy Office, TRC, MIRA, GM and others
- Project progress has exceeded expectations – PCB Piezotronics location in Halifax, 500 jobs, a direct result of AVR marketing


Interstate 95
North Carolina's Advanced Vehicle Research Center
Distance & Speed Test Track
Fuel Facilities
Classroom and Education Facility
Dyno-Emissions Lab
Conference Facilities
Administrative Offices
Environmental Test Track
Materials & Fuel Cell Labs
Client Offices
Leased Client Garages
Computer Facilities
Vehicle Prep Area
Main Entrance
AVRC
Advanced Vehicle Research Center

March 9, 2005

TO: Appropriations Subcommittee on Natural & Economic Resources

RE: Advanced Vehicle Research Center (AVRC) Update

In 2002, a feasibility study conducted by North Carolina's Northeast Partnership, Inc., concluded that the best location for an "automotive proving ground and research center" was on I-95 in Northampton County (just north of Roanoke Rapids). During the last legislative session, $200,000 was appropriated to North Carolina's Northeast Partnership, Inc., to further the development of the full transportation testing center.

Working with Northampton County, the Northeast Partnership is advancing $50,000 each quarter to be used for marketing (50%) and for project management (50%). The first funds were advanced on September 1, and to date $100,000 has been released for this project. An accounting of the expenditure of funds by Northampton County is enclosed.

In an effort to verify the strength of this AVRC project, Gary Brown, Executive Director of the Northampton County's Economic Development Commission, and North Carolina's Northeast Partnership, Inc. have been working closely with Mr. Richard Dell, the initiator of the Advanced Vehicle Research Center concept, with phenomenal results. In the fall of 2004, Halifax County located an auto sensor company, PCB Piezotronics of Buffalo, NY, that will employ 500 people. PCB is a direct result of our marketing efforts on behalf of the AVRC project. In addition, Mr. Dell has multiple companies interested in participating with North Carolina in this auto proving ground. For instance, a recognized international company is interested in designing the AVRC track (valued at a minimum of $2.5 million) and establishing an engineering center at the North Carolina facility.

The Advanced Vehicle Research Center (AVRC) has been organized as a not-for-profit corporation. All future assets will be owned by the not-for-profit. This will allow North Carolina the flexibility to "give" the facility to an automotive manufacturing plant, if needed to close the deal.

We feel that this Advanced Auto Research & Proving Ground, located in North Carolina's fourteen-county "Valley of Tier 1 Areas," offers an excellent rural strategy for implementation by North Carolina to positively impact a depressed region of the state. With strong participation from such universities as NC State University, we will be attracting the type of jobs that rural North Carolina needs to develop.

NORTH CAROLINA'S NORTHEAST PARTNERSHIP, INC.
119 West Water Street - Edenton, NC 27932 – Toll Free 888-872-8562 – Fax 252-482-3366
E-Mail: info@ncnortheast.com - Web Page: www.ncnortheast.com

Experts in the industry tell us that there is a need for an auto proving ground in a mid-Atlantic, eastern USA location. Mr. Dell has assembled a world-class group of individuals to serve on the advisory board. Company officials have met with legislative and government leaders stating their interest in partnering with North Carolina.

Consequently, we are working with members of the North Carolina General Assembly to move forward with state legislation to fund phase one of the project ($15 million). Bills will be introduced in the House and Senate within the next week. Concurrently, federal legislation is being introduced to provide matching funds for the start up of the Advanced Vehicle Research Center.

We are excited about the interest this facility is generated. We look forward to your continued support.

Sincerely,

Jack Runion
Chairman

Rick Watson
President & CEO

Vann Rogerson
Vice President of Marketing

March 6, 2005

Mr. Vann Rogerson
Vice President of Marketing
North Carolina's Northeast Partnership, Inc.
119 West Water Street
Edenton, NC 27932

Subject: Advanced Vehicle Research Center

Dear Vann,

It has now been six months since our initial project funding and I would like to give you a summary of the history and progress to date.

As you are aware, the project was initiated in 2002 as a result of my discussions with representatives of the North Carolina Department of Commerce about the possible recruitment of an automotive assembly plant to North Carolina. In large part, the project evolved from an investigation into what the state might do to become more competitive in attracting automotive industries and more successful in attempts to attract an auto assembly facility.

Having lost BMW to South Carolina, Mercedes to Alabama, and Volkswagen to Pennsylvania, it is clear that we must offer unique means to attract the transportation industry in addition to land, training and tax incentives. The proposal that I brought forward was to study the feasibility of constructing a research center and proving ground that would attract a wide range of automotive and transportation industries.

We were first directed to look at the Northeast region by the Department of Commerce representative for reasons of economic development. Early in the process, I did also look at other parts of the state. There are a number of reasons that the northeast region of North Carolina is the prime location for such an enterprise. Those reasons include cost and availability of land (which would be the primary factor in start-up and on-going costs), availability of workforce, and transportation infrastructure close to a major interstate highway which provides easy access to East Coast automotive industries, clients and markets. Also, the economic status of the area carries a significant impact, since there are more people who need jobs (including many who are underemployed), and business advantages to companies providing those jobs, such as the availability of job creation, investment and worker training incentives and federal assistance for economic development in economically distressed areas.

In the fall of 2002, the North Carolina Rural Economic Development Center awarded $30,000 to North Carolina's Northeast Partnership, Inc., to conduct a feasibility study for this project. The study looked at the transportation industry in general and an in-depth review of the economic success of two similar facilities: the Transportation Research Center (TRC) in Ohio and the Motor Industry Research Agency (MIRA) in the United Kingdom. Both facilities were started as economic development projects with public funding and both have had tremendous success. Each of these facilities now employ more than 500 people, with an economic impact to their respective regions that numbers in the tens of thousands of jobs.

Our study also showed that an opportunity exists today that was not part of the MIRA and TRC start-ups. That opportunity is the support for the rapidly growing research and development of alternative fuels to lessen our national dependence of foreign oil. This business area includes hybrids, bio-fuels, hydrogen and fuel cells, and other technologies. Federal investment in these areas now exceeds $1.8 billion dollars and is increasing annually. North Carolina should position itself to be a leader in these areas, as well as in the expansion of our current transportation industries.

Our project drew the attention of NC Representative Joe Tolson, who convened a meeting of state legislators. With the strong support of Representative Lucy Allen, a bill was drafted that would give initial funding to the AVRC project. This bill (S848) was submitted to the General Assembly during the 2004 short session. Support in the House was overwhelming and the bill passed that body by a vote of 101 to 12, a wide bi-partisan majority. Technical difficulties resulted in the bill being delayed in the Senate Finance Committee and there was not sufficient time to make the needed changes prior to the end of the 2004 session.

The General Assembly did allocate $200,000 for continuation of work on the project, and that work has proven to be highly productive. Since that initial funding was received in September of 2004, we have made far more substantial progress than even our sponsors anticipated.

Our initial plan was to focus on four primary initiatives including;

- Marketing
- Education
- Legislative
- Management Team

Marketing: Our marketing initiatives included the development of a new web site and marketing materials, which can be seen at www.avrnc.com . We have attended four major automotive trade shows and found that the response has far exceeded our expectations. We now have more than a dozen companies that have contacted us with regard to their interest in using the facility once it is operational. These companies include testing and validation service companies, conventional auto and truck, and motorsports industries.

Our most significant interest is from an internationally recognized and respected engineering firm that does work for Ford, GM, Daimler Chrysler, Toyota, Honda, and others. This firm has offered to provide the engineering and design services for the AVRC track construction, a service that would cost us approximately $250,000 per mile of pavement. With an estimated 10 miles of paved surfaces, this investment would equate to about $2.5 million dollars.

Education: As recommended in the feasibility study, the AVRC should serve as a major link between the transportation industry and the education system in North Carolina.

To that end, we initiated a contact with North Carolina State University through the NCSU College of Textiles. A working group was formed that included NCSU staff from the College of Textiles, College of Engineering, Management, Wolfpack Motorsports, NC Solar Center and other interested groups.

After three months of study, the group presented a recommendation to the Vice-Chancellor of Research and Engagement to encourage the formal involvement of NCSU with the AVRC. The Vice-Chancellor approved and proposed a joint NCSU/AVRC Conference on Transportation Research in North Carolina. The University is now proceeding with that effort and a Conference is now being planned for spring of this year.

Legislative: Our progress has been significant in the legislative area, both at the state and the national levels.

With continuing support from Representatives Lucy Allen, Joe Tolson, Michael Wray and Bill Owens, along with Senators Robert Holloman and Clark Jenkins, a bill has been drafted and will soon be submitted in the 2005 session of the General Assembly. Once approved, that legislation will provide us with the start-up funding required to begin construction on the AVRC.

In support, we have initiated an intensive and on-going effort to inform members of the General Assembly of the details of this project and the expected statewide impact. Support has grown substantially, and we now have the firm and stated support of the Speaker of the House, President of the Senate, and the senior economic policy advisor for Governor Easley.

Given current economic conditions in the state, there will certainly be careful consideration given to any new appropriations. Yet, we believe that the case has been well made that an investment in this project at this time will result in strong return on investment for North Carolina, attracting substantial private investment and creating many new employment opportunities throughout the state.

At the federal level, we have been working with the staffs of Senator Dole, Senator Burr, and Congressman Butterfield to secure federal project funding. All three have been positive and supportive, and the result is that an appropriations earmark request will be submitted by each of those members of Congress in the amount of $2.4 million dollars for FY 2006. As the AVRC is completed, we anticipate that there will be significant opportunities for federal contract work, especially for the Department of Defense. This work on an annual basis could be several times that of the initial FY 2006 appropriation.

Management Team: Clearly the most important factor in any business enterprise is the strength and depth of the management team. In this area we have far exceeded expectations.

Our Management Advisory Board consists of volunteer members who are uncompensated for their participation. Board members have come forward from the automotive industry in the US and the UK and include names that are known throughout the industry

Board Members include:

Dr Rick Gildow, President, Transportation Research Center, Ohio
Dr. Geoff Callow, former Chief Scientist, MIRA. UK
Dr. Fred Gallasch, former Product Manager for the C5 Corvette, General Motors, Michigan
Don Graunstadt, CEO, Lotus Engineering, NA, Michigan

Local members include:

Gary Brown, Executive Director, Northampton County Economic Development Commission
Richard Dell, Managing Director, AVRC
Vann Rogerson, Vice President of Marketing, NC's Northeast Partnership, Inc.
Larry Shirley, Director, North Carolina State Energy Office

In summary, our overall progress in this short timeframe with minimal funding has exceeded all expectations. Clearly this progress has been the result of an intensive and effective project plan that has been well implemented by all those involved.

It should be noted, however, that part of our initial success would have to be credited to being "in the right place at the right time, with the right project." As our feasibility study indicated, there is an undisputed latent demand for this type of facility from existing transportation industries. Also, there has been, and will continue to be, strong opportunities for grant and contract opportunities at the federal level.

The future of the project is still not assured, and commitments must be made and fulfilled at all levels including County, State and Federal to minimize risk and assure success. That success, however, will prove to be a transforming project for Eastern North Carolina.

Richard Dell

Richard Dell
Managing Director
Advanced Vehicle Research Center

Northampton County Economic Development Commission

March 5, 2005

Mr. Vann Rogerson
Vice President of Marketing
North Carolina's Northeast Partnership, Inc.
119 West Water Street
Edenton, North Carolina 27932

SUBJECT: ADVANCED VEHICLE RESEARCH CENTER PROJECT

Dear Vann:

Attached is a spreadsheet identifying expenditures to date of the $200,000 appropriation received last year from the State of North Carolina in support of the Advanced Vehicle Research Center (AVRC) of North Carolina project. As you know, prior to the state appropriation, over the past two-plus years, project support was derived from a combination of funds from Northampton County, the Northeast Partnership, Inc. and through the private resources of Mr. Richard D. Dell. While we did not collectively capture those expenditures in a project budget, it's a likely safe bet that expenditures to date by Northampton County, the Northeast Partnership and Mr. Dell have matched expenditures of state funding dollar-for-dollar.

The project has greatly benefited from state financial support, and indeed, it would have been difficult to continue without that support. We've been careful stewards of that state funding. The third quarter of the project began, March 1, 2005. As noted on the expenditure report (dated March 2, 2005) expenditures for the first two quarters totaled $73,312.56, which was 27.7% under budget for the period. Reflected in that is a commitment to being efficient in doing effective work.

We have definitely been effective. The project has attracted national attention and world-class talent. Joining the project's advisory board in recent months has been:

- Dr. Rick Gildow, President of the Transportation Research Center (TRC) in Merryville, Ohio.
- Dr. Fred Gallasch, recently retired Director of Product Development (Corvette), General Motors.
- Dr. Geoff Callow, recently retired Chief Scientist, Motor Industry Research Agency (MIRA), UK.
- Mr. Don Grundstat, Chief Executive Officer, Lotus N.A.

These individuals joined the project as volunteers because they believe the project has tremendous potential and clearly understand that there is substantial latent demand in the market for the services which will be provided at the AVRC facility. They have also expressed a firm belief that the project will be a strong magnet for investment and a catalyst for job creation.

Likewise, we have also developed strong relationships with dozens of automotive related companies, and at least twelve of them have indicated a readiness to make commitments to utilize the facility, some of them establishing a permanent on-site presence, once we have finalized funding for construction and operations.

The project has also enjoyed strong support from various North Carolina agencies and educational institutions. The director of the North Carolina Energy Office, Mr. Larry Shirley is a member of the project advisory board. Representatives of the North Carolina Department of Transportation have been very supportive of the project and have voiced strong belief that the Department can gain great value in utilizing the facility for meeting myriad fleet and alternative fuel testing requirements, many of which are now being accomplished out of state. Additionally, a multi-disciplinary team from North Carolina State University has been working with the project since mid-2004 year, developing plans for university participation and collaboration on research, testing and education initiatives, ranging from fuel cell development and defense industry applications to alternative fuels, engineering and next-generation textile research and testing.

Finally, legislative support for the project within is strong and growing. Senator Marc Basnight, House Speaker Jim Black and other leaders of the North Carolina General Assembly have endorsed the project. At the federal level, Senator Elizabeth Dole, Senator Richard Burr and Congressman G.K. Butterfield have committed their support and will soon submit funding requests in the energy appropriations bill totaling $2.4 million. Those funds will be utilized for hydrogen and bio-fuels refueling stations ($600,000 each) and for a hydrogen fuel cell education and research center ($1.2 million). Senators Dole and Burr and Congressman Butterfield have also stated their belief that the facility will be well-positioned to conduct research, testing and development for a variety of products which have application in national defense and to partner with various defense industries.

In summary, we've come a long way, and have been productive and effective along the way. We still have a long way to go. Continued financial support from the State of North Carolina is essential. Other than those of the 'Big Three' auto manufacturers, no automotive proving ground in the world has been built without initial capitalization by the public sector. It is implausible to think that this one would be any different. The one sure thing is that building this facility in North Carolina provides us the opportunity to capture the imagination, interest and participation of automotive industries in a way which would otherwise be impossible.

Please let me know if you require any additional information. Again, thank you for the opportunity to work with you and your colleagues with the North Carolina Department of Commerce and the Northeast Partnership on this exciting project.

With highest regards, sincerely,

Gary Brown

Gary Brown
NCEDC Executive Director

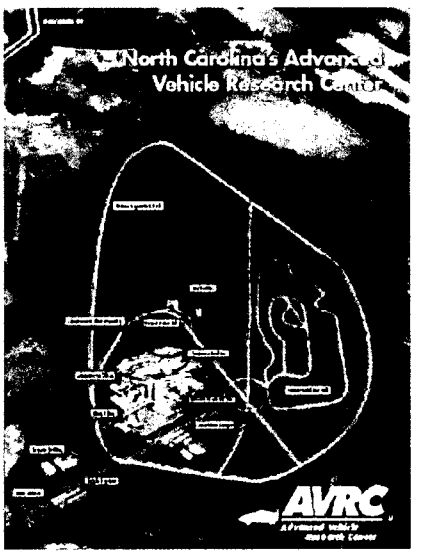
FOR 2005 09

ACCOUNTS FOR:		ORIGINAL	REVISED	ACTUAL YTD	ACTUAL MTD	REMAINING	PCT
14	EDC-ADVANCED VEHICLE RESE. CT.	ESTIM REV	EST REV	REVENUE	REVENUE	REVENUE	COLL
143310	EDC-ADVANCE VEHICLE RESEARCH C						
143310 423000	NC NORTHEAST PARTNERSHIP	0	-200,000	-100,000.00	.00	-100,000.00	50.0%*
	TOTAL EDC-ADVANCE VEHICLE RESEARC	0	-200,000	-100,000.00	.00	-100,000.00	50.0%
144927	EDC-ADVANCED VEHICLE RESE CT						
144927 517100	CONTRACT SERVICES-SALARIE	0	0	50,000.00	.00	-50,000.00	100.0%
144927 519200	PROFESSIONAL SERVICES-LEG	0	0	3,500.00	.00	-3,500.00	100.0%*
144927 526100	OFFICE SUPPLIES	0	0	560.03	.00	-560.03	100.0%
144927 529000	MATERIALS	0	0	300.00	.00	-300.00	100.0%
144927 531100	TRAVEL	0	0	7,844.89	.00	-7,844.89	100.0%
144927 532100	TELEPHONE	0	0	1,077.98	.00	-1,077.98	100.0%
144927 537000	ADVERTISING	0	0	1,219.35	.00	-1,219.35	100.0%
144927 541200	OFFICE RENT	0	0	2,500.00	.00	-2,500.00	100.0%
144927 549500	MARKETING	0	0	1,910.37	.00	-1,910.37	100.0%
144927 549900	WEB-SITE	0	0	3,727.80	.00	-3,727.80	100.0%
144927 555000	EQUIPMENT LESS THAN $5000	0	0	672.14	.00	-672.14	100.0%
	TOTAL EDC-ADVANCED VEHICLE RESE C	0	0	73,312.56	.00	-73,312.56	100.0%
	TOTAL EDC-ADVANCED VEHICLE RESE.	0	-200,000	-26,687.44	.00	-173,312.56	13.3%
	TOTAL REVENUES	0	-200,000	-100,000.00	.00	-100,000.00	
	TOTAL EXPENSES	0	0	73,312.56	.00	-73,312.56	

Presentation Slides
Appropriations Subcommittee on Natural & Economic Resources
March 9, 2005

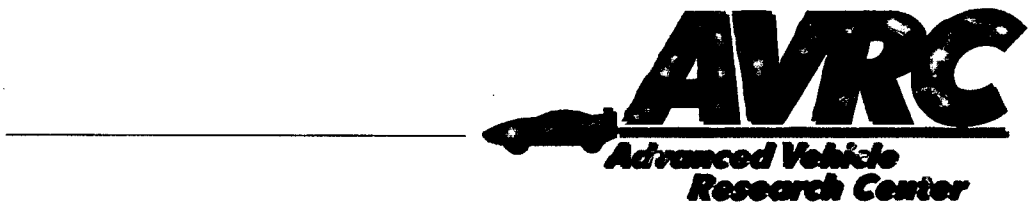
Advanced Vehicle Research Center

- Automotive proving ground and research center (650 acres)
- 2002 feasibility study determined best location as I-95 in Northampton County
- Legislature appropriated $200,000 to verify project viability
- Nationally-recognized international company wants to design AVR test track and establish engineering facility
- Multiple companies interested in participating



Advanced Vehicle Research Center

- Two similar facilities are economic successes
  - Transportation Research Center (TRC), Ohio
  - Motor Industry Research Agency (MIRA), United Kingdom
- Experts voice need for auto proving ground in an Eastern U.S., Mid-Atlantic location
- FY 2004-2005 activities are focused on marketing, education, legislative, and management
- Organized as not-for-profit corporation with world-class advisory board
- Active partners from NCSU, NCDOT, NC State Energy Office, TRC, MIRA, GM and others
- Project progress has exceeded expectations – PCB Piezotronics location in Halifax, 500 jobs, a direct result of AVR marketing



Advanced Vehicle Research Center
P.O. Box 97636
Raleigh, N.C. 27624

www.avrnc.com

For additional information, contact:

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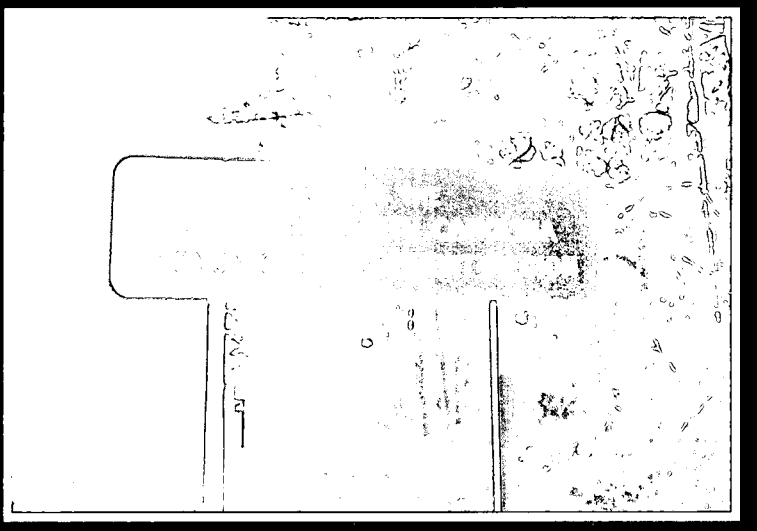

Northeastern North Carolina Regional Economic Development Commission & North Carolina's Northeast Partnership, Inc.

ANNUAL REPORT

Fiscal Year 2003-2004

Northeastern North Carolina Regional Economic Development Commission
Annual Report to the North Carolina General Assembly
Fiscal Year 2003-2004

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Northeastern North Carolina Regional Economic Development Commission
North Carolina's Northeast Partnership, Inc.
119 West Water Street, Edenton, NC 27932
Toll Free: 1-888-872-8562 or 252-482-4333
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Website: www.ncnortheast.com

CHAIRMAN'S MESSAGE

February 15, 2005

It is an honor to serve as Chairman of the Northeastern North Carolina Regional Economic Development Commission for a second year. The Commission Board Members and staff worked tirelessly to ensure that we fulfill our mission to improve the quality of life for all Northeast North Carolinians through our efforts in economic and tourism development.

Working with our local communities and economic development allies, the Commission continues to bring success to North Carolina's Northeast Region, creating new jobs and investment throughout the sixteen county area, even after Hurricane Isabel devastated our Region. Damage was great and each of our sixteen counties was declared a Federal Disaster Area. Because of the support of the State of North Carolina and Federal Government assistance, recovery was quick, but many of our businesses may never recover.

Through innovative approaches to economic development, the Commission has been able to continually grow upon the successes of the past to help make a brighter economic future for all. As Chairman, I intend to continue to help foster the leadership that creates this kind of success, the kind of success that the citizens of our Region have come to expect from this organization.

The hard-working people of North Carolina's Northeast Region, excellent quality of life, and strategic East Coast location make our Region a great place to do business. Companies from around the world have proven this by locating new facilities in our Region and our existing businesses are also expanding at consistent levels.

The Northeastern North Carolina Regional Economic Development Commission will stay focused on its mission to improve the quality of life for the citizens of North Carolina's Northeast Region and continue to yield the highest return available for our efforts.

Sincerely,

Jack A. Runnin

Chairman
Northeastern North Carolina Regional Economic Development Commission
& North Carolina's Northeast Partnership, Inc.

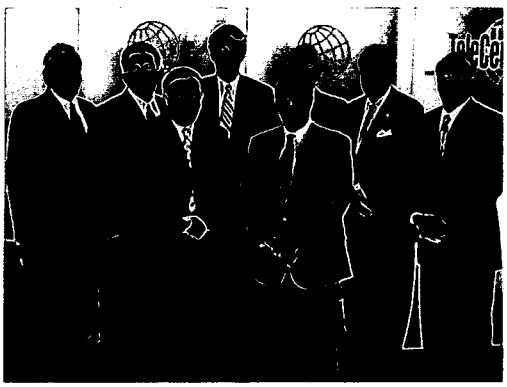
REGIONAL ECONOMIC DEVELOPMENT PARTNERS

Board of Directors Northeastern North Carolina Regional Economic Development Commission

The Northeastern North Carolina Regional Economic Development Commission is governed by a 20-member Board of Directors representing diverse professional backgrounds and communities within the sixteen-county region.

Officers of the Commission are: Jack Runion, Chairman; Elsie Hollowell-Pugh, Vice-Chairperson; O.S. "Buck" Suiter, Treasurer; Fred Yates, Secretary; and Rick Watson, President & CEO. Other members include: Bob Spivey, Gene Rogers; Mack Nixon; Joe Landino; Bill Theodorakis; Zeno Edwards, Bill Askew; Ben Berry; Ernest Burden; Ernie Bowden; John Schrote; Ray Hollowell; Jimmie Dixon; Joe Landino; Art Keeney; and a designee of the Secretary of the NC Department of Commerce.

North Carolina's Northeast Partnership, Inc.



Partnership Board Members, left to right: Arthur Lee Wiggins (deceased); Brady Martin; Richard Bunch; Cliff Copeland, Bob Spivey; Jack Runion, Chairman; O.S. "Buck" Suiter, Treasurer; and Rick Watson, President & CEO.

North Carolina's Northeast Partnership, Inc., is a non-profit, 501(c) (3) corporation that works collaboratively with the Northeastern North Carolina Regional Economic Development Commission to implement business and tourism development activities in the sixteen counties in Northeast North Carolina. Through a Memorandum of Understanding, the Commission provides funding to the Partnership and its eleven-member board is charged to carry out its mission to market the Northeast Region through tourism and business/industry recruitment and expansion and oversight authority over the expenditures of funds. Members of the Partnership report monthly to the Commission on the progress of marketing activities being implemented to support the creation of new jobs and investment in Northeast North Carolina. Partnership Board Members are appointed to two-year terms by the Executive Committee of the Northeastern North Carolina Regional Economic Development Commission.

Economic Development Advisory Committee (EDAC)

The Economic Development Advisory Committee (EDAC), chaired by Ben Berry, President & CEO of Gateway Bank, is appointed by the Northeastern North Carolina Regional Economic Development Commission to serve as an advisory committee in the implementation of economic development activities and strategies to support the recruitment of new and expansion of existing industry. EDAC members meet monthly to discuss and formulate new ideas and strategies to stimulate business activity, retain existing businesses, facilitate expansion of existing businesses, and encourage new businesses to locate within the Northeast Region.

Tourism Advisory Committee (TAC)

The Tourism Advisory Committee, chaired by Elsie Hollowell-Pugh, serves in an advisory capacity to the Northeastern North Carolina Regional Economic Development Commission in tourism marketing and development activities as well as retirement attraction. Committee members provide input and assistance regarding the development of marketing strategies and programs that best serve the needs of the Northeast Region's tourism industry and review monthly expenditures.

NorthEast Economic Developers (NEED)

Richard Bunch, NEED Chairman

Economic developers from each of the sixteen counties in the Northeast Region meet monthly to provide input in regional marketing activities and events and to plan economic development marketing strategies. The NEED Group is chaired by Richard Bunch, Executive Director of the Edenton-Chowan Chamber of Commerce. Counties without a full-time economic development professional are provided this service by the Commission to ensure that each county is kept abreast of and involved in regional economic development activities that support their local economic development needs.

NorthEast Tourism (NET)

For Fiscal Year 2003-2004, the NET Group was chaired by Arthur Lee Wiggins of Ahoskie, until his untimely death in May. NET is made up of tourism professionals from each of the sixteen counties in North Carolina's Northeast Region. NET members meet monthly to provide input and support for regional tourism marketing and tourism destination promotion activities. The Region's tourism professionals collaborate in events and activities to increase visitor awareness of diverse tourism opportunities in the Northeast Region and support collective strategies for visitor recruitment and new destination attraction development.

Retirement Task Force

The Retirement Task Force is chaired by Elsie-Hollowell Pugh and organized to promote North Carolina's Northeast Region for retirement living. Working from the principle that retirement attraction can enhance local populations and tax bases, the Retirement Task Force supports the development of regional retirement marketing and fulfillment programs and to educate communities on the many rewards of recruiting potential retirees.

Education & Training Task Force

The Education & Training Task Force (ETTF), chaired by Fred Yates, Secretary of the Commission and Mayor of the Town of Winfall, represents the Region's higher education institutions and county school systems. The ETTF continues to collaborate on behalf of the Commission with regional educational institutions and local economic developers in closing the technological gap for rural workers through accessible quality education and high-tech training.

Northeast Local Government Managers Organization

The Northeastern North Carolina Regional Economic Development Commission organizes quarterly meetings of the county managers from each of the sixteen counties as a forum for their involvement in regional economic development efforts. Chaired by Cliff Copeland, Chowan County Manager, these meetings provide the medium for local governmental representatives to discuss various issues related to economic development for their communities as well as regional economic development activities and programs.

REGIONAL MARKETING ACTIVITIES

The Northeastern North Carolina Regional Economic Development Commission and North Carolina's Northeast Partnership, Inc., continue to make great progress towards a mission of implementing economic development marketing activities that will improve economic conditions in the sixteen county region and its citizens. Because of these marketing efforts, North Carolina's Northeast has a strong identity, both nationwide and internationally, for business and industry development recruitment and expansion, tourism, and retirement living.

Our programs, activities, objectives and accomplishments resonate from a combined marketing strategy for regional economic development and tourism. Marketing programs focus on the promotion of the region for business development and expansion, while at the same time, making sure opportunities for visitor and retiree recruitment are not missed.

Building & Sites Development

The Northeast Region's inventory of industrial and commercial buildings and sites is a key component of our business recruitment efforts. We continue to partner with the North Carolina Department of Commerce in the Internet-based buildings and sites database, **WWW.NCSITESEARCH.COM**. North Carolina's Northeast Partnership, Inc. is responsible for maintaining the information on available buildings and industrial sites in the Northeast Region. Additionally, the Northeast Partnership maintains its complete inventory of available buildings and sites at www.ncnortheast.com.

Certified Industrial Sites

Official site certification by the NC Department of Commerce has been obtained for seven industrial sites in North Carolina's Northeast Region in the previous fiscal year. To ensure an ample supply of "ready-to-build" sites in the Region, the process has begun for the certification of five additional sites as listed below. Each of these sites is located in an Enterprise Tier One Area or State Development Zone.

Site Name	County	+/- Acreage
Edenton Airport Industrial Site	Chowan County	100 Acres
Washington County Industrial Site	Washington County	50 Acres
Wray Site	Northampton County	96 Acres
Barden Site	Northampton County	629 Acres
Suiter Site	Northampton County	127 Acres

Shell & Speculative Buildings

The Commission/Partnership continues to work with local economic developers in identifying financing for shell and speculative (finished floor with HVAC systems/plumbing complete) buildings. Currently there are two shell buildings in Halifax and Pasquotank Counties (both of which were leased in Fiscal Year 2004-2005) and one speculative building is under construction in Beaufort County.

Advertising

Targeted advertising continues to be a major component of our regional marketing efforts. Budget limitations require that each advertising opportunity yields the highest return. Examples of advertisements placed include: *Business North Carolina Magazine*, *NC Travel Guide 2004*, *Outer Banks Travel Guide, Southern Living Magazine, Our State Magazine*, *North Carolina Magazine*, and others. Cooperative advertisements highlighting available buildings and sites, travel destinations, and tourism and retirement opportunities are placed in targeted publications to provide the best regional exposure available.

Direct Mail

In Fiscal Year 2003-2004, a direct mail campaign was targeted to growing manufacturing companies in the Mid-West and Northeast United States and Canada. A brochure touting the region's enhanced infrastructure and other regional amenities was mailed to over 1,160 companies through this effort.

Marketing Events

North Carolina's Northeast Partnership and local economic developers/tourism professionals participated in targeted exhibitions and other marketing activities events in the past year. Participation in these events has provided regional exposure as well as opportunities for each of the sixteen counties to market to national and international companies considering relocation or expansion opportunities and to travel agencies and tour operators in support of increased tourism and visitation. A listing of selected events and activities is presented below:

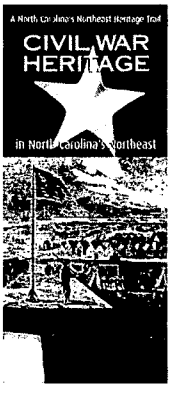
Selected Business/Industrial Development Marketing Events		
Northeast USA Marketing Mission	NJ, NY, MA, RI	May, 2004
NCEDA Annual Conference	Asheville, NC	June 2004
Bio2004 Conference	San Francisco, CA	June 2004
NCCBI/NCBA Economic Forecast	Raleigh, NC	January 2004
Tourism Marketing Events		
NC Motor Coach Association	High Point, NC	February 2004
Tourism Affecting Communities Conference	Elizabeth City, NC	March 2004
2004 Governor's Tourism Conf.	Charlotte, NC	March 2004
Mid-Year Tourism Marketing Update	Raleigh, NC	September 2003

Northeast Visitors Guide

Completed in 2003, the "Northeast Visitors Guide," is a comprehensive directory of regional points of interest, accommodations, attractions, and other information of interest to visitors. A special section in support of the First Flight Centennial Celebration was included in this edition of the Guide. The "Northeast Visitors Guide" is published every other year and is the major regional marketing guide for visitor recruitment to the Northeast Region.

Heritage Tourism

Heritage tourism remains an integral component of the Region's tourism development efforts. In an effort to create new visitor experiences in heritage tourism, three trails have been developed which offer visitors the opportunity to experience heritage tourism in North Carolina's Northeast Region. These trails include: the African American Heritage Trail, the Aviation Heritage Trail, the Civil War Heritage Trail.



Additionally, the Commission/Partnership have partnered with the North Carolina Arts Council and the NC Cooperation Extension Service in the development of agri-cultural trails in North Carolina's Northeast Region. **HomegrownHandmade** is an exciting project based on an alliance of arts plus agriculture, which have harmonized for a long time in North Carolina. The result is a unique series of fascinating agri-Cultural trails that add a new destination for travelers to North Carolina's Northeast Region and a new dimension to the overall visitor experience. The three trails in North Carolina's Northeast Region are: From Front Porch to Back Forty; Music, Millponds & Mousetraps; and Rock Stew Ramble.

The Northeastern North Carolina Regional Economic Development Commission and North Carolinas' Northeast Partnership, Inc., continue to seek designation for the sixteen-county region as a National Heritage Area using the parameters established by the US Department of Interior. This prestigious designation would provide us with the mechanism to preserve a nationally significant landscape, to create a new economic development and tourism tool for our region, to develop new partnerships, and to introduce Northeastern North Carolina to its rightful place in the hearts and minds of all Americans.

Regional Tourism Web Portal (www.visitncne.com)

Working with the tourism professionals in the 16-county area, North Carolina's Northeast Partnership, Inc, is developing an Internet-based regional travel portal. The portal will serve as a gateway for visitor and tourist information about traveling to the region, current events, tourism specials, and in-depth information on tourism amenities, including historic, cultural, environmental and recreational resources.

VISITNCNE.COM will cater specifically to prospective tourists as well as travel agents, tour operators, and travel professionals and serve as a central information source for travel and tourism in the Northeast Region. Each county will be provided user access to the portal to maintain information on accommodations, new destination attractions, restaurants, and calendar of events items for their counties.

Special Projects & Initiatives

One of the early roles played by the Northeastern North Carolina Regional Economic Development Commission and North Carolina's Northeast Partnership has been that of "filling the gap." Whether it's assistance in securing funds to provide infrastructure to a company, serving as the county's economic developer or tourism representative, or assisting the counties in implementing their local economic development strategies, the Commission/Partnership provides value-added services to its member counties in enhancing business and tourism development opportunities for their communities.

Financing Economic Development

The Northeastern North Carolina Regional Economic Development Commission and North Carolina's Northeast Partnership, Inc. continue to work with local economic development organizations to identify private, state, federal and other funding to finance economic development in North Carolina's Northeast Region. Since March of 1997, the Northeast Partnership has identified over $92 million in low-interest financing or grant funds to support tourism and economic development projects. Funding from such sources as the Community Adjustment and Investment Program (CAIP), NC Rural Economic Development Center, USDA's Rural Business Enterprise Grant Program, The Golden LEAF Foundation, etc., have helped to leverage other funding sources to increase the competitiveness of counties in North Carolina's Northeast Region resulting in the creation of new jobs and investment.

Existing Business & Industry Services Program

The Northeastern North Carolina Regional Economic Development Commission and North Carolina's Northeast Partnership, Inc. have continued to implement its highly successful Existing Business & Industry Services Program. Recognizing that the majority of new jobs created in this state are by existing businesses, we continue to reach out to these companies to make sure they have knowledge of and access to the same level of support and services that are used to recruit new business.

Stan Crowe, Chairman of the Martin County EDC, speaks during an Existing Business & Industry Meeting in Martin County.

The Existing Business & Industry Services Program works closely with the NCSU-Industrial Extension Service, NC Department of Commerce Existing Industry Program, and local community colleges in the implementation of its mission. Through individual visits, joint meetings with economic development partners, and local and regional economic development associations, the Partnership has laid the foundation for better communications with existing businesses, ensuring these companies have direct access to the resources they need to stay in business as well as grow and prosper.

When Hurricane Isabel struck North Carolina's Northeast Region in September of 2003, all sixteen counties were declared a federal disaster area. An intense, targeted visitation program was implemented in each county in North Carolina's Northeast Region to ensure that existing

businesses had information on state, federal and local programs and resources to assist them in their recovery efforts.

In Fiscal Year 2003-2004, 73 planned expansions were identified by existing businesses and industries, representing an investment of $131,385,000 and 672 new jobs. Over 550 companies were visited between July 1, 2003 and June 30, 2004.

Job Fairs

The availability of qualified workers is the number one concern of businesses considering new or expanded operations in North Carolina's Northeast Region. One of our greatest assets in Northeast North Carolina is our people and we believe if provided a fair wage, decent working conditions, and opportunity, our labor force can be trained for any task.

To support a company's new business or expansion in the Northeast Region over another state or area, the Commission has supported a number of highly successful job fairs in which companies are able to gauge the level of the local workforce in meeting their employment needs. With each and every job fair we have sponsored, an adequate supply of workers has been proven to be available to support the company's needs.

International Business Recruitment

There continues to be strong interest by European and other countries in business expansion opportunities in the United States. The Commission/Partnership continues to partner with a consultant located in Germany to represent the Northeast Region at international business marketing events and trade fairs to promote the region's business investment potential as well as tourism opportunities. We have also assembled business development packages that are used in the recruitment of overseas businesses to the Region.

European Consultant, Gabriele Brennan, (second from left) with State officials during last year's European Mission.

Northeast Buyer Supplier Network

In response to the voices of existing businesses and industries throughout the sixteen-county region, North Carolina's Northeast Partnership, Inc., has launched an innovative, business-to-business marketing and communication tool--**North Carolina's Northeast Regional Buyer-Supplier Network (www.buynortheastnc.com)**. The Network is an Internet-based procurement tool that provides an easy-to-use source for products, company capabilities, technologies, capacities and expertise. Businesses in North Carolina's Northeast Region, both small and large, have access to the Buyer-Supplier Network **AT NO COST**. The focus of the Regional Buyer-Supplier Network is to support buyer-supplier relationships between companies within North Carolina's Northeast Region. **WWW.BUYNORTHEASTNC.COM** provides links to company websites and e-mail, and also provides several unique functions for businesses to market their products and services, such as a company overview, custom website, and other marketing tools. Companies that profile in and use the Network can find suppliers, potential clients, new markets, as well as teaming/alliance opportunities. Chambers of Commerce and Economic Development organizations throughout Northeast North Carolina are also able to use the Network as a tool to support a wide range of economic development tasks.

Northeast US Mission

In May of 2004, local economic development representatives and staff of North Carolina's Northeast Partnership, Inc., participated in a highly-successful recruitment mission to the Northeast United States, specifically, New York, New Jersey, and the Boston, Massachusetts area. The mission was divided into four components: Biotechnology companies, automotive-related manufacturers, visits to corporate headquarters of existing businesses in Northeast North Carolina, and attendance at the Friends of North Carolina Site Consultant Luncheon in New York.

Team members visited 87 companies, five of which we continue to work with for location of their expansion projects in North Carolina's Northeast Region. As a result of the mission, PCB Piezotronics, a New York sensor manufacturing company, announced its plans in Fiscal Year 2004-2005 to locate in Halifax County and create 500 new jobs.

Advanced Vehicle Research Center

In 2002, North Carolina's Northeast Partnership, Inc. collaborated with TGI-USA in the completion of a feasibility study for the location of an Advanced Vehicle Research Center in North Carolina. The Advanced Vehicle Research Center would be a facility for transportation research, development and testing, including a 2.5 mile test track. The study concluded that the I-95 corridor in the Northeast Region would be a strategic location for the Center. Preliminary meetings with automotive related companies reveal a niche opportunity for such a facility and the Advanced Vehicle Research Center has evolved as a major component of our rural economic development strategy.

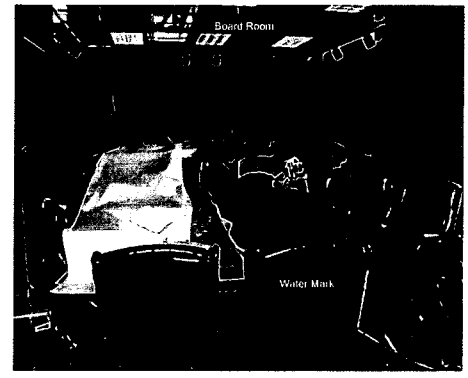
Regional Economic Development Vision Plan

In accordance with Session Law 2002-126, Section 8.3, North Carolina's Northeast Partnership, Inc., has contracted with the Office of Economic Development of the Kenan Institute of Private Enterprise to facilitate the completion of a regional economic development vision plan for North Carolina's Northeast Region. The major components of the regional economic development plan will include: (1) Assessment of where the region, specifically its place in the knowledge economy; (2) Analysis of existing and emerging industry technology strengths; (3) Profile of the current and likely pool of workers; (4) Articulation of realistic economic development goals for 2004-2010; and (5) Discussion of policy priorities and actions to achieve the vision.

Through focused individual and group meetings, key stakeholders, such as the Region's community colleges and Elizabeth City State University, local economic development organizations, economic development allies, existing business and industry, and other organizations will be involved in the visioning process.

LEADS, PROSPECTS & CLIENTS

Fiscal Year 2003-2004 began with signs of improved economic conditions for North Carolina and our nation. On September 18, 2003, Hurricane Isabel struck North Carolina's Northeast Region and all sixteen counties were declared a Federal Disaster Area. The damage and destruction left by Hurricane Isabel presented tremendous challenges in economic development and tourism not only for the Northeast Region, but for North Carolina and the country as a whole. The offices in Edenton that house the Northeastern North Carolina Regional Economic Development Commission and North Carolina's Northeast Partnership, Inc. were flooded and the furnishings, equipment, paper files, computers and office supplies were destroyed. The staff was relocated to Williamston until the office could be reconstructed. A number of businesses in the Region had just completed re-building from damages sustained during Hurricane Floyd, and were put out of business completely by Hurricane Isabel. After Isabel, the region's marketing focus was adjusted to work with existing businesses in the most affected counties.



A view of the destruction by Hurricane Isabel at the Commission/Partnership offices in Edenton.

Overall, North Carolina's Northeast Region recovered quickly from Hurricane Isabel, thanks to the support of North Carolina and the Federal Government. The Commission/Partnership maintained a strong marketing focus toward existing companies and moved incrementally to new business recruitment. Regional and state advertising campaigns brought visitors back to North Carolina's Northeast Region. Even with these physical and economic challenges, interest in the Northeast Region as a business and tourism location exceeded our expectations. Recruitment successes like Tidewater Auto Auction and existing industry expansion investments such as those made by PCS Phosphate, International Paper, and Albemarle Boats, are testaments to the success of our collaborative marketing strategies--even during the most unfavorable conditions.

Commerce, Partnership, and local officials traveled to Buffalo, NC to meet with a company identified through the Partnership's Northeast USA recruitment mission.

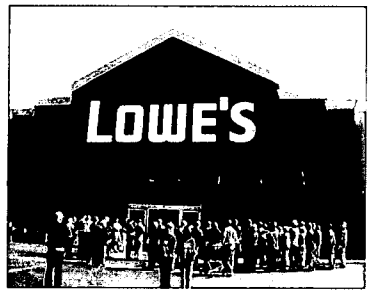
The Northeastern North Carolina Regional Economic Development Commission's proactive and aggressive marketing activities and programs continue to generate leads for business/industry and tourism development activities for the sixteen-county area. Leads are generated through marketing events, advertisements, direct mail marketing, trade shows, the NC Department of Commerce, site location consultants, economic development allies, and economic development representatives from our sixteen counties. The Northeast Region continues to be a "hot spot" for the growing entrepreneur eager for a location that can provide a premier quality of life and unmatched business opportunities.

For Fiscal Year 2003-2004, the majority of clients with which the Commission/Partnership worked were generated by our regional marketing initiatives (47%). County-generated projects make up 28% of the regional client base with NC Department of Commerce referrals representing 25%.

	Business/Industry	Tourism
Total Leads Generated	**1,534**	**143,028**
Total Active Prospects	**126**	**35,757**
Number of Prospect Visits	**103**	**17,878**
Referrals from State	**29**	**44,417**
Research Requests Filled	**126**	**135,876**

JOB CREATION & INVESTMENT

The creation of new jobs and through new business recruitment remains a key and integral part of our regional economic development efforts. New investments such as the Bertie Detention Center in Bertie County and Tidewater Auto Auction in Currituck County, combined with significant retail locations such as the Fairfield Marriott Inn in Martin County and the Lowe's Home Center in Halifax County, are bringing new and diversified economic opportunities for the people of North Carolina's Northeast Region.



Pictured above – A new Lowe's Home Improvement Center, representing 100 new jobs and $16 million in new investment, opens in Roanoke Rapids in Halifax County.

Equally important, the expansion of existing companies such as PCS Phosphate, International Paper, and Albemarle Boats, providing new jobs and investment and helping to further sustain the communities in which they are located.

The marketing foundation built during Fiscal Year 2003-2004 is expected to yield significant dividends for the next Fiscal Year for new job creation and investment by new as well as expanding businesses and industries.

Accomplishments – July 1, 2003 through June 30, 2004	
New Jobs	**966**
New Investment	**$114,796,000**
Expanding Jobs	**672 jobs**
Expanding Investment	**$131,385,000**
Grand Total Jobs	**1,638**
Grand Total Investment	**$246,181,000**
Northeastern North Carolina Tourists/Visitors	**10,377,066**
Ratio of Commission/Partnership Expenditures to Jobs Created	**$427.35 for every 1 job created**
Ratio of Commission/Partnership Expenditures to Investment Created	**$1 spent generates $351.69 in new investment**
Ratio of Commission/Partnership Expenditures to Tourism Revenues	**$1 spent generates $1,370.35 in Tourism Revenues**

ALLIANCE WITH NORTH CAROLINA'S OVERALL MARKETING STRATEGIES

The Northeastern North Carolina Regional Economic Development Commission and North Carolina's Northeast Partnership, Inc. acknowledge and accept both the need for and the benefits and advantages of the strategic alignment contemplated by Subsection (3). And, like our sister economic development partnerships throughout the state, we work hard at it.

This goal is continuously achieved and ensured through the programs and activities of the North Carolina Partnership for Economic Development. NCPED is a nonprofit 501(c) (3) consortium consisting of the North Carolina Department of Commerce (NCDOC) and all seven regional economic development partnerships. Operationally, NCPED functions as an information-sharing and best practices clearinghouse for economic development professionals and private sector volunteers throughout the state. NCDOC Secretary Jim Fain and Research Triangle Regional Partnership North Carolina's Southeast Chairman Southgate Jones, III served as co-chairs of NCPED for the 2003/2004 fiscal year.

NCPED's guiding principle is "statewide consistency; regional flexibility," an approach that permits each region to market and promote its own local and unique business assets and advantages, but also ensures that North Carolina's powerful, consistent, and compelling economic development message is communicated and reinforced throughout the United States and around the world. While the primary and legislatively-mandated function and responsibility of each regional partnership is to develop and execute a regional marketing plan and program of work that fits that particular region's needs, when it comes to marketing the State of North Carolina itself, the seven regions without hesitation look to and depend upon NCDOC for leadership and direction.

NCPED has, over time, developed operational systems and procedures that are intended to achieve a high level of strategic alignment with NCDOC's statewide marketing initiatives, while simultaneously informing NCDOC of the various marketing and promotional programs underway in the seven regions. For example:

- The Chairman of an elected partnership and NCDOC serve as co-chairs
- Presidents meet monthly with NCDOC representatives
- Regional partnership Chairs meet quarterly, with NCDOC Secretary and senior staff
- Research and IT officers meet frequently; the EDIS project is an on-going example of collaboration and cooperation
- Marketing Council meets bi-monthly
    - Marketing Matrix created (copy attached) based upon marketing plans for Fiscal Year 2003-2004 submitted by all seven regions and NCDOC
    - Marketing Calendar maintained online for easy access to schedules of all seven regions and NCDOC

With these systems and procedures in place, it was is easy for the seven regional partnerships to align their marketing and economic development strategies to NCDOC's Economic Development Marketing Plan for FY 2003-2004 and 2004-2005 (copy attached). Northeastern North Carolina Regional Economic Development Commission and North Carolina's Northeast Partnership, Inc. are active participants in the collaboration, planning, and execution of the following activities that coincide with the NCDOC's Marketing Plan:

I. Work-Product Development
   a. Presentation to the Joint Select Committee on Economic Growth and Development on the NCPED and the benefits of a regional approach to economic development efforts.
   b. Participation in the Ticknor Study commissioned by the North Carolina Economic Development Board
   c. Reciprocation between input from and to the State Economic Development Board as each organization attempts to learn more about each other in efforts to find ways to align and reduce replication in services, studies, work-product, etc.
   d. Continued sophistication of The Matrix
   e. Development of Clusters of Innovation Matrix
   f. Coordination of the regional strategic economic development visioning plans and on-going review by NCDOC to develop a statewide marketing plan based on their findings
   g. Enterprise Teams collaboration
   h. Client/Project Handing – As a true measure of collaboration in client handing, the Regional Marketing Director for the Commission/Partnership is the Economic Development Representative for the North Carolina Department of Commerce Regional Office.
   i. Economic Development Information System (EDIS) – The Commission/Partnership has been an active partner in the development of a statewide Economic Development Information System for North Carolina.

II. Events:
   a. Spring 2004 European Mission: The Commission/Partnership's European consultant represented North Carolina's Northeast Region during the Spring 2004 European Mission.

   b. Bio 2004: All seven regional partnerships participated with the Department of Commerce in the Bio 2004 conference in San Francisco in June 2004. The North Carolina Pavilion was a major focus of the conference, and all 100 counties were represented by panels in the pavilion, printed material distributed to attendees, and by representatives from each partnership.

   c. SAE 2004: All seven regional partnerships implemented a collaborative effort surrounding the SAE tradeshow in Detroit in March 2004. Upon reviewing The Matrix, the Marketing Council determined that North Carolina would have a better opportunity if one reception were planned that included all representatives from the State who would be attending SAE. With leadership from Friends of North Carolina, all seven regional partnerships participated in the planning and hosting of this reception, putting forth a consistent message to tradeshow attendees and consultants that North Carolina is a great place for automotive business.

d. Consultant/Company Missions: The Matrix is a useful tool for each partnership when planning consultant and company missions in domestic cities and abroad. It is important that no two regions or the Department of Commerce overlap or try to recruit in the same city at the same time. While it is infrequent that the regions in North Carolina compete with each other, it would send a confusing message to consultants and companies if they received multiple visits from multiple regions back-to-back. Therefore, The Matrix is used frequently to ensure that there is no overlap or conflict regarding regional or state visits to other cities.

e. Ability/availability to participate in (either list cumulative list, or just the ones your partnership participated in) Friends of North Carolina events, NCDOC foreign missions and investment trips; assistance with the programs associated with these trips and events:

   i. Asian Mission
   ii. Atlanta Consultant Call Mission and luncheon
   iii. Atlanta Consul General event
   iv. Dallas Consultant Call Mission
   v. International Trade Road Show
   vi. International Trade Industry Days
   vii. KUSEC Conference
   viii. New York./ New Jersey Consultant Call Mission
   ix. New York Consultant luncheon
   x. NC Open Site Consultant golf tournament
   xi. SEUS Conference

III. Website:
   a. Involvement and input in the development of EDIS
   b. Uploading of regional site and building data to NCSITESEARCH from North Carolina's Northeast Partnership, Inc. databases

IV. Collaterals:
   a. Combined research and information about targeted industry sectors to be used for development of brochures, mailers and general collateral pieces

V. Advertising:
   a. Participation in the North Carolina Economic Development Guide
   b. Consideration of other publications (such as Forbes or Fortune) for collaborative regional/state advertising efforts

Going forward, the NCPED will continue to collaborate and discuss ways in which the regional commissions and the State of North Carolina can present to clients a consistent and effective economic development message.

Economic Development Marketing Plan
NC Department of Commerce
Fiscal Year 2003-2004

July 16, 2003

Overview

The Marketing and Client Services Division (MCSD) of the NC Department of Commerce (NCDOC) is focused mainly on the economic development efforts of North Carolina. The goal of MCSD is to market North Carolina as a premier business destination and generate as many qualified leads as possible. The NCDOC strives to use a two-prong approach (and does to the extent that resources are available) to marketing which consist of 1) Overall brand-building for North Carolina to the global business community and 2) Targeted, industry specific marketing that is aligned with the NCDOC Enterprise Team Strategy. This two-pronged approach is supported by the following activities for the current 2003-2004 fiscal year.

Events ($350,000)

Given the budget situation of the last several years, events have become a main stay of the marketing efforts. Hosting events, whether in North Carolina or in other cities/states/countries, allows direct personal contact with our clients. Driven by research and stressing quality over quantity, events fall into a number of categories:

- **Friends of North Carolina Events** – FONC is a non-profit organization where private companies contribute funds to sponsor a calendar of events for the calendar year. Typically FONC will do 12-15 events with a budget of $200,000-$250,000. Events range from consultant dinners/luncheon to CEO/Consultant golf events to Mission receptions/seminars.

- **NCDOC Foreign Missions/Investment Trips** – These events (Europe in the Spring/Asia in the Fall) allow NC to visit a number of targeted countries. During such trips NCDOC makes direct client calls as well as hosting a number of seminars and receptions. For Asia, the mission usually coincides with the SEUS and KUSEC conferences when they are held in Asia.

- **Tradeshows** – Although NC has moved away from tradeshow exhibitions, 2003 saw a new format used at Bio 2003 in Washington DC. Given the success of this event, NCDOC may look to add an additional industry-specific show to the 2003-2004 schedule using the same collaborative format. The International Trade Division does a number of trade events around the global. While these events are not part of the direct MCSD efforts, I have provided its schedule for your review

Website ($10,000)

NCODC continues to see growing activity coming from its web presences found at www.InvestNC.com and www.ncsitesearch.com. These tools, while lacking recent cosmetic upgrades and enhancements such as GIS, provides solid informational content to our clients. MSCD will work to upgrade these sites and their utility as part of the North Carolina EDIS efforts. Stand alone web improvements and enhancements would cost $100,000-$200,000.

Collaterals ($15,000)

Although more and more content is being provided via the web and electronic email, printed collateral is still heavily used in our daily efforts. In the upcoming fiscal year, MCSD will be updating content in all major collaterals (*State and Local Taxes, Financial Advantages and Legal Aspects).* Once the content is updated in the Fall (after the current Legislative session) MCSD will print the booklets as well as post material on the websites as PDF documents. Minor collateral pieces will be updated on an as needed basis and published in-house. One addition to the collateral library that will be printed this year will be the *North Carolina Regional Databook* that was used during the European Mission. Lastly, MCSD will work to produce Enterprise Team-specific brochures as mailers and general collateral pieces. Examples of such brochures include the Bio and Automotive pieces. Currently MCSD does not have an advertising/marketing firm under contract to assistance in collateral/advertising development. Cost to acquire such expertise and completely update the NCDOC material is estimated to cost $150,000.

Advertising ($12,000)

Successful advertising requires a consistent message run at regular intervals in each selected publication. Lacking the funds to support a true media buy plan, MCSD reviews ad purchase opportunities on a case-by-case basis. The criteria to warrant an ad purchase includes target audience, circulation, whether or not the issue contains NC editorial and cost. For 2003-2004, MCSD has committed to only (3) print ads at this time – full-color, full page ads in the Fall North Carolina Economic Development Guide produced by *Business North Carolina,* the October Issue of the Corenet publication and the May 2004 Issue of *Site Selection.* MCSD plans to explore other avenues of print advertising such as small section sections, 2-page industry specific cluster sections, and the possibility of creating an "Advertising Consortium" to leverage the collective buying power NCDOC and the seven regional partnerships (similar to the Travel & Tourism initiative). Currently there are 3 main national business publications, over 12 economic development-related publications and an endless list of industry/trade related publications. Ultimately MCSD would recommend an annual media buy plan that would allow both branding and industry-specific print advertising in a host of publication on a regular basis. Cost of such a plan would range from $400,000 to $950,000.

Sponsorships ($0)

In the past two years, MCSD has utilized several sponsorships to leverage its marketing efforts across the state. For 2002-2003, NCEITA and CED were sponsored by NCDOC. These two sponsorships provided over 10 events for NCDOC in the high tech/bio tech sectors. This year budget constraints will not allow such sponsorships. For 2002-2003, MCSD provided $20,000 in sponsorships.

Miscellaneous ($15,000)

Currently for 2003-2004, NCDOC has several initiatives underway that that do not necessarily fit in the above categories.

- *North Carolina – The State of Minds* (no direct cost) – This hard cover "coffee table" book is due in late fall. Written by a North Carolina author, the book covers NC from mountains to the coast and highlights many of our great companies. The theme focuses on where NC is going in the future and how we have built a reputation for innovation during our history.
- *Business North Carolina* Economic Development Guide (no direct cost)– An annual special issue that highlights all 100 counties, the seven regional partnerships and the State. MCSD works closely with the editors to position this guide for maximum use by the over 15,000 individuals that receive this issue. The bulk of the recipients are business leaders and consultants outside NC.
- *US Executive Golf Championships* ($15,000) – This event is in its second year and is growing rapidly. Hosted in Pinehurst, the USEGA brings C-level businessman (with a love of golf and lower handicaps) from across the country to compete. The 4-day event is an ideal marketing and networking opportunity for NCDOC. The goal is to grow the event leading up to the 2005 US Open in Pinehurst with a target of 120 players. After 2005, the organization will begin hosting regional events throughout the year as a means for qualifying. NCDOC currently is one of the main sponsors and receives print, web, and onsite advertising as well as attendance at all non-golf activities during the weekend.

Going Forward

MCSD continues to work with other state agencies, private companies/allies, the regional partnerships and the local communities to enhance the visibility of North Carolina in the global business community. Collaboration among all these groups been mildly successful over the years but has huge potential to boost North Carolina's name and brand. The collective minds and efforts of North Carolina's economic development community has the ability to present one message to the world as to why North Carolina is the best place to do business. MCSD looks forward to working with all parties to enhance and extent the marketing capabilities of North Carolina

PRESIDENT/CEO'S MESSAGE

February 15, 2005

In preparing this Annual Report for Fiscal Year 2003-2004, I am reminded of the Chinese salutation which states, "May you live in interesting times." The months covered by this Annual Report have certainly been interesting and challenging times for North Carolina's Northeast Region.

On September 18, 2003, North Carolina's Northeast Region was devastated by Hurricane Isabel, with all sixteen counties in Northeast North Carolina declared a Federal Disaster Area. Many people lost their homes, businesses and ability to make a living. Some people were still recovering from damages they sustained during Hurricane Floyd. The office building that houses the Northeastern North Carolina Regional Economic Development Commission & North Carolina's Northeast Partnership, Inc. was severely damaged by flooding, and we lost the majority of our furniture, office equipment, computers, files, and other business necessities. Fortunately, we were able to locate temporary offices in Williamston until our office building was repaired, which took about six months to complete.

During this time of devastation, the Commission/Partnership recognized the need to focus on recovery efforts for businesses in the sixteen-county area. Working with local economic development organizations and chambers of commerce, we implemented an effort to visit each and every business in the Northeast Region to make sure they were aware of local, state, and federal resources to help them in their recovery.

Even during these interesting and challenging times, the efforts of Commission/Partnership and our local economic development partners have resulted in the creation of 1,638 new jobs and over $264 million in new and expanding business/industry investment. Tourism expenditures in the Northeast Region hit an all time high of $959 million in 2003. This is certainly a testament for North Carolina's Northeast Region and our collective ability to rise to the challenges.

Sincerely,

Rick G. Watson

President & CEO
Northeastern North Carolina Regional Economic Development Commission
& North Carolina's Northeast Partnership, Inc.

Northeastern North Carolina Regional Economic Development Commission
North Carolina's Northeast Partnership, Inc.
119 West Water Street, Edenton, NC 27932
Toll Free: 1-888-872-8562 or 252-482-4333
Fax: 252-482-3366 E-Mail: info@ncnortheast.com
Website: www.ncnortheast.com

Rick Watson
President & CEO

Vann Rogerson
Vice President of Marketing

Sarah Jackson
Finance Officer

Alice Liverman
Tourism/Finance Assistant

Deshaun Dorsey
Administrative Assistant

Cathy A. Scott
Senior Economic Development Specialist

Rocky Lane
Existing Industry Specialist

Chenay Costen
Minority Business Associate

NC Department of Commerce
Edenton Regional Office

John Gurganus
Retention & Expansion Specialist

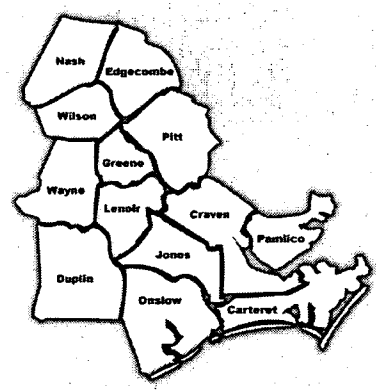
Sue Bridgeman
Administrative Assistant

NORTH CAROLINA'S EASTERN REGION

Board Chair and Profession:	Dr. Edward B. Bright, Chairman Retired, Dean of Instruction Pitt Community College
Number of Board Members:	39 voting members, 3 ex-officio members
Chief Executive:	Thompson H. Greenwood Executive Director
Operational Staff Size:	Executive Director plus five staff members
Counties Represented:	13 Counties (Carteret, Craven, Duplin, Edgecombe, Greene, Jones, Lenoir, Nash, Onslow, Pamlico, Pitt, Wayne, and Wilson
Total Population:	914,000
Annual Budget:	FY 04/05 budget is $1,876,579 in new funding sources
Funding Sources:	45% from NCPED through the Department of Commerce 13% from the NC Legislature for Visioning Studies 15% from trust fund balance interest 19% from loan payment interest 8% from GAP financing reserve interest
Current Initiatives:	Long Range Visioning Study Market the Region to well researched target industries-once they visit NC turn the project over to DOC and go to the next Assist in the development of region-wide quality product to offer clients i.e. Certified Site Program, environmental assessments and programs via low interest loans and grants.
Partnership Specialty:	Target Industry Marketing Client Development and Assistance Client Location Assistance Product and Infrastructure Development Support
Additional Information:	House and Senate Bill being introduced this session reducing the Board to 19 members from 39 members.

North Carolina's Eastern Region

Ed Bright, PhD Chairman
Tom Greenwood, Executive Director



North Carolina General Assembly

March 9, 2005

Attachment 8B

Location

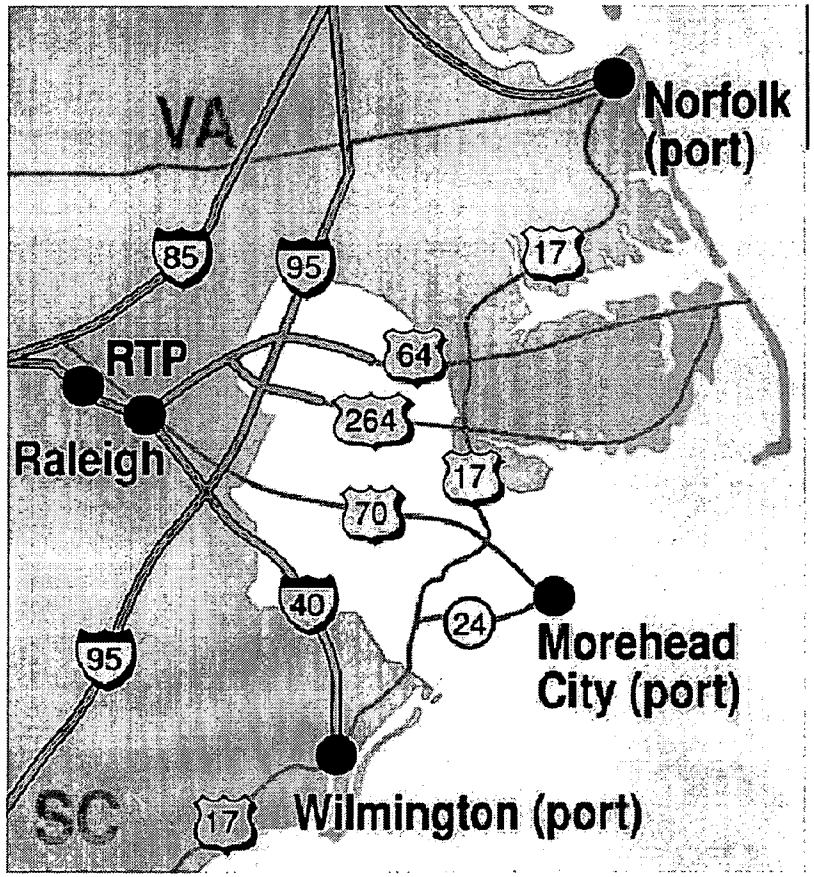
Carteret

Craven

Duplin

Edgecombe

Greene



Onslow

Pamlico

Pitt

Wayne

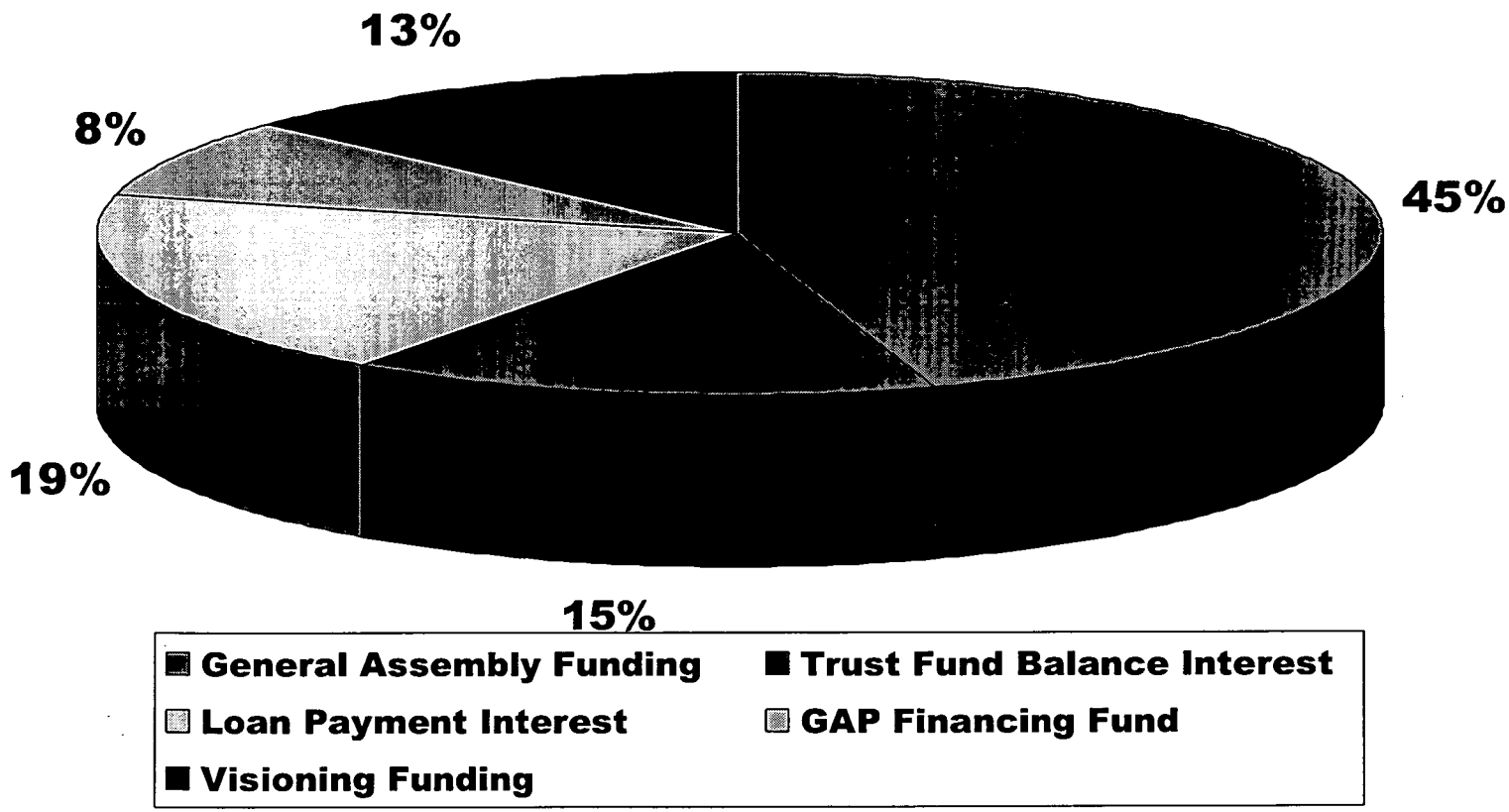
Wilson

Jones

Lenoir

Nash

Budget-FY 04/05
Totaling $1.8 m



Current Organizational Structure

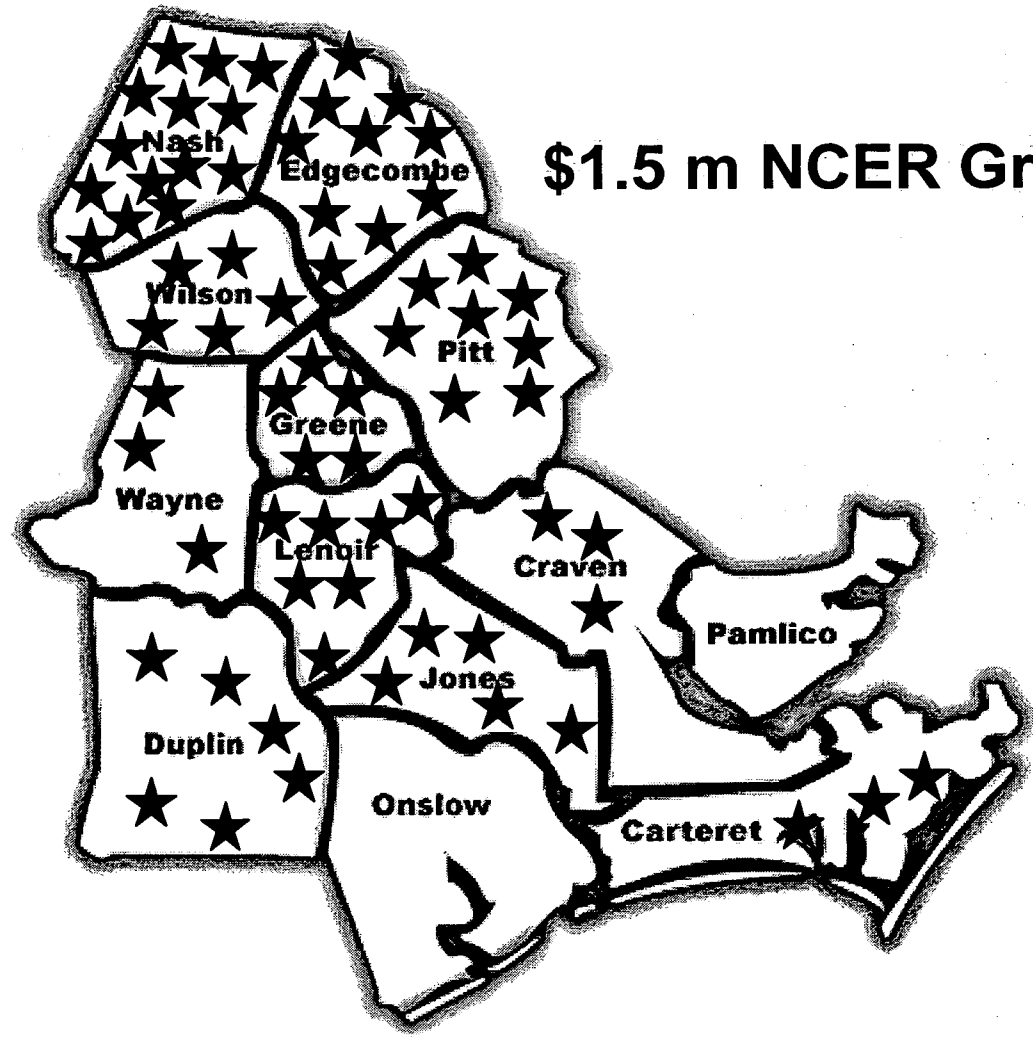
- 39 Voting Members
- 1 Full Board Meeting Quarterly
- 3 Acting Committees
  - Executive
  - Economic Development
  - Enviroment / Infrastructure
- 6 Full Time Staff Members

Region's Board Study

- Kenan-Flagler Study- FY 02 / 03
- Legislative Mandate- FY 03 / 04
- Consultant Review and Study FY 03 / 04
- Bill currently drafted recommending a Board of 19 members FY 04 / 05

Regional Successes
Locations and Pending Projects

- 65 Company Locations
- $814 M Investment
- 8,487 Jobs



$1.5 m NCER Grants

Regional Successes
Certified Industrial Sites

33 Certified Sites in the Region

13 Companies Have Chosen Certified Sites as their new Location

Marketing-Client Development

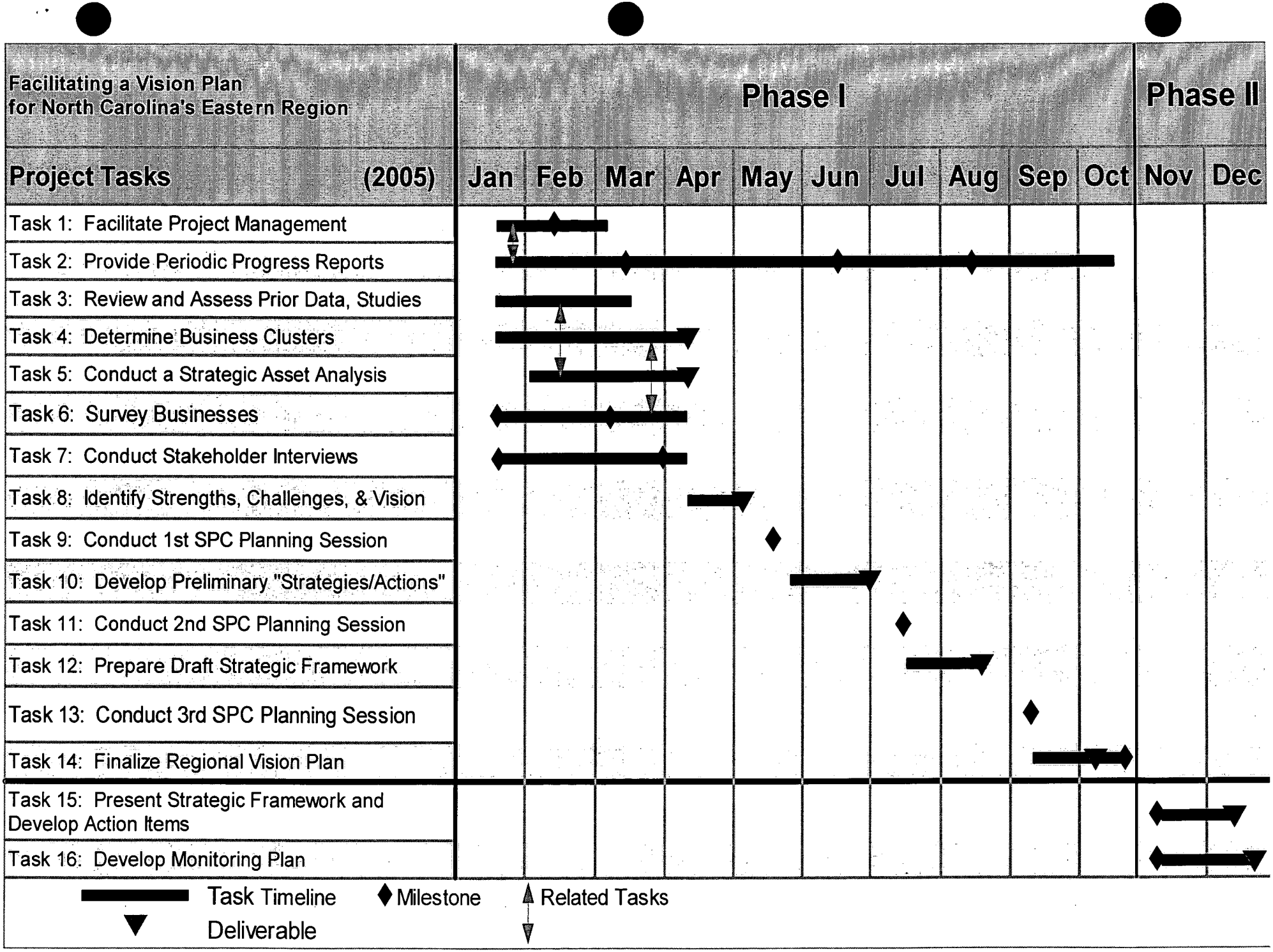
- Visioning Study
- Outreach Targeted Marketing

Regional Vision Plan Highlights

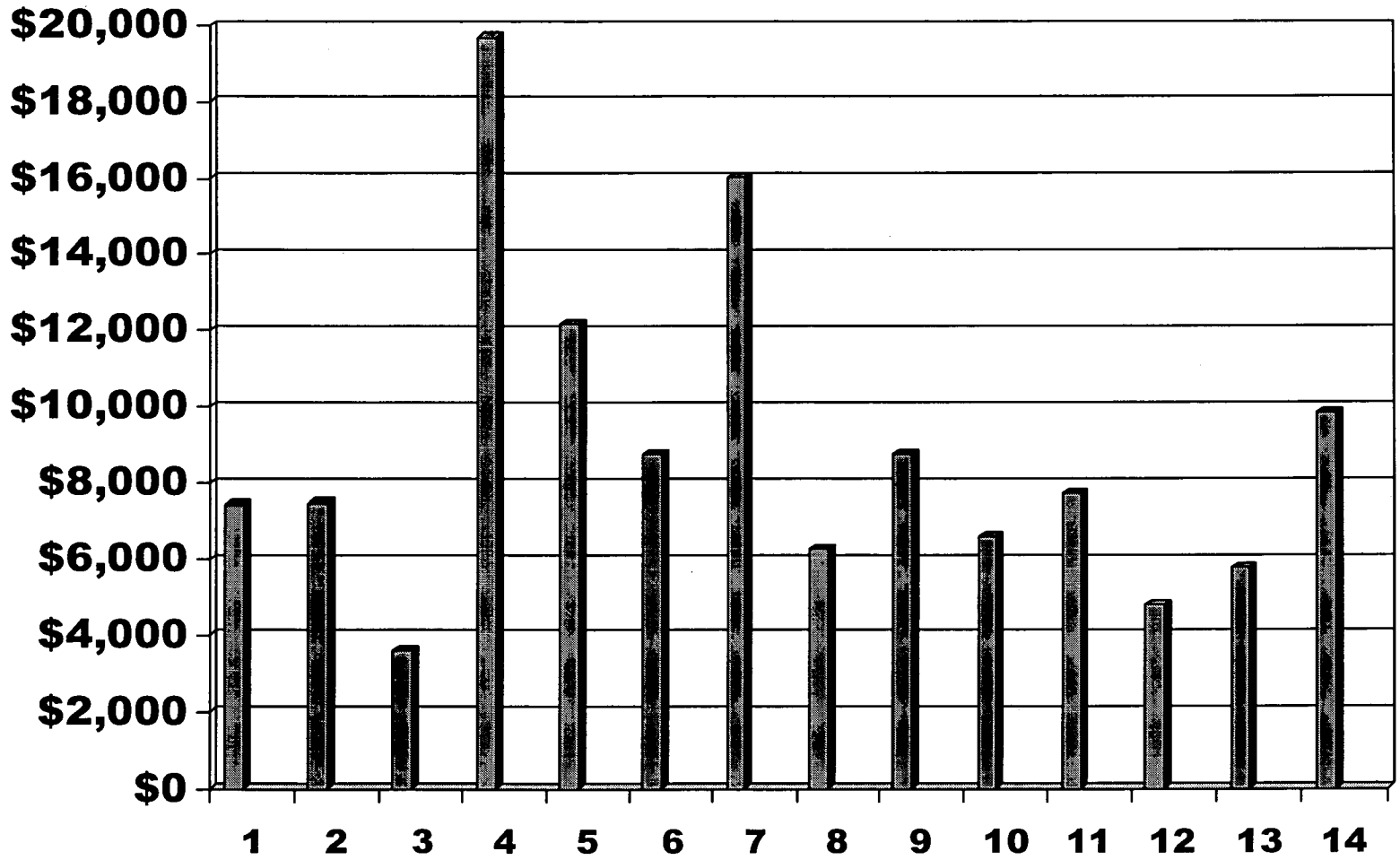
- Timeline
- Budget

Center for Regional Economic Competitiveness CREC

an independent non-profit affiliated with George Mason University School of Public Policy and ACCRA

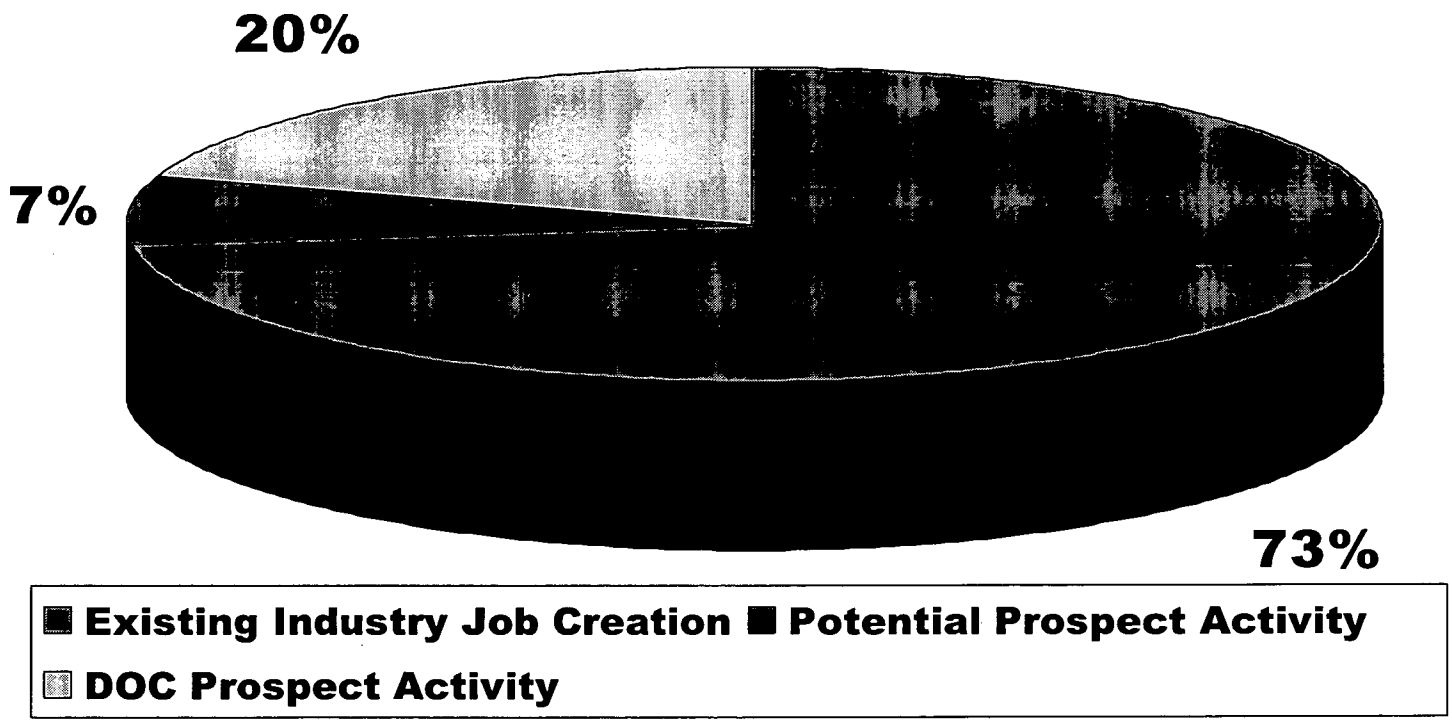

Facilitating a Vision Plan
for North Carolina's Eastern Region
Phase I
Phase II
Project Tasks (2005)
Jan
Feb
Mar
Apr
May
Jun
Jul
Aug
Sep
Oct
Nov
Dec
Task 1: Facilitate Project Management
Task 2: Provide Periodic Progress Reports
Task 3: Review and Assess Prior Data, Studies
Task 4: Determine Business Clusters
Task 5: Conduct a Strategic Asset Analysis
Task 6: Survey Businesses
Task 7: Conduct Stakeholder Interviews
Task 8: Identify Strengths, Challenges, & Vision
Task 9: Conduct 1st SPC Planning Session
Task 10: Develop Preliminary "Strategies/Actions"
Task 11: Conduct 2nd SPC Planning Session
Task 12: Prepare Draft Strategic Framework
Task 13: Conduct 3rd SPC Planning Session
Task 14: Finalize Regional Vision Plan
Task 15: Present Strategic Framework and Develop Action Items
Task 16: Develop Monitoring Plan
Task Timeline
Milestone
Related Tasks
Deliverable

Visioning Budget Profile



Budget Tasks 1-14 Total: $124,810

Business Attraction & Outreach Marketing

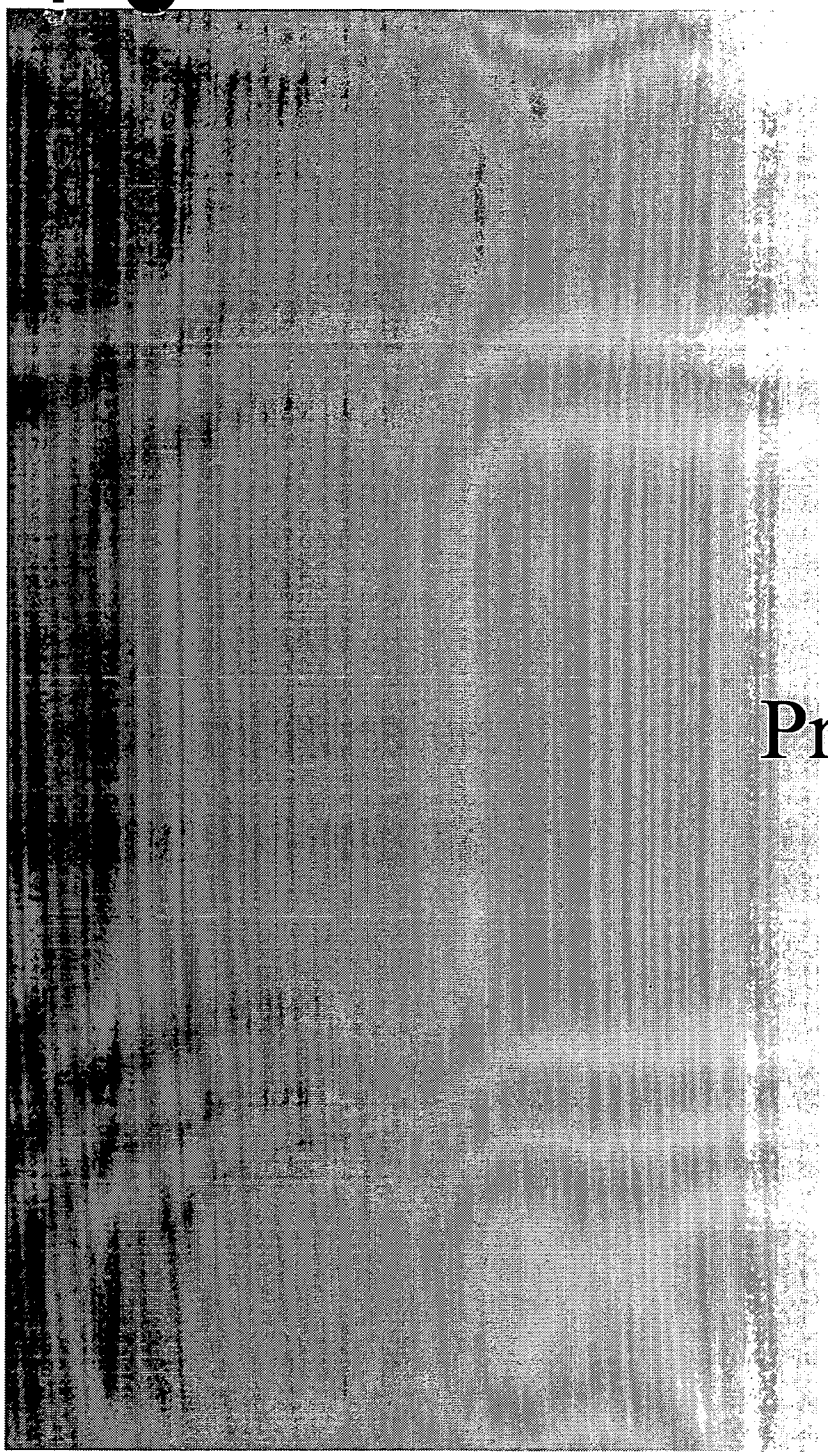


Target Marketing Campaign

	917	Gross Companies
-	507	Non-Growth Mode
	410	Opportunities (gross)
-	327	No Expansion Plans
	83	Refined Gross Opportunities
-	57	No Interest in NC For a Project
	26	Net

"6" Qualified Leads

23% Success Rate



NORTH CAROLINA'S SOUTHEAST™

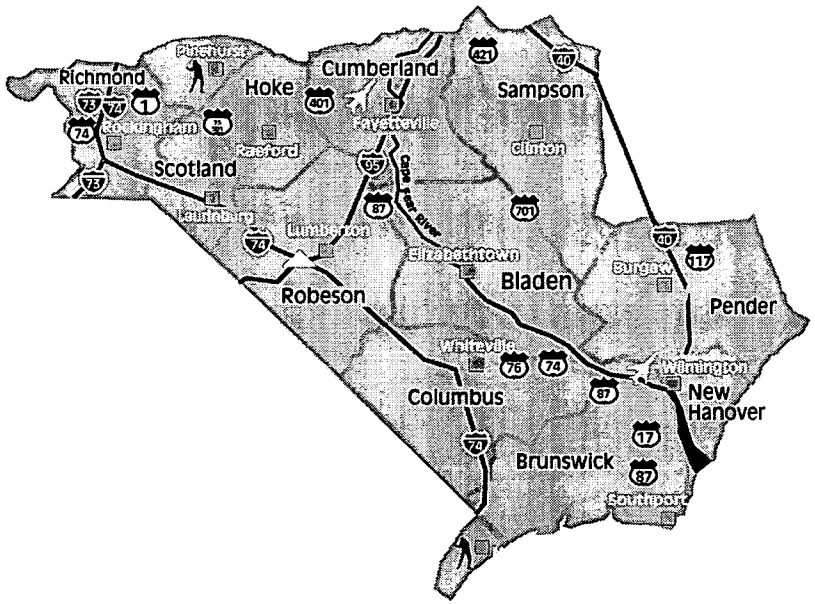
Presentation to the North Carolina Economic Development Board

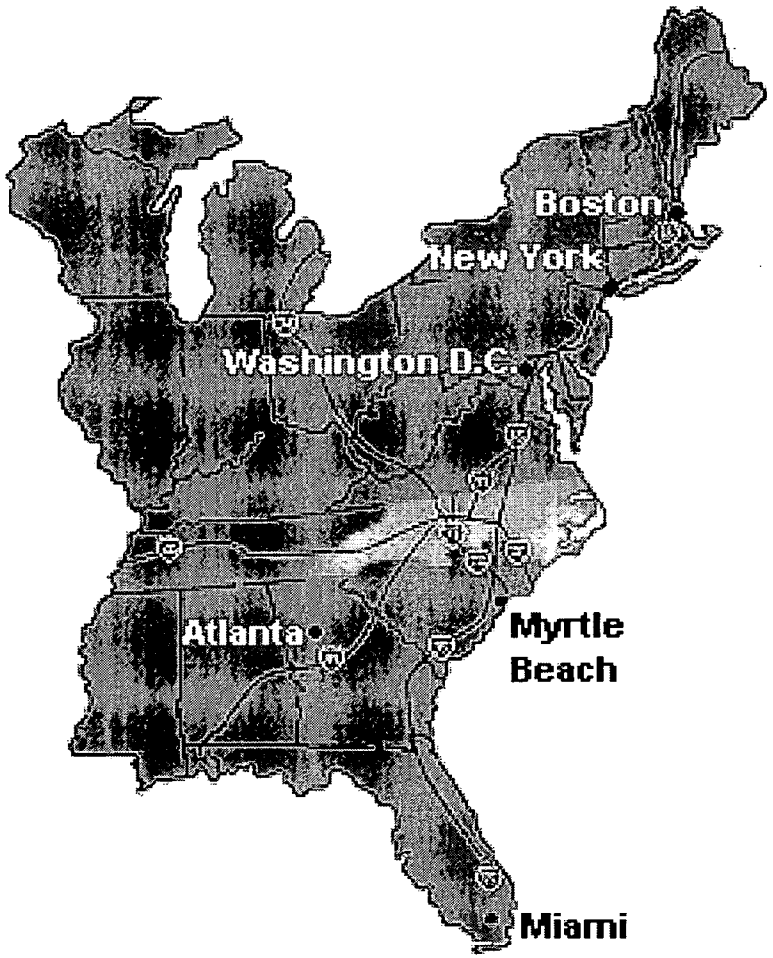
February 25, 2005

Attachment 9A

Geography

NORTH CAROLINA'S SOUTHEAST™





- 11 counties
- Approximately 7,500 square miles
- Over 1,000,000 people
- Anchor cities: Fayetteville & Wilmington
- Office located in Elizabethtown, exact center of region

Mission

NORTH CAROLINA'S SOUTHEAST

Implement a regional economic development marketing program which generates leads that will consider southeastern North Carolina as a viable business destination, thereby creating opportunities for the regional NCDOC representative, Steve Yost, and local economic developers to show buildings and sites, and bring projects to closure.

Governance

NORTH CAROLINA'S SOUTHEAST

- Board of Directors consists of 15 appointed business leaders:
  - 3 by the Governor
  - 2 by the Lt. Governor
  - 5 by the President *Pro Tem* of the Senate
  - 5 by the Speaker of the House
- Technical Advisory Group (TAG) consists of:
  - Local economic developers
  - Private-sector allies (utilities, banks, contractors, etc.)

Funding for FY 04-05

NORTH CAROLINA'S SOUTHEAST

- $917,000 State Appropriation
- $250,000 State Appropriation (Vision/Cluster Study)
- $100,000 Southeastern Partnership (Not-for-profit deal-closing funds)
- $ 40,000 Southeastern Partnership II (Not-for-profit technology funds)

- $1,307,259 Total

Added Value

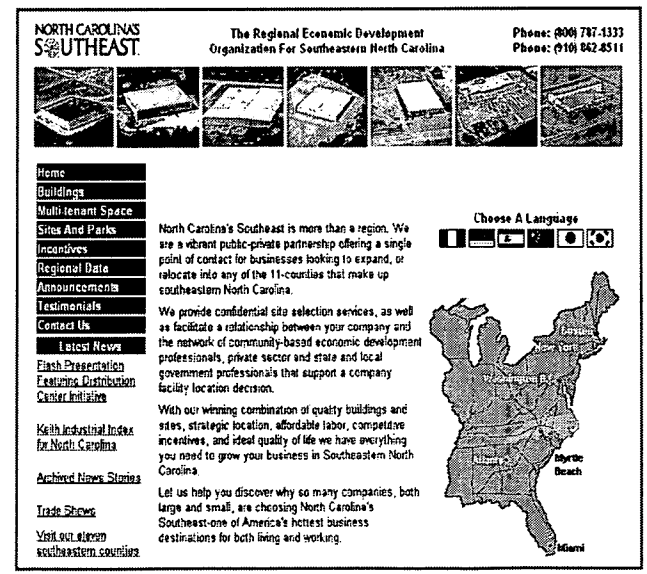
NORTH CAROLINA'S SOUTHEAST™

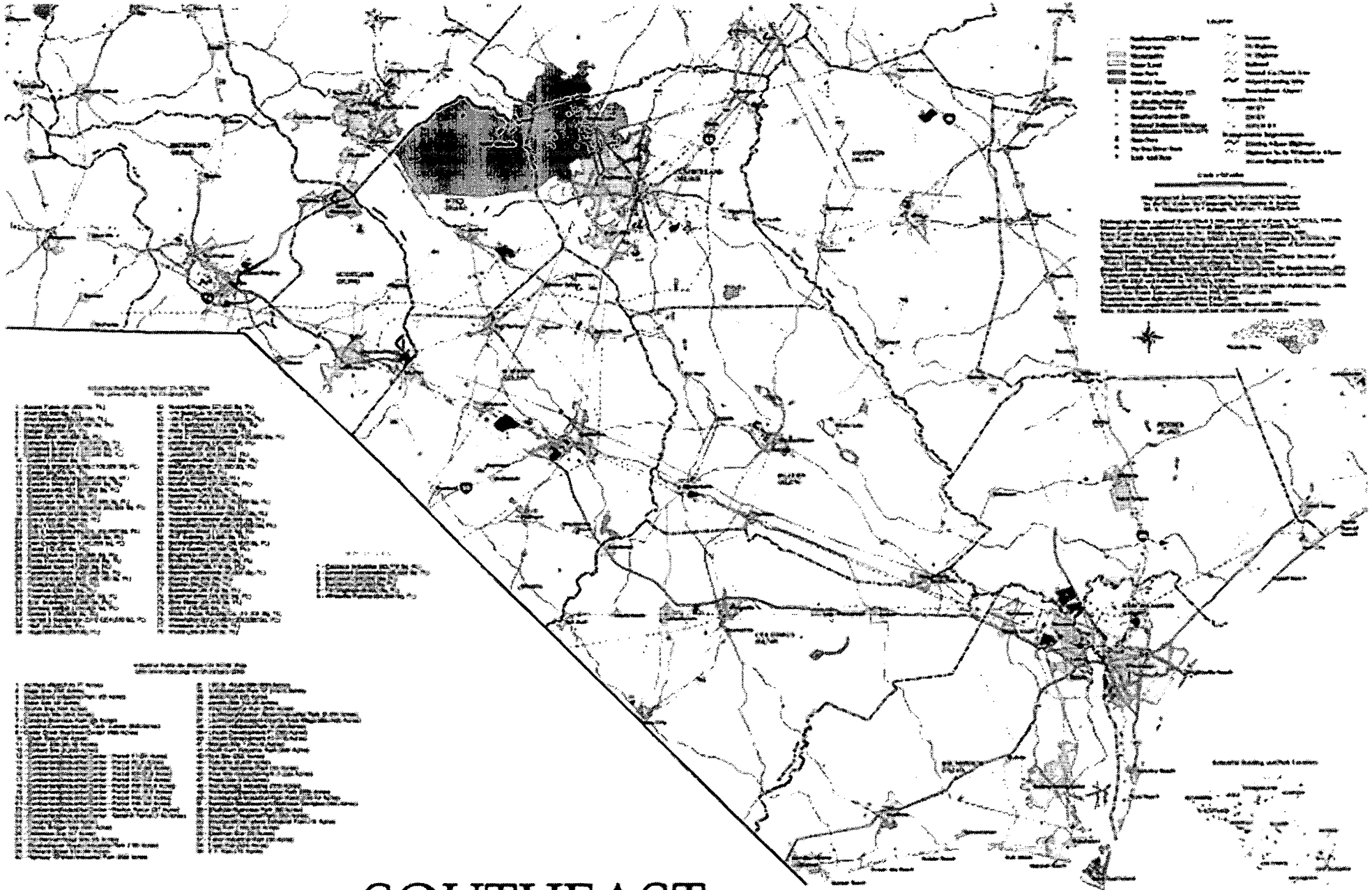
- Financial Support
  - The Southeastern Partnership, Inc., a 501(c)(6) not-for-profit organization, has contributed over $1,200,000 in private funds to 30 projects since 1994
  - The Southeastern Partnership II, Inc., a 501(c)(3) not-for-profit organization, has received $183,729 to enhance regional technology efforts

Added Value (cont'd.)

NORTH CAROLINA'S SOUTHEAST™

- Organizational Support
  - Technology
  - Research
  - Grant-writing *(Golden LEAF Foundation)*
  - Advocacy *(Lumbee Federal Recognition; I-73/74)*
  - Award-winning customized presentations
  - Buildings and sites
    - Preparation of data sheets
    - Populate NC Site Search database
    - Current local, regional, and state incentives on website (www.ncse.org)
    - Aerial photos and virtual tours
  - Mapping
    - Obtaining GIS information





NORTH CAROLINA'S SOUTHEAST

The regional economic development marketing organization for Southeastern North Carolina

*707 West Broad Street * Elizabethtown, NC 28337 * 1-800-787-1333 * Website: http://www.ncse.org * e-mail: info@ncse.org*

Current Initiatives

NORTH CAROLINA'S SOUTHEAST

- Vision/Cluster Study: "Sharpening Our Focus: Growing Jobs and Investment with Cluster-based Tools"
  - Automotive
  - Building Products
  - Nonwoven Textiles
  - Warehousing & Distribution

Vision Budget:	
Industry Cluster Analysis & Plan	25,000
Monitoring	5,000
Infrastructure Assessment	5,000
University Involvement	6,000
Community College Involvement	6,000
Leadership Meetings	15,000
Vision Consulting Services	18,000
Vision Travel	18,000
Administrative Overhead	17,000
Vision Contingencies	10,000
Marketing Initiatives:	
Target Industry: Non-Woven Textiles	25,000
Target Industry: Motor Vehicles	25,000
Target Industry: Distribution and Warehousing	25,000
Target Industry: Building Products	25,000
Target Industry: Mega Sites	25,000

FY 04-05 SUBTOTALS $250,000

Current Initiatives (cont'd.)

NORTH CAROLINA'S SOUTHEAST

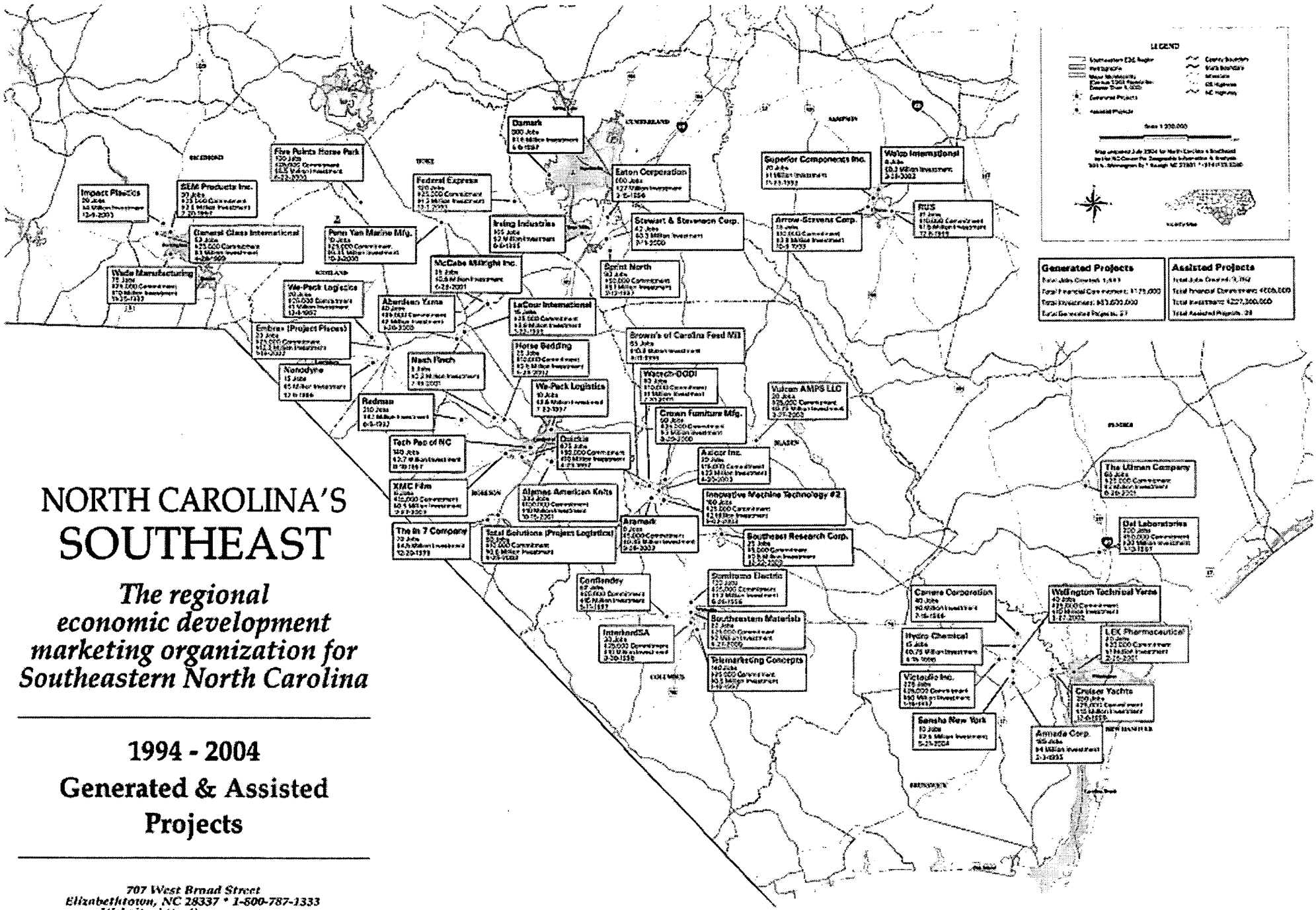
- Mega Site Development
- NCDOC Distribution Center Enterprise Team
- NCDOC Textiles Enterprise Team
- Military Gap Analysis
- Regional Data Book – Volume VII
- Friends of North Carolina
- Stoneybrook Steeplechase – *Signature Event*

Accomplishments

NORTH CAROLINA'S SOUTHEAST

- Marketing initiatives to date have generated *(from 1994 to present)*:
  - 2,300 inquiries
  - 188 real projects
  - 62 locations
    - 30 generated
    - 32 assisted

"That which gets measured, gets done." *PGB*



NORTH CAROLINA'S SOUTHEAST

The regional economic development marketing organization for Southeastern North Carolina

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1994 - 2004
Generated & Assisted Projects

---

707 West Broad Street
*Elizabethtown, NC 28337 * 1-800-787-1333*
Website: http://www.ncse.org
e-mail: info@ncse.org

Results

NORTH CAROLINA'S SOUTHEAST

$343,000,000 INVESTMENT

6,586 JOBS CREATED

1994 to Present

NORTH CAROLINA'S SOUTHEAST

"N.C.'s Southeast region has the most focused scope of work -- on the recruitment of manufacturing jobs. It has a very clearly specified and executed program of promotion, information packaging, and deal-closing money. Although some would say it is hard to attribute jobs and investment to partnership actions, this partnership collects written letters from clients stating the specific contribution that N.C.'s Southeast made."

Improving North Carolina's Economic Development Delivery System:
A Report to the NC General Assembly
UNC Office of Economic Development
March 2003

[redacted]

Attachment 9B

NORTH CAROLINA'S SOUTHEAST

Name of Partnership:

Southeastern North Carolina Regional Economic Development Commission (*a.k.a.* North Carolina's Southeast Partnership)

Board Chair and Profession:

Jane W. Smith, Owner, Century 21 The Real Estate Center, Lumberton, N.C.

Number of Board Members:

15 appointed (Governor, 3; Lt. Gov., 2; Senate President *Pro Tem*, 5; and Speaker of the House, 5)

Director, tenure: Paul G. Butler, Jr., 11 years

Operational staff size: 6

Number of counties represented: 11

Total population of the member counties: 1,001,085 (2005 U.S. Census estimate)

Annual budget: $1,307,259 (FY 2004-05)

Where does the partnership's money come from:
N.C. General Assembly = 94%
Private Sources = 6% (No expenditures for administration/marketing—deal-making funds)

Current initiatives that are being developed/implemented:

Vision Plan – "Sharpening our Focus: Growing Jobs and Investment with Cluster-based Tools;" overseeing the preparation and marketing of three mega sites earmarked for automotive manufacturing; participating in Military Gap Analysis; Joint implementation of retail distribution center strategy with the N.C. State Ports Authority.

Partnership's specialties:

Lead generation; project closure; infrastructure and leadership development; technology-based marketing.

Additional information:

N.C. Southeast Commission maintains two private, not-for-profit adjunct organizations. To date, we have raised nearly $1.4 million in private funds to assist with project closure and technology needs (hardware, software and skills) for economic development professionals in member counties.

NORTH CAROLINA'S SOUTHEAST™

2004-2005 BOARD OF DIRECTORS
(as of 2/25/2005)

Jane W. Smith, Chairman
(President Pro Tem Appointee)
Owner & Manager, Century 21/The Real Estate Center
Lumberton, NC *[Robeson County]*

Kermit D. Williamson, Vice Chairman
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Owner & President, Williamson Farming Co./Farmers Hardware
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Elizabethtown, NC *[Bladen County]*

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Retired College Professor/UNC-Wilmington
Riegelwood, NC *[Bladen County]*

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Partner, Rountree, Losee & Baldwin, LLP
Wilmington, NC *[New Hanover County]*

Billy D. Horne (Governor Appointee)
Mayor, Town of Stedman
Stedman, NC *[Cumberland County]*

William W. Phipps (President Pro Tem Appointee)
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Tabor City, NC *[Columbus County]*

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Burgaw, NC *[Pender County]*

Jeff A. Earp (Governor Appointee)
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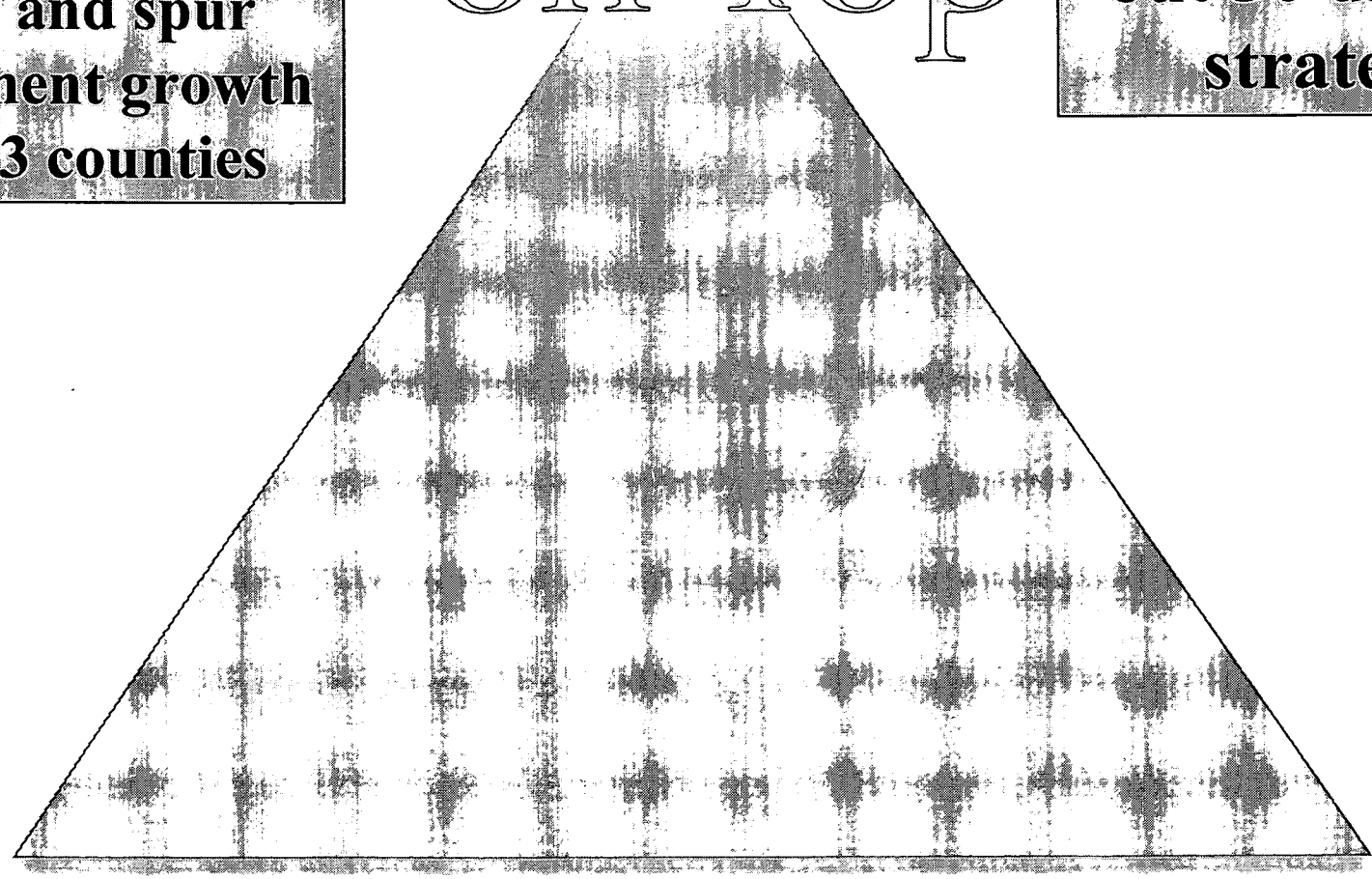
Wilmington, NC *[New Hanover County]*

Tony M. Wooten (Lt. Governor Appointee)
Z. F. Meritor, LLC
Laurinburg, NC *[Scotland County]*

A 5-year, $5 million action agenda to generate 100,000 new jobs in the region and spur employment growth in all 13 counties

Staying on Top

61 different organizations aligned to carry out 30 different strategies



Winning the Job Wars of the Future

Attachment 10A

The Research Triangle Region's Economic Vision

To be a world leader in intellectual capacity, education and innovation in order to enhance productivity and economic growth and achieve a superior quality of life for all our citizens.

RESEARCH TRIANGLE
REGIONAL PARTNERSHIP

The Research Triangle Region's Economic Vision

To be a world leader in intellectual capacity, education and innovation in order to enhance productivity and economic growth and achieve a superior quality of life for all our citizens.

RESEARCH TRIANGLE
REGIONAL PARTNERSHIP

5 Strategies

- **Promote the growth of *industry clusters* where the region has a competitive advantage.**
- **Use a *balanced approach* of targeted recruitment, global branding, business creation and existing business retention.**
- ***Integrate higher education* into economic development efforts.**
- **Develop *creative, inclusive approaches to rural prosperity.***
- ***Create agile leadership networks* to respond to market challenges, changes and opportunities.**

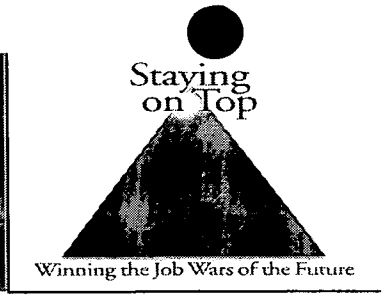
Use of State Allocation-$250,000

- Development of a 5-year **marketing plan** including **marketing** to growth companies in targeted clusters ($75,000)
- Development of **cluster networks** in Advanced Medical Care, Informatics, and Biological Agents and Infectious Diseases ($80,000)
- Development of a regional **Business Advantage Center** to help existing businesses increase their competitiveness ($75,000)
- **Benchmark economic competitiveness** through annual research, presentation and publication to regional leadership ($20,000)
- Approximately $450,000 annual costs for these 4 action items, total implementation costs for 30 action items approximately $1million annually

Methodology to Determine Growth Opportunities

- **Strength of existing R&D base** and industry cluster in the region
- Prospects for **job creation**, cluster recruitment, new venture creation, and **rural economic development**
- **Cross-cutting** nature of research and technology to contribute to multiple clusters (or to enable growth at the intersections)
- Funding trends within government and private sectors
- **Sustainability** of job growth in the face of offshore competition

Ten Clusters



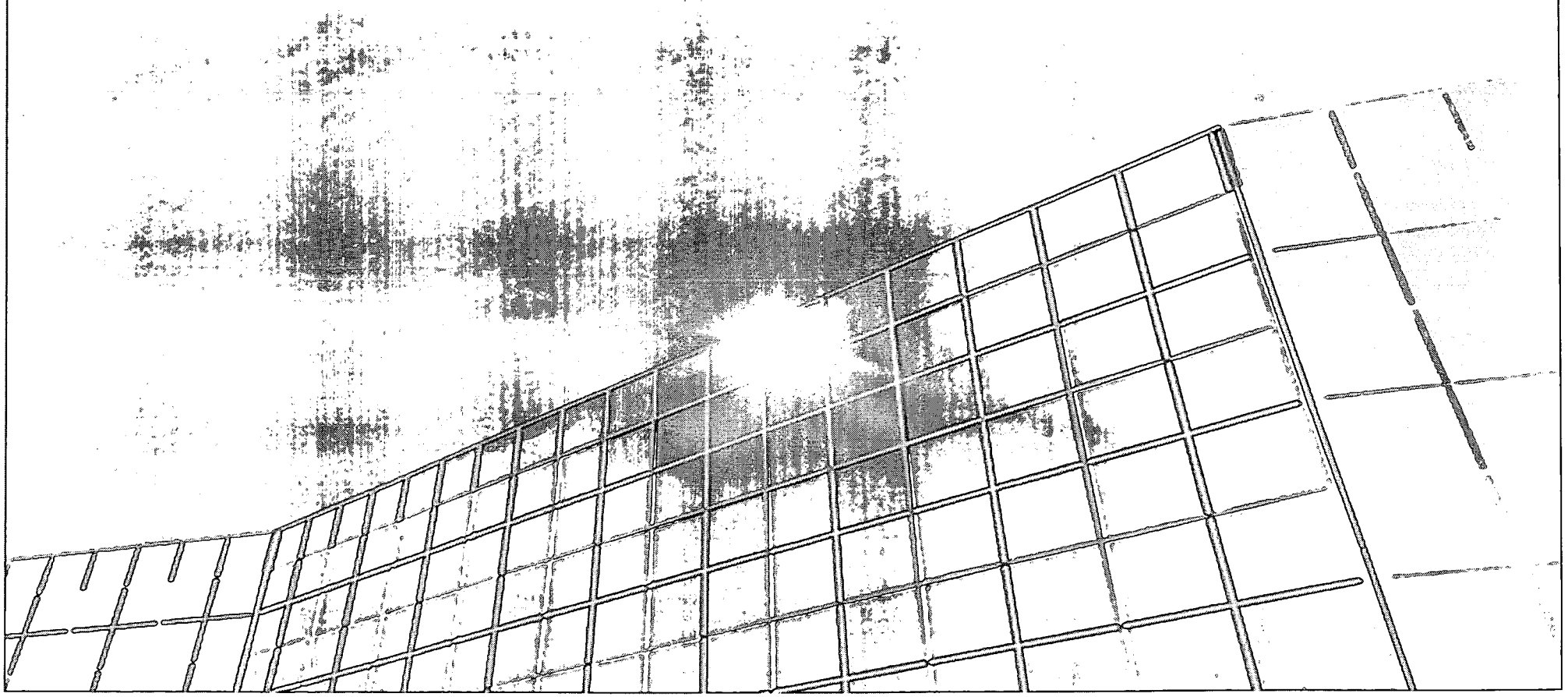
- **Advanced Medical Care**
- **Informatics**
- **Biological agents and Infectious Diseases**
- Agricultural biotechnology
- Pervasive computing
- Pharmaceuticals
- Analytical instrumentation
- Nanoscale technologies
- Vehicle component parts
- Logistics and distribution

Triangulating Success

Comprehensive Program for Targeted Counties Effective Communication

Marketing Plan

July 1, 2004 through June 30, 2009



New "Cluster" Recruitment Targeting

3) Target cluster leads

Identify Companies in Target Sub-cluster Cycles (15-20 companies)

Use Personal Contact to Identify Companies Likely to Expand

400 Companies Identified as Needing Capacity Contact All

Company Calls (10-12 companies)

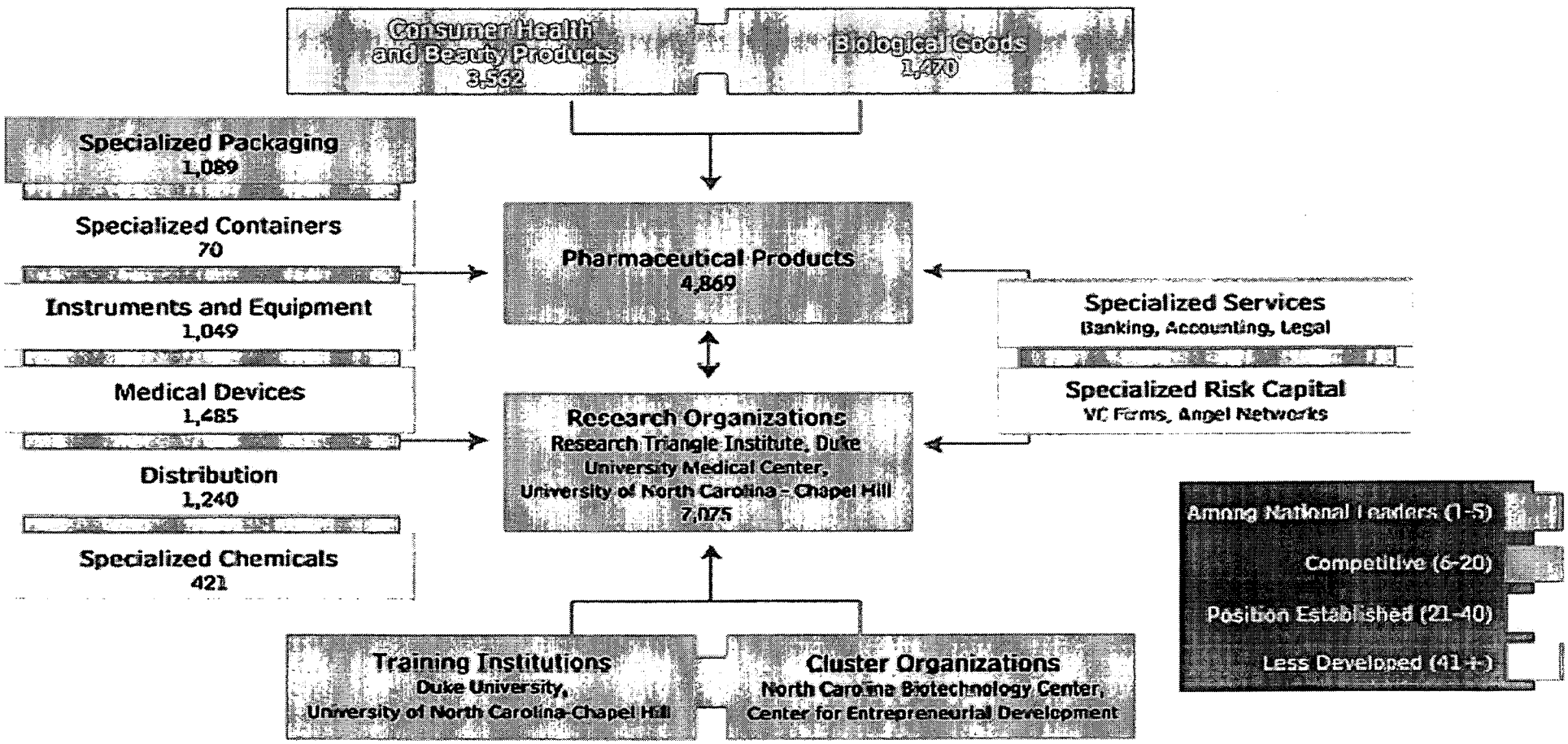
New Jobs

Biological interpretive measures

25-30 Companies to Target Continuous contact

Creation of Cluster Networks

Exhibit 59: Competitive Position, Research Triangle EA
Pharmaceutical / Biotechnology Cluster

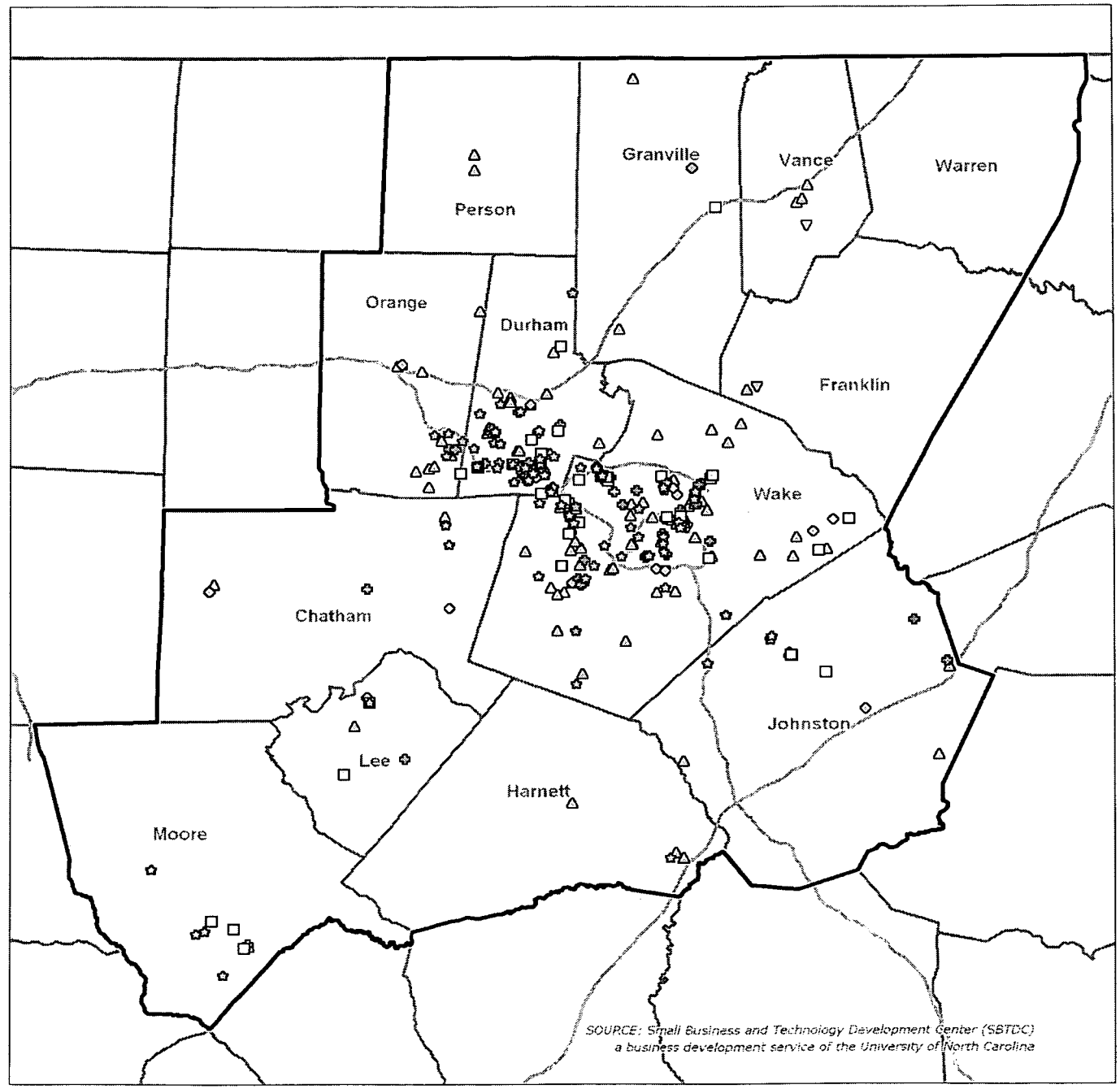


Note: Employment numbers are given inside boxes were available

Source: Regional Survey Data, Cluster Mapping Project, Institute for Strategy and Competitiveness, Harvard Business School and In-person Interviews

Biotechnology & Pharmaceutical Products Cluster

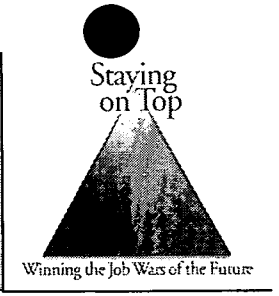
All Cluster Firms



Legend

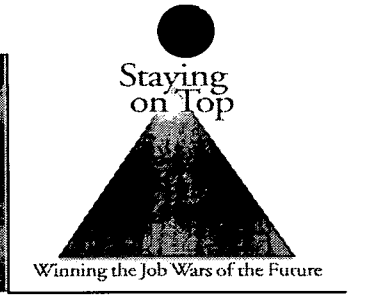
- Bio-Pharma Research Organizations
- Pharmaceutical Manufacturers
- Pharmaceutical Distributors
- Producers of Biological & Specialty Chemicals
- Producers of Containers & Packaging Materials
- Producers of Medical Devices, Lab Instuments, & Equipment

RTRP Cluster Networks



- Initial 3 Cluster Networks in, **Advanced Medical Care, Informatics, Biological Agents and Infectious Diseases**
- Managed by the RTRP and RTI International
- Representatives of core companies, supply chain companies, higher education, and professional services, venture capitalist, and economic development professional
- Monthly meetings, quarterly symposium, newsletters, list serves, and state and federal legislative agendas
- Coordination among networks to maximize synergies

Desired Outcomes

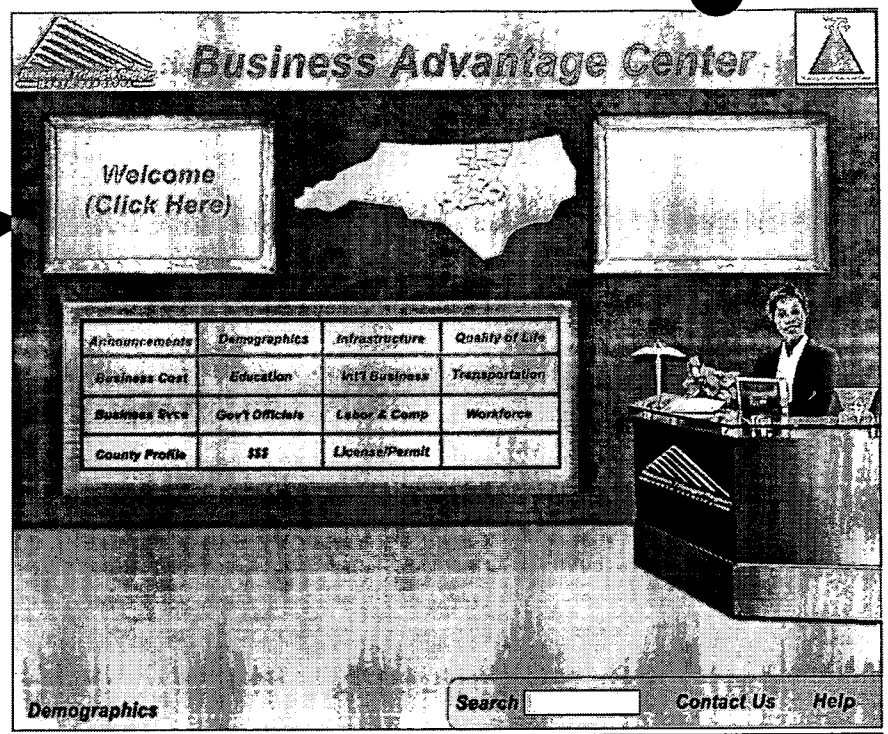


- Members of the cluster leadership network will find ways to do business together **connecting supplier/buyers and increasing local business**
- **Identify recruitment targets** to complete and strengthen the cluster
- Recommend, and help **implement actions to strengthen the cluster** in the region
- **Identify investments and legislation needed** to improve the cluster
- Identify ways to **improve the workforce** and its readiness for work in the cluster.
- **Increase cluster networking and learning** for competitive advantage\
- **Identify conferences** for CVBs to target, to attract, to the region

Business Growth & Innovation

Staying on Top

Winning the Job Wars of the Future



RTRP will produce 10,000 CDs to be distributed by partner organizations to existing businesses, beginning with businesses in targeted clusters

CD has a home page for each partner organization. organization.

Information on CD (Updated on Server)

Provided by 61 institutional partners and dozens of other organizations

- **Regulations and Incentives (NCDOC)**
- **Financial Assistance Guide (SBTDC)**
- **Demographics (Rural Center)**
- **Entrepreneurial Assistance (CED, SBTDC, Community Colleges)**

Research Triangle Region NORTH CAROLINA

DATA CENTER
BUILDING & SITES
CLUSTERS
SUCCESS STORIES

News And Events

News Releases

Year	Category	
All	All	Search

March 1, 2005
Delta Adding New Point-to-Point Service, New Destinations from Hubs

March 1, 2005
NCEITA Is Changing Its Name, But Mission Remains the Same

February 28, 2005
Regional Leaders Examine Regional Growth on Weekly Radio Show

February 28, 2005
Icoria Signs Licensing Agreement with Syngenta

In the News
Delta Adding New Point-to-Point Service, New Destinations from Hubs

Coming Up
RTP Drug Metabolism Discussion Group

Subscribe to e-newsletter

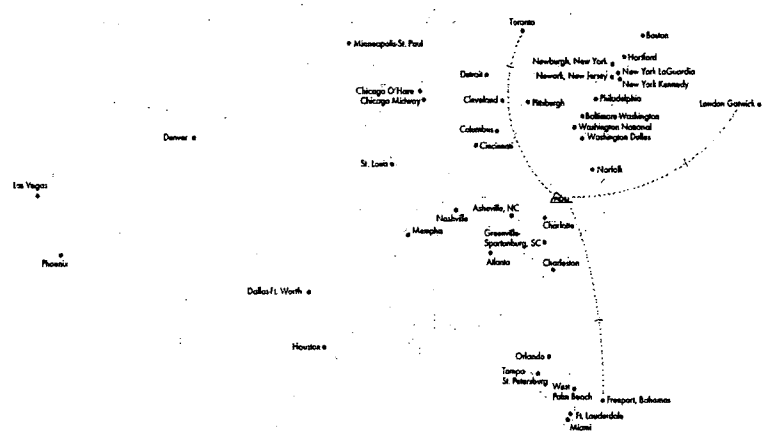
Listen to our weekly radio show

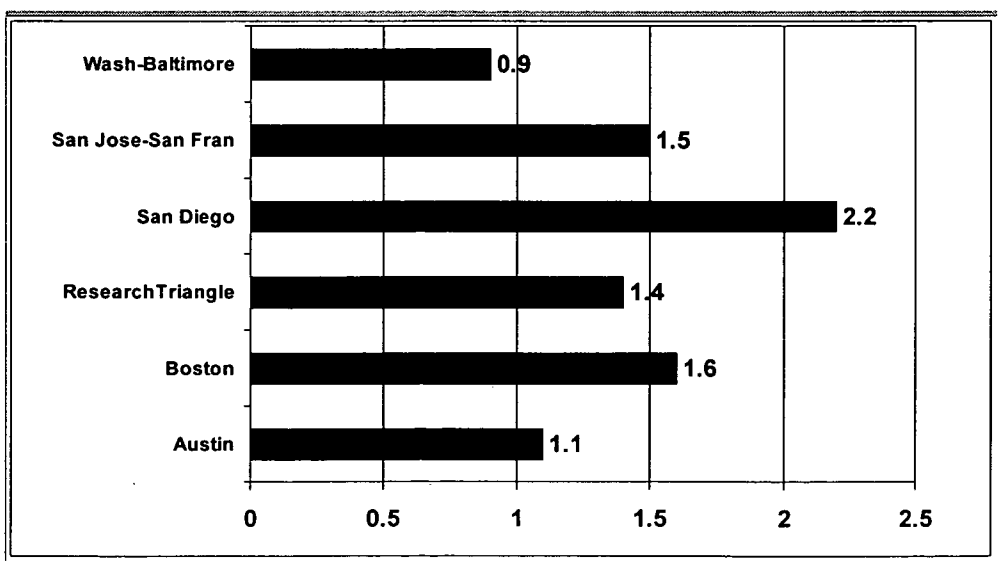
$$$
Venture Capital
Angle Networks
Loans Grants
State & Local Incentives
Utility Reduction Rates

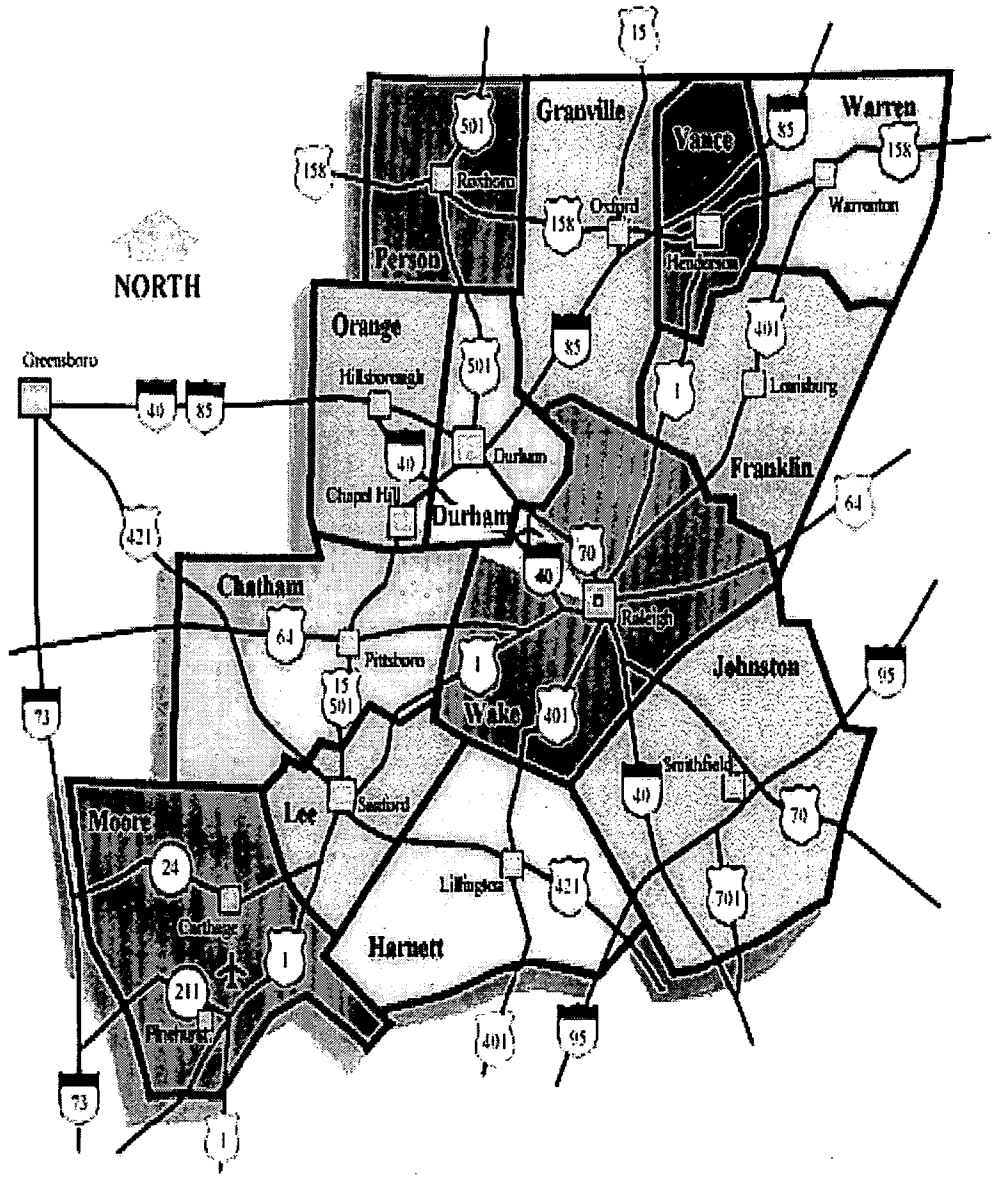
Department of Commerce
Small Business Service Center

Demogra
Contact Us Help

Continuous Competitiveness Benchmarking

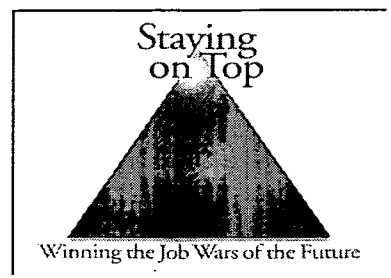






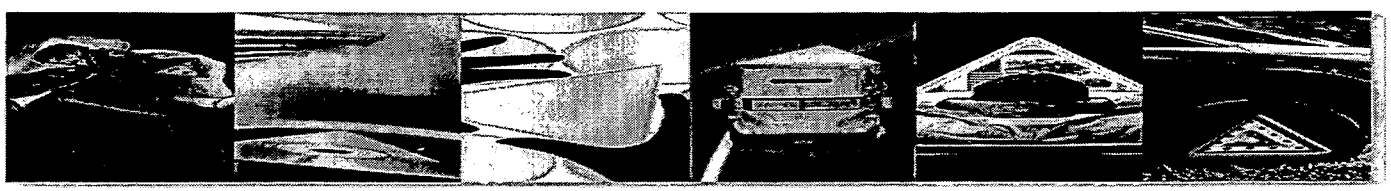
Other Staying On Top Implementation Items

- Increase Air Service at RDU
- Kerr Tar Hub Project
- Global Branding of Research Triangle Region
- Increase Capital Availability
- Integrate CVBs into Recruitment Strategies
- Develop other Cluster Networks
- Create Regional Leadership Network
- Joint Legislative Agenda



Staying on Top

Winning the Job Wars of the Future



RESEARCH TRIANGLE
REGIONAL PARTNERSHIP

Research Triangle Regional Partnership

During 2003 and early 2004 the Research Triangle Regional Partnership directed an effort to improve the competitiveness of the Research Triangle Region. In 2004 the new plan was recognized by the U.S. Department of Commerce as the best regional competitiveness strategy in the country.

Staying on Top-Winning the Job Wars of the Future is a five-year, $5 million action agenda to generate 100,000 new jobs and increase employment in all 13 counties of the Research Triangle Region of North Carolina. Over 60 organizations, called "institutional partners," are collaborating to implement 30 actions that will support the growth of key emerging "clusters," spark creation of homegrown businesses, identify regional investments needed for a competitive advantage, and develop the region's capacity to meet its goals.

This initiative grew from the findings of a 2002 study by world-renowned Harvard University economist Dr. Michael Porter, who conducted a comprehensive analysis of the Research Triangle Region. In his report, *Clusters of Innovation,* Porter concluded that the region required a new economic vision to remain competitive. A 37-member task force of business and higher education leaders used Porter's studies and new research to create an action blueprint.

The action plan calls for institutional partners to pursue these five strategies:

- Promote the growth of 10 industry clusters where the region has a competitive advantage.
- Use a balanced approach of targeted recruitment, global branding, business creation and existing business retention.
- Integrate higher education into economic development efforts.
- Develop creative, inclusive approaches to rural prosperity.
- Create agile leadership networks to respond to market challenges, changes and opportunities.

Implementation of the plan is currently underway, with 19 of the 30 strategies initiated, including the following:

- A Cluster specific targeted recruitment effort to complete and strengthen existing clusters based on a newly adopted 5-year marketing strategy.
- A regional business advantage program, designed to help existing businesses compete and to coordinate the services of dozens of service providers.
- Development of Cluster Networks to encourage interaction and collaboration among companies.
- A strategy to improve and increase air service from RDU.
- Development of a rural Hub that concentrates investment to improve rural competitiveness.
- Expansion of regional entrepreneurial services with specific emphasis on programs that match University scientists with business and new entrepreneurs with mentors.
- Development of a broad leadership network to respond to market challenges, changes and opportunities, including a regional legislative agenda.
- And other strategies which focus on workforce development coordination, higher education integration, capital expansion, and regional benchmarking

For more information visit RTRP's web site at www.researchtriangle.org

North Carolina's Southeast
Profit & Loss
July 2004 through February 2005

	Jul '04 - Feb 05
Income	0.00
Expense	
939.076 · Vision	
939.077 · Industry Cluster Analysis & Pln	21,756.70
939.081 · University Involvement	157.20
939.082 · Community College Involvement	80.00
939.083 · Leadership Meetings	6,315.11
939.084 · Vision Consulting Services	12,258.70
939.085 · Vision Travel	10,306.25
939.087 · Vision Contingencies	231.22
939.088 · Mkt Init/Target Ind Nonwvn Text	4,573.13
939.089 · Mkt Init/Target Ind Motor Vehs	15,271.04
939.090 · Mkt Init/Target Ind Dist/Whsing	3,197.30
939.091 · Mkt Init/Target Ind Bldg Prods	9,496.03
939.092 · Mkt Init/Target Ind Mega Sites	25,242.03
Total 939.076 · Vision	108,884.71
Total Expense	108,884.71
Net Income	**-108,884.71**

Attachment 10C

10.939.076	Vision					
10.939.077	Industry Cluster Analysis & Plan	$0	$0	$0	$0	$25,000
10.939.079	Monitoring	$0	$0	$0	$0	$5,000
10.939.080	Infrastructure Assessment	$0	$0	$0	$0	$5,000
10.939.081	University Involvement	$0	$0	$0	$0	$6,000
10.939.082	Community College Involvement	$0	$0	$0	$0	$6,000
10.939.083	Leadership Meetings	$0	$0	$0	$0	$15,000
10.939.084	Vision Consulting Services	$0	$0	$0	$0	$18,000
10.939.085	Vision Travel	$0	$0	$0	$0	$18,000
10.939.086	Administrative Overhead	$0	$0	$0	$0	$17,000
10.939.087	Vision Contingencies	$0	$0	$0	$0	$10,000
	Marketing Initiatives:					
10.939.088	Target Industry: Nonwoven Textiles	$0	$0	$0	$0	$25,000
10.939.089	Target Industry: Motor Vehicles	$0	$0	$0	$0	$25,000
10.939.090	Target Industry: Distribution and Warehousing	$0	$0	$0	$0	$25,000
10.939.091	Target Industry: Building Products	$0	$0	$0	$0	$25,000
10.939.092	Target Industry: Mega Sites	$0	$0	$0	$0	$25,000
	FY 04-05 SUBTOTALS $250,000					

Attachment 10D

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2003

SESSION LAW 2004-124
HOUSE BILL 1414

AN ACT TO MODIFY THE CURRENT OPERATIONS AND CAPITAL APPROPRIATIONS ACT OF 2003 AND TO MAKE OTHER CHANGES IN THE BUDGET OPERATIONS OF THE STATE.

THE GENERAL ASSEMBLY OF NORTH CAROLINA ENACTS:

....

REGIONAL PARTNERSHIPS VISION PLANS

SECTION 13.6.(a) There is appropriated from the General Fund to the North Carolina Partnership for Economic Development, Inc., the sum of one million seven hundred fifty thousand dollars ($1,750,000) for the 2004-2005 fiscal year. From these funds, the Partnership shall allocate two hundred fifty thousand dollars ($250,000) to each of the seven regional economic development partnerships. These funds shall be used by each partnership to develop and implement a strategic economic development plan in accordance with this section.

SECTION 13.6.(b) In developing and implementing a strategic economic development plan, each of the regional partnerships shall do the following:

(1) Perform a comprehensive study of the region's resources and existing businesses located in the region to determine what business clusters exist and the boundaries of those clusters, to develop ways to strengthen those clusters, and to determine in what areas the region has a competitive advantage that could lead to the development of future clusters.

(2) Ensure that the benefits of the economic development plan are widely dispersed and that the plan provides real opportunities in rural areas as well as in urban and suburban areas.

(3) Develop focused and targeted economic development initiatives related to the recruitment and development of new businesses and the retention of existing businesses.

(4) Provide a mechanism for continuous monitoring of the regional economy and competitiveness indicators and for updating the strategic economic development plan to take account of changing economic conditions.

(5) Recommend infrastructure investments to meet the region's current and anticipated future needs.

(6) Integrate the North Carolina Community College System and The University of North Carolina into economic development efforts and planning.

(7) Create leadership networks that span the public and private sectors and that facilitate communication within clusters, between members of complementary clusters, and between members of the public and private sectors.

SECTION 13.6.(c) Section 8.3 of S.L. 2002-126 is repealed.

Update on Status of

Advantage West

Vision Plan

ADVANTAGEWEST
NORTH CAROLINA

The Western North Carolina Regional Economic Development Commission

3 General Aviation Drive
Fletcher, NC 28732

Tel: 828-687-7234
Fax: 828-687-7552

E-mail: info@awnc.org
Website: www.advantagewest.com

Status of AdvantageWest Five-Year Regional Vision Plan

- **The plan was developed in 2003 and 2004 by a task force consisting of AdvantageWest, the three public universities, 11-community colleges and six private colleges in WNC.**
- **The economic development staff at Kenan Flagler served as the lead consultants for the development of the plan working under contract with AdvantageWest.**
- **Kenan Flagler facilitated the task force meetings and captured "best practices" out of every economic development strategy completed at the local, sub-regional, regional and state level related to WNC in recent years.**
- **The 25-local economic developers in the AdvantageWest EDAC also helped develop the plan and priorities for implementation.**
- **AdvantageWest completed a reorganization involving a new Business Development function in order to prepare for implementation of the plan.**
- **The central theme of the plan consists of 10-emerging industry growth clusters that the workforce delivery system and AdvantageWest's economic development job creation system have agreed to pursue jointly for WNC.**
- **The complete plan is listed on www.advantagewest.com under the Latest News portion of the main page.**
- **2005 is the year of full implementation of the plan by AdvantageWest and higher education in WNC.**
- **Examples of progress with implementation include: 1) WCU, Brevard College, ASU, A-B Tech, Montreat College, and UNC-A using the plan and AdvantageWest in their strategy development, 2) the Wilkes EDC, Hendersonville Chamber, Ashe EDC, Cherokee EDC, Yancey County PED, and Transylvania Partnership using the plan and AdvantageWest in their strategy development, and 3) AdvantageWest's program of work being used as a primary business development tool for implementation i.e. EDAC, the Blue Ridge Entrepreneurial Council, the Blue Ridge Angel Investors Network, the WNC Film Commission, Blue Ridge Food Ventures LLC, the Tourism Advisory Committee, the Blue Ridge National Heritage Area, and MountainSouth USA.**
- **Early successes are occurring in several of the clusters, e.g. advanced manufacturing, life sciences, communications and IT, etc.**
- **Any questions on the plan development and implementation can be addressed to Dale Carroll, AdvantageWest CEO.**

Five-Year Vision Plan for the Economy of the Advantage West Region: 2004-2009

In response to the North Carolina General Assembly's requirement (S.L. 2002-126, Section 8.3)[1], this plan contains:

I. Realistic economic development goals for the AdvantageWest region;

II. A profile of the clusters of innovation expected to drive the future job market of the region and its four sub-regions; and

III. A corresponding plan for developing the necessary higher-education curricula to prepare the region's workers for that future job market.

This plan was developed through the active involvement of a task force of public university chancellors, community college presidents, and AdvantageWest board members and staff in the year 2003. Local economic developers, entrepreneurs and other civic leaders were also asked for their input, and several recent consultant reports informed the development of strategies for the region. The sections of this plan correspond to each of the three required elements above.

Section I. Economic Development Goals for the AdvantageWest Region

For the years 2004-2008, the region will pursue the following four goals:

GOAL 1: Grow and support several "clusters of innovation" in regional niches with education, infrastructure, services, and technology transfer (see Section II of this plan for a complete discussion of those clusters)

GOAL 2: Establish a regional think tank to lead strategic thinking and policy development about the economy

GOAL 3: Change the culture of educational institutions (K-12, community colleges, and universities) and the expectations and skills of workers to meet the needs of growing companies in clusters of innovation.

GOAL 4: Establish "Tier 2" level of broadband Internet service for the entire region by 2008.

---

[1] Requires the development of a five-year vision plan for each of the economic development regions in the State. "At a minimum, each vision plan shall determine the realistic economic development goals and the future job market in that region and shall identify community college and university courses currently offered or needed to effectuate the vision plan."

The key strategies the region will use to realize each of these goals are listed below. Each of these is discussed further in the full report.

GOAL 1: Grow and support several "clusters of innovation" around regional niches with education, infrastructure, services, and technology transfer

Strategy 1A: Implement best practices in innovation-based and cluster-based strategies for economic development

- Support the formation of industry-driven networks that can innovate together and speak with one voice to state and federal government

Strategy 1B: Develop education curricula to support the region's clusters of innovation

- Work with state to fast-track new programs that relate to the priority clusters

Strategy 1C: Attract and retain star faculty to lead innovation within clusters

- Promote the attraction and retention of creative people as an economic development strategy

Strategy 1D: Develop regional infrastructure to support the region's clusters

- Develop the specific infrastructure - e.g., transportation corridors, attractive downtowns, online networks, and business support services -- that firms in the priority clusters need most

Strategy 1E: Support innovators and entrepreneurs in all clusters

- Bridge gaps in information, relationship networks or capital for aspiring, lifestyle, and growth entrepreneurs, and recognize innovators in all sectors

In addition to these cross-cutting strategies, the task force has discussed strategies to support specific clusters, including advanced manufacturing, biotechnology and bioprocessing, crafts, tourism, value-added agriculture, and others.

GOAL 2: Establish a regional think tank to lead strategic thinking and policy development about the economy

Strategy 2A: Establish and sustain a strong leadership development program

- Train local citizens, including youth, to understand the new economy and the continuous innovation and collaborative partnerships necessary to sustain it

Strategy 2B: Strategize for economic development across local boundaries and sectors

- Educate citizens and local officials about the benefits of cooperating with neighboring jurisdictions to establish a strong business climate

Strategy 2C: Think strategically about workforce development to support the continuous innovation of the region

- Continue to include education leaders in economic development planning, and also include entrepreneurs and workforce development boards

Strategy 2D: Think strategically about infrastructure planning for the future economy

- Revisit current plans to ensure investments provide competitive advantage to companies that are poised to grow and stay in western NC

Strategy 2E: Align public services with business and citizen needs, and measure results

- Re-engineer government to focus on taxpayers and customers, and report results annually

Strategy 2F: Change state policy that impedes the competitiveness of the region

- Revisit the state's policy on worker's compensation, the allocation of the Small Cities Community Development Block Grant, and the lack of tax incentives for R&D

GOAL 3: Change the culture of educational institutions (K-12, community colleges, universities) and the expectations and skills of workers to meet the needs of growing companies in clusters of innovation.

Strategy 3A: Work with state-level education boards to set policy that helps the economic competitiveness of AdvantageWest and other N.C. regions

- Encourage University of North Carolina, N.C. Community College System and Department of Public Instruction boards to revisit and update their institutional mission statements and statewide goals.
- Encourage those same boards 1) to change both incentives and resource allocation formulas to achieve revised statewide goals that include innovation and job creation, and 2) to assess institutions' performance on that basis. Simplify and shorten curriculum review processes for higher education programs
- Re-think end-of-year testing in K-12 schools

Strategy 3B: Work with the N.C. General Assembly to increase the budget flexibility for community colleges and public universities to assist them in achieving the economic development goals of the state.

- Adjust the formulas for funding each institution to be forward-oriented and performance-based

Strategy 3C: Change culture within the region's educational institutions

- Develop short-term technical certification programs for high school and post-secondary students
- Provide incentives to faculty for public service and innovation

Strategy 3D: Conduct ongoing public relations campaign to inform the expectations and skills development of workers and students

- Teach soft skills related to work ethic in K-12 schools
- Work with CEOs of growing companies to co-sponsor career fairs and classroom visits to describe what they do and will need from workers
- Teach entrepreneurship as well as the skills required to work for others

GOAL 4: Establish "Tier 2" level of broadband Internet service for the entire region by 2008.

Strategy 4A: Work with federal and private sector partners to create the equivalent of a Major Point of Presence on the Internet for the entire AdvantageWest region from Cullowhee to Boone by 2008.

Strategy 4B: Create access to available broadband Internet for entrepreneurial Internet-based businesses.

Strategy 4C: Bring the available broadband Internet to existing industry, to help connect them more quickly and directly to vendors and suppliers in major metropolitan area markets, research universities, federal labs, and other partners within their clusters of innovation.

A complete discussion of each goal and strategy above is included in the full report.

Section II. Clusters of Innovation for the AdvantageWest Region

The future job market for western North Carolina will be determined by 1) the degree of innovation among companies and universities within the region; 2) the influences of Metro Atlanta, Greenville/Spartanburg, Charlotte, and other large markets in the southeast; and 3) state and federal economic policy. This plan is intended to give the Advantage West region a competitive advantage by focusing on the clusters in which it has the strongest assets for growth and innovation, as well as to work with policy makers to create the most favorable business climate possible for the region.

The Advantage West region of 23 counties is about the size of the State of Maryland and has a variety of economic drivers both in and outside the state. The region is sometimes discussed in terms of various sub-regions, including the Highlands or southwest mountains "west of the Balsams," the Asheville metro/I-26 corridor, the foothills or industrial crescent, and the High Country or northwest. The fast-growing metro Atlanta region, the Greenville-Spartanburg corridor in South Carolina, the Tri-Cities (Johnson City/Bristol/Kingsport) area of Tennessee, as well as the Winston-Salem and Charlotte metro areas of North Carolina, are all strong markets for the AdvantageWest region.

Relative to North Carolina (and nation), the AdvantageWest region's industries with a demonstrated competitive advantage are: recreation and tourism, natural resource extraction, retirement and second homes, wood products and construction materials, arts and crafts, vehicle parts assembly, metalworking, chemicals and plastics.

In recent years, promising regional niches are emerging in advanced manufacturing, IT, food production, health care, the commercialization of native plants, environmental sciences, and homeland security. These could flourish to national competitive advantage with additional innovation.

Table 1 shows ten clusters that the Vision Task Force believes are appropriate targets of innovation and focus for at least the next five years. These ten reflect both 1) the clusters strongest in the nationally comparable secondary data for the AdvantageWest region, and 2) the knowledge of Task Force members and other stakeholders about more current, innovative activity on the ground in the region. Many of these are indigenous to the region and cannot easily be exported or replicated elsewhere in the U.S. Within each of the ten overall categories, several examples and specific niches are listed.

Table 1: Ten Emerging Clusters of Innovation
That Leverage Advantage West's Regional Assets

Advanced manufacturing-related Automobile components, 2nd & 3rd tier Advanced materials & composites (incl. ceramics) Chemicals and plastics Metalworking Optics Professional services: architecture, engineering, finance, law	Arts, crafts and design-related Self-employed, incl. home-based entrepreneurs and artisans Niche wood products and furniture Graphic arts Architects Historic preservation Set design
Communications and IT-related IT/software Distance education and training Multi-media, incl. film, TV, video Internet-based businesses in many sectors	Environment-related Alternative/renewable energy Environmental sciences Value-added natural resources, including minerals Environmental reclamation
Food-related Wine and culinary arts Food horticulture, processing and packaging, including organic	Health care-related Health care delivery (hospitals, labs and specialized medical services) Medical equipment and materials manufacturing
Life sciences and agribusiness-related Native plant commercialization, including biotechnology Nutraceuticals[2] Biomanufacturing Sylviculture and horticulture Nontoxic pest management	Recreation and tourism-related Tourism/hospitality, incl. eco-tourism Heritage tourism Outdoor attractions and services Outdoor recreation equipment
Retirement-related Construction of second homes Gerontology Adaptive technologies for the elderly Services, activities and work for the elderly	Security-related Forensic sciences Homeland security technologies Criminal justice

However, the Vision Task Force also recognizes that continuous innovation will lead to new products that haven't even been invented yet. The AdvantageWest region's

[2] Nutraceuticals (often referred to as phytochemicals or functional foods) are natural, bioactive chemical compounds that have health promoting, disease preventing or medicinal properties. Nutraceuticals are used in the production of various compounds in the food industry, the herbal and dietary supplement market, the pharmaceutical industry, and combinations of the above.

strategies will thus focus on developing infrastructure to support innovation, with the hope and trust that the innovation will define the most competitive niches and clusters for the future. One purpose of this plan's Goal 2, establishing a regional process for strategic thinking, is to revisit and retool the cluster-based strategies on a regular basis to respond to new opportunities in the global marketplace.

Section III. Higher-Education Curricula to Prepare the Region's Workers for the Future Job Market

The leadership of the higher education institutions in the AdvantageWest region is committed to developing the necessary curricula - and certificate programs - to prepare the regional workforce to staff and lead the companies in the current and future clusters that drive innovation and economic growth for the region.

As Goal 3 above suggests, in order for the region's colleges and universities to be more nimble in responding to changing economic requirements, they will need state-level policy, review processes and funding to become more nimble as well. In particular, they are asked to

- Simplify and shorten curriculum review processes for higher education
- Develop short-term technical certification programs for high school and post-secondary students

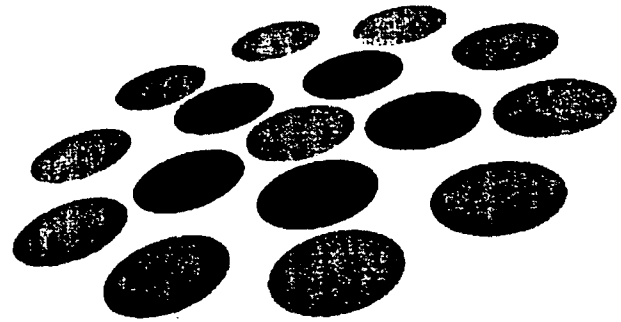
As part of the background work for this plan, the workforce programs of the region were mapped to the ten clusters of innovation from Table 1. There are already strong university and commercial capacities and assets in many of the niches listed in the table. There is great potential for enhancing, to national-class status, the education and training programs in the region so that they can prepare an innovative workforce for the region's emerging economy. The first priority focus areas should be:

- Pharmaceuticals and medical technologies
- Vehicle parts assembly
- Chemicals and plastics (plastics at ICC)
- Advanced materials and composites
- Medical equipment and materials manufacturing
- Gerontology and technologies for the aging
- Alternative/renewable energy
- Food processing and packaging
- Forensics
- Homeland security and navigation technologies
- Outdoor recreation equipment
- Distance learning to support home-based businesses

Update on Status of

Charlotte Regional Partnership

Vision Plan



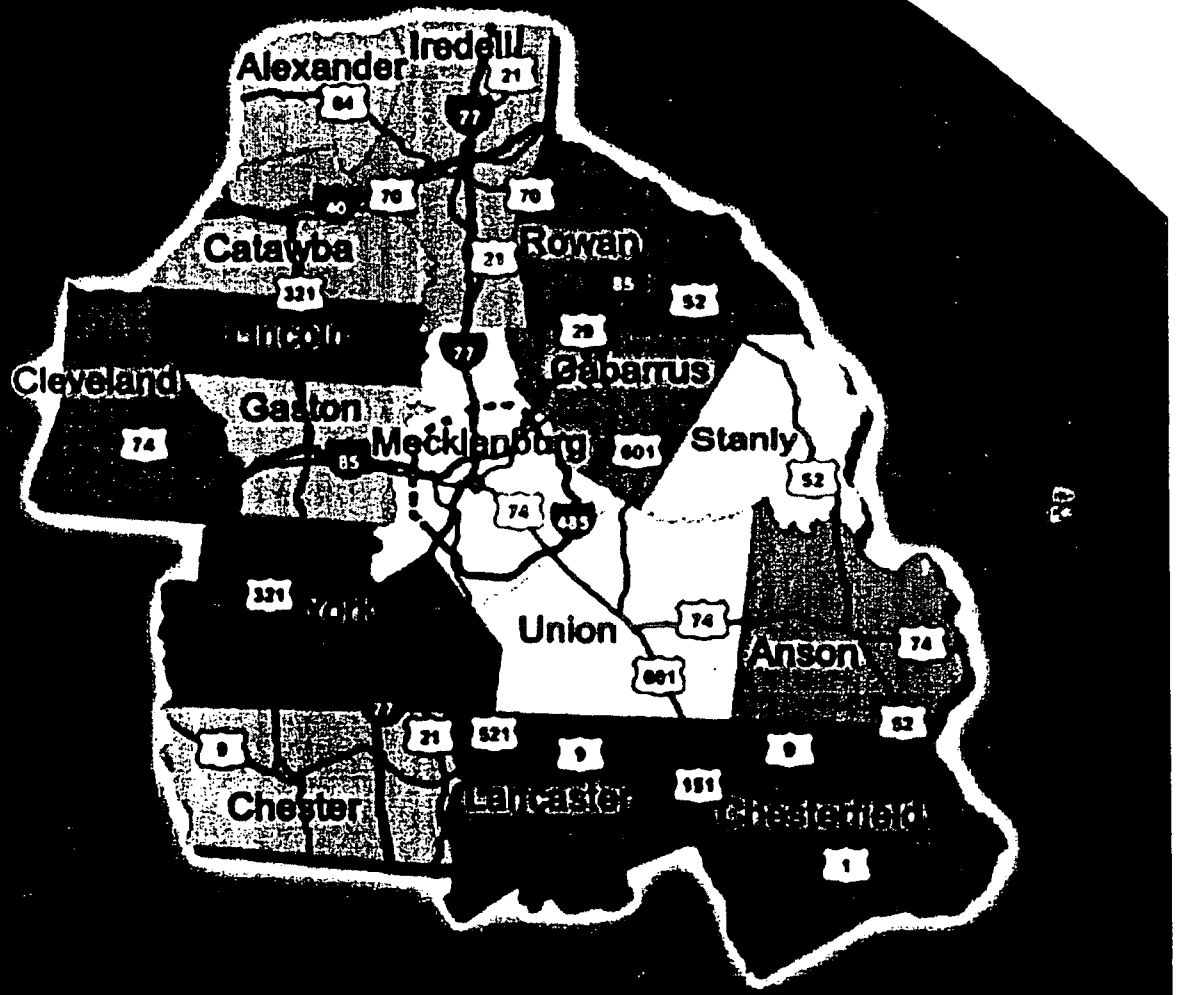
CHARLOTTE REGIONAL

PARTNERSHIP

CHARLOTTE REGIONAL PARTNERSHIP

Charlotte Regional Partnership
Regional Vision Plan

Goal: To develop and implement a 5-year regional economic development vision for the Charlotte region as mandated by House Bill 1414 (2004), Sections 13.6(a) and 13.6(b).



CHARLOTTE REGIONAL PARTNERSHIP

Regional Vision Plan
Principles

- To leverage relevant economic development studies, analyses, and regional assessments conducted in recent years
- To avoid unnecessary duplication, redundancy, and overlap in developing our comprehensive regional vision plan
- To focus on effective implementation and execution of our plan
- To fully leverage, and bring to bear, regional resources to maximize implementation capability

CHARLOTTE REGIONAL PARTNERSHIP

Regional Vision Plan Process

- August – October 2004:
  - Collection and assessment of various studies, reports, regional assessments, and other relevant planning documents regarding regional economic development and workforce development that have been produced in the past 3-5 years. (CEDS studies, CRP commissioned research, target industry analyses, workforce data, etc.)
  - Discussion with CRP Economic Developers Advisory Committee and other local and regional economic development officials to build regional awareness and consensus on the planning process
  - Establish financial accounting and reporting system to allocate and track resources used to conduct regional visioning process
- November, 2004 - Engaged the Carolina Center for Competitive Economies (C3E) in the Kenan-Flagler Institute at UNC-Chapel Hill to conduct review, reconciliation, and integration of prior reports, studies, etc.

CHARLOTTE REGIONAL PARTNERSHIP

Regional Vision Plan
Process

- March, 2005 – Draft report to be presented to the Charlotte Regional Partnership, consisting of the following elements:
  - An assessment of the region's current state of competitiveness and its place in the global knowledge economy
  - A profile of the Charlotte region's existing and emerging industry clusters and technology strengths
  - A profile of the current and potential pool of workers for those identified clusters
  - Articulation of realistic regional economic development goals for the 2005-10 period
  - An initial set of policy priorities and actions necessary to achieve the vision, and of the steps necessary to ensure successful implementation of the plan

CHARLOTTE REGIONAL PARTNERSHIP

Regional Vision Plan
University / Community College Participation

- The capacity and role of the area's community colleges and universities will be incorporated into all elements of the plan. The C3E report will build upon an ongoing study of North Carolina's university technology strengths recently commissioned by President Broad's office, as well as Comprehensive Economic Development Studies conducted in the Charlotte Region and other relevant reports and studies provided to C3E

CHARLOTTE REGIONAL PARTNERSHIP

Regional Vision Plan Process

- March, 2005: Presentation of final C3E report to Charlotte Regional Partnership Board of Directors, CRP Economic Developers Advisory Committee, and other regional public and private economic development partners (universities, community colleges, private sector allies, etc.)
- April - June, 2005: Development of final 5-Year Regional Economic Development Vision Plan, based upon C3E report, and commencement of implementation and execution phase
- Ongoing – Provide monthly report and financial accounting data detailing progress and accomplishments directly tied to regional visioning plan.

Update on Status of

North Carolina's Eastern Region

Vision Plan

NORTH CAROLINA'S EASTERN REGION

Visioning Process

- **Objective:** Develop and implement a strategic development plan tailored to the unique needs of the Eastern Region.

- **Consultant:** Center for Regional Economic Competitiveness (CREC) will assist the region staff in complying with General Assembly guidance in House Bill 1414, Sections 13.6(a) and 13.6(b). CREC is a nationally recognized consultant with extensive experience in developing and implementing such plans.

- **Process:** Ten-month effort that includes business surveys, focus group sessions, interviews with key community leaders, workforce development reviews and analysis, infrastructure study, strategic asset assessment and an in-depth business cluster analysis.

- **Involvement:** Will include input and participation from business and industry leaders, economic developers, academic organizations, community leaders, workforce development groups, transportation, infrastructure, minority and similar advocacy groups.

- **Management:** Process will be guided by a Strategic Planning Committee with membership comprised of a broad cross section of the community.

- **Timing:** Visioning process begins with a kickoff presentation to community leaders on January 25, 2005 and concludes with adoption of the plan in October 2005. Implementation steps will begin in mid FY 05/06.

January 14, 2005

3802 Highway 58 North · Kinston, NC 28504 · 800-474-8499 · www.nceast.org · e-mail: info@nceast.org
Carteret · Craven · Duplin · Edgecombe · Greene · Jones · Lenoir · Nash · Onslow · Pamlico · Pitt · Wayne · Wilson

Update on Status of

North Carolina's Northeast Partnership

Vision Plan

Summary Status
Regional Economic Development Vision Plan
North Carolina's Northeast Partnership, Inc.
March 6, 2005

North Carolina's Northeast Partnership, Inc., has contracted with the Office of Economic Development, Frank Hawkins Kenan Institute of Private Enterprise, UNC-Chapel Hill, to work with the Partnership in completing the five-year regional economic development vision plan for the sixteen counties in North Carolina's Northeast Region.

The study workplan consists of the following elements: 1) Assessment of where the region is in 2004-2005, specifically, its place in the knowledge economy; 2) Existing and emerging industry and technology strengths; 3) Profile of the current and likely pool of workers; 4) Articulation of realistic economic development goals for 2005 through 2010; and 5) Discussion of policy priorities and actions necessary to achieve the vision. The capacity and role of the area's community colleges and universities will be incorporated into all elements.

The following is listing of the work elements completed to date:

- Review and synthesization of prior economic development plans and studies
- Completion of SWOT analysis for the entire region which incorporates human capital/infrastructure, physical capital/infrastructure, financial capital/infrastructure and social capital/infrastructure.
- Analysis and review of existing industry, occupational, and technology clusters in North Carolina's Northeast Region and the Hampton Roads Area of Virginia.
- Presentation of industry, occupational, and technology clusters to Partnership staff and officials

On March 29, 2005, a series of meetings with major regional stakeholders will begin to present and receive reactions to the SWOT analysis and to identify gaps, opportunities and needs in the region. At future meetings smaller groups will be assembled to develop ways to exploit opportunities, fill gaps and meet needs, including representatives of the Hampton Roads Area of Virginia.

We anticipate completion of the Regional Economic Development Vision Plan in April, 2005.

Update on Status of

Piedmont Triad Partnership

Vision Plan

	Dates and Times
Project "kick-off" Meeting with Steering Committee ▪ *Market Street* will facilitate the first Steering Committee meeting. ▪ *Market Street* sets up online survey. Online survey goes live.	**Monday, November 29, 2004** Steering Committee, 4:00pm – 6:00pm **Week of November 29, 2004**
Steering Committee Meeting ▪ *Market Street* presents quantitative portion of **Competitive Realities** to Steering Committee. ▪ *Market Street* gathers suggestions and direction for **Regional Input** phase.	**December 13, 2004** Steering Committee, Piedmont Triad Partnership Offices, 3:00pm – 5:00pm
Regional Input ▪ *Market Street* conducts interviews and focus groups in the region. ▪ *Market Street* sets up and publicizes **Regional Vision Plan** Website.	**December 14, 15, 16 2004**
Steering Committee Meeting ▪ *Market Street* presents **Regional Input** to Steering Committee.	**January 26, 2005** Steering Committee, Piedmont Triad Partnership Offices, 3:00pm – 5:00pm
Steering Committee meeting ▪ *Market Street* presents **Target Cluster Analysis** to Steering Committee.	**February 15, 2005** Steering Committee, Piedmont Triad Partnership Offices, 3:00pm – 5:00pm
Steering Committee meeting ▪ *Market Street* presents **draft Regional Vision Plan** to Steering Committee. ▪ *Market Street* revises **draft Regional Vision Plan** based on feedback.	**March 15, 2005** Steering Committee, Piedmont Triad Partnership Offices, 3:00pm – 5:00pm

Steering Committee meeting ▪ *Market Street* presents **revised Vision Plan** to Steering Committee. ▪ *Market Street* begins discussion of implementation with Steering Committee. ▪ *Market Street* researches and develops **Implementation Plan**.	**March 28, 2005** Steering Committee, Piedmont Triad Partnership Offices, 3:00pm – 5:00pm
Steering Committee meeting ▪ *Market Street* presents **draft Implementation Plan** to Steering Committee. ▪ *Market Street* revises **draft Implementation Plan** based on Steering Committee feedback.	**April 18, 2005** Steering Committee, Piedmont Triad Partnership Offices, 3:00pm – 5:00pm
Stakeholder Buy-In ▪ *Market Street* presents **draft Vision and Implementation Plans** to Piedmont Triad stakeholders through a variety of local media and organizations. ▪ *Market Street* presents the input received regarding the draft Plan to Steering Committee.	**May 2, 2005** Steering Committee, Piedmont Triad Partnership Offices, 3:00pm – 5:00pm
Steering Committee meeting ▪ *Market Street* presents the **final Plan** to Steering Committee. ▪ Plan rollout.	**May 16, 2005** Steering Committee, Piedmont Triad Partnership Offices, 3:00pm – 5:00pm
Steering Committee Meeting ▪ *Market Street* follows-up on implementation.	**August 22, 2005** Steering Committee, Piedmont Triad Partnership Offices, 3:00pm – 5:00pm

Vision Plan Steering Committee Invitees

Co-Chairmen

Watts Carr ..... Piedmont Triad Partnership
Tom Ross ..... Z. Smith Reynolds Foundation

Members

Evelyn Acree ..... Mechanics and Farmers Bank
Dennis Barry ..... The Greensboro Partnership
Robert Brown ..... B & C Associates
Steve Googe ..... Economic Developers Advisory Council to PTP
Lyons Gray ..... Downtown Winston-Salem Partnership
Nate Hall ..... Piedmont Triad Council of Governments
Phil Hanes ..... Cultural Affairs, City of Winston-Salem
Wade Hobgood ..... North Carolina School of the Arts
Keith Holliday ..... Greensboro Mayor
Jose Isasi ..... Latino Communications Inc.
Allen Joines ..... Winston-Salem Mayor
David Jones ..... NC Zoological Park
Robert Jordan ..... Jordan Lumber Company
Mary Kirk ..... Montgomery Community College
Harold Martin ..... Winston-Salem State University
Jim Melvin ..... Joseph M. Bryan Foundation
Judy Mendenhall ..... International Home Furnishings Market Authority
James Merrill ..... Alamance-Burlington School System
Jeff Miller ..... High Point Regional Hospital
Adnan Mjalli ..... TransTech Pharma
Dave Norbury ..... Piedmont Triad Entrepreneurs Network
John O'Leary ..... Thomas Built Bus
Dan Pugh ..... Northwest Piedmont Council of Governments
James Renick ..... North Carolina A&T State University
Steve Ross ..... Burlington Mayor
Frank Sells ..... Surry Community College
Ralph Shelton ..... Southeast Fuels Incorporated
Becky Smothers ..... High Point Mayor
Patricia Sullivan ..... UNC Greensboro
Priscilla Taylor ..... UNC Board of Governors
Barbara Todd ..... Yadkin County Schools
Craven Williams ..... Greensboro College
Ralph Womble ..... Hanes Dye & Finishing

Update on Status of

Research Triangle Regional Partnership

Vision Plan

Research Triangle Regional Partnership

During 2003 and early 2004 the Research Triangle Regional Partnership directed an effort to improve the competitiveness of the Research Triangle Region. In 2004 the new plan was recognized by the U.S. Department of Commerce as the best regional competitiveness strategy in the country.

Staying on Top-Winning the Job Wars of the Future is a five-year, $5 million action agenda to generate 100,000 new jobs and increase employment in all 13 counties of the Research Triangle Region of North Carolina. Over 60 organizations, called "institutional partners," are collaborating to implement 30 actions that will support the growth of key emerging "clusters," spark creation of homegrown businesses, identify regional investments needed for a competitive advantage, and develop the region's capacity to meet its goals.

This initiative grew from the findings of a 2002 study by world-renowned Harvard University economist Dr. Michael Porter, who conducted a comprehensive analysis of the Research Triangle Region. In his report, *Clusters of Innovation,* Porter concluded that the region required a new economic vision to remain competitive. A 37-member task force of business and higher education leaders used Porter's studies and new research to create an action blueprint.

The action plan calls for institutional partners to pursue these five strategies:

- Promote the growth of 10 industry clusters where the region has a competitive advantage.
- Use a balanced approach of targeted recruitment, global branding, business creation and existing business retention.
- Integrate higher education into economic development efforts.
- Develop creative, inclusive approaches to rural prosperity.
- Create agile leadership networks to respond to market challenges, changes and opportunities.

Implementation of the plan is currently underway with 19 of the 30 strategies initiated including the following:

- A Cluster specific targeted recruitment effort to complete and strengthen existing clusters based on a newly adopted 5-year marketing strategy.
- A regional business advantage program, designed to help existing businesses compete and to coordinate the services of dozens of service providers.
- Development of Cluster Networks to encourage interaction and collaboration among companies.
- A strategy to improve and increase air service from RDU.
- Development of a rural Hub that concentrates investment to improve rural competitiveness.
- Expansion of regional entrepreneurial services with specific emphasis on programs that match University scientists with business and new entrepreneurs with mentors.
- Development of a broad leadership network to respond to market challenges, changes and opportunities.
- And other strategies which focus on workforce development coordination, higher education integration, capital expansion, and regional benchmarking

	Actions	Responsibility (lead organization in bold)	Start	Status Report
	Organize Strategies Around Industry Clusters Where The Research Triangle Has a Competitive Advantage			
1.1	Develop/Manage Cluster Support Networks for Targeted Clusters	**RTRP/ Institutional Partners**	2005	Contract with RTI-Informatics, Advanced Med, & Biological Agents - kickoff meetings in Jan/Feb. Medical devices underway GRCC
1.2	Develop Community College Strategy to Support Clusters	NCCCS & **RTRP**	2006	Grant submitted by CC to Golden LEAF
1.3	Create Regional Workforce Coordination Plan	NCDOC & **RTRP**	2006	Capital Area Workforce Board voted 12/02/04 to take lead
1.4	Attract Cluster Events & Conferences	**Regional CVBs & RTRP**	2005	
1.5	Update Cluster Research	RTI & **SBTDC**	2007	
	Balanced Approach -Targeted Recruitment, Branding, Business Creation, and Existing Business Retention			
2.1	Develop 5-year Marketing Plan	**RTRP**	2004	Approved RTRP board 10/04-Implementation underway
2.2	Initiate Cluster Driven Recruitment Effort	**RTRP**, NCDOC, NC Biotech Center	2004	Began Summer 2004, Client visits starting in 11/2004
2.4	Create a Regional Retention & Expansion Program	Regional EDCs, SBTDC, **RTRP**	2004	Regional CD under development with 21CD,Expected completion March- Visits begin in spring
2.5	Expand Management Education Services to high-growth companies	**SBTDC**	2004	
2.5	Expand "Leadership Circle" Entrepreneurial Program	**CED**	2004	CED sponsored conference 10/30/2004
2.6	Expand "Expert Teams Program to Link Business-Universities	**CED**	2004	New organization began 10/22/2004-NC Innovation Foundation
2.8	Implement Strategy To Increase Capital	**CED**	2004	Began Spring 2004- California visit 3/2005
2.3	Implement Global Branding Campaign	**RTRP**	2005	Began Fall 2004- DCI and RTRP activities refocused- Fall hits in French & Italian media WTC effort underway
2.7	Media Strategy to Promote Entrepreneurial Impacts	CED & RTRP	2006	New organization began 10/22/2004- The NC Entrepreneurial Association
	Integrate And Align Higher Education Resources Into Economic Development Efforts			
3.2	Develop University Cluster Rapid Response Teams	**UNC President, Universities**	2004	First completed at NCSU in fall 2004
3.1	Develop Economic Development Portals at Universities	**UNC President, Universities**	2005	RFP for development complete- proposal to legislature
3.3	Develop Community College Cluster Capacity	RTRP & NCCCS	2006	Grant submitted by CC to Golden LEAF
3.4	Connect Education-Business to Improve Industry Training	SBTDC & RTRP	2006	
	Develop Creative, Inclusive Approaches To Improve Rural Prosperity			
4.2	Develop Rural Entrepreneurial Initiate	**NC Rural Center**	2004	Began Fall 2004-lead by NC Rural Center
4.1	Develop Rural "MiniHub"	**Kerr-Tar COG**, EDCs, RTRP	2005	Underway Site selection 2/2005
4.3	Build Synergy Between Urban & Rural CVBs	Urban CVBs & **RTRP**	2005	
	Create Agile Leadership Networks to Respond to Market Challenges, Changes, & Opportunities			
5.1	Create New Triangle Leadership Network	**RTRP** & GTRC	2004	4 cluster networks developed, 60 Institutional Partners, 35 Chambers
5.4	Increase Air Service at RDU	**RDU**, CVBs, Leaders & RTRP	2004	Study complete 3/2005, Regional survey2/2005-marketing to carriers spring 2005
5.5	Annual "State of the Region" Event to Benchmark Progress	**RTRP**	2004	1st completed- 2nd May 2005
5.6	Broader Collaboration for Transportation Solutions	**RTA**	2004	Lead by RTA- Presentation to RTRP board 10/2004 integrated into regional legislative agenda
5.2	Create Annual Unified state & Federal Legislative Agenda	NCEITA, Chambers, **RTRP**, Others	2005	NC agenda created, Chamber summitt 11/2004, to legisltaure 2/2005
5.3	Create Economic Information Program for Local Elected Officials	**RTRP** & GTRC	2005	proposed to UNC Board of Governors 10/2004
5.7	Network Urban & Rural Industry Leaders	**NC Rural Center** & RTRP	2005	
5.9	Create Economic Developer Education Program	**RTRP**	2005	Began summer 2004- sessions on incentives, biotech terms, and public relations
5.8	Create Regional Development Capacity Plan	Regional COGs & **RTRP**	2007	

Update on Status of

North Carolina's Southeast Commission

Vision Plan

January 12, 2005

Joy Hicks
Div. of Fiscal Research
N.C. General Assembly
Raleigh, NC 27603

Dear Ms. Hicks:

As regards our compliance with the General Assembly mandate to undertake a regional cluster-based vision plan, I am pleased to outline our progress:

- Last summer, North Carolina's Southeast Commission (NCSC) engaged Dr. Edward Feser, an associate professor of urban and regional planning at the University of Illinois, Urbana-Champaign (and formerly on the faculty of UNC-CH), to undertake a massive analysis of our region's industry clusters. His research identified four groupings that offer the greatest economic potential for us: automotive assembly and supply; warehousing and distribution; wood-based construction materials; and advanced textiles.

- In the last four months of the year, we sought input from a broad array of academic leaders around the region. Included were high-ranking officials with our three public universities and the workforce development directors of our nine community colleges. They were briefed extensively on Dr. Feser's research findings and invited to offer their thoughts on a strategy. Our ongoing collaboration with them will be vital to the success of the clusters initiative (just as it has been in years past).

- We have cultivated a strategic partnership with the N.C. State Ports Authority, whose leaders have been kept informed of our planning and have offered valuable feedback. This collaboration will be especially critical to our efforts in the warehousing and distribution cluster, though the Port of Wilmington likely represents an important strategic asset for the other three clusters as well.

- In December, a two-page questionnaire was mailed to several hundred companies already in the region who comprise the current profile of our four clusters. Working closely with Ken Allen, a Fayetteville-based regional development representative from the N.C. Department of Commerce, we asked these business leaders for their candid input into the amenities and barriers having the greatest impact on their operations in Southeastern North Carolina. The results of the survey are now being tabulated and will be incorporated into the final report.

- Our vision for the region's automotive cluster has entered early phases of implementation. With leadership from Kristi Smitherman, NCSC's former marketing director who we've now engaged as consultant, we've identified mega-sites (1,000+ acres) in Cumberland, Hoke, Richmond and Scotland counties capable of accommodating automotive assembly operations. NCSC is working closely with local officials in these counties, our private sector allies such as CSX Railroad and Progress Energy, and N.C. Department of Commerce representatives in Fayetteville and Raleigh in making these sites industry ready pursuant to the state's Certified Site program. We've also sought assistance from N.C. Department of Commerce officials in Asia regarding the promotion of these sites to key global decision-makers in the auto industry.

- With the help of Lawrence Bivins, a Raleigh business writer and consultant who previously assisted Research Triangle Regional Partnership in its "Staying on Top" initiative, we've conducted our own research into what it will take to be successful in each of the four clusters. That work has formed the basis of a report entitled **"Sharpening Our Focus: Growing Jobs and Investment with Cluster-Based Tools,"** which will be formally presented to NCSC commissioners at their regular meeting on January 27, 2005. Once they've offered their feedback and voted final approval, we intend to make the report available upon request.

- We've actively kept our county development officials informed of our progress each step of the way. They comprise NCSC's Technical Advisory Group (TAG), which meets monthly. The complete "Sharpening Our Focus" report will be presented at the TAG's annual retreat in mid-February. At that time, the group will work together with us in incorporating the report's findings into the region's annual marketing plan. At that point, NCSC will move in earnest into the implementation stage of our efforts.

We look forward to sharing our cluster vision strategy with you once it receives final approval from our board. In the meantime, please feel free to contact me with any specific questions you may have about the outline above.

Thanking you for your interest in our mission of bringing new jobs and investment to Southeastern North Carolina, I remain

Yours most sincerely,

Paul G. Butler, Jr.
Director

VISITOR REGISTRATION SHEET

NFBR — March 9, 2005

Name of Committee — Date

VISITORS: PLEASE SIGN BELOW AND RETURN TO COMMITTEE ASSISTANT

NAME	FIRM OR AGENCY
Sheryl Stephens	OSBM
Jim Johnson	FRD
Bill McDaniel	NC Rural Center
Helen McGinn	NC Rural Center
Angela Batten	Commerce
Robert Reed	Commerce
Cameron Berry	Labor
Art Britt	Labor
Becky Brown	Labor
Eric King	NC Conservative Network
Thomas Clark	OSBM
Bo Gregory	NC DOC
Vann Rogerson	NC's Northeast Partnership
Cathy Scott	NC's Northeast Partnership
Kenny McDonald	Charlotte Regional Partnership
Tom Greenwood	NC's Eastern Region
Paul Butler	NC South EHS
Dale Carroll	Advantage West
Don Kirkman	Piedmont Triad Partnership
Ted Abernathy	Research Triangle Regional Partnership
Charles A. Hayes	"
Fran Nolan	Grassroots Science
Doug Cassity	NCSTA
David Brown	OSBM
Don Hobart	DOE
Johanna Reese	DENR
Fred Bone	Bone & Asso.

VISITOR REGISTRATION SHEET

Name of Committee | Date

VISITORS: PLEASE SIGN BELOW AND RETURN TO COMMITTEE ASSISTANT

NAME	FIRM OR AGENCY
Lori Ann Harris	LATA
Bob Alley	Alley Assoc
Paul Coleman	Hosiery Textile Assn.
John Bowdish	Mercer Life Sci

319105

House Pages

1. Name: Jyllian Barber
   County: Carteret
   Sponsor: Preston
2. Name: Katie Lovett
   County: New Hanover
   Sponsor: McComas
3. Name:
   County:
   Sponsor:
4. Name:
   County:
   Sponsor:
5. Name:
   County:
   Sponsor:

Sgt-At-Arms

1. Name: JAMES WORTH
2. Name: ERNIE SHERRELL
3. Name: RON SPANN
4. Name:

MINUTES

Joint Appropriations Subcommittee
on
Natural and Economic Resources
Wednesday, March 9, 2005, at 2:00 p.m.
423 Legislative Office Building

The Joint Appropriations Subcommittee on Natural and Economic Resources (NER) met at 2:00 p.m. on Wednesday, March 9, 2005, in Room 423 of the Legislative Office Building. Four members of the Senate Subcommittee attended along with Representatives Hunter, Warren, Allen, Walker, Culp, Harrison, Langdon, LaRoque, Wilkins and Wray. Senator David Weinstein presided.

The meeting was called to order and the Subcommittee members and interested parties were welcomed. The following served the meeting: Pages – Eric Hellstrand sponsored by Representative Timothy Moore, Katie Lovett sponsored by Representative Danny McComas, Jyllian Barber sponsored by Representative Jean Preston and Elise Blum sponsored by Senator David Weinstein; Sergeant at Arms - Ernie Sherrell and Ron Spann (Senate), and James Worth (House); and the Fiscal Research NER Team - Susan Morgan, Jennifer Haygood, and Joy Hicks. Senator Weinstein proceeded with the Agenda (Attachment 1).

Joy Hicks with the NER Fiscal Research Team presented a program overview for the North Carolina Rural Economic Development Center (Attachment 2). After her presentation Ms. Hicks entertained questions and/or comments from the Subcommittee.

Billy Ray Hall, President, North Carolina Rural Economic Development Center, presented a power point presentation regarding The Rural Center (Attachment 3). After his presentation Mr. Hall entertained questions and/or comments from the Subcommittee.

Joy Hicks presented a funding overview of the North Carolina Biotechnology Center (Attachment 4). After her presentation Ms. Hicks entertained questions and/or comments from the Subcommittee.

Dr. Ken Tindell, Senior Vice President, Science and Business, North Carolina Biotechnology Center, spoke on the progress that is being made in biotechnology and the Governor's biennial budget for the Center (Attachment 5). After his comments, Dr. Tindell entertained questions and/or comments from the Subcommittee.

Senator Weinstein brought the Subcommittee's attention to two handouts. The first handout reflected the House and Senate general fund spending targets (Attachment 6). Susan Morgan, NER Fiscal Research Team Leader, reviewed the targets with the Subcommittee. The second handout reflected the Rules for Joint Appropriations Subcommittees (Attachment 7A), Susan pointed out the following new rules:

- Item 7 - in the expansion requests in the Governor's budget a variety of positions would have started effective October 1, 2005. That is no longer the rule so they will have to readjust those figures for them to start July 1, 2005.
- Item 10 - indicates that they are to focus on recurring reductions and there cannot be negative reserves or management flexibility reductions as there have been in the past.
- Item 11 - all salary-related, state employee health plan, retirement, and debt service issues will no longer be handled at the Subcommittee level but at the Full Chair level.
- Item 12 - Subcommittees that handle fee increases will also have to go to the Full Chairs.
- Item 13 - includes reduction in layers of management; elimination of administrative inefficiencies; streamlining and consolidation of departments, programs, offices, and services; elimination of ineffective or obsolete programs; and reduction in non-essential government services.

Susan then explained that the Joint Appropriations Subcommittees Targeted Zero-Based Budgeting Approach (Attachment 7B) is a list of additional instructions and items they are to examine in reaching their spending targets. She noted that this will require a lot of work on the part of Fiscal Research, the Departments will have to provide quite a bit of information to them, and it would not be clear until the Subcommittee Chairs meet how they will incorporate the information on this Targeted Zero-Based Budgeting Approach into their actual presentations. Susan pointed out that specific directions were given on looking at personal services contracts, rental and lease equipment, travel and other employee expenses, cellular phone service, and zero-based budgeting methodology as to individual programs. Senator Weinstein stated that if there are some obsolete programs that the Subcommittee would like to cut that have been in place for 20 years or more and there are some new technical 21st Century programs they would like to see put in, the Chairs would consider adding the new programs to the budget.

After Senator Weinstein entertained questions and/or comments from the Subcommittee, the meeting adjourned at 3:00 p.m.

Senator David Weinstein
Chairman

Jane M. "Dee" Bagley
Committee Assistant

Attachment 1

Joint Appropriations Subcommittee on Natural and Economic Resources

Wednesday, March 9th, 2005
Senator David Weinstein, Presiding
2:00 p.m. Room 423

Chairman's Comments	
Funding Overview of Rural Economic Development Center	*Joy Hicks, Fiscal Research*
Rural Economic Development Center Presentation	*Billy Ray Hall, President*
Funding Overview of N.C. Biotechnology Center	*Joy Hicks, Fiscal Research*
N.C. Biotechnology Center Presentation	*Dr. Ken Tindell, Senior Vice President Science & Business*
Closing Remarks – Senator Weinstein	
Adjourn	

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COMMERCE STATE-AID
THE NORTH CAROLINA RURAL ECONOMIC DEVELOPMENT CENTER

PROGRAM OVERVIEW

Mission Statement

To develop, promote and implement sound economic strategies that improve the quality of life of rural North Carolinians with a special focus on individuals with low to moderate incomes and communities with limited resources.

Attachment 2

Rural Economic Development Center
History of Appropriations

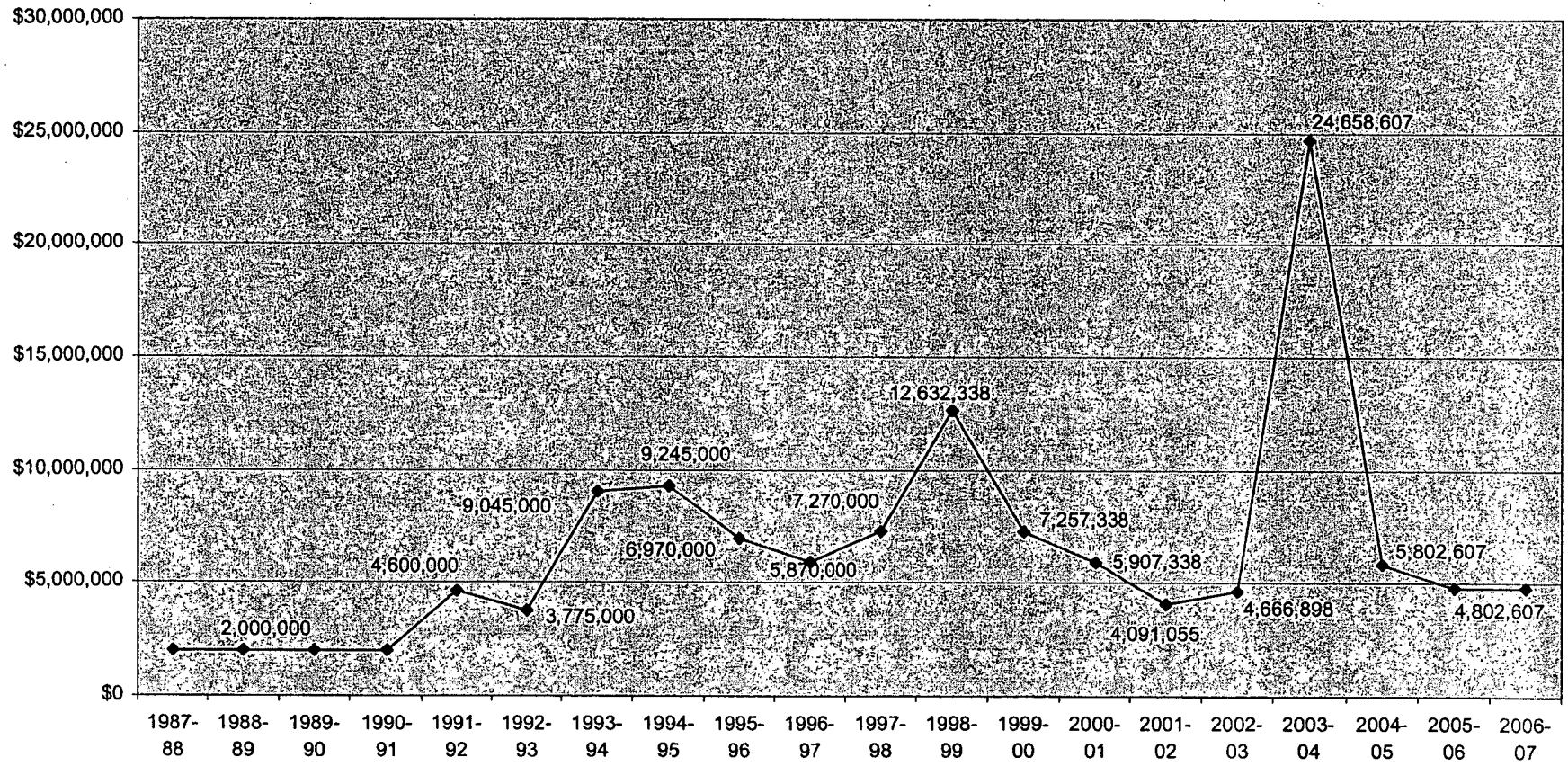
Fiscal Year	Continuation Budget	Adjustments Recurring	Nonrecurring	Total Appropriations	Actual Per Rural Center*	Percent Change
1987-88	-	2,000,000		2,000,000	2,000,000	
1988-89	2,000,000			2,000,000	3,000,000	50%
1989-90	2,000,000			2,000,000	2,568,500	-14%
1990-91	2,000,000			2,000,000	2,193,550	-15%
1991-92	1,725,000	(225,000)	3,100,000	4,600,000	3,600,000	64%
1992-93	1,500,000		2,275,000	3,775,000	3,600,000	0%
1993-94	1,500,000	(30,000)	7,575,000	9,045,000	6,320,000	76%
1994-95	1,470,000		7,775,000	9,245,000	6,470,000	2%
1995-96	3,570,000	(400,000)	3,800,000	6,970,000	3,120,000	-52%
1996-97	3,170,000		2,700,000	5,870,000	5,870,000	88%
1997-98	5,870,000	(1,950,000)	3,350,000	7,270,000	7,269,405	24%
1998-99	3,920,000	(12,662)	8,725,000	12,632,338	12,632,338	74%
1999-00	3,907,338	350,000	3,000,000	7,257,338	7,257,338	-43%
2000-01	4,257,338		1,650,000	5,907,338	5,789,171	-20%
2001-02	4,257,338	833,411	(999,694)	4,091,055	3,690,985	-36%
2002-03	5,090,749	(423,851)		4,666,898	4,475,998	21%
2003-04	4,658,607		20,000,000	24,658,607	24,565,436	449%
2004-05	4,658,607	144,000	1,000,000	5,802,607		
2005-06	4,802,607			4,802,607		
2006-07	4,802,607			4,802,607		
Totals	**$65,160,191**	**$285,898**	**$63,950,306**	**$129,396,395**	**$104,444,085**	

* FY 2005-07 appropriations are the Governor's Recommended Budget.

COMMERCE STATE-AID
THE NORTH CAROLINA RURAL ECONOMIC DEVELOPMENT CENTER

FUNDING HISTORY

Rural Center State Appropriation



COMMERCE STATE-AID
THE NORTH CAROLINA RURAL ECONOMIC DEVELOPMENT CENTER

SUMMARY OF BUDGET ACTIONS FOR THE 2003-05 BIENNIUM

	FY 2003-04	FY 2004-05
Research And Demonstration Grants	370,000	1,370,000
Technical Assistance & Center Administration of R&D Grants	444,399	444,399
Center Administration, Oversight & Other Programs	604,298	604,298
Administration of Clean Water/Natural Gas Critical Needs Bond Act of 1998	199,722	199,722
Additional Administration of Supplemental Funding Program	138,278	138,278
Administration of Capacity Building Assistance Program (1998 Bond Act)	125,000	125,000
Institute for Rural Entrepreneurship		144,000
	1,881,697	**3,025,697**
Direct grants to local Community Development Corporations for minority communities	997,410	997,410
Administrative expenses for the direct local grants	50,000	50,000
Microenterprise Loan Program: support loan fund and program operations	195,000	195,000
Local grants to provide match funding for Federal grants: econ development, water/sewer/waste water mgt	883,000	883,000
Support the update of the statewide water/sewer database and mgt plan	100,000	100,000
Operating Expenses for the Agriculture Consortium	75,000	75,000
Research Initiatives for the Agriculture Consortium	115,500	115,500
Job Training Programs: Opportunities Industrialization Centers	361,000	361,000
	2,776,910	**2,776,910**
Total Appropriation	**4,658,607**	**5,802,607**

COMMERCE STATE-AID
THE NORTH CAROLINA RURAL ECONOMIC DEVELOPMENT CENTER

SUMMARY OF BUDGET ACTIONS FOR THE 2003-05 BIENNIUM

EXPANSION AND/OR CAPITAL IMPROVEMENTS	2003-04	2004-05
1. Provide funding for the economic infrastructure grants	$20,000,000 NR*	
2. Provide funding for the Rural Center's Institute for Rural Entrepreneurship		$144,000 R
3. Provide additional appropriation to the e-NC Authority for telecenters		$1,000,000 NR

REDUCTIONS

None

* Session Law 2004-88 (HB 1352)

Presentation by Billy Ray Hall, President
North Carolina Rural Economic Development Center
Joint Appropriations Subcommittee on Natural and Economic Resources
March 9, 2005

The Rural Center

The Rural Center ...

MISSION: to develop, promote and implement sound economic strategies that improve the quality of life of rural North Carolinians with a special focus on individuals with low to moderate incomes and communities with limited resources.

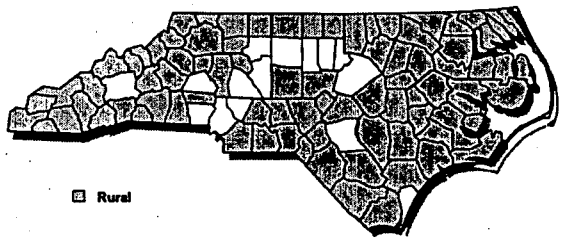
The Rural Center ...

Board Membership ...

Tom Lambeth, Valeria Lee, Bill Veeder, Sandra Gambill, Edmund Aycock, Andy Anderson, Lois Britt, Anita Brown-Graham, Bill Gibson, Mikki Sager, Joe Stanley, Larry Wooten, Curtis Wynn, Senator Charles Albertson, E.H. Alexander, Former Rep. Rex Baker, James S. Bryan, Mayor Velma Burnley, Joseph D. Crocker, Brian Crutchfield, Senator Walter Dalton, Victor Dau, Patricia Ferguson, Rep. Daniel Bruce Goforth, Ben Gray, Connie Haire, Scott Hamilton, Andrea Harris, Sam Hunter, Bob Jordan, Alice M. Keeney, Martin Lancaster, Dr. James R. Leutze, Leigh Harvey McNairy, Allan Oocumma, Lt. Governor Beverly Perdue, David Reeves, Rev. Dr. Alan Rice, Cleveland Simpson, Rep. Ronnie Neal Sutton, Rep. Joe Tolson, Barbara Vicknair, Rep. Tracy Walker, Senator David Weinstein, Ruth Dial Woods, Mayor Fred Yates, Lee Youngblood

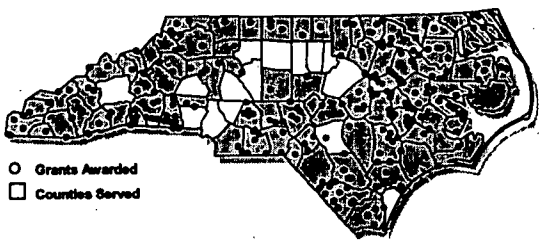
Rural North Carolina ...

Rural/Urban Counties



Water & Sewer Grants Program ...

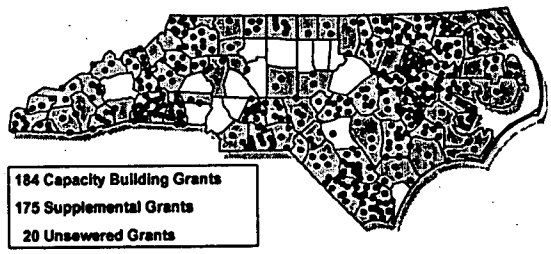
Water & Sewer Grants, 2002-03



- Grants Awarded
- Counties Served

Water & Sewer Grants Program ...

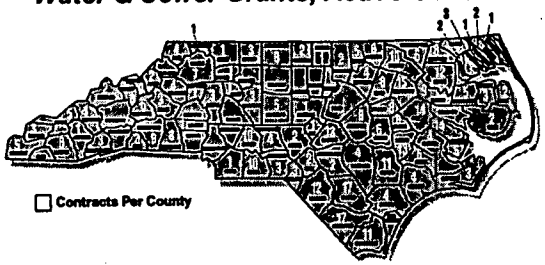
Water & Sewer Grants, 2002-04



184 Capacity Building Grants
175 Supplemental Grants
20 Unsewered Grants

Water & Sewer Grants Program ...

Water & Sewer Grants, Active Contracts



- Contracts Per County

Water & Sewer Grants Program ...

Program Impact

Projects awarded July 2002-Dec. 2004
- $108 million in grant awards for 379 projects

Community Impact
- 541,924 people with safe drinking water
- 314,020 people with sanitary waste disposal

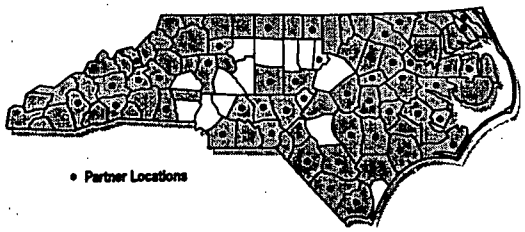
Economic impact
- 6,029 jobs created
- 13,876 jobs retained

Work under way
- 437 current contracts
- 95:1 ratio contracts/staff

Microenterprise Loan Program ...

Microenterprise Loan Program

Statewide Partners



• Partner Locations

Microenterprise Loan Program ...

Program Impact

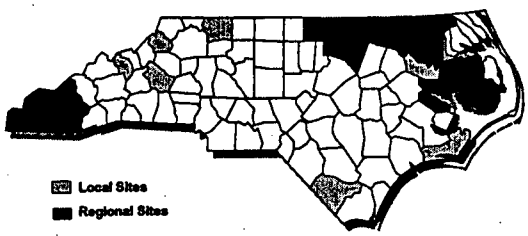
Performance, July 2002-December 2004
- 216 loans totaling $967,373
- Average loan size – $4,479

Performance, cumulative since inception
- 1,174 loans totaling $6.1 million
- Average loan size – $5,247

Of the loans made:
- 53 percent – women
- 47 percent – minorities
- 46 percent – households with low incomes

Institute for Rural Entrepreneurship ...

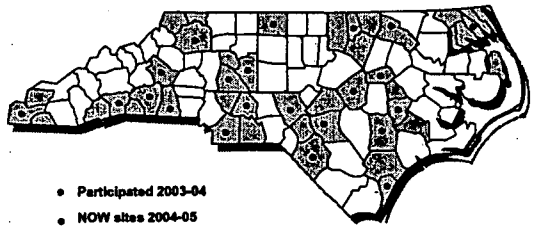
Demonstration Sites, 2004-05



Local Sites
Regional Sites

Institute for Rural Entrepreneurship ...

NOW Partners, 2004-05



• Participated 2003-04
• NOW sites 2004-05

Institute for Rural Entrepreneurship ...

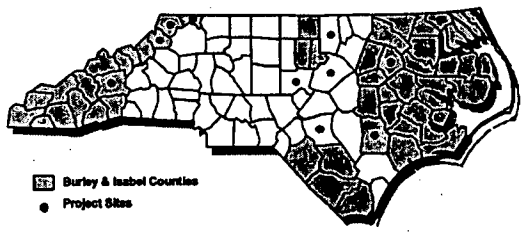
Program Impact

Community entrepreneurship demonstration projects
- 11 projects in 28 counties
- Locally tailored programs of training, technical assistance, capital access and business recognition

Entrepreneurship training for dislocated workers
- New Opportunities for Workers program in 44 counties
- Led by 22 community colleges
- 150 dislocated workers have attended info sessions
- 95 dislocated workers are getting hands-on training
- First micro loan approved by Rural Center: Feb. 2005

Agricultural Advancement Consortium ...

Consortium Projects, 2002-04



Agricultural Advancement Consortium

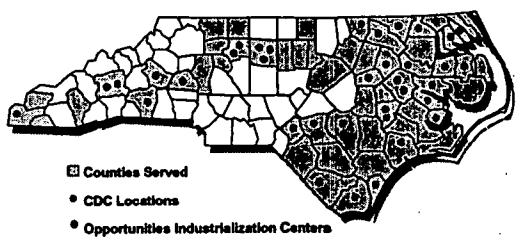
Program Impact

Burley Marketing Center
- Four years of operation, 2001-2005
- Handled 18.5 million pounds of tobacco
- Saved farmers $2.25 million in selling costs

19 Grant Awards, July 2002-December 2004
- Pasteurizers for farmstead cheese program
- Development of soy biodiesel operation, Duplin
- Fruit juicing & pasteurization system for shared-use food processing center, Blue Ridge area
- Help for 40 farm families affected by Hurricane Isabel

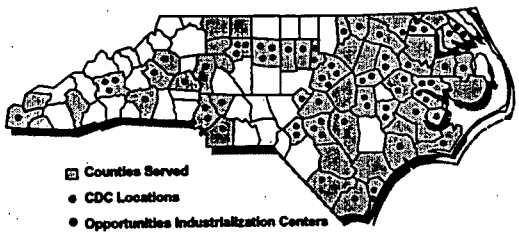
Community Development Corporations ...

CDC Grants, 2002-04



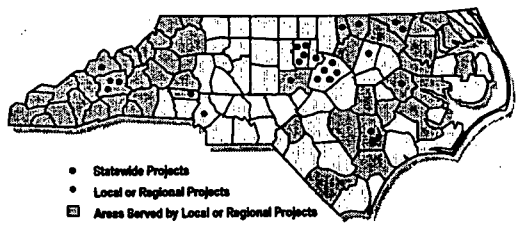
Community Development Corporations ...

CDC Grants, 1989-04



Research & Demonstration Program ...

R&D Grants, 2002-04



Research & Demonstration Program ...

R&D Grants 2002-04

Strategy Evaluation – Encouraging Small Business Activity among African-American Males
Exploring Expansion Possibilities for OICs Throughout North Carolina
Establishing a Farmstead Cheese Development Program in North Carolina
Rethinking Advanced Rural Leadership for the 21st Century
Faith With Works Technical Assistance Project
PALS – A Home Distance Learning Study
Community Revitalization – Town of Seaboard
Benchmark Report on Small Farms in North Carolina
Community Alliances for Food Enterprises
Appalachian Small Farmers Project
Understanding the Environment for Entrepreneurship in North Carolina
Hispanic Economic Impact Planning Study

Research & Demonstration Program ...

R&D Grants 2002-04 (continued)

WNC Communities Development
Inventory Analysis of Entrepreneurship Education and Training Opportunities in North Carolina
Arts Based Economic Strategy for Revitalization of Historic Siler City
new I: Northeast Women Invest
Project New Start: Community Action Agency Demonstration for Dislocated Workers
Project New Start: Faith-Based Demonstration for Dislocated Workers
Prison Location Economic Development Impacts and Community Decision Making
Promising Practices Aimed at Helping Dislocated Workers
Roanoke Construction Group Training Project
North Carolina JobConnector
Building Eastern North Carolina's Communities: An Evaluation
Institutional Models for Promoting Water Infrastructure Coordination

Research & Demonstration Program ...

Special Initiatives, 2004-05

- Project New Start
- Dislocated Worker Initiative
- Small Towns Initiative
- Water 2030

Special Initiative ...

WATER2030

A water resources initiative to determine needs and explore choices for North Carolina over the next 25 years

Special Initiative ...

Water 2030 Elements:

- Update of water and sewer database (done)
- Creation of state water supply and demand assessment, with projections for 2005 - 2030.
- Extensive public education and outreach

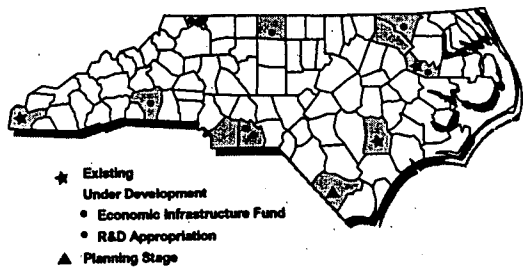
Special Initiative ...

Water 2030 Funding Partners

- North Carolina Congressional delegation through EPA grant ($1 million)
- North Carolina General Assembly ($200,000)
- Clean Water Management Trust Fund ($500,000)
- Rural Center ($300,000)

E-NC Authority ...

Business & Technology Telecenters, 2005



The Rural Center

The Rural Economy ...

Early 2004:

- Layoffs and plant closings
- High rural unemployment
- Struggling communities

Economic Infrastructure Fund ...

HB1352 *An act to provide funds for:*

- The One North Carolina Fund
- New and Expanding Industry Program
- Economic Infrastructure

North Carolina

Economic Infrastructure Fund

The Fund ...

North Carolina
Economic Infrastructure Fund

$20 million fund

to stimulate business and job growth in the 85 rural counties and economically distressed urban counties

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The Fund ...

North Carolina
Economic Infrastructure Fund

Goals

- Create 1,500 new private sector jobs
- Start up / expand 130 businesses

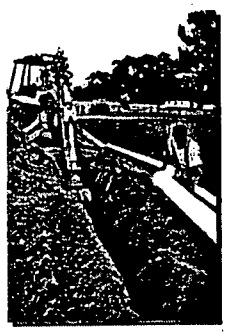
The Fund ...

North Carolina
Economic Infrastructure Fund

4 Programs

- Water & Sewer Facilities
- Telecenters
- Small Town Building Reuse
- Economic Innovation

The Programs ...



Water & Sewer Facilities

- Purpose: To generate new jobs in rural communities as a result of investments in water and wastewater facilities

The Programs ...

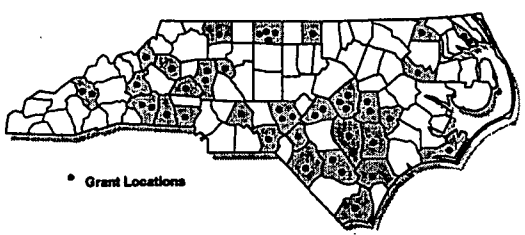
Water & Sewer Requirements

- Eligible: Local governments
- Priority: Communities under restrictions/ poverty rate of 150% state rate
- Grants up to 50% of project costs
- Matching funds must be in hand
- Two announcements: Sept 30 & Feb. 22

Economic Infrastructure Fund

Total Water & Sewer Grants

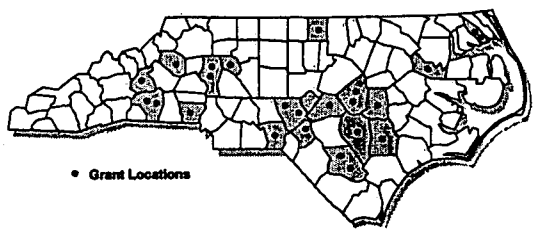
March 2005



Economic Infrastructure Fund

Water & Sewer Grants Under Contract

March 2005



Water & Sewer Grants

Total Grants Awarded:	**45**
Total Funding:	**$13.9 million**
Potential Jobs:	**7,820**
Potential Businesses:	**62**
Total Projects Cost:	**$42.9 million**

Water & Sewer Grants

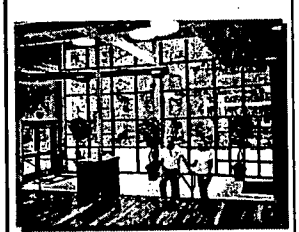
Contracts Completed:	**24**
Funding:	**$6.59 million**
Jobs Created:	**918**
Jobs Retained:	**4,658**
Businesses:	**34**
Total Projects Cost:	**$23.6 million**

Water & Sewer Grants

Contracts Pending:	**18**
Funding:	**$6.7 million**
Potential Jobs	**1,864**
Potential Businesses:	**25**
Total Projects Cost:	**$19 million**

The Rural Economy ...

Rural Center



Business & Technology

Telecenters

- Purpose: To expand the state's system of telecenters to provide rural communities access to business & technology assistance

The Programs ...

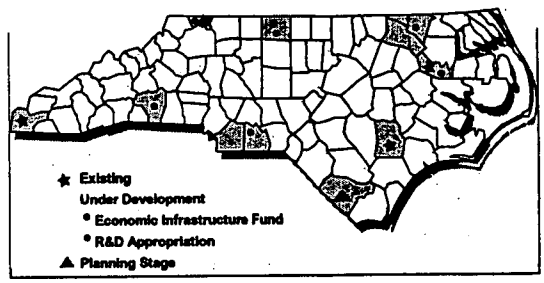
Telecenter Requirements

- Eligible: Local governments
- Priority: Distressed counties – Tiers 1 & 2
- One or two-year grants up to $400,000
- Matching fund requirement

Economic Infrastructure Fund

Telecenter Grants

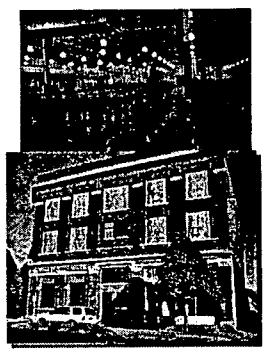
March 2005



Telecenter Grants

Projects:	**4 Telecenters**
Funding:	**$950,000**
Potential Jobs:	**190**
Total Project Costs:	**$1.5 million**

The Rural Economy ...



Small Town

Building Reuse & Restoration

- Purpose: To renovate vacant buildings for reuse by new and expanding businesses, with priority on towns with populations of less than 5,000.

The Rural Economy ...

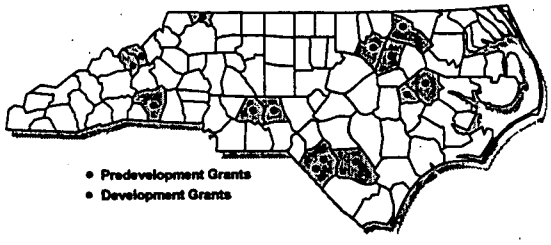
Building Reuse Requirements

- Eligible: Local governments
- Priority: Towns of less than 5,000
- Predevelopment grants for assessments
- Development grants for renovation – maximum of $400,000
- Announcement: September 30

Economic Infrastructure Fund

Building Reuse & Restoration Grants

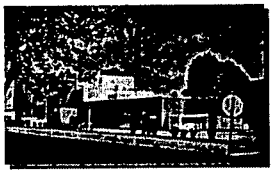
March 2005



Building Reuse Grants

Total Projects:	17
Total Funding:	$2.9 million
Potential Jobs:	1,193
Total Project Costs:	$65.9 million

The Programs ...



Economic Innovation Fund

- Purpose: To invest in major R&D projects with the potential to stimulate job growth

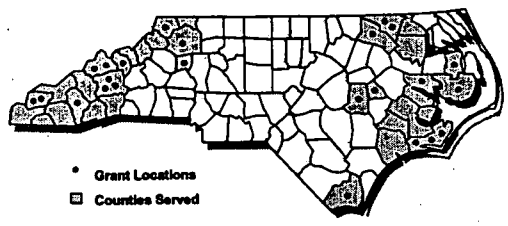
The Programs ...

Economic Innovation Requirements

- Eligible: Local governments, nonprofits, educational institutions
- Economic Stimulus Demonstrations
- Share-Use Agricultural Demonstrations
- Community Innovations

Economic Infrastructure Fund

Economic Innovation Grants
March 2005

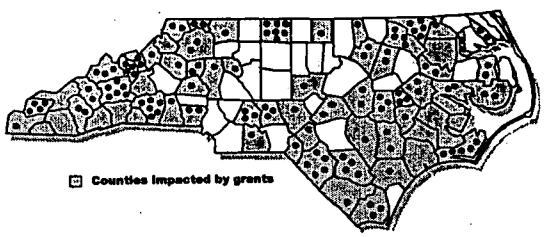


Economic Innovation Grants

Total Projects:	26
Total Funding:	$1,902,750
Potential Businesses:	143
Potential Jobs:	1,595
Total Project Costs:	$5.5 million

Total Grant Awards

September 2004 – February 2005



To Reach Us ...

Rural Economic Development Center

4021 Carya Drive, Raleigh

919-250-4314

info@ncruralcenter.org

www.ncruralcenter.org

COMMERCE STATE-AID
NORTH CAROLINA BIOTECHNOLOGY CENTER

PROGRAM OVERVIEW

The Biotechnology Center's mission is to provide long-term economic and societal benefits to North Carolina through support of biotechnology research, business and education statewide.

A 50-member staff works toward six goals:

- Strengthen North Carolina's academic and industrial research capabilities
- Foster North Carolina's biotechnology industrial development
- Enhance the teaching and workforce-training capabilities of North Carolina's educational institutions
- Work with business, government and academia to move biotechnology from research to commercialization in North Carolina
- Inform North Carolinians about the science, applications, benefits and issues of biotechnology
- Establish North Carolina as a preeminent international location for the biotechnology industry

Attachment 4

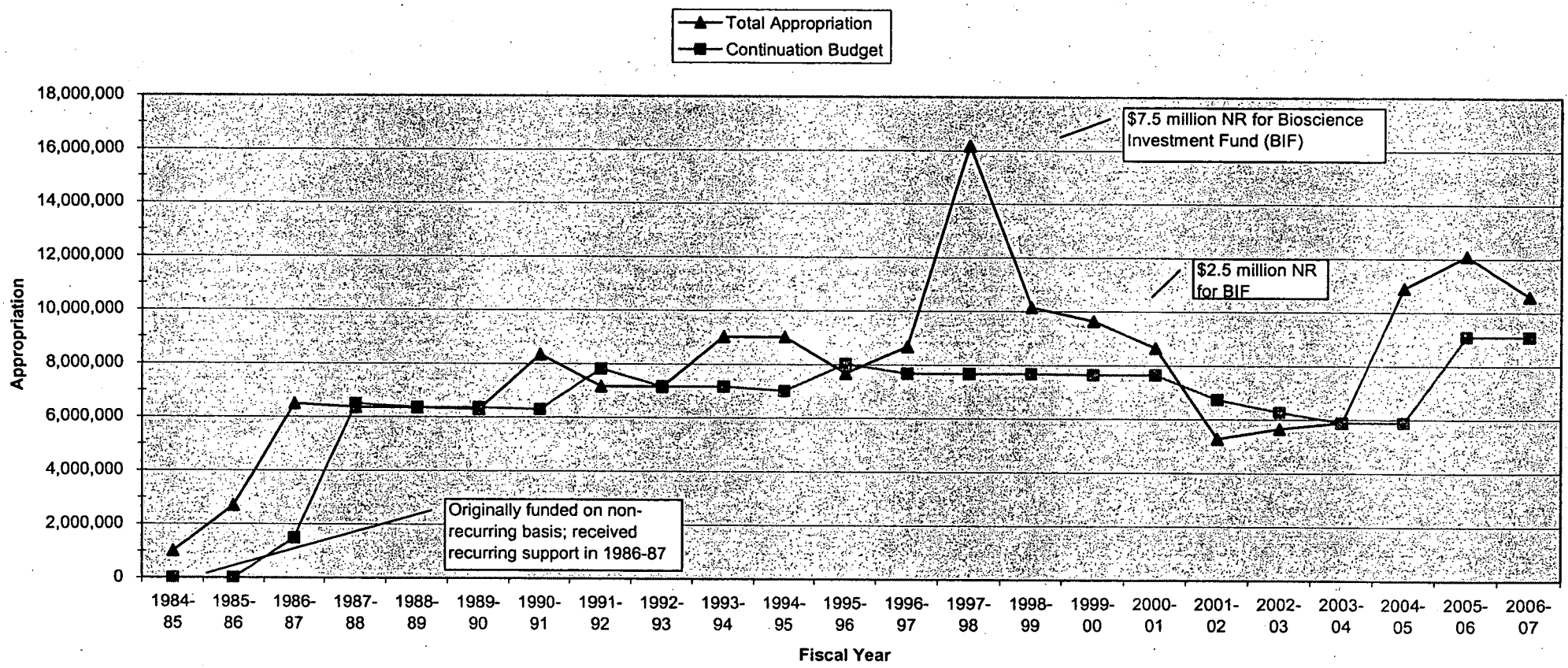
North Carolina Biotechnology Center
History of Appropriations

Year	Continuation Budget	Adjustments Recurring	Nonrecurring	Total Appropriations	Actual (Less Gov's reversions)	Percent Change
1984-85	N/A			1,000,000	1,000,000	
1985-86	N/A	1,490,000	1,200,000	2,690,000	2,690,000	169%
1986-87	1,490,000	5,000,000		6,490,000	6,490,000	141%
1987-88	6,490,000	(129,800)		6,360,200	6,360,200	-2%
1988-89	6,360,200			6,360,200	6,360,200	0%
1989-90	6,360,200	(63,000)		6,297,200	5,919,368	-7%
1990-91	6,297,200	1,510,347	1,000,000	8,332,751	7,807,547	32%
1991-92	7,807,547	(650,000)		7,157,547	7,157,547	-8%
1992-93	7,157,547			7,157,547	7,157,547	0%
1993-94	7,157,547	(143,151)	2,000,000	9,014,396	9,014,396	26%
1994-95	7,014,396	1,000,000	1,000,000	9,014,396	9,014,396	0%
1995-96	8,014,396	(350,000)		7,664,396	7,664,396	-15%
1996-97	7,664,396		1,000,000	8,664,396	8,664,396	13%
1997-98	7,664,396		8,500,000	16,164,396	16,164,396	87%
1998-99	7,664,396	(25,483)	2,500,000	10,138,913	10,138,913	-37%
1999-00	7,638,913		2,000,000	9,638,913	9,638,913	-5%
2000-01	7,638,913		1,000,000	8,638,913	8,466,135	-12%
2001-02	6,738,913	(468,445)	(1,000,000)	5,270,468	4,538,426	-46%
2002-03	6,270,468	(377,047)	(250,000)	5,643,421	5,214,195	15%
2003-04	5,883,395			5,883,395	5,792,708	11%
2004-05	5,883,395	3,200,000	1,800,000	10,883,395		
2005-06	9,083,395	1,500,000	1,500,000	12,083,395		
2006-07	9,083,395	1,500,000		10,583,395		
Totals		**$12,993,421**	**$22,250,000**	**$181,131,633**	**$145,253,679**	

* FY 2005-07 appropriations are the Governor's Recommended

COMMERCE STATE-AID
NORTH CAROLINA BIOTECHNOLOGY CENTER

FUNDING HISTORY



COMMERCE STATE-AID
NORTH CAROLINA BIOTECHNOLOGY CENTER

SUMMARY OF BUDGET ACTIONS FOR THE 2003-05 BIENNIUM

EXPANSION AND/OR CAPITAL IMPROVEMENTS	2003-04	2004-05	
1. Support New Jobs Across North Carolina: A Strategic Plan for Growing the Economy Statewide through Biotechnology. The four priorities are:		$3,200,000 $1,800,000	R NR
❖ Replenish the Economic Development Venture Capital Investment Fund			
❖ University Research Grants			
❖ Satellite office support, including programmatic and administrative costs			
❖ Strengthen K-12 education and workforce training program			

REDUCTIONS

None

COMMERCE STATE-AID
NORTH CAROLINA BIOTECHNOLOGY CENTER

PROPOSED RECOMMENDATIONS FOR THE 2005-07 BIENNIUM

CONTINUATION BUDGET ITEMS	2005-06		2006-07	
1. Remove the FY 2004-05 NR Appropriation	$1,800,000	NR		
EXPANSION AND/OR CAPITAL IMPROVEMENTS				
1. Continue to support "New Jobs Across North Carolina: Growing the Economy Statewide Through Biotechnology"	$1,500,000 $1,500,000	R NR	$1,500,000	R

Thank you Chairman Warren, Hunter, and Weinstein, vice chairs and members of the subcommittee. I am here today on behalf of Leslie Alexandre, the Center's President and CEO, who is out of the country. Accompanying me is Ms. Lori Greenstein, our Chief Financial Officer. We appreciate the opportunity to speak to you today about the progress we're making in biotechnology and about the Governor's biennial budget recommendations for the Biotechnology Center.

Biotechnology has come a long way in the 20 years since state leaders created the North Carolina Biotechnology Center. It was established to stimulate the biotech industry in North Carolina and to serve as a catalyst for economic development. In 1984 biotechnology was an industry that was long on promise and hope, but short on revenues, jobs and products. The technology was new and unfolding, and its potential applications were not yet fully developed or even entirely known. At that time, the state had just a few dozen biotechnology companies employing a few thousand people and producing a handful of products.

Today, we are proud to report that biotechnology has grown up and become a major contributor to the state's economy and quality of life. We now have about 200

biotechnology, device and related life-science companies in the state, plus another 75 contract research and testing companies. These companies collectively employ about 40,000 people in high-paying jobs – 18,000 to 20,000 of these in biotech companies.

This impressive life-science community has put biotechnology to work for the betterment of health care, agriculture, the environment and many other industries essential to North Carolina. Products developed or manufactured in North Carolina include drugs, vaccines, diagnostics, enzymes, seeds, vitamins, nutraceuticals, food ingredients and many others. The tools of biotechnology are also being used in a wide array of traditional industries to make things better, cheaper, faster and cleaner.

All of this activity has vaulted North Carolina to national and international prominence. In 2004, Ernst & Young reported that North Carolina has moved ahead of Maryland to become the nation's number 3 state in biotechnology, as measured by the number of companies. A report by the U.S. Commerce Department shows North Carolina led the nation in percentage growth of biotech startup companies between 1997 and 2001. A report by the Milken Institute ranks the Research Triangle area number 3 in biotechnology among U.S. metro areas, and number 1 in human capital and biotech workforce. Another

report by the Milken Institute projects that North Carolina will lead the nation in percentage job growth in biopharmaceuticals through the year 2014.

North Carolina has grown its biotechnology community through the efforts of many, including:

- Our strong research universities, which discover new technologies, spin out new companies and train our brightest minds.
- Our practical-minded community colleges, which train thousands of workers for jobs in the life sciences
- Our progressive state leaders who believe in biotechnology and continue to make a long-term commitment to its development
- and of course, the North Carolina Biotechnology Center, which works with many partners to strengthen biotechnology research, business and education statewide in support of job creation.

Indeed, we have come a long way. The big question now, of course, is where do we go from here?

Fortunately, we have a bold strategic plan in place to guide our future investments in biotechnology development, titled *New Jobs Across North Carolina: A Strategic Plan for Growing the Economy Statewide through Biotechnology.* Commissioned by Governor Easley, the plan was developed by the Biotechnology Center with input from more than 120 leaders statewide and with oversight from a steering committee led by former governors Jim Hunt and Jim Martin. The goal of the plan is for North Carolina to have 48,000 biotechnology-related jobs by 2013 and 125,000 jobs by 2023.

The plan lays out 54 strategic recommendations to take us there. They address all the elements vital to biotechnology development: globally competitive university research; innovative and aggressive technology transfer; a well-trained workforce; excellent K-12 education; plentiful investment capital; business-friendly government policies; strong leadership; statewide commitment; and a culture that supports visionary thinking, risk taking, and entrepreneurship. The plan sets three immediate priorities: to recruit and expand biomanufacturing operations in our state, to encourage more startup companies, and to spread the benefits of biotechnology across the state.

I'm pleased to report that we, and our many working partners, are making good progress on many of these recommendations and priorities, and will continue to do so with sustained state investment.

- We have developed a Recruitment, Expansion and Attraction Plan (REAP) with the state Department of Commerce. The plan targets promising companies for possible location or expansion in North Carolina, with an emphasis on biomanufacturing plants. In January, Secretary Fain and Leslie Alexandre, along with our joint industrial recruiter, Bill Bullock, had productive visits with executives of several leading biotechnology companies in California. We were pleased that all of the executives spoke very highly of North Carolina and its advantages as a place for biotechnology, as well as recognizing it as a good and affordable place to live.

- We are working with the Biomanufacturing and Pharmaceutical Training Consortium (BPTC) to implement a nationally unique program with initial funding from the Golden LEAF and industry – that will train 2,000 to 3,000 workers a year for jobs in biomanufacturing and related manufacturing. This consortium, the BPTC, includes the Biotechnology Center, industry (through NCBIO), the

community college system, the university system – with training facilities to be built on the campuses of NCCU and NCSU.

- We continue to work closely with the Community Colleges to implement the BioWork course – a curriculum designed to train entry-level workers for bio- and pharmaceutical manufacturing. This 128-hour course is now being taught on 11 community college campuses. These efforts complement the work force training efforts of the BPTC.

- We are providing loans and other assistance to help establish new startup companies. Our early funding comes at a critical time in the life of these young companies, when other financing is difficult to obtain. To date, the Biotechnology Center has invested about $15 million in some 90 companies, which have, in turn, gone on to raise more than $1 billion in other investments. Small amounts of money to the right companies at the right time can bring a great return on the state's investment.

- We have establlished two small satellite offices of the Biotechnology Center to serve the Piedmont Triad and Western North Carolina, and we're setting up additional offices to serve Eastern North Carolina and Greater Charlotte. These new offices have been embraced by their communities and are working with local advisory councils to help us develop biotechnology industry and jobs across the state.

For example,

- The Piedmont Triad area is working with funding from the Center through our newly established Regional Development Grant program to define Triad strengths in biotechnology. Other RDG applications have been submitted and are under consideration.
- In the West, a new company – Genesis Molecular Discovery – has established operations at the ENKA campus at AB Tech and has received a Business Development Award from the Biotechnology Center to develop a detailed business plan that will be helpful in recruiting investment funding to the company.
- Advisory Committees comprised of business, academic and community leaders are convened by the Center to help the Triad and the West establish short-term goals

and long-term direction for the development of biotechnology in their respective areas.

Clearly, Governor Easley sees the value of biotechnology in job creation and continues to make biotech a major part of his economic development strategy. We are pleased that the governor has proposed $4.5 million in new funding for the Biotechnology Center during the next biennium - $3.0 million in recurring and nonrecurring funding for FY 2006 and $1.5 million in recurring funding for FY '07. With the legislature's approval, we would invest these dollars in the highest priorities identified in the strategic plan – programs to help North Carolina develop new technology, start new companies, train the workforce, and spread the benefits of biotechnology to all areas of the state.

Specifically, with the $3 million in expansion funds proposed for the first year of the biennium, we intend to invest:

University Biotechnology Grant programs	$1.9 M
Project to Develop Biotech Statewide	$525 K
BPTC – Curriculum Development Grants	$225 K
K12 Education (Teacher Training)	$100 K
REAP – project with NCDOC	$250 K

We consider these programs critical to the implementation of the state strategic plan and in maintaining the state's leadership in biotechnology. It is clear, however, that in the 2nd year of the biennium, it will be necessary for us to curtail programs commensurate with funding.

Our opportunity to create more high-paying jobs for North Carolinians through biotechnology is great, and so is the challenge. Phil Kirk, leader of North Carolina Citizens for Business and Industry and a champion of biotechnology, summed it up in a recent editorial published in *North Carolina* magazine:

"We have to work hard, we have to stay focused on successful execution of goals, and we have to continue to educate the public on the need for continued investments which will yield dividends for our children and grandchildren."

With your continued support, we will succeed, and more and more people throughout North Carolina will benefit through new jobs and a better quality of life.

We greatly appreciate your long-standing support of the Biotechnology Center. Thank you for your consideration here today.

Lori and I will be happy to answer any questions.

Joint Appropriations Subcommittees
General Fund Spending Targets

	FY 2005-06
Education	$9,229,461,096
Health and Human Services	$3,936,143,523
Justice and Public Safety	$1,668,795,352
Natural and Economic Resources (excludes Clean Water Management Trust Fund)	$286,367,152
General Government	$350,811,973
Transportation	$11,284,198

NER Target (less CWMTF) **$286,367,152**

	Budget	Difference (Target - Budget)	% Difference
04-05 Authorized Budget	$291,096,162	($4,729,010)	-1.6%
Continuation Budget	$294,271,999	($7,904,847)	-2.7%
Governor's Budget	$311,506,518	($25,139,366)	-8.1%

RULES FOR JOINT APPROPRIATIONS SUBCOMMITTEES
2005 SESSION
March 9, 2005

1. Subcommittee targets are spending targets. Subcommittees are encouraged to maximize recurring reductions.

2. Identify all budget adjustments (reductions or expansion) as recurring and non-recurring.

3. Nonrecurring reductions shall not be made to fund recurring expansion items.

4. Negative reserves or "management flexibility" reductions shall not be allowed.

5. Non-recurring expansion items are not allowed in the 2nd year of the biennium (FY 2006-07).

6. Program expansion is not allowed in the 2nd year of the biennium (FY 2006-07). This means no expansion of a program or item funded in the 1st year, and no new programs created in the 2nd year.

7. Expansion positions shall not be phased in during the fiscal biennium, but shall be effective July 1, 2005.

8. Identify all General Fund position changes (eliminations, fund shifts, newly established).

9. Identify all new receipt-supported positions recommended by the subcommittee as either time-limited or permanent positions. If time-limited, **specify** the anticipated timeframe for which the positions will be funded.

10. Special provisions shall not authorize the expenditure of reversions.

11. Refer **all** salary-related, state employee health plan, retirement, debt service, and other statewide reserve issues to the Full Appropriations Committee Chairs.

12. Subcommittees considering fee increases to help meet the subcommittee's spending target must **first** consult with Full Chairs.

13. Reduction strategies should minimize the impact on direct services to clients and consumers. Reduction strategies should address the following:
    - Reduction in layers of management and elimination of duplication of effort (Span of Control);
    - Elimination of administrative inefficiencies;
    - Streamlining and consolidation of departments, programs, offices, and services;
    - Elimination of ineffective or obsolete programs; and
    - Reduction in non-essential government services

JOINT APPROPRIATIONS SUBCOMMITTEES
TARGETED ZERO-BASED BUDGETING APPROACH

The targeted zero-based budget approach assumes the "zeroing out" of certain programs, line items, and funds from the continuation/base budget to permit the subcommittees to hear information from state agencies and nonprofits justifying the continuation of expenditures for these purposes.

As a starting point, the following, as presented in the Governor's Recommended Continuation Budget, are subject to this targeted zero-based budgeting approach for the 2005-07 biennium.

1. Subcommittees should apply the zero-based budget methodology to as many individual programs as possible to help identify non-essential government services, ineffective and obsolete programs, and duplication of effort.
2. Direct appropriations and grants to nonprofit organizations
3. Contracted personal services (expenditure account 531321)
4. Miscellaneous contractual services (expenditure account 532199)
5. Rental/lease of equipment (expenditure accounts 532521 to 532525)
6. Travel and other employee expense (expenditure accounts 5327xx)
7. Cellular phone services (expenditure accounts 532814)
8. Furniture and equipment replacement schedules (expenditure accounts 534500 to 534550)
9. Discretionary grants (expenditure accounts 5364AA)
10. Directed grants (expenditure accounts 5366AA)
11. Loans (expenditure accounts 5367AA)
12. Other aids and grants (expenditure accounts 5369AA)
13. Special fund cash balances (2xxxx budget codes)
14. Positions vacant for 6 months or more as of January 1 2005. (**Note**: *This excludes public school teachers and community college faculty, critical law enforcement and public safety positions, and positions responsible for the custody and care of persons for whom the state is responsible*).
15. Any other programs and expenditures identified by the subcommittees as appropriate for review using a targeted zero-based budget approach.

Subcommittees should also consider:

1. The recommendations applicable to the subcommittee's jurisdiction contained in the Final Report of the Governor's Commission to Promote Government Efficiency and Savings on State Spending, December 2002.
2. The recommendations of other available audits or studies applicable to the subcommittee's jurisdiction.
3. Funding allocation formulas to determine if changes can be implemented to improve the method and achieve cost savings.
4. Agency fees to determine if any increases are appropriate and can be used to off-set operating appropriations.

VISITOR REGISTRATION SHEET

APPROPRIATIONS SUBCOMMITTEE
ON NATURAL AND ECONOMIC RESOURCES — 3-9-05

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Elaine Matthews	N.C. Rural Center / 4021 Carya Drive
Susan Dunn	NC Rural Center 4021 Carya Drive Raleigh NC 27610
Adrienne Simonson	Carolina Law Student 3L
Erin Kinney	NC Conservation Network
Thomas Chesh	OSBM
David Brown	OSBM
Cameron Bailey	Labor
art Brett	Labor
Johanna Reese	DENR
Robin Diehl	Commerce
Clara Kay	Agriculture

VISITOR REGISTRATION SHEET

APPROPRIATIONS SUBCOMMITTEE
ON NATURAL AND ECONOMIC RESOURCES — March 9, 2005

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Helen McLain	NC Rural Center
Bill McNeil	NC Rural Center
Lori Greenstein	NCBiotech Center
Ken Tindall	NC Biotech Center
Lenwood V. Long	NC MSC - Durham
Jane Smith	DENR

MINUTES

JOINT HOUSE SENATE
APPROPRIATIONS SUBCOMMITTEE ON
NATURAL & ECONOMIC RESOURCES

March 10, 2005

The Joint Appropriations Subcommittee on Natural & Economic Resources met in Room 423 of the Legislative Office Building on March 10, 2005 at 8:30 a.m. Representative Warren called the meeting to order and introduced the Sergeant-At-Arms, Frank Prevo, Ernie Sherrell, James Worth, and Ronnie Spain, and the House and Senate Pages, Sarah Light, Marissa Klimmelc, Hayley Black. The following Committee members were present: Co-Chairs: Representatives Hunter and Warren, Senator Weinstein; Vice Chairs: Representatives Allen and Walker and Senator Albertson; Members: Representatives Culp, Harrison, Langdon, Wilkins, Wray and Senators Horton, Clodfelter and Tillman. Susan Morgan, Jennifer Haygood and Joy Hicks, Staff Counsel, were in attendance. Notice of Meeting is attached as **Attachment 1**. The Agenda is also attached as **Attachment 2** and a Visitor Registration list is attached and made part of the minutes. See **Attachment 9.**

Representative Warren recognized Joy Hicks, Fiscal Staff, who presented a brief overview of the remaining part of Commerce State-Aid. A brief overview of the non-profit agencies is included as an attachment. See **Attachment 3**.

Robin Diehl, Chief Financial Officer with the Department of Commerce, was recognized by Representative Warren. Ms. Diehl introduced Angela Batten, the accounting technician, in her office. She then reviewed the reporting responsibilities for Commerce and non-profits for pass-through funds. See **Attachment 4**. Questions followed by Senators Clodfelter, who asked for copies of problematic report; Representative Hunter and Senator Tillman, who questioned the procedure for checks and balances for these non-profits filing reports timely.

The first non-profit agency presentation was made by Stephen Bowen with Land Loss Prevention. Mr. Bowens reviewed his handout that lists the problematic things that have been done over the past grant year and needs for the upcoming years. See **Attachment 5**. A short question and answer session followed concerning number of staff members, average size of farms, type of crops grown, help for development of business plans in conjunction with extensions and NC State University, and percentage of farms being lost.

Andrea Harris spoke for the North Carolina Institute of Minority Economic Development, concerning work done during the last year and plans for the upcoming years. She addressed the need for technical staff. See **Attachment 6**.

The next presenter was Linwood Cox with the Minority Support Center. The Support Center works with community-based credit unions throughout the State of North Carolina. Mr. Cox reviewed his handouts and reviewed his needs for the coming year. See **Attachment 7**.

Abdul Racheed with the North Carolina Community Development Initiative, Inc. was introduced and reviewed his handouts and his needs for the coming year. See **Attachment 8.**

Susan Cole with the North Carolina Association of Community Development Corporations was introduced and gave brief highlights of this corporation and their use of funds designated by the General Assembly. The mission of the Association is to strengthen the North Carolina economy by enhancing community development corporations in their role of building prosperous communities. 2004 was one of the most productive years with two new programs. One program expanded the capacity of CDC related housing programs. The second program helped CDC's develop and retain and community facilities to increase the limited opportunities available to area residents. Their first appeal is for groups operating in places like Hoke County, an emerging CDC. Investments and increased staff need to be made in these areas.

As time was running out, Representative Warren invited Ms. Cole to come back on March 15th at 8:30 to continue her presentation before the Subcommittee so that any questions would be addressed.

There being no further business, the chair adjourned the meeting at 9:50 a.m.

Respectfully submitted,

Edith D Warren
Representative Edith D. Warren
Chair

Nancy S. Willis
Nancy S. Willis
Assistant to the Committee

ATTACHMENTS:
Notice of Meeting
Agenda
Commerce – General State Aid
Department of Commerce
Land Loss Prevention Project
NC Institute of Minority Economic Development
NC Minority Support Center
NC Community Development Initiative
Visitor Registration Forms

Attachment 1

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

You are hereby notified that the Joint Appropriations Subcommittee on **NER** will meet as follows:

DAY	DATE	TIME	ROOM
Wednesday	**March 9, 2005**	**8:30 a.m. and 2:00 p.m.**	**423 LOB**
Thursday	**March 10, 2005**	**8:30 a.m.**	**423 LOB**

The following will be considered:

- **Budget**

Respectfully,

Representatives Hunter and Warren
Co-chairs

I hereby certify this notice was filed by the committee clerk at the following offices at 12:30 p.m. on **March 7, 2005**.

___Principal Clerk
___Reading Clerk - House Chamber

Nancy Willis (Committee Assistant)

Attachment 2

Joint Appropriations Subcommittee on Natural and Economic Resources

Thursday, March 10th, 2005
Representative Edith Warren, Presiding
8:30 a.m. Room 423

Chair's Comments	
Review Commerce State-Aid	*Joy Hicks, Fiscal Research*
Reporting Requirements	*Robin Diehl, Chief Financial Officer Department of Commerce*
Presentations on Non-Profit Agencies	*Agency Representatives*
Overview of Councils of Government Funds (COG)	*Susan Morgan, Fiscal Research*
Presentation on Regional Councils of Governments	*Bill McNeil, Regional Associate, Association of Regional Council Directors* *Greg Godard, Executive Director, Association of Regional Council Directors*
Closing Remarks – Representative Warren	
Adjourn	

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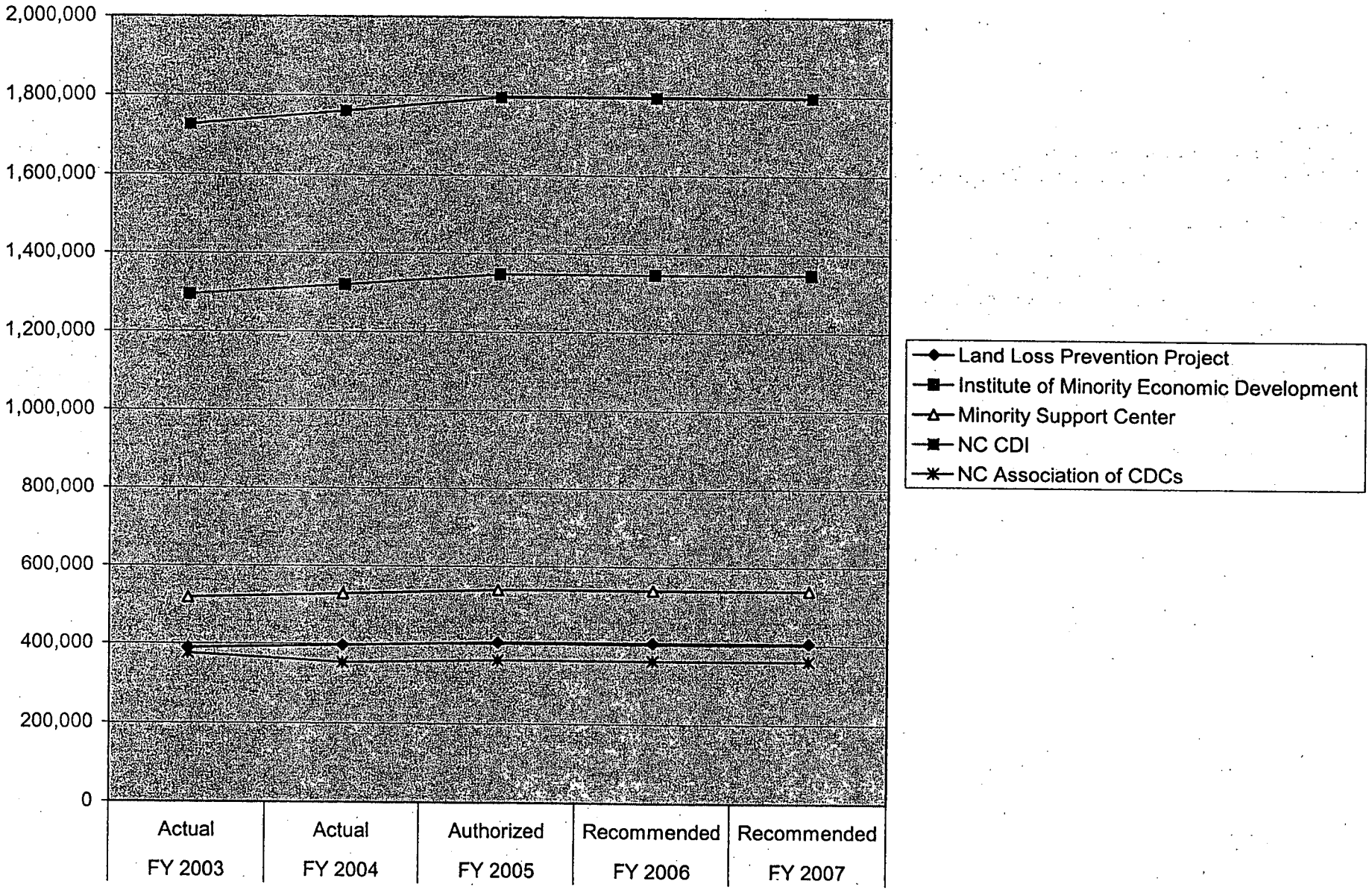
Commerce - General State Aid

	FY 2003 Actual	FY 2004 Actual	FY 2005 Authorized	FY 2006 Recommended	FY 2007 Recommended
Biotechnology Center	5,214,195	5,792,708	10,883,395	12,083,395	10,583,395
Rural Economic Development Center	4,475,998	24,586,800	5,802,607	4,802,607	4,802,607
Regional Economic Development Commissions	5,591,523	6,639,500	8,725,000	6,775,000	6,775,000
Other Non-State Entities					
Land Loss Prevention Project	388,434	396,194	404,280	404,280	404,280
Coalition of Farm and Rural Families	29,600	49,000	0	0	0
Institute of Minority Economic Development	1,294,779	1,320,650	1,347,602	1,347,602	1,347,602
Minority Support Center	517,911	528,260	539,041	539,041	539,041
NC CDI	1,726,371	1,760,866	1,796,802	1,796,802	1,796,802
NC Association of CDCs	374,873	352,173	359,360	359,360	359,360
Total Non-State Entities	**4,331,968**	**4,407,143**	**4,447,085**	**4,447,085**	**4,447,085**
Total Commerce - General State Aid	19,613,684	41,426,151	29,858,087	28,108,087	26,608,087

Attachment 3
1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Actual FY 2003
Actual FY 2004
Authorized FY 2005
Recommended FY 2006
Recommended FY 2007
Land Loss Prevention Project
Institute of Minority Economic Development
Minority Support Center
NC CDI
NC Association of CDCs

Natural and Economic Resources Appropriations Subcommittee
Other Non-State Entities Overview

Land Loss Prevention Project

The General Assembly first appropriated funds to Land Loss Prevention Project (LLLP) in 1989 to provide free legal assistance to financially distressed family farmers. The North Carolina Association of Black Lawyers founded LLPP in 1982 in response to the Association's concerns about the decline in the number of family farmers and minority landowners in the state. Staff attorneys provide assistance in agricultural law, debtor/creditor laws, and farm management. LLPP's four program areas include (1) legal assistance; (2) community education; (3) training and technical assistance; and (4) sustainable agriculture projects.

North Carolina Coalition of Farm and Rural Families

The 1998 General Assembly provided $250,000 to the North Carolina Coalition of Farm and Rural Families (the Coalition) to foster economic development within the state's rural farm communities by offering marketing and technical assistance to small and limited resource farmers.

Institute of Minority Economic Development

Established in 1986, the Institute of Minority Economic Development (the Institute) seeks to foster economic development within the state's women and minority-owned business community through policy analysis, information and technical assistance, and resource expansion. The Institute concentrates its activities in the areas of business development, resource, data and information collection, and demonstration initiatives.

North Carolina Minority Support Center

The North Carolina Minority Support Center (the Support Center) provides intensive on-site technical assistance to community development credit unions (CDCUs) across the state. The Support Center offers CDCUs financial, managerial, and technical assistance in three areas: (1) ongoing technical assistance in office operations, modernization, and marketing; (2) the Capital Support Loan Fund; and (3) Capacity Building Grants for operational expenses. Serving approximately 33,000 individuals across North Carolina, the CDCUs have invested over $140 million in loans since 1991.

North Carolina Community Development Initiative

The North Carolina Community Development Initiative (the Initiative) is a non-profit organization that grew out of the North Carolina Association of Community Development Corporations (CDCs) to provide support and funding for "mature" CDCs in North Carolina. The Initiative provides core operating grants, technical assistance, and project-specific loans and training to these organizations having a minimum of 3 years operational experience. Financial support for the Initiative comes from the General Assembly, foundations, banks and other corporations.

North Carolina Association of Community Development Corporations

The North Carolina Association of Community Development Corporations (the Association) is a statewide organization that works to strengthen community economic development activities in low-wealth communities. The Association's programs and services may be categorized into four general areas: (1) organizational and CDC staff development; (2) information and resource dissemination; (3) public policy initiatives; and (4) predevelopment lending.

NONPROFIT REPORTING REQUIREMENTS

SECTION 12.9.(a) The N.C. Institute for Minority Economic Development, Inc., Land Loss Prevention Project, North Carolina Minority Support Center, North Carolina Community Development Initiative, Inc., North Carolina Association of Community Development Corporations, Inc., Coalition of Farm and Rural Families, and Partnership for the Sounds, Inc., shall do the following:

(1) By January 15, 2004, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division the following information:
   a. State fiscal year 2002-2003 program activities, objectives, and accomplishments;
   b. State fiscal year 2002-2003 itemized expenditures and fund sources;
   c. State fiscal year 2003-2004 planned activities, objectives, and accomplishments including actual results through December 31, 2003; and
   d. State fiscal year 2003-2004 estimated itemized expenditures and fund sources including actual expenditures and fund sources through December 31, 2003;

(2) By January 15, 2005, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division the following information:
   a. State fiscal year 2003-2004 program activities, objectives, and accomplishments;
   b. State fiscal year 2003-2004 itemized expenditures and fund sources;
   c. State fiscal year 2004-2005 planned activities, objectives, and accomplishments including actual results through December 31, 2004; and
   d. State fiscal year 2004-2005 estimated itemized expenditures and fund sources including actual expenditures and fund sources through December 31, 2004; and

(3) Provide to the Fiscal Research Division a copy of the organization's annual audited financial statement within 30 days of issuance of the statement.

SECTION 12.9.(b) No funds appropriated under this act shall be released to a nonprofit organization listed in subsection (a) of this section until the organization has satisfied the reporting requirement for January 15, 2003. Fourth quarter allotments shall not be released to any nonprofit organization that does not satisfy the reporting requirements by January 15, 2004, or January 15, 2005.

Attachment 4 2

North Carolina
Department of Commerce
Fiscal Management Division

Michael F. Easley, Governor
James T. Fain III, Secretary

Robin L. Diehl, Chief Fiscal Officer

Reporting responsibilities for Commerce (Grantor)

and non-states (Grantees) for

pass-through funds.

This year including the Partnerships, Commerce, as a pass-thru agency, will disburse on either a quarterly or monthly basis over $47 million dollars. We have 8 non-state entities, plus 17 COGS and 7 Partnerships for a total of 32 non state entities that we account for and ensure compliance with reporting regulations for each one.

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Attachment 5

THE NORTH CAROLINA ASSOCIATION OF BLACK LAWYERS' LAND LOSS PREVENTION PROJECT
NER SUBCOMMITTEE: COMMERCE STATE-AID
MARCH 10, 2005

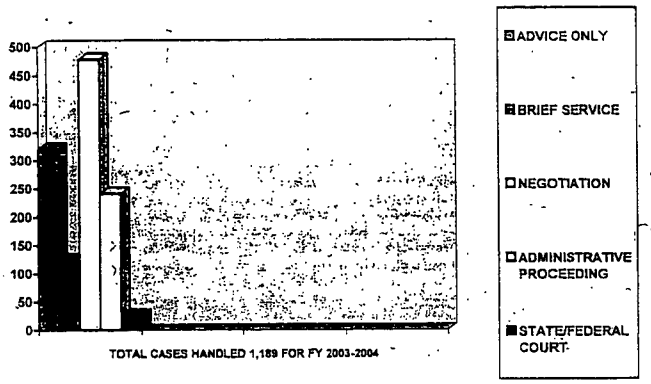
GOALS OF THE STATE GRANT - The original goals and expectations for the activity supported by the state grant are to protect North Carolina's financially distressed and limited resource family farmers and landowners from actions that may result in the loss of their land. These goals and objectives are achieved through the provision of free and/or reduce legal assistance to North Carolinians eligible under this grant. These goals have not been revised during the course of this project.

ORGANIZATIONAL STRUCTURE - The organization has three units, the Litigation Unit, the Policy Unit, and the Sustainable Agriculture and Environmental Unit. The Litigation Unit consists of the managing attorney, four staff attorneys, and one paralegal. The Litigation Unit performs debt restructuring for farmers in crisis and other legal work. The Policy Unit consists of the executive director-attorney and associate director-attorney. The Policy Unit is charged with monitoring agricultural policy and the impact it has on North Carolina's small family farmers. The Sustainable Agriculture and Environment Unit consist of the one staff attorney and an administrative assistant. The Sustainable Agriculture and Environment Unit helps family farmers and landowners develop sustainable agricultural practices that are environmentally friendly and economically viable for their rural community.

SUMMARY OF SERVICES PROVIDED IN FY 2003-2004 - The Land Loss Prevention Project provided technical support and legal assistance to approximately **1,189** North Carolinians in fiscal year 2003-2004. Last year the organization provided direct assistance to more than **832** financially distressed farmers and farm families. The Project has assisted many of these farmers in extinguishing debt, as a result of reorganization through Chapters 7, 11, 12, and 13 of the U.S. bankruptcy code, or writing-off debt, through financial negotiations with private lenders and the federal government, primarily USDA, HUD, and the SBA. The total debt written-off or extinguished on behalf of the clients assisted in fiscal year 2003-2004 was more than **six million dollars ($6,000,000.00)**. Negotiation with the restructuring or write-off of debt encompassed almost half of the assistance provided to clients seeking assistance in fiscal year 2003-2004. The Project has worked with farmers devastated by floods in the western region of the state and hurricane related damages in the eastern region of the state to receive federal disaster assistance and crop insurance. The Project has provided legal support to more than **357** landowners with issues ranging from adverse possession to home foreclosure and preparation of simple wills and deeds. The Project has performed more than **122** community service and education seminars.

DEMOGRAPHIC DATA – Approximately **58%** of the Land Loss Prevention Project's clients are male and **42%** female. The clients identified themselves as **59%** Non Hispanic White, **35%** Black, **3%** Hispanic, **2%** Native American, and slightly less than **1%** Asian American or other.

TABLE 1 - FORUM FOR CASES HANDLED



TOTAL CASES HANDLED 1,189 FOR FY 2003-2004

Advice Only Cases are cases in which a letter providing limited legal advice relating to the claim is drafted and sent to the client, but LLPP does not provide additional legal assistance because of lack of staff resources or other legal prohibitions such as the expiration of the statute of limitations or the case lacks a sufficient legal basis to bring a claim.

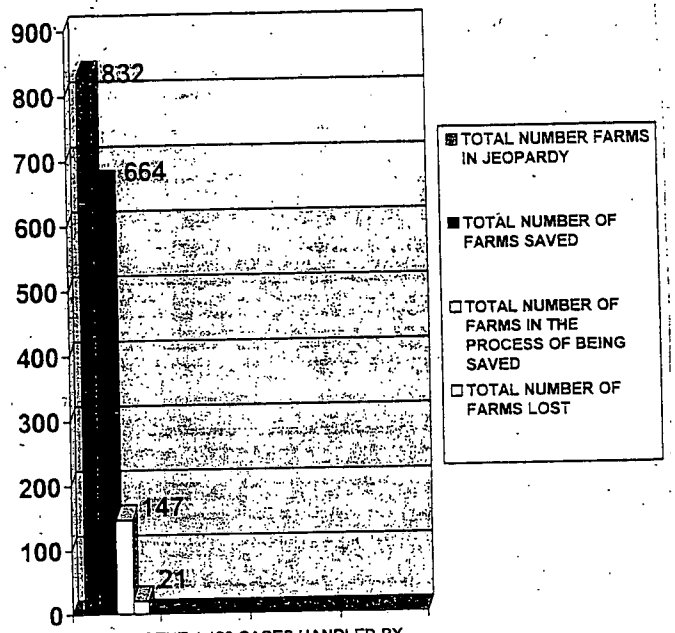
Brief Service Cases are cases that involve a few telephone calls, a simple letter, or drafting of a basic legal document resulting in resolution of the client's complaint based on the specific needs of the client.

Negotiation Cases are cases that are more complex and will result in litigation if a settlement cannot be achieved. These cases usually involve debt restructuring on behalf of the farmer with lending institutions such as USDA or local banks.

Administrative Proceedings are cases filed with a quasi-judicial decision maker such as an administrative law judge (ALJ) or a hearing officer.

State/Federal Court Cases are cases filed in state or federal court.

TABLE 2 - FARMS IN JEOPARDY



832 OF THE 1,189 CASES HANDLED BY THE LAND LOSS PREVENTION PROJECT INVOLVED FARMS IN CRISIS FOR FY 2003-2004

A farm in jeopardy or crisis is a farm that is subject to being lost due to financial hardship such as foreclosure or that is subject to threats to its continued operation often times through no fault of its own such as natural disaster.

Table 3 - Land Loss Prevention Project Chart of Community Involvement Seminars FY 2003-2004

County	Will & Estate	Sustainable Ag	Flood Relief	Small Farmer	Smart Growth	Cooperative Development		Environmental	Saving Land	Black Farmer	Tobacco	General
Buncombe	1	1		1				1	1		1	
Halifax	4		1	1					1	3	1	
Harnett				1							1	
Jones									1			
Wayne									1	1	1	
Warren	1					1				1		
Sampson	1					1			1	1		
Edgecombe	1	1	1					1	1	1	2	
Nash	1		1							1	1	1
Wake					1			1	1		2	
Durham	1				1	1			1			
Wilson			1	1						1	2	
Orange					1	1		1				
Alamance	1	1		2				1			1	
Chatham					1	1		1				
Lee	1	1		1							1	
Guilford	1			2					1	1		
Forsyth				1								
Yadkin				1								
Union	1								1	1		
Mecklenburg	1								1	1		
Bladen	1			1					1	1	1	
Robeson	1	1		1		1			1	1	1	
Craven			1						1			
Dare				1								
N. Hampton	1									2		1
Rutherford								1	1	1		
Pitt			1		1			1	1		1	
Greene								1	1			
Johnston	1	1		1	1				1	1	1	
Sub Total	19	6	6	15	6	6		9	18	18	17	2
Total	122											

Attachment 6

THE NORTH CAROLINA INSTITUTE OF MINORITY ECONOMIC DEVELOPMENT (THE INSTITUTE)

NATURAL ECONOMIC RESOURCES SUBCOMMITTEE

PRESENTATION

MARCH 10, 2005

ABOUT THE INSTITUTE

The NORTH CAROLINA INSTITUTE OF MINORITY ECONOMIC DEVELOPMENT (the INSTITUTE) is a statewide nonprofit organization representing the interests of underdeveloped and underutilized sectors of the state's economic base. The INSTITUTE's working philosophy is a belief that information and business development are critical to wealth creation and to building the asset base among low-wealth sectors of the population.

The INSTITUTE recognizes that balanced information affords the state and its communities an opportunity to make responsive decisions. In a knowledge-based economy information is key to sound public policies and private sector practices. Information is an important tool for building understanding and for strengthening the quality of life for all citizens.

The development of the INSTITUTE's education and training programs and other specialty management services are based on years of research and work within the minority business community, research that has focused on minority and women-owned businesses throughout North Carolina.

The INSTITUTE provides training, counseling, managerial and technical assistance to small businesses at all stages of development. Our clients receive assistance through our Education and Training Division, our Women's Business Center (WBC) and our Minority Business Development Center (NC MBDC).

In addition to our strong technical assistance programs, the INSTITUTE assists its clients in accessing capital by offering various financing tools through established partnerships and programs: SBA Pre-Qualification Program, the Self-Help Ventures Fund and the NC Rural Center Microenterprise Loan Program.

MISSION AND VISION

Our mission is to strengthen the asset base of limited resource populations through business development and educational initiatives as a means of building economically vibrant and socially responsible communities.

The vision of the INSTITUTE is to create an environment in which North Carolina's diverse population is considered a valuable asset and is engaged as a productive, contributing sector.

STRATEGIC APPROACH

By using a comprehensive, multidisciplinary and interdependent strategy, the INSTITUTE strives to increase productive outcomes for groups with limited resources. The INSTITUTE's technical support, research, and information activities are structured to foster business, community, and educational/leadership development. We also strive to build effective strategic partnerships to expand our capacity and to optimize the use existing resources. This strategic approach is showing positive results across the State.

The INSTITUTE is also engaged in policy research and analysis on the state of and emergent trends in North Carolina's low-wealth and minority communities. By closing the data and information gap and engendering discussion on the social and economic challenges confronting those communities, the INSTITUTE facilitates:

- The formation of new and more effective partnerships;
- Implementation of effective strategies; and
- Establishment of citizen-driven initiatives responsive to the needs of North Carolina's disadvantaged populations.

STRATEGIC OBJECTIVES

The INSTITUTE's strategic objectives are the following:

- Provide technical assistance and support to small businesses, with a particular focus on minority-owned firms, women-owned firms, and firms representative of low-wealth sectors.
- Improve access to capital, access to market opportunities, and management assistance for minority-owned and women-owned businesses and low-wealth sectors;
- Support and assist aspiring women entrepreneurs through education and training to better prepare and equip firms for success;
- Build local capacity in at least three (3) geographic regions to assist small firms with a particular focus on construction;
- Ongoing support and assistance to major corporations in expanding opportunities to small businesses;
- Develop a demonstration model/initiative to support small investments by small firms in other small businesses or low-wealth neighborhoods;

- Implement a business development model that builds financial stability and equity, expands procurement and market opportunities, and works to increase the number of
- minority-owned businesses. This model addresses the issues of sustainability and succession in such firms; and
- Maintain a small incubator type operation/facility to house businesses and nonprofits, and to serve as office space for the INSTITUTE.

MARKETING APPROACH

Clients come to our organization via several avenues. Relationships are our most effective marketing tool, with most of our client base resulting from third party referrals from our corporate, government, non-profit and banking partners. We also receive referrals from former and existing clients, economic development partners and the INSTITUTE's board members.

THE INSTITUTE'S PROGRAMS

The INSTITUTE is comprised of the following programs:

- Education and Training Group
- Women's Business Center
- Minority Business Development Center
- American Legacy Foundation: On the Ground Smoking and Cessation Project

Each program area is described below.

EDUCATION AND TRAINING

The INSTITUTE's Education and Training Group provides technical assistance, financial assistance, education/training, and management assistance to minority-owned and women-owned businesses across North Carolina. Our educational outreach activities and technical assistance include one-on-one counseling, direct staff training and seminars. Our specialty areas are aligned with the top challenges facing our clients. The primary counseling and training sessions delivered during this reporting period included the following:

- Obtaining financing
- Business development
- Credit counseling
- Business legalities
- Business planning

CERTIFICATIONS AND RESOURCES

The INSTITUTE is a qualified loan intermediary for the U.S. Small Business Administration's 7(A) Loan Program. Our primary role is to receive, review, and process loan packages. We also provide or refer the appropriate technical assistance to ethnic-minority, women, and veterans-owned businesses desiring loan guarantees from the SBA. The maximum loan amount is $250,000.

WOMEN'S BUSINESS CENTER OF NORTH CAROLINA

The Women's Business Center of North Carolina (WBC) is a partnership program between the INSTITUTE and the U. S. Small Business Administration (SBA). The Center's main objective is to promote economic self-sufficiency for women in North Carolina through entrepreneurship.

WBC SERVICE AREAS

Our Women's Business Center provides one-on-one counseling, educational services and support services. These services address the unique challenges facing women-owned businesses. Overall, the most significant challenges reported by women (according to the Center for Women's Business Research) are the following:

- Competing and succeeding in a male-dominated environment (38%):
  - Proving their capability and credibility
  - Overcoming sexism, discrimination and stereotypes
- Maintaining the growth and competitiveness of their business (21%)
- Balancing family and work responsibilities (12%)
  - 66% of women-business owners are married and 41% have children

Challenges faced by businesses owned by women of color include those listed above. However, minority women-owned businesses report access to capital as a much higher challenge than majority women-owned businesses.

The WBC staff offers services, support and training to help women business owners overcome these barriers. Some of the events developed by the WBC during the reporting period are listed below.

MINORITY BUSINESS DEVELOPMENT CENTER (NC MBDC)

In April 2004, the INSTITUTE was awarded a three-year federal grant of $661,000 from the U.S. Department of Commerce's Minority Business Development Agency (MBDA). The grant allowed the INSTITUTE to establish a statewide Minority Business Development Center (NC MBDC) to focus on the needs of established minority business enterprises (MBEs) with annual revenues of $500,000 and above.

The mission of the MBDA closely mirrors that of the INSTITUTE: to achieve economic parity for minority business entrepreneurs by actively promoting their ability to grow and compete in the global economy. The MBDA seeks to address these challenges by developing programs and working with organizations such as the INSTITUTE's MBDC to focus on emerging businesses with a high potential for growth.

NC MBDC SERVICES

The NC MBDC utilizes the established networks and research of the INSTITUTE to:

- Identify the market demand for commodities and services provided by the minority businesses served;
- Increase the visibility of emerging minority businesses with private, local, state and federal partners; and
- Ensure that minority businesses statewide are aware of the services and assistance offered by the NC MBDC.

The NC MBDC develops a customized managerial and technical assistance plan designed to meet the unique needs of each client. Managerial and technical assistance services include: business planning, market feasibility and research, construction services, financial packaging, financial planning, market promotion and contractual opportunity identification and matching.

AMERICAN LEGACY FOUNDATION GRANT: ON THE GROUND SMOKING AND CESSATION PROJECT

BACKGROUND

The American Legacy Foundation's Priority Populations program engages community stakeholders to assist in the development of culturally sensitive and innovative programming to raise public awareness of tobacco's toll on the African American Community as well as other populations. In 2000, the foundation gathered a number of African American leaders representing tobacco control experts, community advocates and university-based researchers to discuss the impact of tobacco use on the African American population. Out of this forum came specific measures to help reduce tobacco usage in the African American community that included capacity building initiatives and programs to ensure sustainability of the grassroots' effort. But it also heightened a sense of urgency to address tobacco use and prevention in the African American community.

In January 2004, the INSTITUTE in partnership with three of the state's Historically Black Colleges and Universities (HBCUs), Bennett College for Women, North Carolina A&T State University and North Carolina Central University was awarded a two-year grant for $1 million dollars from the American Legacy Foundation. The grant was given to support the effort for

the development and implementation of its proposed "On the Ground Smoking Cessation and Prevention Project" which would target college age students.

PROJECT OBJECTIVE

The objective of the On the Ground Smoking and Cessation Project, is to increase cessation and lessen the possibilities of smoking, the INSTITUTE proposed a multi-disciplinary "on the ground" grassroots initiative that targeted college students, minority women, young adults, low-wealth neighborhoods and low-wealth sectors of the population.

NORTH CAROLINA STATISTICS AND TRENDS

North Carolina is the 11th largest state in the country and for decades, tobacco was the largest industry sector in the state with tobacco operations in each of its 100 counties. In years past, North Carolina was known as the state of the working poor because of its once large manufacturing sector and low-wage salaries.

Approximately 1/4 of the state's population base is made up of ethnic minorities with women comprising 51% of the population. According to a survey published in 2001 by the North Carolina Center for Health Statistics, 30.8% of college age students (18-24) were smokers. Additional information collected by the North Carolina Department of Health and Humans Services through youth tobacco surveys conducted by the public schools indicated that the percentage of teen smokers in North Carolina was higher than the national average.

The latest Surgeon General's report on minorities and smoking has indicated that African American teens have increased tobacco use by 80% over the past six years. Future sales of tobacco and tobacco products is projected to increase, as the tax on cigarettes in North Carolina remains the second lowest in the nation.

STATE OF MINORITY-OWNED AND WOMEN-OWNED BUSINESSES

Minority-owned and women-owned businesses provide dynamic economic growth opportunities for the State of North Carolina. According to the 1997 data[1] from the U.S. Census Bureau, there were 61,551 minority firms in North Carolina generating $6.7 billion in revenue. During the same period, there were 139,900 women-owned businesses with over $24 billion in total revenue. In 1997, minority firms employed over 73,696 people in North Carolina and women-owned firms employed close to 222,000 people.

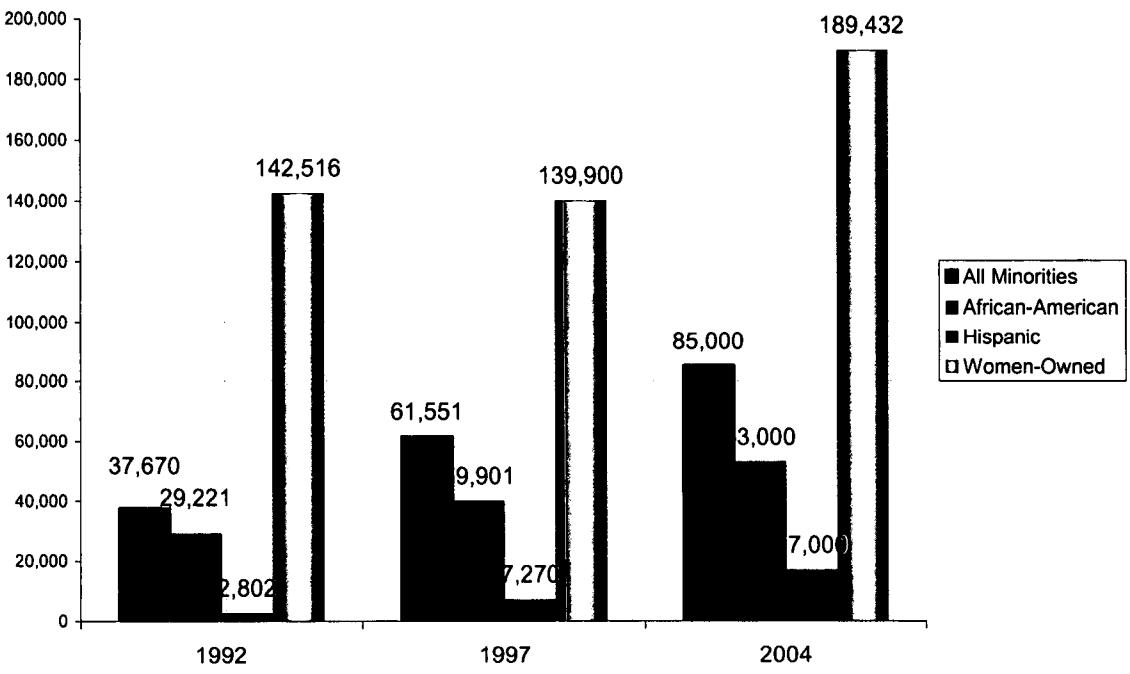
MINORITY-OWNED FIRMS

MINORITY BUSINESS PARTICIPATION RATES

Between 1992 and 1997 the growth rate for minority enterprises exceeded the overall growth rate for all firms. Minority owned firms continue to grow in number in North Carolina. Given recent trends, the number of employees of minority owned firms increases by approximately 10,000 individuals annually. Current estimates show that minority firms employ over 140,000 people in North Carolina.

[1] 1997 data is the most recent economic census data available from the U.S. Census Bureau. 2002 economic data will be available in 2005.

FIGURE 1: GROWTH IN MINORITY-OWNED AND WOMEN-OWNED BUSINESSES (1992 – 2004)



Source: U.S. Census Bureau)

MINORITY POPULATION GROWTH

The economic importance of minority firms is even more compelling when considered in connection with U.S. population trends. Nationally, the percentage of minorities will grow from 30 percent to more than 50 percent by 2050.[2] Minority firms typically hire a larger percentage of minority employees than do majority firms. Therefore, the growth of minority firms is critical in the areas of employment, revenue growth and economic prosperity.

WOMEN-OWNED FIRMS

NUMBER OF WOMEN-OWNED FIRMS IN NORTH CAROLINA

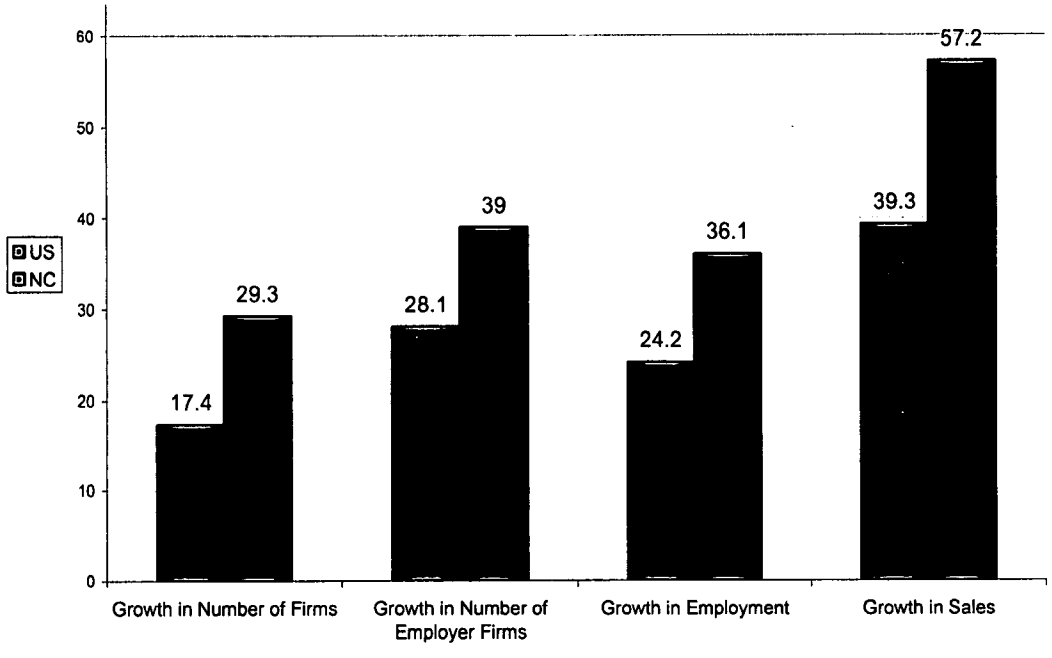
It is estimated that women owned firms have more than doubled in number since 1992. Women owned firms grew by more than 100,000 between 1992 and 2004. Of significant importance to the state is the continued growth in the number of employees. Women Business Enterprises (WBEs) had 153,000 employees in 1992 and more than 300,000 employees in 2004. Privately-held majority women-owned businesses account for 28.1 percent of all firms in the state. These firms generate more than $39 billion in sales.

[2] Source: Minority Business Development Agency, U.S. Department of Commerce, September 1999.

GROWTH OF WOMEN-OWNED BUSINESSES

Between 1997 and 2004, the number of women-owned firms in North Carolina increased by 29.3 percent, employment grew by 36 percent and sales increased by 57 percent (See Figure 2). As illustrated in Figure 2, the number of women-owned businesses in North Carolina employing people grew by 39 percent. North Carolina ranks 9th in the number of women-owned firms, 9th in employment, 9th in sales and 5th in growth.

FIGURE 2: GROWTH OF ALL FIRMS VERSUS WOMEN-OWNED BUSINESSES BETWEEN 1997 AND 2004



Source: Center for Women's Business Research, 2004 North Carolina Fact Sheet

PRIMARY CHALLENGES FACING MINORITY-OWNED AND WOMEN-OWNED FIRMS

Studies have shown that minority-owned and women-owned businesses face the following barriers to their growth and development:

- Access to affordable capital is consistently cited in research studies as a major priority for small businesses, especially owned by minorities, women, veterans and individuals in low-wealth communities.
- While the number of businesses owned by minorities and women has grown significantly in North Carolina, the ability to sustain or create jobs has not kept pace with the growth of such firms.
- Many business resources concentrate on high growth firms leaving a void in support and assistance to firms owned by individuals in low-wealth communities.
- Limited research and data on low-wealth and minority communities limiting opportunities to build and share prosperity.
- The economic impact of business development in low-wealth communities and among minorities, women, and veterans is undervalued in the long-term economic health of the state.
- Limited access to technical assistance and training and access to networks and the need for legitimacy (frequently noted by women-business-owners).

According to the Minority Business Development Agency (MBDA)[3] of the U.S. Department of Commerce, access to capital is more difficult for minority businesses due to the following reasons:

- **AGE.** Minority businesses are younger with less revenues and employees than majority-owned firms.
- **LACK OF BUSINESS COLLATERAL.** The majority of minority businesses are clustered in service industries, where business collateral is limited, making debt financing more difficult to obtain.
- **LACK OF INVESTMENT PERFORMANCE INFORMATION.** Lack of loan performance information results in the perception by financial institutions that these loans are riskier.
- **CONSOLIDATION OF FINANCIAL INSTITUTIONS.** The consolidation of commercial banks has resulted in the acquisition of smaller banks that have been traditional lenders to small and minority businesses.

[3] Source: *Accelerating Job Creation and Economic Productivity*, Minority Business Development Agency, U.S. Department of Commerce, 2004.

- **ONGOING DISPARITIES IN LENDING.** Research indicates that banks deny financing to African-American and Hispanic borrowers more often than majority borrowers, even when controlling for differences between firms.
- **INCREASED USE OF FINANCIAL TECHNOLOGY.** Technology has reduced relationship lending, traditionally a common financing methodology for minority businesses.
- **LACK OF PROFESSIONAL AND SOCIAL NETWORKS BETWEEN MINORITY BUSINESSES AND INVESTORS.** Minority businesses lack networks into the investment community. In particular, minority businesses do not know venture capitalists or ways to penetrate the private equity community.
- **NEED FOR MENTORING AND TECHNICAL ASSISTANCE.** Minority firms do not have the same level of access to the networks that provide effective mentoring for majority firms.

The INSTITUTE is also engaged in policy research and analysis on the state of and emergent trends in North Carolina's low-wealth and minority communities. By closing the data and information gap and engendering discussion on the social and economic challenges confronting those communities, the INSTITUTE facilitates:

- The formation of new and more effective partnerships;
- Implementation of effective strategies; and
- Establishment of citizen-driven initiatives responsive to the needs of North Carolina's disadvantaged populations.

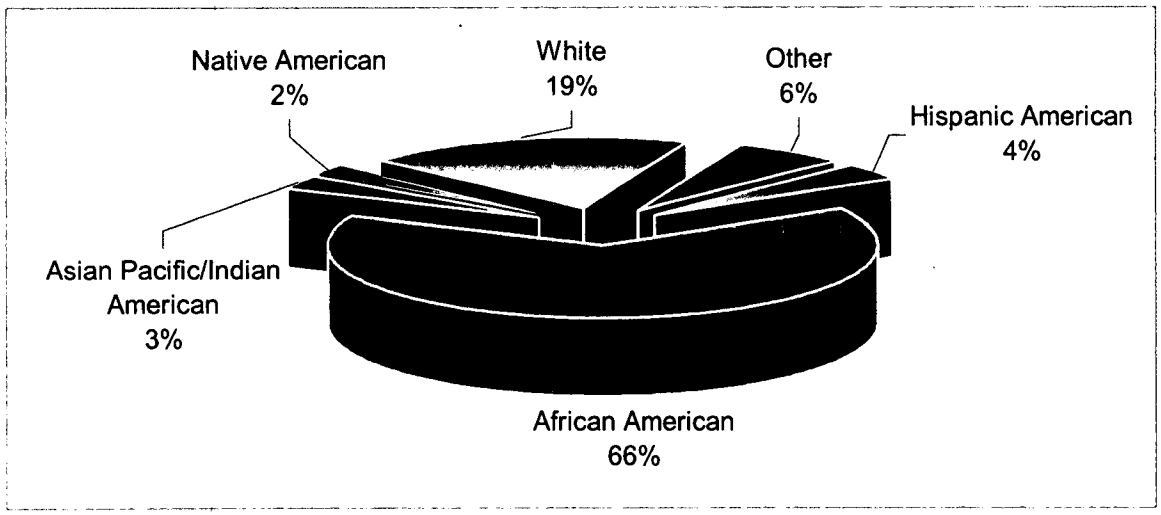
THE INSTITUTE'S KEY ACCOMPLISHMENTS IN 2004

The INSTITUTE's key accomplishments and impact for the reporting period July 1, 2003 through December 31, 2004 are described below.

CLIENT DEMOGRAPHICS

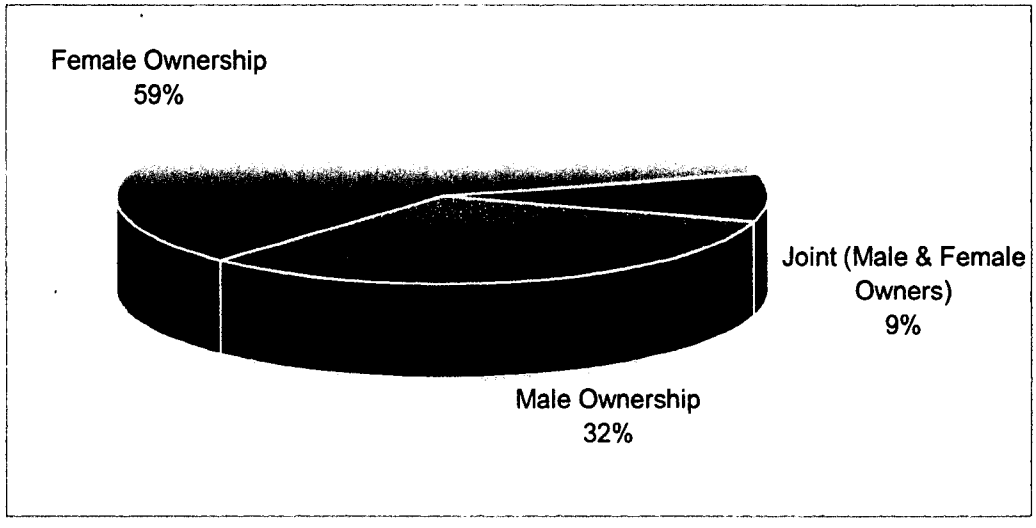
Over the past eighteen (18) months, the INSTITUTE has served 726 clients: African Americans (66%), White (19%), Hispanic Americans (4%), Asian Pacific/Indian Americans (3%), and Native Americans (2%) as illustrated in Figure 3.

**FIGURE 3: DISTRIBUTION OF CLIENTS SERVED (BY ETHNICITY/RACE)
(07/01/2003 – 12/31/2004)**



The Institute served approximately twice as many female business owners (59%) as male business owners (32%) as shown in Figure 4.

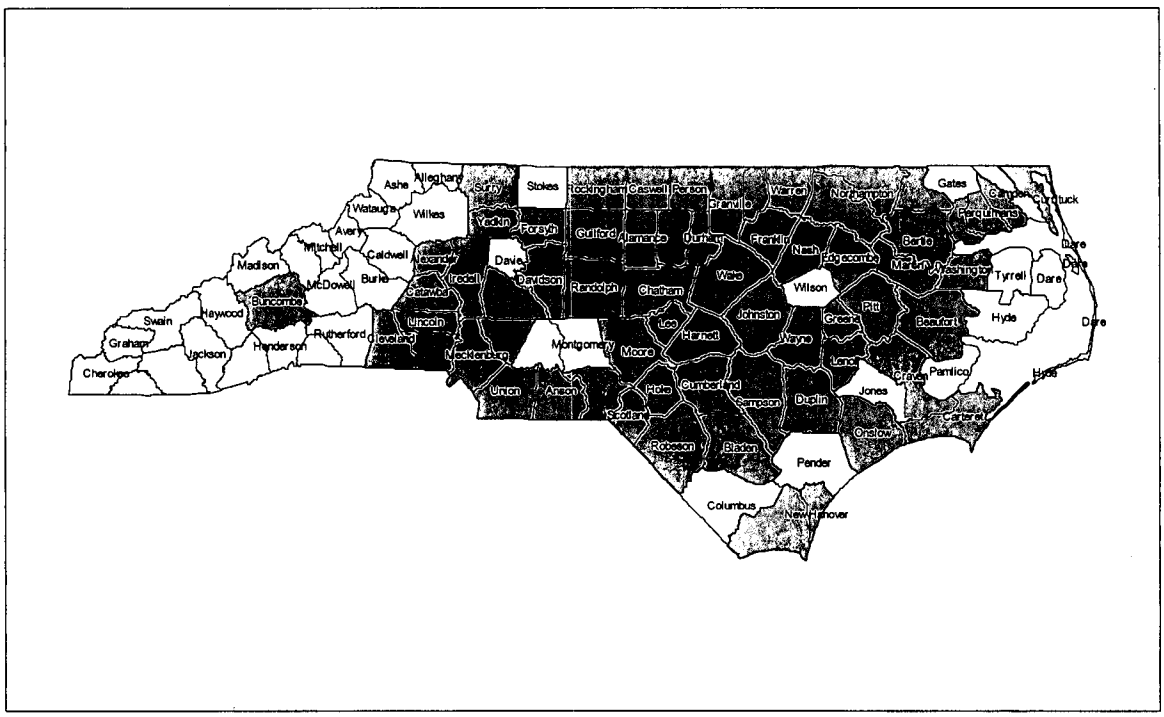
FIGURE 4: DISTRIBUTION OF MAJORITY OWNERSHIP OF CLIENTS (BY GENDER) (07/01/2003 – 12/31/2004)



STATE COVERAGE

The INSTITUTE served individual clients from 62% of the counties across the State and continues to see a steady increase in our client base. State coverage by county is illustrated in the map below:

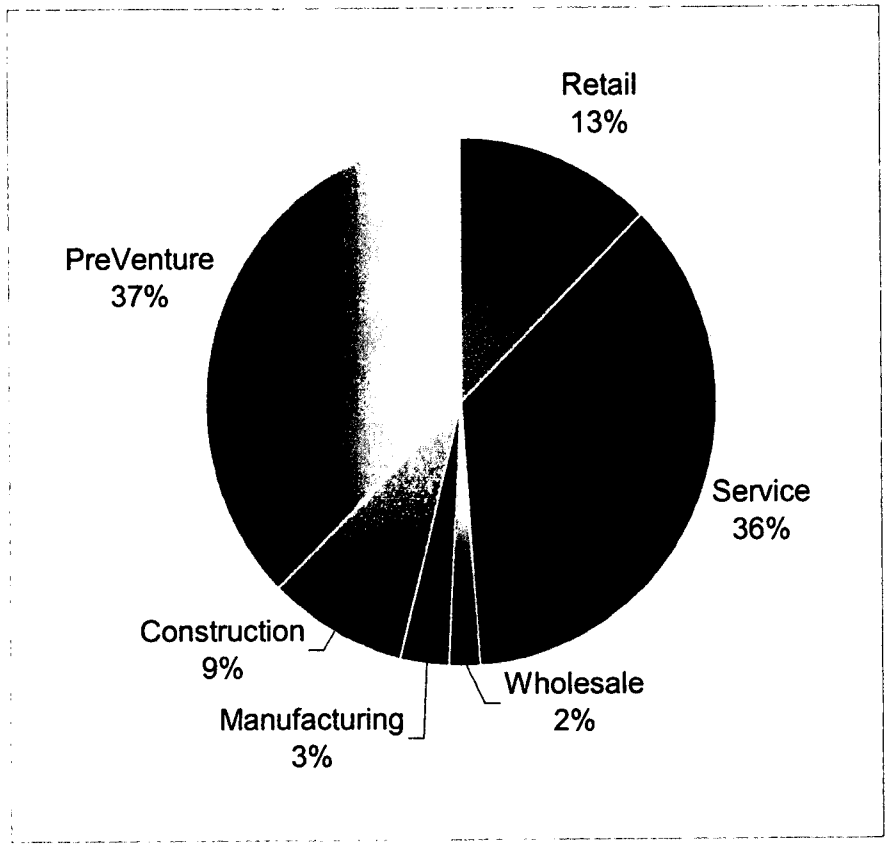
FIGURE 5:



TYPES OF BUSINESSES

The majority of clients (37%) served by the INSTITUTE during the reporting period were pre-venture firms interested in starting a business. Of the remaining 63%, 36% of our clients were in the Service industry, 13% in Retail and 9% in Construction as shown in Figure 6.

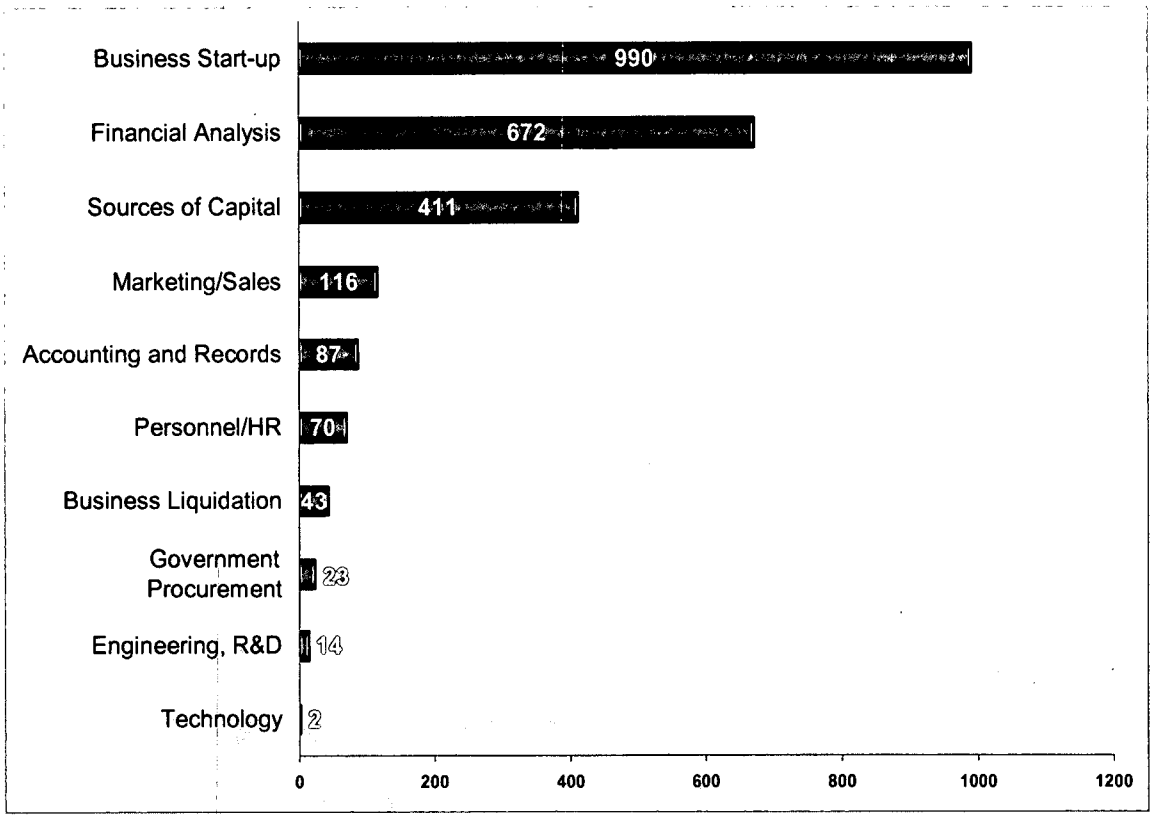
FIGURE 6: DISTRIBUTION OF CLIENTS SERVED (BY INDUSTRY TYPE)
(07/01/2003 – 12/31/2004)



TECHNICAL ASSISTANCE

Figure 7 illustrates the number of client contact services provided by the following areas: Education and Training Group, the Women's Business Center, Construction Resource Center and Cumberland Regional Improvement Corporation. Over 2,400 client counseling sessions and inquiries. These sessions and inquiries were predominately focused on business start-up topics, financial analysis (including credit management) and how to access sources of capital.

FIGURE 7: TOTAL NUMBER OF CLIENT COUNSELING SESSIONS AND INQUIRIES SERVICED BY EDUCATION AND TRAINING, THE WOMEN'S BUSINESS CENTER, CONSTRUCTION RESOURCE CENTER & CUMBERLAND REGIONAL IMPROVEMENT CENTER (BY TOPIC) (07/01/2003 – 12/31/2004)



TRAINING

The INSTITUTE delivered one hundred (100) training seminars and workshops during the reporting period. A total of 3,908 people received training.

Training topics delivered by the INSTITUTE target the greatest challenges facing minority-owned and women-owned businesses. 21% of the training sessions were on financial management (including credit management, financial analysis, taxes, etc.); 21% focused on business planning topics designed to aid businesses in the development of effective strategies; 18% focused on how to access capital (funding); 12% dealt with how to start a business; and 11% covered topics on how to market your business. Figure 8 illustrates the distribution of all training topics delivered.

FIGURE 8: DISTRIBUTION OF ALL TRAINING SESSIONS DELIVERED (BY TOPIC) (07/01/2003 – 12/31/2004)

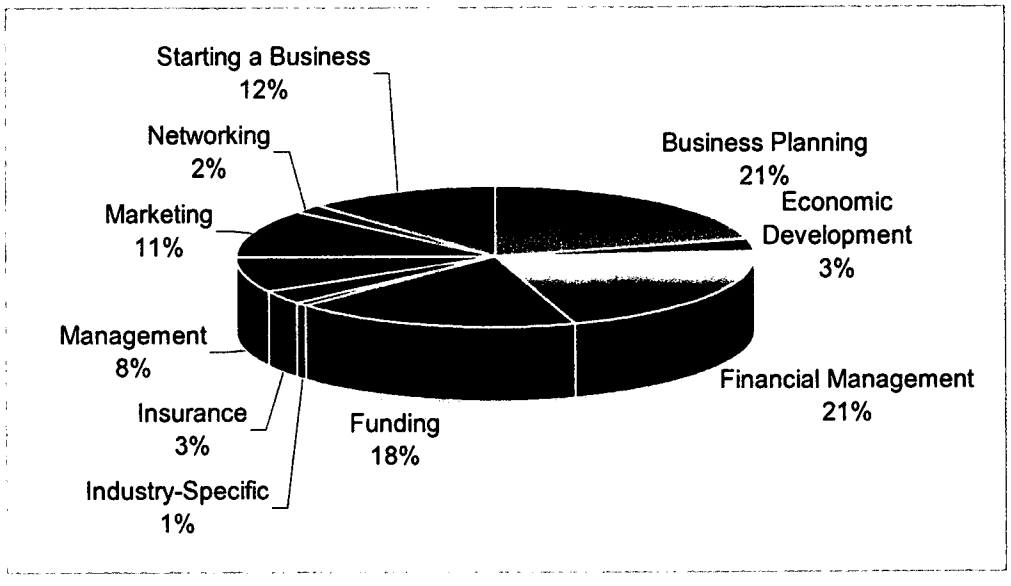
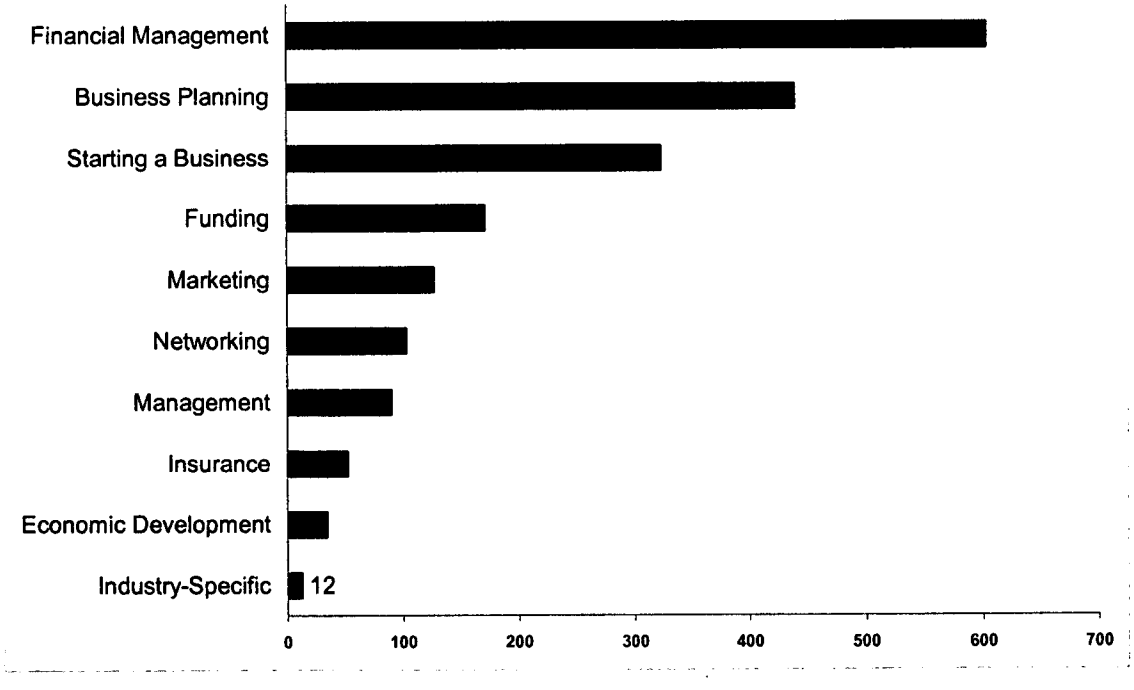


Figure 9 below shows the total number of attendees by training topic. The greatest number of attendees participated in the INSTITUTE's training sessions that focused on financial management (603 attendees). 439 attendees participated in business planning training, 323 attendees in starting a business, and 171 in training on how to access capital.

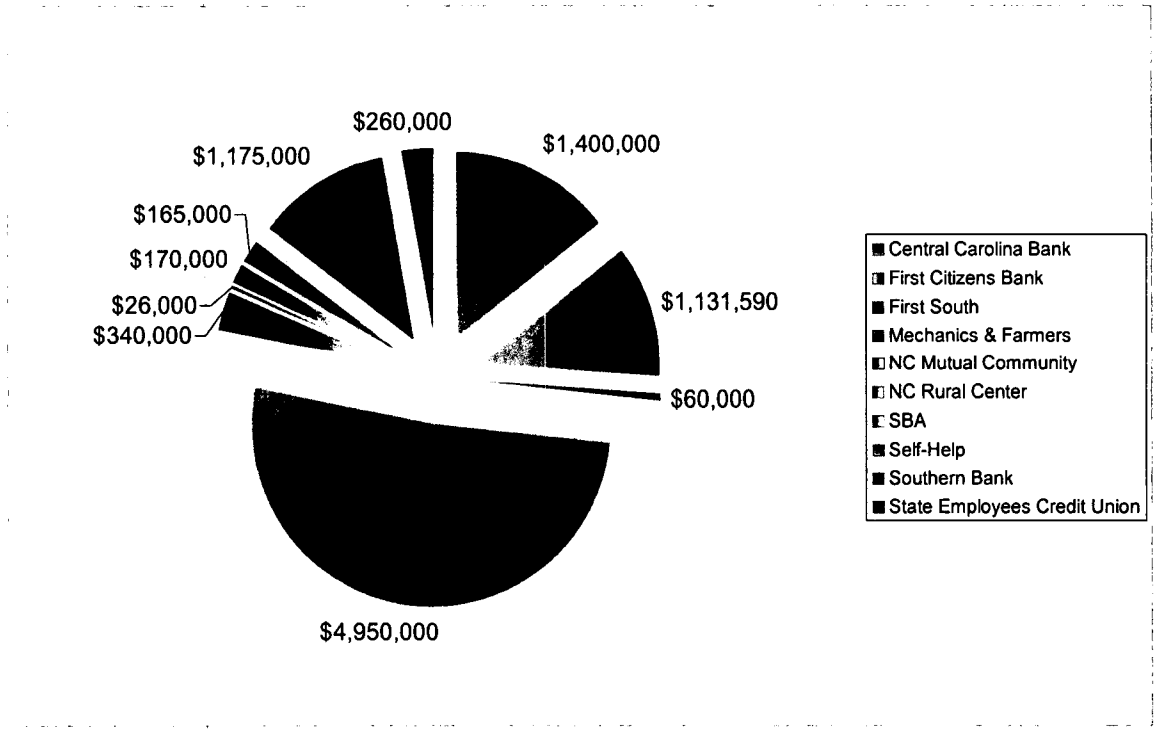
FIGURE 9: TOTAL NUMBER OF ATTENDEES BY TRAINING TOPIC (07/01/2003 – 12/31/2004)



FINANCIAL ACTIVITY

The INSTITUTE was instrumental in assisting minority-owned and women-owned businesses in their attempts to gain access to capital. A total of $9,677,590 was approved for the clients we served. Figure 10 illustrates the distribution of the funds based on the funding source.

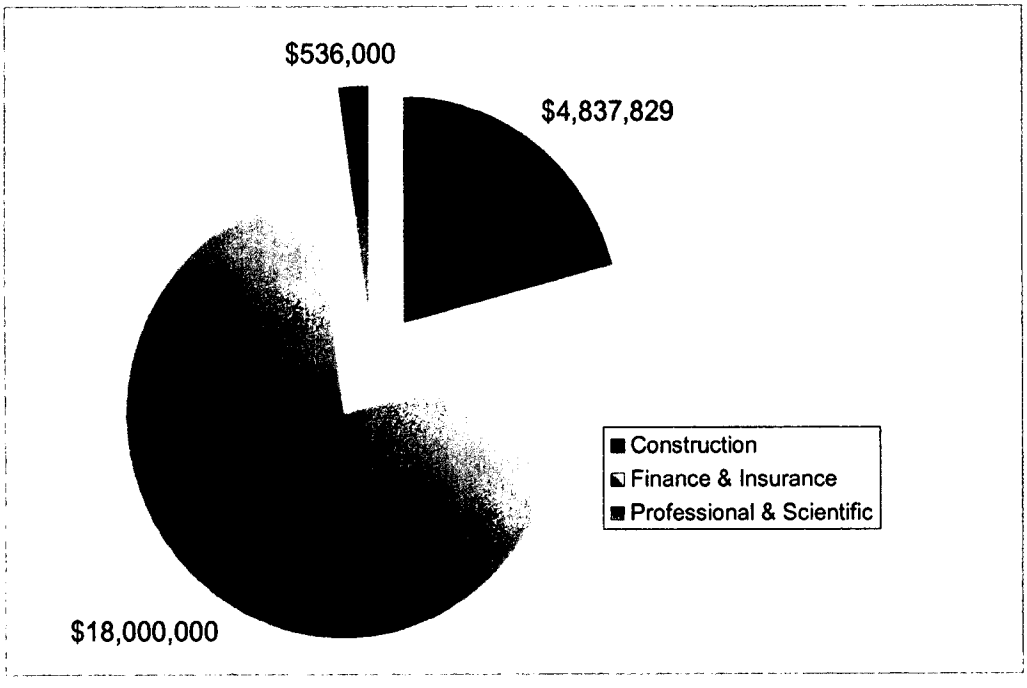
FIGURE 10: TOTAL AMOUNT OF CLIENT LOANS APPROVED BY FUNDING SOURCE (07/01/2003 – 12/31/2004)



36% of the loans awarded ($1,196,590) were granted through the SBA Pre-Qualification process administered by the Education and Training staff.

In addition to assisting clients in their efforts to access capital, the INSTITUTE was also instrumental in assisting clients with the procurement of several market opportunities. The new NC Minority Business Development Center assisted clients in obtaining over $23 million in procurement activities: $18 million of procurement opportunities were in the finance and insurance industry, $4.8 million was awarded in construction and $536,000 was awarded in the professional and scientific industry (as illustrated in Figure 11).

FIGURE 11: TOTAL AMOUNT OF PROCUREMENT OPPORTUNITIES AWARDED (BY CLIENT INDUSTRY TYPE) (07/01/2003 – 12/31/2004)



A North Carolina Minority Support Center Publication

SUPPORT CENTER NEWS

Summer/Fall 2004 Volume 6 Issue 2

William Bynum Gives Keynote Address at Support Center 14th Anniversary and Annual Meeting

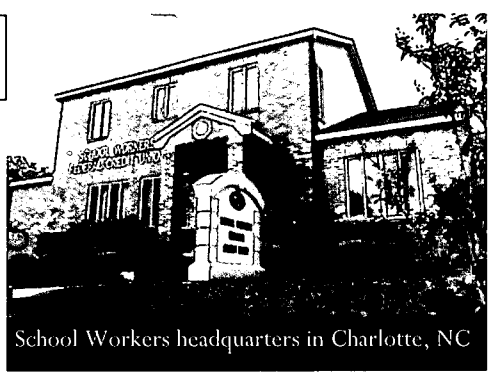
William Bynum

The Support Center scaled back its 14th Anniversary and Annual Meeting to create a more intimate setting for its member CDCUs. Credit union staff, members and volunteers came together to discuss issues such as consolidation, increased regulatory pressures and the introduction of new products, many which have made for an exciting and challenging time for the movement. "We believe that offering our members a day to learn from each other is invaluable," said Support Center president Linwood Cox of the change in format.

North Carolina Credit Union League president John Radebaugh served as the morning plenary speaker, providing insight on his new role and his plans on how the League can help small credit unions. A panel discussion on the realities of the current climate and how to work in an increasingly stringent regulatory environment took place which included Martin Eakes, Self-Help CU, John Herrera, Latino CCU and Saundra Scales, School Workers FCU. Keynote speaker William Bynum, CEO/President of the Enterprise Corporation of the Delta and Hope Community Credit Union addressed some of the changes in the credit union environment in North Carolina, and in the nation. A North Carolina native, Bynum has worked for Self-Help CU and the NC Rural Economic Development Center and he is the chair of the President's Community Development Advisory Board. The Support Center asked him about the issues facing CDCUs.

Cont'd pg 3

CDCUs Expand To Serve More Members



School Workers headquarters in Charlotte, NC

Residents of Cleveland County are preparing to welcome School Workers FCU to their neighborhood. In January, School Workers will merge with Compact Credit Union, located in Kings Mountain. School Workers, located in nearby Charlotte, was the logical merger partner for the small credit union which was chartered in 1945.

Compact served a predominantly African-American population in Kings Mountain, providing affordable credit to a community that could not access traditional financial institutions. However, the credit union remained relatively small, serving 245 members with $146,000 in assets and $24,700 in loans as of June 2004. "With their limited services and marginal growth, it was evident that something had to be done to bring new life to the credit union," said SWFCU President Saundra Scales. "There is great potential for growth in Cleveland County and we plan to immediately tap into the potential by providing what Compact was unable to offer the community, which is a full range of services."

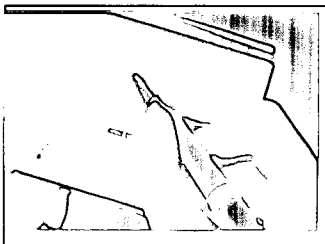
When the merger is complete, the branch will continue to operate out the home of manager Albert Perkins. The credit union is conducting a feasibility study before making the decision to relocate to a more visible location.

School Workers is not the only CDCU expanding into additional counties. This past summer, Caswell Credit Union joined Generations Community Credit Union, making it Generations' seventh branch. Caswell Credit Union, one of the oldest

Cont'd pg 3

Technical Assistance Spotlight

WHAT DO YOU KNOW ABOUT CHECK 21?

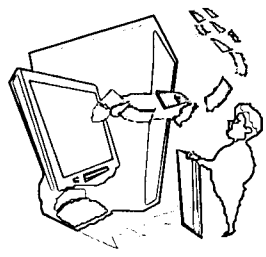


The Check Clearing for the 21st Century Act (Check 21) went in effect on October 28th, giving financial institutions the ability to process checks faster and more efficiently. Check 21made it legal for financial institutions to eliminate the need to physically transport checks for processing. Financial institutions can now make copies of original checks they receive for deposit, destroy the original and electronically send the copy to the forwarding institution. Copies of the electronic file called "substitute checks" are then created and can be given to the check writer in place of the original. This legislation not only makes processing checks speedier but it may prevent check fraud.

What Members Should Know:

- Members will also be able to receive more accurate account information since their checks will clear faster. This will help them make sure the funds are readily available when writing checks to avoid insufficient funds fees (NSF).
- Members that are accustomed to receiving original checks back in their monthly statement may receive substitute checks.
- This legislation doesn't affect members using their debit/check cards or those that utilize online services to manage their personal finances. □

MEETING THE PUBLIC'S NEED FOR CONVENIENT SERVICES



To compete with the rapid advances made by traditional financial institutions, community development credit unions are finding ways to grant members greater access to their personal finances. This year, two of the state's CDCUs have implemented services such as debit card and internet banking to meet member demands.

In January, School Workers Federal Credit Union will offer online banking services to its membership. Presently in the testing phase, SWFCU hopes the service will help them target younger, computer savvy members. "We are excited about the debut of this service," said Saundra Scales. "Our members have been asking for this service for sometime now but the timing wasn't right. Now we'll be able to compete with other institutions in our market area and reach members that fall within the 25 to 45 age range."

The CDFI Fund of the US Treasury recently awarded SWFCU a grant to implement the service. The credit union also has plans to expand its marketing efforts to accommodate its recent growth and it will introduce its courtesy bill pay program, entitled Member Pay Privilege, in 2005.

This past summer, Generations CCU introduced their VISA check ca to their membership. "The check card is one of many products we will offer our members in the coming months," said Todd Reese,

Generations' Vice President of Operations. "We know its vital to offer our members products that cater to their busy lifestyles. We have made it a priority for us to broaden our list of products and services to meet their needs and appeal to potential new members."
Generations currently serves more than 6,600 members and has plans to offer special accounts to students at area universities to encourage sound financial management. □

SUPPORT CENTER RECEIVES INVESTMENT SUPPORT FOR STATE CDCUS

After a year of basically ignoring credit unions, the CDFI Fund of the US Treasury announced awards that will benefit CDCUs and their members across the state. Nationally, the CDFI Fund gave nearly $7 million in financial assistance awards to credit unions compared to only $1 million in the last funding round.

The Support Center received a $500,000 financial assistance award th will provide secondary capital deposits to member credit unions. Th deposits provide equity to member credit unions allowing them to take on new deposits that, in turn can be provided as mortgage loans to their

Cont'd Pg 4

GCCU Headquarters in Durham

CDCUs Expand Cont'd

community development credit unions in the nation, merged with GCCU to give its members a broader scope of services. The credit union had been a valuable resource for families in Caswell County but because of its small size it could not offer its members the wide range of services offered by Generations.

Generations is operating out of the former Caswell Credit Union location with operating hours of Thursday and Friday from 1:00 to 5:00. Lucas says these shorter hours do not reflect the credit union's commitment to the residents of the county. "With our new debit cards, members will be able to access their money 24 hours a day, seven days a week, in addition to visiting our office in Yanceyville," said Maureen Lucas, Generations President. "Borrowers will also be able to communicate with loan officers through our toll free number throughout the week to ensure that they get access to our full variety of products. Generations also formed a local advisory board of community leaders to guide us on how best to meet the needs of families in Caswell County." ■

Bynum Cont'd

The Support Center changed this year's format to allow member CDCUs to discuss the regulatory issues they've faced over the past 12 months. What did you think of the scaled back format?

The Support Center's strength lies in its ability to speak with authority on behalf of its members and their constituents. The revised annual meeting provides credit unions with a better opportunity to discuss their concerns and formulate a collective plan of action.

What issue or issues raised during the meeting did you find most compelling?

The regulatory environment in North Carolina seems to be more adversarial than ever with regard to small, minority credit unions. Credit unions recognize that strong financial performance, and being a good steward of member funds is important. However serving low-income populations has always been and remains a balancing act. The first response of regulators should be to work with the Support Center and its members to forge solutions that strengthen, expand and preserve these credit unions, rather than move so quickly to force closings or mergers.

As keynote speaker at this year's Annual Meeting, what was the most important message that you wanted to send to the audience?

The strategic pooling of resources is what the credit union movement is all about. In light of a financial industry that is more and more complex, and increasing regulatory scrutiny, such cooperation is more important than ever. No one is better positioned than credit unions to form structures that make us greater than the sum of our parts. The Support Center and Generations are great examples of this.

As a Support Center board member you've heard a lot of the issues CDCUs are facing. What role do you see the Support Center playing to help their member CDCUs meet the challenges they face?

Responding to increased scrutiny by regulators is vital. Generations represents a unique opportunity for credit unions that are otherwise unable to acquire the human and technical capacity necessary to survive and thrive.

How would you characterize the CDCU movement in the region in which ECD works?

There are less than ten CDCUs in Arkansas, Louisiana and Mississippi. Like those in North Carolina, they play a vital role in underserved communities. Hope Community Credit Union and First Delta Credit Union are looking at ways to organize.

As chair of the President's Community Development advisory board, what do you feel is the most important issue facing community development credit unions?

I was pleased to see that during the past year CDCUs received increased support from the CDFI Fund. However, overall funding for the CDFI Fund has decreased, and cannot be counted on in the future. As depositories and membership organizations, CDCUs have a built in advantage over loan funds and other CDFIs that are dependent on grants for loan capital. We have to build on these assets and fend off efforts to close and merge small credit unions. The best way to do this is by keeping our financial houses in order. This is why the Support Center is so important.

Bynum Cont'd pg 4

Investments Cont'd

members. The award will go a long way to helping Support Center member institutions reach their goals of increasing access to affordable homeownership to low-wealth North Carolinians.

Linwood Cox, the president of the Support Center, talked about how the award will benefit credit union members. "The demand for affordable homeownership among African-Americans and Latinos, in North Carolina is clear," he said. "And with a network of CDCUs in the state, there is a mechanism in place to deliver these mortgages to families to buy their first home. The Support Center's Capital Support Loan Fund provides a ready source of deposit capital to finance these loans and to meet the demand of members. However, the credit unions are prevented from growing to meet these demands by net worth constraints. By investing significant amounts of secondary capital in credit unions that are pursuing mortgage lending products, these credit unions can make more mortgage loans, without facing regulatory constraints that would impede their growth. For every $100,000 of secondary capital that a credit union invests that credit union can take on an additional $700,000 of deposits, which can in turn finance an equal number of mortgage loans. These mortgage loans will in turn generate the needed income to finance the growth of the credit union through retained earnings generated from a stable earning source like mortgage loans."

The Support Center was not the only CDCU in the state that received positive news form the Fund. School Workers Federal Credit Union received nearly $58,000 in technical assistance funds to develop on-line banking and debit cards and to improve operations at its new Kannapolis branch. The funds are critical to help that innovative institution serve its rapidly growing members.

Self-Help Ventures Fund, an affiliate of the Self-Help Credit Union, received $2 million to assist in expanding its secondary mortgage market program. This program is demonstrating the credit-worthiness of low-income borrowers across the country.

The National Federation of CDCUs, to which all Support Center credit unions belong, also received $1 million. The Federation will use this award to assist member credit unions offering mortgage products. □

Bynum Cont'd

As a native North Carolinian, what is your overall viewpoint of the state's CDCU movement?

North Carolina's CDCUs helped put clothes on my back, pay for my education, buy my first house, and give me a career. I have taken lessons from the smallest and largest CDCUs and used them in the nation's most impoverished region. The state's credit unions and its network are a model that should be preserved, strengthened and replicated in the US and abroad. The Support Center and Generations are models for credit union development in other parts of the country. □

NORTH CAROLINA MINORITY SUPPORT CENTER

123 W. Main Street, Mezzanine Flr., Durham, NC 27701, PO Box 2086, Durham, NC 27702-2086, Tele: 919.530.1683, Fax: 919.530.1684

A Proud Member

Attachment 7

NORTH CAROLINA MINORITY SUPPORT CENTER

Presentation to the

JOINT NER COMMITTEE

March 10, 2005

NCMSC SUPPORT CENTER

NORTH CAROLINA
MINORITY SUPPORT CENTER
123 W. MAIN STREET, MEZZANINE FLR., DURHAM, NC 27701
P.O. BOX 2086, DURHAM, NC 27702-2086

TELEPHONE: 919.530.1683
FAX: 919.530.1684
WEBSITE: WWW.NCMSC.ORG

SUMMARY OF INFORMATION PRESENTED TO THE NER COMMITTEE

1. The Support Center operates 4 different Programs.
    A. The Technical Assistance Program
    B. Capacity grants program
    C. Capital Support Loan Program
    D. The Accounting Service Center

Two year summary of the Support Center:

A. Recognized as a national model since its' inception in 1991 and featured in Ford Foundation Annual Report for 2004 long with two member credit unions.
B. Had one of our members (Latino CDCU recognized by the White House).
C. Sponsored and opened Generations Community Credit Union in January 2003 which is recognized as a National Model and it currently has 7 offices.
D. Secured the National Federation of CDCUs to have its National Conference and Latino Conference to be in 2006 which will bring 3000 people to the state for one week.
E. Member institutions provided $21,821,050 housing and consumer loans to individuals that would have other wise gone to predatory lenders.
F. Invested 2.2 million into CDCUs throughout , raised 5.1 miillion in grants and investments from Foundations, Banks , the state and other socially responsibly investors and awarded 1.5 million in capacity grants to the member institutions resulted in loans to 3,227 loans in 2003 and 2,447 loans thru December of 2004.
G. Brought full service branches to 7 cities and 9 counties that would have otherwise been denied access to financial serves in North Carolina. (NewNewhanover, Pender, Brunswick, Columbus, Perquimans, Caswell, Chowan, Pasquotank, Gates, and Cleveland County.
H. Continue to operate a loan fund which resulted in the creation of over 1200 jobs in North Carolina.
I. Maintained CDFI Certification thru the Treasury Department and recently was awarded a $500,000 grant.
J. Over 40,000 North Carolina Citizens are benefiting from the Services of the Support Center and North Carolina CDCUs.3

North Carolina Minority Support Center
Serving the State's Community Development Credit Unions (CDCUs)

Started in 1991, the Support Center is the nation's only statewide intermediary devoted to community development credit unions (CDCUs), offering technical assistance, training, and financial assistance to a growing industry. Access to intermediary services has proven to be a catalyst for North Carolina's CDCUs, which provide fair and affordable small business, mortgage, rehab and personal loans to stimulate economic development in underserved communities. The Support Center's 7 affiliated credit unions and 11 additional branches serve 40,000 people in 31 counties in the state.

Mission: The Support Center is dedicated to relieving poverty, combating community deterioration and creating jobs and homeownership opportunities for low and moderate income people throughout the state in conjunction with North Carolina's community credit unions.

Programs:

- **Technical Assistance.** Staff provide on-site technical assistance to 7 CDCUs and their 11 additional branches, boards, and facilitate bi-monthly small-group seminars on topics such as lending policies, underwriting, and implementing new services.

- **Capacity Grants Program.** The Support Center also offers competitive capacity grants, designed to bolster a credit union's ability to hire new staff, offer new or improved services, or expand or upgrade computer and software systems. These funds are also available to start-up CDCUs. Annually the Support Center awards up to $600,000 in capacity grants.

- **Capital Support Loan Fund.** This revolving fund provides a major source of capital, ensuring CDCUs have sufficient funds to meet the credit needs of their members. To qualify for these funds, CDCUs must demonstrate financial need and meet strict financial standards and performance goals. The loan fund currently stands at more than $8 million. Since its implementation, the loan fund has allowed CDCUs to create or maintain more than 1,200 jobs in North Carolina's small businesses and is allowing credit unions to offer mortgages, bringing homeownership to low-wealth residents

- **Accounting Service Center.** Offers tiered levels of accounting assistance contingent upon a CDCU's need. In some instances, all of the accounting functions are managed, while others are simply reviewed. Currently, seven institutions are registered .

Accomplishments:

In the past two years, the Support Center has provided more than $1.5 million in capacity grants and invested$2.2 million in capital loan support to CDCUs. Combined with significant technical assistance these investments have:

- Created combined CDCU assets of 55% to more than $63 million
- Increased total lending activity total $41 millon
- Expanded CDCU coverage by new charters and additional branches
- Leveraged over $5.1 million in equity and institutional deposits directly for CDCUs
- Brought IRAs, CDs, Direct Deposit and many other services to underserved communities

Supporters:

General and Program Grants
Fannie Mae Foundation
Ford Foundation
F.B. Heron Foundation
NC Community Shares
State of North Carolina
Warner Foundation
Golden LEAF
CDFI Fund, U.S. Treasury Dept.
Z Smith Reynolds Foundation

Capital Support Loan Fund
Bank of America**
First Citizens Bank**
First Bank
Wachovia Bank**
Ford Foundation**
Heron Foundation**
State of North Carolina*
Z. Smith Reynolds Foundation*

*Grant
**Loan or PRI

Leveraged Support for CDCUs
Mary Reynolds Babcock Found*
CDFI Fund, U.S. Treasury Dept.
Fannie Mae
Triangle Community Foundation
Wachovia Bank
National Federation of CDCUs

*Regional support through SRDI

Lending a Hand

Community development credit unions target people—and profits.

FORD FOUNDATION REPORT

Fall 2004

by Rose Gutfeld

Jennifer Warburg

Jon and Robin Clark with daughter Alyson, 2, are reestablishing their credit with affordable loans from the Generations Community Credit Union.

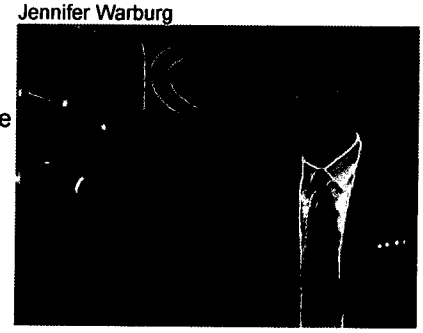
Durham, North Carolina—When Jon Clark and his wife got married six years ago, they struggled to pay off the considerable debt that they each brought with them. As the Clarks fell behind, lenders pushed up interest rates: A car dealer wanted a 15 percent interest rate on an auto loan, and a finance company stipulated a 24 percent interest rate on a personal loan of $500. A couple of banks simply turned them down. Clark, a respiratory therapist, eventually found affordable credit—including a car loan at 8 percent—at Generations Community Credit Union, based in Durham.

Community development credit unions have long served lower-income customers who have difficulty obtaining loans and other banking services, and who live in communities underserved by traditional banking institutions. As the number of people living in "unbanked" communities grows, the success of these credit unions has become even more important. Generations, which opened in 2003, belongs to a network of community development credit unions assisted by the North Carolina Minority Support Center, also based in Durham. Significantly, the center formed Generations by merging several troubled credit unions, demonstrating that small or weak credit unions can survive and prosper when they join with others.

"In a small institution you are so focused on holding the operation together that you can't put out the products that people need," says Linwood Cox, the chief executive officer of Generations and president of the Support Center.

Cliff Rosenthal, executive director of the National Federation of Community Development Credit Unions, says the need to achieve economies of scale is particularly important given the tighter regulations and automation requirements of today's marketplace. "Generations is a nationally significant response to those trends," he says. Generations handles the accounting, collection and other back-office functions of its branches, leaving them free to focus on marketing products to their members.

Jennifer Warburg



Linwood Cox, Generations' chief executive officer, says delivering a wide range of financial services helps low-income families and strengthens the credit union.

By backing Generations, the Support Center is sending a larger message to mainstream financial institutions about the importance and benefits of providing reasonably priced banking services to the low-income market. High rates often sink low-income borrowers deeper into debt. "We can demonstrate that there is a market that mainstream financial institutions need to reach and that it is possible to make money without hurting the people you are trying to help," says Dan Broun, director of policy and program development for the center.

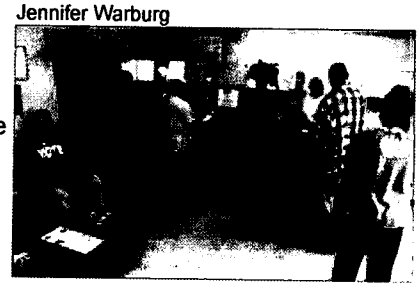
The problems are national in scope. In a 2003 paper, Michael S. Barr, of the University of Michigan Law

School and the Brookings Institution, described two vastly different financial service systems that operate in the United States: One is highly regulated and serves middle- and upper-income customers; the other is loosely regulated, "extraordinarily profitable" and caters to lower-income customers.

'We can demonstrate that there is a market that mainstream financial institutions need to reach and that it is possible to make money without hurting the people you are trying to help.'

This disparity is perhaps best illustrated by prime and subprime lending. Borrowers who have poor credit histories, like Jon Clark, have little chance of acquiring a prime loan—the kind offered by mainstream banking institutions that offer the most competitive interest rates. Subprime lenders, on the other hand, cover their risk through higher interest rates and play an important role in fulfilling the needs of these borrowers. However, income and credit history are not the only factors that determine who obtains a prime loan. In a 2000 study, the U.S. Department of Housing and Urban Development found that homeowners in high-income black areas are twice as likely as homeowners in low-income white areas to have subprime loans.

Jennifer Warburg



In Henderson, N.C., the Generations branch took over a failing credit union and won over skeptical residents.

The subprime market is also a fertile ground for predatory lenders who charge high rates, hidden fees and unnecessary penalties that ultimately strip homeowners of equity. It is not unusual for homeowners who unwittingly sign off on these types of loans for minor home improvements to ultimately lose their homes. They face other inequities in the kinds of financial services available to them as well. Many low-income borrowers are unable to afford minimum deposit requirements for bank accounts; those who are recent immigrants are often unfamiliar with or uncomfortable with the banking system and are frequently denied access because they have no Social Security number. As a result they pay exorbitant fees at check-cashing outlets, wire-transfer agencies and pawn shops, and increasingly rely on payday lenders who offer short-term loans at high interest rates. Interest costs spiral as borrowers take out repeat loans over weeks or months. In a March 2004 report, Stephens Inc., a Little Rock, Ark., investment banking firm, estimated that payday loan volume totaled $40 billion in 2003. The Center for Responsible Lending, an affiliate of the Center for Community Self-Help, a nonprofit lender in Durham and one of the founding organizations of the Support Center, estimates that predatory lending, including payday loans, "strips $16 billion in wealth from low-income consumers and communities in the U.S. each year."

In the 1930's and 1940's, when African-Americans were denied credit and other banking services in North Carolina, residents formed their own cooperatives to lend money. These became credit unions that prospered for decades, many in small towns. However, changes were afoot by the 1980's that led to the creation of the Support Center and, eventually, Generations. During that decade, North Carolina manufacturing was in a slump, and credit unions faced declining membership, aging leaders, obsolete technology and unsympathetic regulators. Many were unlikely to survive on their own, so in 1991 the 14 institutions that existed at the time—the largest concentration of minority credit unions in the country—came together to create the Support Center, which provides assistance in accounting, management, marketing and software, and access to financial aid through grants and loans. With this help, member credit unions were able to concentrate on marketing and providing services. But, in a weakened economy and a stricter regulatory environment, credit unions continued to struggle. Some were barred by regulators from offering new products or were failing completely, leaving small towns without services. Under a 1998 federal law, regulators had begun taking swifter and more severe action when credit unions' net worth fell below specified levels.

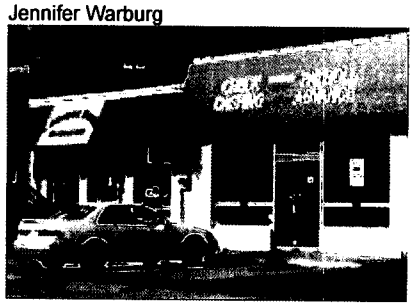
Reasoning that these institutions would do better as part of a larger organization, the Support Center took over a struggling credit union called Gateway Community Development Credit Union in Henderson, renamed it Generations and moved its headquarters to Durham. The new institution then merged with several struggling credit unions in Henderson, Roanoke Rapids and other nearby towns. The older credit unions were turned into branches of Generations and their loan decisions, accounting and fund-raising operations were moved to Durham. As of June 2004, Generations had $8 million in assets, seven branches and about 8,000 members.

Predatory lending, including payday loans, 'strips $16 billion in wealth from low-income consumers and communities in the U.S. each year.'

"Generations was a vehicle to move us from the 1930's and 40's into the next century," says Martin Eakes, the chief executive officer of Self-Help. The needs of the communities have changed since the days when African-Americans were denied credit, he notes: "Now I talk about terms of credit instead of

just access to credit. These communities are not starving, but they are drowning in debt."

Jennifer Warburg



Immigrants and others without bank accounts pay high rates to cash checks or obtain small loans at storefront establishments such as this one in Durham.

Some of the branches were reluctant to give up their independence. "We fought the merger, but when we saw the credit union really might close, we went along," says Margaret Ellis, a founding member of the original credit union in Henderson. Ellis became a member of Generations' local advisory board, and now says she is "very pleased." Evidence that the change has been positive was visible on a recent afternoon. The phone rang constantly at the Henderson branch as a single teller, along with the manager, took care of a steady stream of visitors: people cashing checks, others making deposits and inquiring about car loans, and a group from a local funeral home seeking to help bereaved families pay for caskets.

Maureen Lucas, the president of Generations, previously worked at Bank of America for 13 years, and says it has been "challenging to manage without the resources" available at a larger institution. Nevertheless, she says that making the leaders and members of the individual credit unions feel comfortable as part of Generations is a priority. Toward this end, Generations has set up local advisory boards, such as the one Ellis is on, and the Support Center plans to conduct member surveys.

The existence of Generations not only ensures financial services are available in areas that vitally need them, it also means that members will get better and more varied products, such as larger business loans, mortgages and ATMs, than they had at their old institutions. "It's important in the community development credit union movement for credit unions to become as full-service as they can in order to survive," says Cox. "Otherwise you won't get the folks coming through the door that you will need tomorrow to be competitive. The movement is about the cause, but it's also about the service. Members expect to see services."

It is quicker and easier to open a branch of Generations than to charter a new credit union, and officials hope soon to start setting up new branches in areas that are not now served by financial institutions. First, though, officials say Generations must absorb the rapid growth it has experienced so far by working through the loan delinquencies and other problems it inherited from the credit unions it has taken over. "The biggest challenge is getting past this growth-through-merger phase and propping ourselves up for healthy growth," says Tanya Branch, chief financial officer of the Support Center and a Generations board member.

For Jon Clark, the financial picture is already brightening. Thanks to the loans from Generations, and a promotion at work, he has been able to pay off much of his most costly debt. He says he plans to switch all of his banking to Generations, where he gets lower rates and "incredible personal service," as soon as Generations comes out with a debit card. By moving his banking he will get lower interest rates on his loans from the credit union and interest on his savings deposits. "This has been a great opportunity to reestablish our credit," he says. "It has made a huge difference."

A Model Partnership Serves "the Unbanked"

Imelda Casteneda faced numerous obstacles when she applied for bank loans, including high fees and interest rates, and requests for proof of her Social Security number. Casteneda, a Venezuelan immigrant and restaurant worker in North Carolina, says she and her husband have had better luck at the Latino Community Credit Union in Durham. After establishing their credit with smaller loans and attending classes offered by the credit union on qualifying for mortgages, they closed in June on a loan for a town house in Raleigh.

The credit union, a member of the North Carolina Minority Support Center's network, opened its doors in 2000 to provide affordable, bilingual banking services for the growing population of immigrants from Latin America, many of whom are unfamiliar with the language and culture and uncomfortable with the banking system. Some are also undocumented workers who keep their savings in cash, leaving them vulnerable to theft.

Jennifer Warburg

The Latino Community Credit Union can focus on services to customers like Imelda

John Herrera, chairman of the credit union's board of directors and one of its founders, is also vice president for Latino/Hispanic Affairs for the Center for Community Self-Help. Herrera worked with local groups such as the Hispanic Center to reach potential members—which is where Casteneda's husband was taking English classes when he heard about the credit union.

Significantly, the Latino credit union helps its members apply for

taxpayer identification numbers, which they can use to open accounts, and assures them that such information will not be shared with immigration officials.

Casteneda and her husband Raul Gomez, thanks to support from the State Employees' Credit Union.

Members can open interest-bearing savings accounts as long as they maintain at least $10 on deposit; for checking accounts, which also bear interest, there is no minimum balance requirement, though there is a $2 monthly service fee. Members also have free, unlimited use of ATM machines and pay just $10 to send as much as $1,000 overseas, far less than it costs at many money-transfer facilities. The Latino Community Credit Union processed more transfers to Latin America in 2003 than any other credit union in the country, says Randy Chambers, the credit union's treasurer.

The credit union also offers classes on mortgages and encourages members to pay taxes and bills on time and to establish good credit by taking out small, secured loans. Luis Pastor, its chief executive officer, says that 90 percent of its members are opening bank accounts for the first time, and 90 percent are getting their first loan in this country. "Low-income is our mission," he says. "The unbanked are our passion."

Though Mexicans make up the single biggest group, the credit union also has members from Honduras, Puerto Rico, Kenya, India, Russia and South American countries. A high percentage has immigrated to the United States in the past four years.

Herrera says that the changed political environment since the Sept.11, 2001 attacks has made it harder to serve undocumented immigrants, and that countering anti-immigrant bias is among the biggest challenges facing the credit union.

Nonetheless, in just four years, the credit union has grown to more than $17 million in assets and more than 26,000 members, due in part to the continued support it receives from Self-Help. The credit union also relies on the Raleigh-based State Employees' Credit Union for back-office support. S.E.C.U., the second-largest credit union in the country, receives 15 percent of the Latino credit union's gross income in exchange for handling the smaller institution's data processing and accounting, and provides members access to the S.E.C.U.'s ATM network. Herrera says the Latino credit union also has received training and even furniture from S.E.C.U.

The arrangement, which Jim Blaine, S.E.C.U.'s president, says is "break-even for us, not a subsidy," allows the Latino credit union to focus on marketing and outreach to the Latino community. "Our help doesn't ensure they will succeed, but it ensures they won't fail because of back-office problems," says Blaine. He says that S.E.C.U.'s work with the Latino credit union is "in line with the credit union philosophy of people helping people," adding that it makes political sense for credit unions to demonstrate that they are working to improve the community. Also, he says, S.E.C.U.'s efforts may influence the children and grandchildren of the Latino immigrants to do their banking at credit unions rather than other financial institutions.

Cliff Rosenthal of the National Federation of Community Development Credit Unions hopes to spur similar efforts across the United States by awarding grants to credit unions that expand outreach to low-income communities, preferably in partnership with community development credit unions and others that specialize in serving low-income communities. He says the federation expects to award five to seven grants of as much as $100,000 each in 2005. Rosenthal calls the collaboration between the Latino credit union and S.E.C.U. "an inspiring example of what a partnership can achieve." —R.G.

An Untapped Market

More than 900 credit unions serve low-income people in the United States today, including 225 community development credit unions that are members of the National Federation of Community Development Credit Unions. The Ford Foundation's support for the federation and forthe North Carolina Minority Support Center is part of an initiative to demonstrate the viability of serving low-income communities and to encourage mainstream financial institutions to serve that segment of the population.

Rose Gutfeld is a freelance writer based in Washington D.C.

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Attachment 8

NORTH CAROLINA COMMUNITY DEVELOPMENT INITIATIVE, INC.

The North Carolina Community Development Initiative is nationally recognized as a model public-private community economic development intermediary dedicated to increasing assets and creating wealth for communities and individuals in low-resource communities. A Chief Executive Officer and 21-member Board of Directors, including representatives from the private sector, public officials, and CDC leaders, provide leadership. The Chairman of the Board of Directors is Ronald J. Leeper, a corporate and civic leader in Charlotte. The organization celebrated ten years of success serving the people of North Carolina during 2004.

The Initiative provides annual core operational grants to 26 established, high-performing CDCs in rural areas, small towns, and major cities, project lending, strategic issue management and project development assistance to the CDC industry statewide. Since 1994, the Initiative has taken an annual State investment/appropriation and leveraged it to attract millions of dollars from the private sector. It has channeled more than $60 million to CDCs, resulting in more than $332 million of completed local development.

The work of funded CDCs is making a difference: commercial real estate development, business and enterprise development, capital formation, affordable housing, and growth in local tax bases – not to mention improved lives that have become more productive, communities that are safer and more attractive, and children who have a better chance.

The results of this unique partnership are evident in the tangible impact over the past ten years:

- $5.2 M — Generated in new real estate taxes;
- $170 M — Generated of new single family mortgages;
- 2,058 — Constructed new or rehabbed single family homes;
- 35,176 — Provided individuals with homeownership counseling;
- 576,703 sq. ft — Acquired of commercial real estate, including offices, shopping centers, and industrial facilities.

By employing new and innovative methods grounded in sound business practices that hold CDCs accountable, the Initiative, together with its investor partners, is able to develop new programs that offer even more promise. In 1999, the State asked the Initiative to administer $12.5 million dollars, of the $836 million Hurricane Floyd Recovery Bill, to be used by nonprofit housing developers to rebuild affordable housing in eastern North Carolina.

The Initiative's strength is in the creative partnerships that it has forged. Foundations, government, private corporations, and others have invested in the Initiative and by doing so, in the future of North Carolina. The Z. Smith Reynolds Foundation, the North Carolina General Assembly and the financial industry have continued to demonstrate their commitment to support the Initiative as it ***Builds A Legacy For Our Communities***.

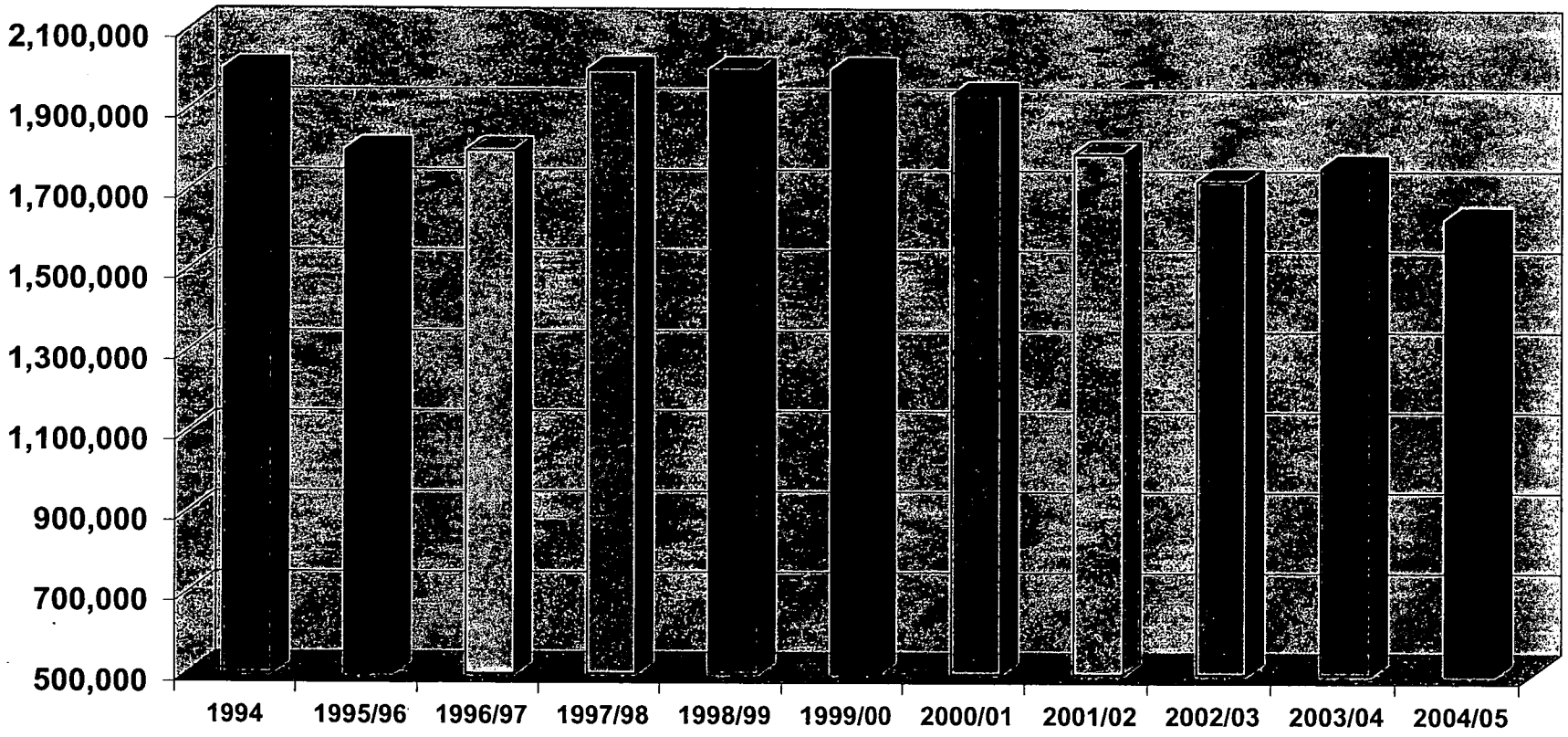
North Carolina Community Development Initiative, Inc.

2209 Century Drive, Second Floor
Raleigh, NC 27612
(919)828-5655
(919) 834-8018 (Fax)
www.ncinitiative.org

2004 PRODUCTION DATA
for
Community Development Corporations
Funded by
The North Carolina Community Development Initiative

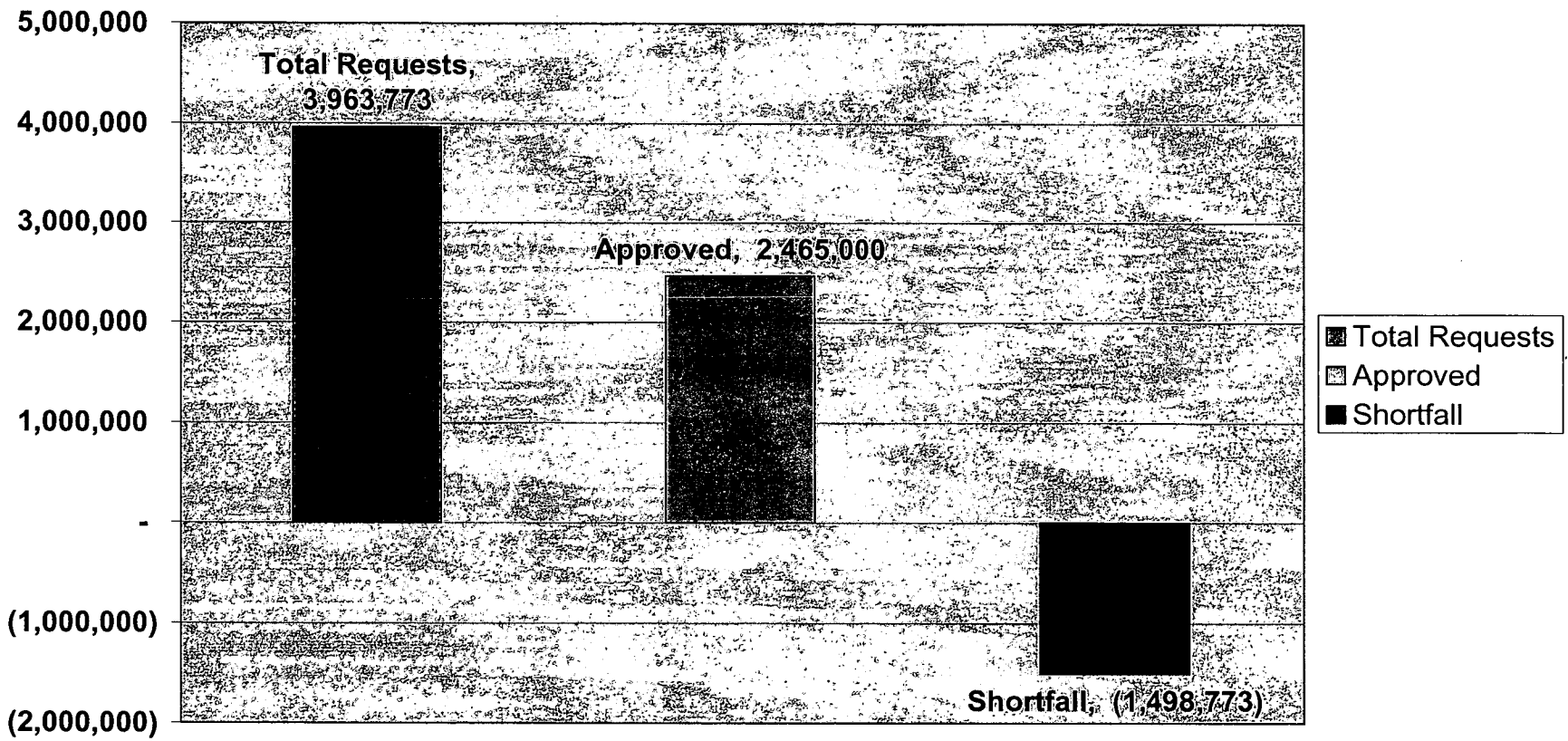
PRODUCTION MEASURES	ANNUAL			GRAND TOTAL SINCE INCEPTION OF THE INITIATIVE IN 1994	PROJECTED
	2002	2003	2004	1994-2004	2005-2009
Total Fixed Asset Value of CDC Projects	$ 59,222,004	$ 38,485,120	$ 21,434,891	$ 332,654,926	$ 199,463,474
Single Family Units: New and Rehab	242	173	132	$ 2,058	1,073
Value of Single Family Homes	$ 18,232,395	$ 14,101,664	$ 10,550,590	$ 164,876,389	$ 78,960,887
Value of Single Family Home Mortgages	$ 16,956,127	$ 13,114,547	$ 9,812,048	$ 170,087,862	$ 73,433,625
Development Fees of Single Family Homes	$ 968,000	$ 709,300	$ 554,400	$ 8,873,400	$ 4,232,500
Land Acquired for Future Development (acres)	69	$ 36	27	$ 1,229	805
Value of Housing Land Acquired	$ 1,567,896	$ 837,761	$ 637,990	$ 29,951,076	$ 17,766,591
Multi-Family Units: New and Rehab	432	153	73	$ 1,929	1,163
Commercial Real Estate (sq.ft.)	87,841	100,100	59,469	$ 576,703	112,751
Construction Jobs Created	948	616	343	$ 5,957	3,213
Commercial Real Estate Development Jobs	220	250	149	$ 1,845	565
Total Jobs Created: All Development	1,167	866	492	$ 10,740	4,122
Loan Pools Established by CDCs	$ 129,500	$ 1,936,000	$ 30,000	$ 9,343,500	$ 7,144,583
Micro-Loans Originated by CDCs	19	48	17	$ 162	76
Home Ownership Counseling (# persons)	3,726	2,319	2,592	$ 35,176	19,219
New Real Estate Taxes Generated by CDCs	$ 906,097	$ 588,822	$ 327,954	$ 5,284,394	$ 2,927,715

North Carolina Community Development Initiative, Inc.
State Funding by Fiscal Year



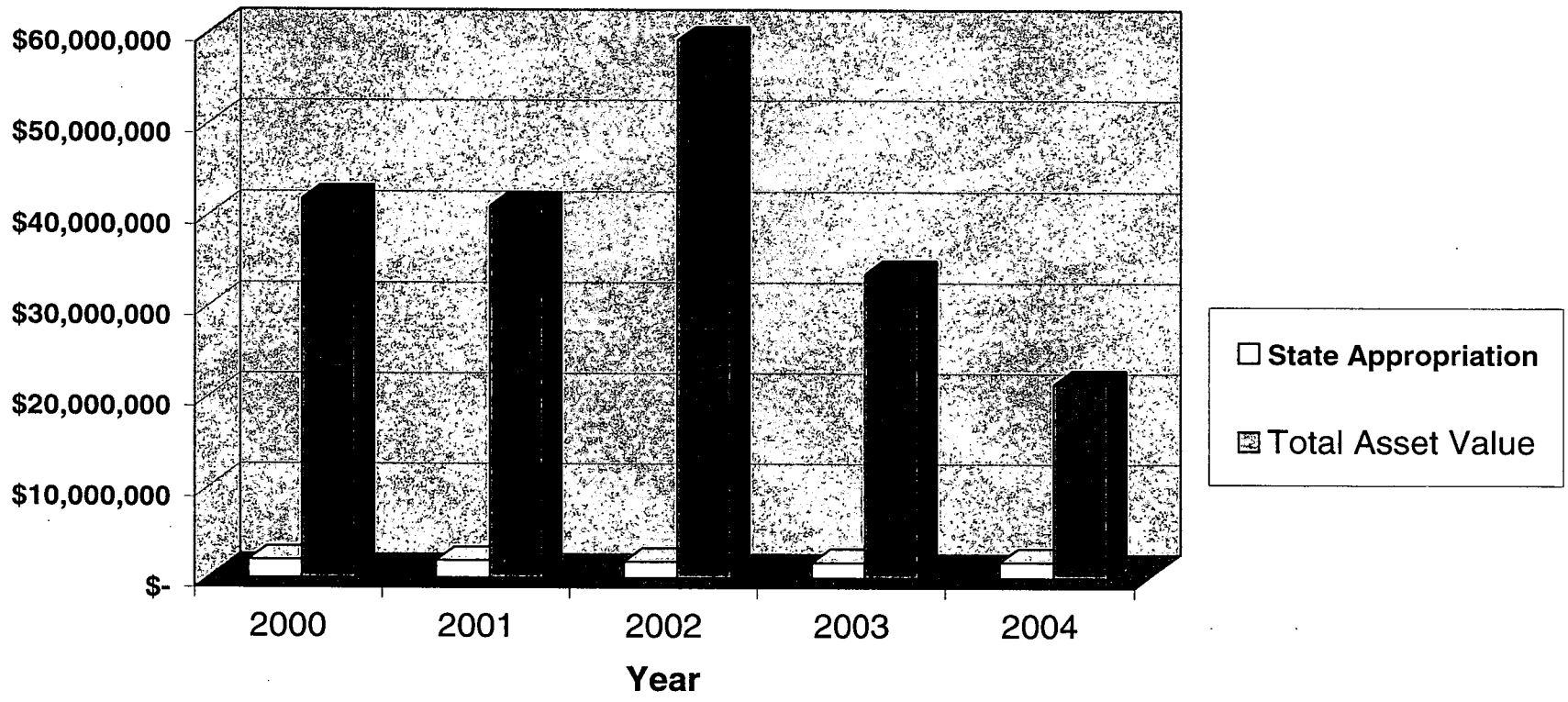
Year		1996/97	1997/98			2000/01	2001/02	2002/03		2004/05
Funding		1,800,000	2,000,000			1,940,000	1,794,477	1,726,371		1,630,592

North Carolina Community Development Initiative, Inc.
2005 Grant Requests vs. Board Approved Grant Amount



2005 Requests	2005 Renewals	Approved
1,363,773	2,600,000	2,465,000

North Carolina Community Development Initiative, Inc.
Annual State Appropriation 2000 - 2004



	2000	2001	2002	2003	2004
State Appropriation	$ 2,000,000	$ 1,940,000	$ 1,794,477	$ 1,726,371	$ 1,760,866
Total Asset Value	$ 41,811,672	$ 41,039,920	$ 59,222,004	$ 33,585,120	$ 21,434,891

North Carolina Community Development Initiative, Inc
2004 Grantees

*Belmont CDC

Brick Capital CDC

Cape Fear Regional CDC

*City West CDC

Cleveland County CDC

Community Developers of Beaufort Hyde

Durham Community Land Trustees

East Carolina Community Development, Inc.

EmPOWERment, Inc.

Gateway CDC

*Grier Heights Economic Foundation

HandMade in America

Housing Assistance Corporation

*Lakewood CDC

Kingdom CDC

Metropolitan Housing CDC

Monroe-Union County CDC

Mountain Housing Opportunities

Northeastern CDC

*Northwest Corridor CDC

Passage Home, Inc.

Prosperity Unlimited CDC

Rebuilding Broken Places

River City CDC

Rocky Mount/Edgecombe CDC

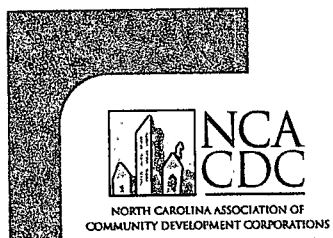
Sampson County CDC

WCIA

UHURU CDC

UDI

*Charlotte Neighborhood Fund



NORTH CAROLINA ASSOCIATION OF
COMMUNITY DEVELOPMENT CORPORATIONS

219 Fayetteville Street Mall
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Raleigh, North Carolina 27601
919-831-9710
919-831-9728/fax
www.ncacdc.org

NORTH CAROLINA ASSOCIATION OF
COMMUNITY DEVELOPMENT CORPORATIONS

NC ASSOCIATION OF COMMUNITY DEVELOPMENT CORPORATIONS
FACT SHEET

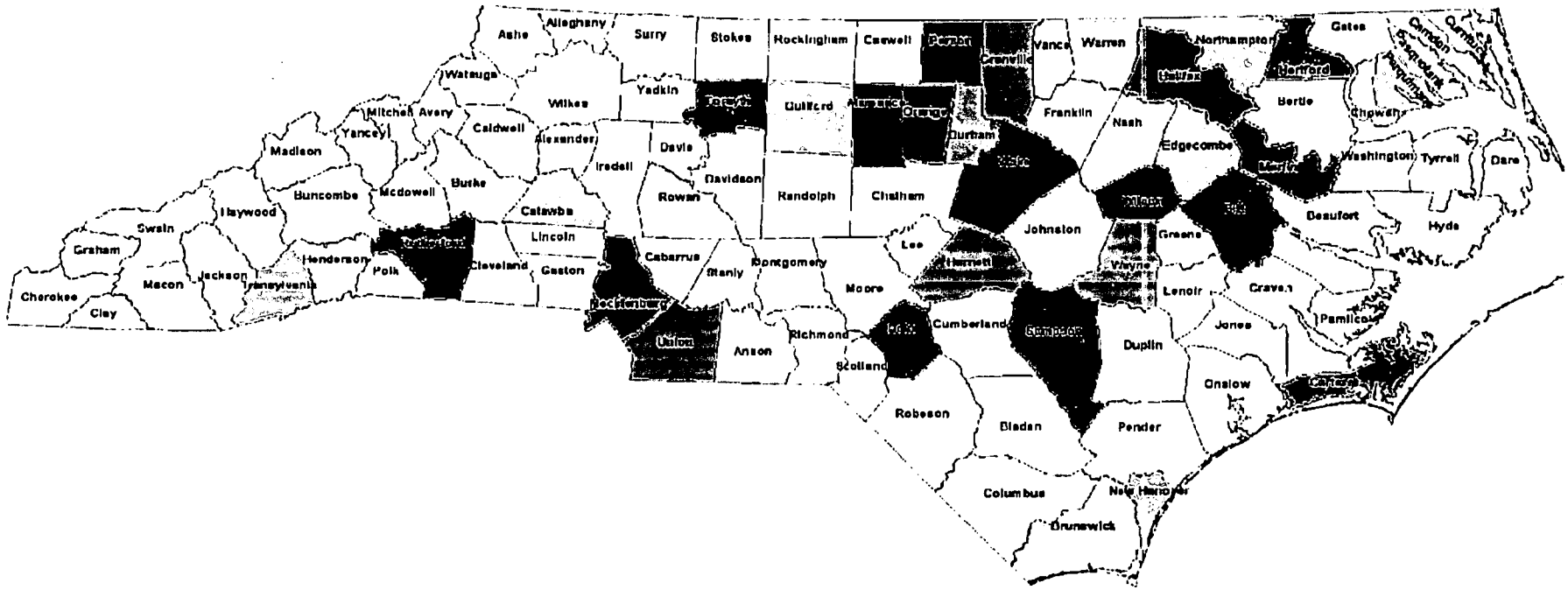
What is the NC Association of Community Development Corporations (NCACDC)? NCACDC works to strengthen local community development corporations (CDCs) statewide to empower low and moderate income North Carolinians to improve their quality of life. Since it's founding in 1989 as a statewide trade association with eleven charter member organizations, NCACDC has grown to more than 70 member organizations in over 43 of North Carolina's 100 counties. NCACDC's work with its member organizations reflects a comprehensive approach to community building, which emphasizes training, technical assistance, membership services and public policy advocacy. NCACDC's activities enhance the development of resources and capacities to build enduring organizations able to produce high quality work.

What is a community development corporation? A community development corporation (CDC) is a non-profit, community-based organization that is resident initiated, managed and controlled. CDCs employ professionally trained staff, enabling these organizations to target specific areas and engage in long-term, comprehensive development, which addresses the unmet needs of low-wealth citizens in these communities. By fostering public/private partnerships to invest in profitable projects, CDCs concentrate on building the assets of individuals and communities to reduce poverty, economic dependence and increase community self-reliance.

What kind of activities do CDCs undertake? CDCs have revitalized low-wealth communities by building affordable housing, engaged in economic development projects, provided vital social services and participated in community organizing efforts. CDCs undertake a range of activities including housing counseling, development of business incubators, and tutoring at-risk youth. CDCs are business-orientated and entrepreneurial. These organizations are the major economic engines that drive revitalization of communities experiencing disinvestments.

Why do we need CDCs? CDCs undertake development projects that the traditional private sector often shuns. Working to mitigate the perceived risks that are often associated with undertaking developments in distressed or low-wealth communities, CDCs draw private investment into troubled areas. These investments, in turn, help stabilize families, strengthen neighborhoods and add to the capacities of CDCs as they gain experience in various community building activities. For more than 25 years, CDCs have emerged as one of the most successful community revitalization models in the country. North Carolina enjoys one of the most successful, statewide models of community development including both urban and rural communities. Since 1989, North Carolina CDCs and other community development organizations have been awarded funding by the NC General Assembly to continue to carry out their activities.

N.C. ASSOCIATION OF COMMUNITY DEVELOPMENT CORPORATIONS



□ **Areas Served by Member CDCs**

NORTH CAROLINA ASSOCIATION OF COMMUNITY DEVELOPMENT CORPORATIONS

2005

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Schedule of Events

- **February 28th** ~ Check out our "New" Website: www.ncacdc.org which features a special "Members Only" section among other interesting elements.
- **March 12 ~ Regional Meeting (Winston Salem, NC)** Regional meetings allows NCACDC to support its local affiliates through engaging state, local and other stakeholders in discussions of key issues impacting their community.
- **March 14 ~ In-Service Training (NCAE Bldg. Raleigh, NC)** Come hear from and ask questions of those who administer NCACDC's health insurance plan. Find out more about the health insurance industry and changes to our current health care plan.
- **April 8th or 9th ~ Regional Meeting (Goldsboro, NC)**
- **April 16 ~ Board Academy: Session I (Winston Salem, NC)** NCACDC focuses its Management Training Series on Board Governance in 2005. This first effort will provide participants with practical tools needed to understand, manage and document leadership of an organization's programmatic and financial operations.
- **April 22 ~ Regional Meeting (Fayetteville, NC)**
- **April 26 ~ LEGISLATIVE DAY 2005 (Raleigh, NC)** While continuing its tradition of advocacy for NC's CDC movement, NCACDC will unite the state's Women of Color led agencies and leaders to put before lawmakers a consensus Legislative Agenda featuring emphasis in the areas of Housing, Health and Education.
- **May 20-21 ~ SPIRITUAL RETREAT (Goldsboro, NC)** Gird up your loins and prepare for spiritual warfare disguised as funding cuts, increased accountability and performance measurement. ***Remember it was faith not skill that launched this movement!***
- **June 10 ~ Home Mortgage Foreclosure Mitigation Training (Charlotte, NC)** Condensed and targeted format of last year's Wilmington training focused on the expanded loss mitigation options available to housing counselors. 1st of three regional trainings scheduled for 2005. **Other regional trainings: Sept. 16 (Triad Area) and Oct. 7 (Rocky Mount).**
- **August 2-5 ~ CONFERENCE 2005 (Hawthorne Inn, Winston Salem, NC)** The state's largest held CED conference with scores of workshops and industry related trainings.
- **August 29-Sept. 2 ~ CED Studies: Session 1 of 3 (Rocky Mount area)** NCACDC's premiere 110 hour comprehensive real estate development course. **Session 2 of 3 (Sept. 26-30) Session 3 of 3 (Oct. 31-Nov. 4)**

North Carolina Administrative Office of the Courts

Cases Initiated with at Least one "Fore" Issue in it, By Cal. Year

(as of February 11, 2003)

County	1998	1999	% +/- from '98 to '99	2000	% +/- from '99 to '00	2001	% +/- from '00 to '01	2002	% +/- from '01 to '02
Alamance	163	236	44.8%	254	7.6%	315	24.0%	418	32.7%
Alexander	44	59	34.1%	62	5.1%	95	53.2%	106	11.6%
Alleghany	23	16	-30.4%	29	81.3%	32	10.3%	43	34.4%
Anson	42	63	50.0%	56	-11.1%	59	5.4%	98	66.1%
Ashe	17	23	35.3%	31	34.8%	45	45.2%	43	-4.4%
Avery	31	14	-54.8%	22	57.1%	37	68.2%	56	51.4%
Beaufort	56	82	46.4%	78	-4.9%	97	24.4%	116	19.6%
Bertie	36	37	2.8%	54	45.9%	57	5.6%	86	50.9%
Bladen	53	84	58.5%	75	-10.7%	107	42.7%	145	35.5%
Brunswick	158	197	24.7%	216	9.6%	346	60.2%	458	32.4%
Buncombe	275	338	22.9%	405	19.8%	497	22.7%	656	32.0%
Burke	103	133	29.1%	151	13.5%	210	39.1%	281	33.8%
Cabarrus	180	180	0.0%	258	43.3%	390	51.2%	572	46.7%
Caldwell	121	105	-13.2%	139	32.4%	227	63.3%	345	52.0%
Camden	19	20	5.3%	22	10.0%	21	-4.5%	15	-28.6%
Carteret	99	155	56.6%	97	-37.4%	126	29.9%	155	23.0%
Caswell	36	48	33.3%	66	37.5%	74	12.1%	87	17.6%
Catawba	194	224	15.5%	287	28.1%	376	31.0%	545	44.9%
Chatham	54	65	20.4%	61	-6.2%	77	26.2%	147	90.9%
Cherokee	39	46	17.9%	45	-2.2%	75	66.7%	69	-8.0%
Chowan	23	42	82.6%	31	-26.2%	27	-12.9%	38	40.7%
Clay	13	14	7.7%	15	7.1%	14	-6.7%	32	128.6%
Cleveland	193	205	6.2%	278	35.6%	324	16.5%	496	53.1%
Columbus	71	128	80.3%	160	25.0%	185	15.6%	253	36.8%
Craven	147	199	35.4%	188	-5.5%	283	50.5%	349	23.3%
Cumberland	1581	1636	3.5%	1651	0.9%	1740	5.4%	1992	14.5%
Currituck	44	57	29.5%	60	5.3%	61	1.7%	74	21.3%
Dare	164	185	12.8%	145	-21.6%	209	44.1%	204	-2.4%
Davidson	168	237	41.1%	270	13.9%	434	60.7%	567	30.6%
Davie	34	43	26.5%	65	51.2%	64	-1.5%	105	64.1%
Duplin	75	87	16.0%	99	13.8%	132	33.3%	184	39.4%
Durham	520	608	16.9%	674	10.9%	793	17.7%	1110	40.0%
Edgecombe	130	154	18.5%	186	20.8%	221	18.8%	318	43.9%
Forsyth	566	598	5.7%	712	19.1%	837	17.6%	1258	50.3%
Franklin	144	149	3.5%	184	23.5%	243	32.1%	325	33.7%
Gaston	384	462	20.3%	510	10.4%	729	42.9%	1043	43.1%
Gates	11	52	372.7%	27	-48.1%	39	44.4%	39	0.0%
Graham	4	2	-50.0%	10	400.0%	12	20.0%	11	-8.3%
Granville	96	125	30.2%	155	24.0%	164	5.8%	215	31.1%
Greene	32	33	3.1%	42	27.3%	50	19.0%	63	26.0%
Guilford	1047	1064	1.6%	1192	12.0%	1500	25.8%	2203	46.9%
Halifax	65	95	46.2%	88	-7.4%	108	22.7%	185	71.3%
Harnett	317	335	5.7%	432	29.0%	450	4.2%	544	20.9%
Haywood	81	81	0.0%	92	13.6%	155	68.5%	230	48.4%
Henderson	87	132	51.7%	123	-6.8%	179	45.5%	261	45.8%
Hertford	30	28	-6.7%	41	46.4%	54	31.7%	66	22.2%
Hoke	153	186	21.6%	205	10.2%	198	-3.4%	240	21.2%
Hyde	2	6	200.0%	7	16.7%	10	42.9%	18	80.0%
Iredell	220	251	14.1%	279	11.2%	407	45.9%	598	46.9%
Jackson	27	41	51.9%	49	19.5%	51	4.1%	46	-9.8%

Johnston	227	288	26.9%	398	38.2%	461	15.8%	752	63.1%
Jones	22	21	-4.5%	25	19.0%	47	88.0%	48	2.1%
Lee	74	87	17.6%	119	36.8%	118	-0.8%	192	62.7%
Lenoir	124	119	-4.0%	138	16.0%	162	17.4%	217	34.0%
Lincoln	107	129	20.6%	170	31.8%	231	35.9%	350	51.5%
Macon	25	59	136.0%	49	-16.9%	62	26.5%	86	38.7%
Madison	20	25	25.0%	23	-8.0%	40	73.9%	44	10.0%
Martin	49	48	-2.0%	56	16.7%	76	35.7%	87	14.5%
McDowell	67	64	-4.5%	99	54.7%	107	8.1%	121	13.1%
Mecklenburg	1646	1896	15.2%	2294	21.0%	2931	27.8%	4417	50.7%
Mitchell	14	21	50.0%	18	-14.3%	25	38.9%	35	40.0%
Montgomery	22	32	45.5%	40	25.0%	49	22.5%	62	26.5%
Moore	146	140	-4.1%	165	17.9%	174	5.5%	211	21.3%
Nash	119	156	31.1%	179	14.7%	259	44.7%	373	44.0%
New Hanover	300	396	32.0%	513	29.5%	653	27.3%	867	32.8%
Northampton	29	51	75.9%	45	-11.8%	60	33.3%	84	40.0%
Onslow	355	358	0.8%	367	2.5%	433	18.0%	504	16.4%
Orange	80	127	58.8%	116	-8.7%	155	33.6%	188	21.3%
Pamlico	17	27	58.8%	33	22.2%	31	-6.1%	43	38.7%
Pasquotank	73	87	19.2%	96	10.3%	96	0.0%	92	-4.2%
Pender	82	106	29.3%	171	61.3%	232	35.7%	272	17.2%
Perquimans	18	28	55.6%	31	10.7%	20	-35.5%	39	95.0%
Person	56	73	30.4%	91	24.7%	116	27.5%	149	28.4%
Pitt	262	273	4.2%	302	10.6%	343	13.6%	496	44.6%
Polk	13	28	115.4%	35	25.0%	33	-5.7%	42	27.3%
Randolph	165	191	15.8%	237	24.1%	304	28.3%	459	51.0%
Richmond	131	131	0.0%	127	-3.1%	127	0.0%	164	29.1%
Robeson	182	255	40.1%	293	14.9%	402	37.2%	461	14.7%
Rockingham	174	195	12.1%	224	14.9%	304	35.7%	406	33.6%
Rowan	164	247	50.6%	304	23.1%	434	42.8%	597	37.6%
Rutherford	98	151	54.1%	165	9.3%	203	23.0%	286	40.9%
Sampson	79	118	49.4%	147	24.6%	163	10.9%	255	56.4%
Scotland	62	104	67.7%	130	25.0%	112	-13.8%	133	18.8%
Stanly	83	119	43.4%	156	31.1%	188	20.5%	206	9.6%
Stokes	52	67	28.8%	94	40.3%	114	21.3%	156	36.8%
Surry	78	74	-5.1%	108	45.9%	142	31.5%	206	45.1%
Swain	7	6	-14.3%	8	33.3%	10	25.0%	11	10.0%
Transylvania	26	33	26.9%	45	36.4%	54	20.0%	88	63.0%
Tyrrell	6	6	0.0%	5	-16.7%	6	20.0%	4	-33.3%
Union	229	238	3.9%	330	38.7%	454	37.6%	714	57.3%
Vance	58	88	51.7%	163	85.2%	200	22.7%	299	49.5%
Wake	966	1148	18.8%	1362	18.6%	1878	37.9%	2614	39.2%
Warren	24	44	83.3%	39	-11.4%	51	30.8%	67	31.4%
Washington	22	30	36.4%	30	0.0%	25	-16.7%	37	48.0%
Watauga	49	37	-24.5%	42	13.5%	85	102.4%	86	1.2%
Wayne	238	285	19.7%	286	0.4%	345	20.6%	436	26.4%
Wilkes	76	91	19.7%	90	-1.1%	132	46.7%	178	34.8%
Wilson	151	136	-9.9%	167	22.8%	194	16.2%	315	62.4%
Yadkin	35	43	22.9%	64	48.8%	71	10.9%	100	40.8%
Yancey	21	36	71.4%	22	-38.9%	21	-4.5%	42	100.0%
North Carolina	15295	17872	16.8%	20589	15.2%	25869	25.6%	35599	37.6%

PLEDGE OF EXCELLENCE

We, the board of directors and staff of _____ a NCACDC member organization, do hereby pledge to adopt and adhere to the following non-profit guiding principles:

I. MISSION AND PROGRAM

Nonprofits are founded for the public good and operate to accomplish a stated purpose through specific program activities. A nonprofit should have a well-defined mission, and its programs should effectively and efficiently work toward achieving that mission. Nonprofits have an obligation to ensure program effectiveness and to devote the resources of the organization to achieving its stated purpose.

II. GOVERNING BODY

Nonprofits are governed by an elected, volunteer board of directors that should consist of individuals who are committed to the mission of the organization and who reflect the diversity of the community the organization serves. An effective nonprofit board should determine the mission of the organization; establish key management policies; assure that adequate human resources (volunteer or paid staff) and financial resources (earned income, charitable contributions, government grants, and contracts) are available; and actively monitor the organization's management, financial, and programmatic performance.

III. CONFLICTS OF INTEREST

Nonprofit board and staff members should act in the best interest of the organization, rather than in furtherance of personal interests or the interests of third parties. A nonprofit should have policies in place, and it should routinely and systematically implement those policies to prevent actual, potential, or perceived conflicts of interest.

IV. HUMAN RESOURCES

A nonprofit's relationship to its employees and volunteers is fundamental to its ability to achieve its mission. Volunteers occupy a special place in nonprofit organizations, serving in governance, administrative, and programmatic capacities. An organization's human resource policies should address both paid employees and volunteers and should be fair, establish clear expectations, and provide for meaningful and effective performance evaluation.

V. FINANCIAL AND LEGAL ACCOUNTABILITY

Nonprofits must practice sound financial management and comply with a diverse array of legal and regulatory requirements. A nonprofit's financial system should assure that accurate financial records are kept and that the organization's financial resources are used to further the organization's tax-exempt purposes. Organizations should conduct periodic reviews to address regulatory and liability concerns.

VI. OPENNESS

Nonprofits are private corporations that operate for the public's benefit with support from the general public. As such, they should provide the public with information about their mission, program activities, and finances. A nonprofit should also be accessible and responsive to members of the public who express interest in the affairs of the organization.

VII. FUNDRAISING

Fundraising provides an important source of financial support for the work of most nonprofit organizations. An organization's fundraising program should be maintained on a foundation of truthfulness and responsible stewardship. Its fundraising practices should be consistent with its mission, compatible with its organizational capacity, and respectful of the interests of donors and prospective donors.

VIII. PUBLIC AFFAIRS AND PUBLIC POLICY

Nonprofits provide an important vehicle through which individuals organize and work together to improve their communities and society. Nonprofits should represent the interests of the people they serve through public education and public policy advocacy, as well as by encouraging board members, staff, volunteers, and constituents to participate in the public affairs of their communities.

Witness my hand and seal on this the _____ day of _____, 2005.

_____(Seal)
Board Chair

_____(Seal)
Executive Director/President

_____
Witness

_____
Witness

TESTIMONY

North Carolina Association of Community Development Corporations
Joint Appropriations Subcommittee on Natural and Economic Resources

Thank you, Mr. Chairman, for the opportunity to come before this Subcommittee today to highlight the North Carolina Association of Community Development Corporation's (NCACDC) work and use of state funds appropriated by the NC General Assembly.

Before I begin my presentation, I would like to recognize that with me today is NCACDC's Vice-President for Operations, Brigette Rasberry. I'm proud to have Brigette as a member of our senior management staff, especially since her experience includes leadership of a community development corporation.

NCACDC's mission is to strengthen the North Carolina economy and create a better tomorrow for all North Carolinians by enhancing community development corporations (CDCs) in their role of building prosperous communities. We work to support the people and organizations that transform local economies through the rebuilding of blighted neighborhoods into places of economic stability and social prosperity.

2004 was one of NCACDC's most productive years. Two of our newest programs began operations last year. One program expands and strengthens the capacity of CDC housing related counseling programs so that our members can both meet the need of families facing financial crisis and the threat of home mortgage foreclosure and help others avoid financial problems altogether.

Another new NCACDC initiative is aimed at helping CDCs develop retail and commercial facilities, increasing the extremely limited opportunities available to neighborhood residents in redeveloping areas work, shop at, own, manage and operate business enterprises in their own communities. We'll tell you more about both of these programs in just a moment.

In addition to increasing the diversity of our work, we are also strategically targeting our services to CDCs located in communities like Hoke County, projected to remain one of the state's top 10 fastest growing counties in coming years. As you know, the NC Courts recently ruled in the Leandro decision that the state did deny impoverished students in Hoke and four other rural, low wealth counties the opportunity to receive a sound basic education and resources to pursue that education. NCACDC shares the view expressed in the NC Rural Prosperity Task Force Report that "(a) ffordable housing for families living and working in rural counties is a critical need, second only to education and a good job." That's why it's so critical that NCACDC maintain a presence and continue its work to help expand the capacity of young CDCs in places like Hoke County.

As NCACDC celebrates its 16th year, we find ourselves at a place that we couldn't have imagined when we first began working to meet the development needs of low-income communities. In the mid-80's, when some of us timidly ventured into bank Board rooms to begin dialogue that has now led to strong relationships with many financial institutions in our state, community development was little more than a dream stapled to a few interesting anecdotes. To be sure there were some success stories, but still, they were isolated examples. Today community development has matured into a genuine industry in this state, touching major metropolitan areas and many rural communities throughout NC. NCACDC's membership has grown from 11 charter member organizations in 1989 to over 70 organizations with a presence in over 44 of NC's 100 counties.

In some of the most distressed communities in our state, entire neighborhoods have been and are being transformed. From the disinvestments that once plagued these communities, literally millions of private sector dollars are flowing into new and expanding investment opportunities. In city after city, from Ashville to Fayetteville, the results are clearly visible:

- One CDC in Rocky Mount has developed a $2.1 million, 40,000 square foot Industrial Incubator where one state agency, the Department of Revenue, has rented space to create 108 permanent jobs in this Tier One County.

- Large scale physical renewal marking an end to abandonment and decay has occurred in Wilson where over 126 units of housing for low wealth persons, results in an annual tax base of $100,000 per year for that City.

- In Durham beginning in 1968 one CDC has developed a 91-acre industrial park, which has an asset base of over $30 million.

- In Ashville another CDC is using innovative, energy efficient home building strategies to reduce the costs of affordable housing in a low-to-moderate income neighborhood in the center city.

- In places like Goldsboro and Carteret County, CDCs are creating safe, sanitary, affordable rental housing for low wealth seniors and others.

- In Wilmington another CDC has created a small business incubator to provide affordable office space to budding entrepreneurs with programming to support business development.

- In Winston-Salem another faith-based CDC just secured an $8 million installment on a $44 million planned investment to help finance 79 units of senior citizen housing, the linchpin of center city redevelopment of an older neighborhood. The plan is to attract people who live and work downtown.

The process frequently begins with housing. But there is a broader scale social and economic development agenda to community building. As the residential base is revived, reaching scale and impact, market forces take hold, stimulating retail and commercial development, business investment and job creation.

After more than fifteen (15) years of demonstrated success in community economic development that focused primarily on building the ***human*** and ***physical*** capacity of the state's underserved communities, NCACDC, with funding provided by the Golden Leaf Foundation, launched a Commercial Development Initiative that seeks now to turn the attention of more mature CDCs to building the ***economic capacity*** of those same communities. Thereby, building a lasting base of individual and community wealth and assets.

A neighborhood isn't truly a neighborhood without places to shop and work and without clean safe streets. NCACDC's new commercial development initiative will allow it to help train the state's CDC professionals to develop retail and commercial facilities appropriate to house community-based and other businesses offering a wide array of goods and services needed within their revitalized communities.

NCACDC's focused approach of infusing community-led commercial development with community-based affordable housing seeks to address the age-old problem of leakage of critical dollars out of historically underserved communities. While directly impacting the issue of economic parity, commercial development also helps in the following ways:

- Spreads tax burden;
- Provides for installation of needed infrastructure;
- Attracts new retail dollars;
- Provides management level positions or jobs;
- Promotes flexible working hours;
- Assists in attracting new industries; and
- Promotes enterprise development of minority populations.

Additionally, commercial development enhances the quality of life of a community's residents as well as compliments existing services and businesses, such as tourism and manufacturing.

Let me take a few moments to share a story about a 75-year-old widow NCACDC staff met recently from Kinston. Ms. Williams lives on a fixed income in her own home, formerly debt-free, in a distressed neighborhood that was damaged by one of our recent hurricanes Down east. I would describe Ms. Williams as functionally illiterate; she came to our meeting with her adult daughter. Somehow Ms. Williams was deemed "qualified" for the federal government's preferred form of disaster assistance—an emergency loan from SBA. A bogus contractor completed the so-called repairs to her home that were so bad that the floor in her bathroom will not support the commode if Ms. Williams tries to sit on it. Not surprisingly, Ms. Williams got behind in her loan re-payments, after her elderly husband died, but not before SBA sold her loan to another financial institution.

Aurora Loan Services' web site says it is a Lehman Brothers' subsidiary that originates, services and re-finances residential mortgages. Launched in 1997, Aurora has grown from servicing 26,000 loans at $1.8 billion to servicing more than 269,400 loans with a combined principle balance of $30.5 billion. There's a strong suspicion that the company may have predatory tendencies meaning it engages in making unsuitable loans designed to exploit vulnerable and unsophisticated borrowers. Ms. Williams' home appraises for under $15,000. To save her most valued asset, her home, Ms. Williams filed bankruptcy and entered into a plan to pay $230 per month to catch up on the arrears on her original SBA loan. Ms. Williams says she has no loan documents in her possession. But she was approved for two more home loans from Aurora, including a second mortgage with a separate payment of $111 and another loan costing $167 each month. The company is providing her with "insurance" as well. Ms. Williams went from debt-free to monthly debt service payments of $508 per month now because of a storm. However, Ms. Williams lives in a targeted CDBG revitalization area and a dilapidated structure, so she may be eligible for federal re-location benefits, which include certain requirements. Familiar with NCACDC's home mortgage foreclosure initiative, Commerce's DCA office sought our assistance in sorting out the situation and obtaining appropriate help to properly process Ms. Williams' relocation benefits.

NCACDC normally helps CDCs build new assets in communities either through new construction or re-development of an existing site. However, in an atmosphere where some NC counties have seen foreclosure rates more than triple in the last five years, a need emerged for CDCs to not only build but also protect wealth created, especially when NC's dislocated worker population has also surged. What these statistics do not show is the personal devastation to families who suffer foreclosure. Neither do the statistics show the cost to society of these foreclosures in terms of loss of income from lower property tax bases, and additional costs necessary to provide shelter and other social services for dislocated families.

NCACDC's response to this community problem was to create a collaborative with Legal Aid of NC and others. The primary focus is working with NCACDC's affiliates' housing counselors to enhance their current knowledge and effectiveness through training on predatory lending and other relevant consumer protection or fair housing, fair lending or other civil rights laws and on negotiation of loss mitigation techniques designed to avoid foreclosure. Our collaborative includes creation of a virtual, one stop shop for consumers whereby cases may be transferred from CDC housing counselors to LANC attorneys where appropriate, across organizational boundaries. Case referral protocols have been developed to guide this process. Another component of the strategy focuses on data collection and development of economic impact indicators to quantify the value of the housing counseling services performed. As you know the NC General Assembly adopted in 2004 a home mortgage mitigation pilot, 5 of the 8 pilot sites funded are NCACDC member organizations.

The need for continuing professional development has not diminished as our industry has increased. NCACDC continues to target its resources to critical elements of the

community development process. Thus, we will once again offer our signature training series CED STUDIES in 2005.

CED STUDIES is a 110-hour comprehensive training course, which seeks to build the programmatic capacity of CDC practitioners. Because CDCs are resident led, managed and controlled non-profit organizations many CDC leaders come to this work with little formal training in the community building and real estate development areas. CED STUDIES was one of NCACDC's first programmatic offerings developed to address this knowledge gap. From providing a sound basic definition of community economic development to identifying the three key components of development and the corresponding types of CED projects to informing would-be practitioners of the process essential to creating a development concept ultimately culminating in the formation of a formal development proposal, CED STUDIES walks the practitioner through every phase of the community economic development process.

CED STUDIES is offered over a three-week period. One week lays the foundation for a development project, gauging the community's need and opportunity for a successful development effort. While the second week focuses on the nuts and bolts of the real estate development process, which includes the following steps:

- Identifying and articulating the development objective;
- Describing the project;
- Developing site plan or location map;
- Determining the impact of proposed project of neighborhood/community;
- Identifying professional development team;
- Preparing pre-development budget;
- Identifying likely sources of pre-development funding;
- Determining site control strategy;
- Developing target market profile (i.e. income, household size, market preferences, special needs)
- Developing financing plan and identifying sources;
- Communicating statement of probable feasibility.

The final week guides the participant through the formation of a basic proposal for an identified community economic development project, consisting of the following elements:

- Generate development Pro Forma
- Generate Operating Pro Forma
- Determine financing alternatives and options as well as the financing plan
- Identify sources and uses of funds
- Identify assumptions.

NCACDC continues to provide professional training and technical assistance, designed to boost the efficiency, integrity and strong business conduct of our membership. Last year as part of our Management Institute training series, we were pleased to offer a session called "Achieving Responsible Financial Management." In 2003 we engaged a leading CPA firm to develop a curriculum called "Using Your Audit as a Management Tool." A

special unit of the State Auditor's Office, including his anti-fraud division, has also provided instructional training. NCACDC has provided over 80 hours of professional training in financial management for our membership in the last several years, including a weeklong financial boot camp taught by the nationally recognized Nonprofit Financial Center jointly sponsored with the NC Rural Economic Development Center and the NC Community Development Initiative. As well, in December 2004 NCACDC's Board of Directors voted to ask its membership beginning in 2005 to voluntarily pledge to adhere to the Maryland Standards of Excellence while it further explored the feasibility of moving towards industry certification.

We would like to offer an important observation -- NO amount of training or technical assistance can overcome the need for adequate core operating dollars for qualified and appropriate staffing operational expenses.

Attachment 9

VISITOR REGISTRATION SHEET

NER — Name of Committee

3/10/05 — Date

VISITORS: PLEASE SIGN BELOW AND RETURN TO COMMITTEE ASSISTANT

NAME	FIRM OR AGENCY
Brigette Rasberry	NCACDC
Justin Perry Cole	NCACDC
Patricia Yancey	LLPP
Stephon Bowens	LLPP
Bill McNeill	NC Rural Center
Sheri McLean	NC Rural Center
Robin Dieh	Commerce
Abdul Rasheed	NCCDT
[illegible]	NCDMED
[illegible]	NCIMED
Andrea Harris	NCIMED
[illegible]	NCMSC
[illegible]	NC MSC
Thomas Chesh	OSBM
Daniel Bruns	OSBM
Angela Batts	Commerce
Ed Kinney	NCEN
Art Britt	NCDOL
Cameron Bailey	NCDOL
[illegible]	NCDC
Doug Lassiter	NSSTA
Lori Ann Hitchcock	LHA
GREG T. GODARD	NC REGIONAL COUNCILS
BILL MCNEIL	NC Regional Councils
Angie Harris	Marpia Taylor
DON HOLSART	NCDOC
Gloria Nance-Sims	Commerce

VISITOR REGISTRATION SHEET

NER — 3/10/05

Name of Committee — Date

VISITORS: PLEASE SIGN BELOW AND RETURN TO COMMITTEE ASSISTANT

NAME	FIRM OR AGENCY
CLEVE SIMPSON	COMMERCE
Ebonic Alexander	NC Initiative
FRAN NOLAN	GRASSROOTS & ELECTRONIC

MINUTES

Joint Appropriations Subcommittee
on
Natural and Economic Resources
Tuesday, March 15, 2005, at 8:30 a.m.
423 Legislative Office Building

The Joint Appropriations Subcommittee on Natural and Economic Resources (NER) met at 8:30 a.m. on Tuesday, March 15, 2005, in Room 423 of the Legislative Office Building. Four members of the Senate Subcommittee attended along with Representatives Hunter, Warren, Allen, Walker, Harrison, Langdon, Wilkins and Wray. Senator David Weinstein presided.

The meeting was called to order and the Subcommittee members and interested parties were welcomed. The following served the meeting: Pages – Lauren Elliott and Lauren Langley sponsored by Representative Bill Daughtridge and Josh Sexton sponsored by Senator Vernon Malone; Sergeant at Arms - Ernie Sherrell and Ron Spann (Senate), and James Worth (House); and the Fiscal Research NER Team - Susan Morgan, Jennifer Haygood, and Joy Hicks. Senator Weinstein proceeded with the Agenda (Attachment 1).

Susan Perry Cole, President & CEO of the NC Association of Community Development Corporations, continued a presentation that, due to time restraints, had been interrupted during a previous meeting. Ms. Cole highlighted a few items in the NCACDC's Testimony (Attachment 2). She spoke regarding the NCACDC's mission; its staff; annual budget; and how, over the past 16 years, the NCACDC has engaged in building stronger organizational capacity (focusing on key areas of organizational activities that are crucial for success) among CDCs to create powerful community change agents by using an intense holistic capacity building methodology that includes training, standardized technical assistance programs, and, when appropriate, expert consultant services. In closing Ms. Cole expressed the NCACDC's appreciation of the Subcommittee's support and stressed the importance that the NCACDC and its member organization continue to be funded at least at their original funding level to achieve the goal of One North Carolina. After her comments, Ms. Perry Cole entertained questions and/or comments from the Subcommittee.

Susan Morgan, NER Team Leader, gave an overview of the Council of Government Funds and their actual appropriations and expenditures for FY 02-03 and FY 03-04 (Attachment 3). Ms. Morgan pointed that this was a special provision dealing with the Councils of Government included in HB 397 the last long session and it is a boilerplate provision that will have to be addressed again this session. There are 17 Regional Councils of Government. In regard to the Councils of Government's total budget, they have a variety of other sources and the money appropriated by the Subcommittee through the Department of Commerce is only a small portion of what their total funding is, and that varies by COG. After her presentation, Ms. Morgan entertained questions and/or comments from the Subcommittee.

Bill McNeil, Regional Associate, Association of Regional Council Directors, spoke on behalf of the Councils of Government (COGs). He began by showing a map of all of the Regional Councils in North Carolina (Attachment 4); spoke about how the Regional Councils are about the environment and people; and emphasized that collectively, the Regional Councils appreciate the Subcommittee's financial support in budgets for the past 20 years and think that the report that is made every year to the General Assembly shows the results that have been achieved through the small appropriations leveraged many times over to deliver results to the communities. He closed by pointing out that in this past fiscal year with slightly under $832,000.00 in appropriations, collectively the Regional Councils were able to secure over $44,000,000.00 of funds for their communities, which is leveraging a little over $50.00 of new money for every dollar the State appropriated. After his comments, Mr. McNeil entertained questions and/or comments from the Subcommittee.

Greg Godard, Executive Director, Association of Regional Council Directors, also spoke on behalf of the Regional Councils. His stated that the Regional Councils were created to administer State and Federal programs into lesser local government programs and talked about how their accountability is shown to the Regional Council Board of Directors, the US Commerce Department, USDA, and others, including the NCGA and NC Department of Commerce, on programs they administer through those agencies. Mr. Godard also pointed out that for every dollar the State has invested, the Regional Councils have turned about $52.00 in other funds from Federal monies and Foundations. He gave some examples of the Regional Councils' productivity and their role as a partner in economic development, and in closing stated that the State is getting its money's worth and asked for the Subcommittee's continued support. He then entertained questions and/or comments from the Subcommittee.

Joy Hicks, Fiscal Research NER Team, gave an overview of the Department of Environment and Natural Resources (Attachment 5). After her presentation Ms. Hicks entertained questions and/or comments from the Subcommittee.

Jennifer Haygood, Fiscal Research NER Team, gave a program overview of Administration, Department of Environment and Natural Resources (Attachment 6). After her presentation Ms. Haygood entertained questions and/or comments from the Subcommittee.

Edythe McKinney, Director, DENR Customer Service Center, brought the Subcommittee up to date on the Express Permit Review Program and the request to make it a statewide program (Attachments 7 and 7A). She gave a brief overview of the program and its success and spoke more in depth about the financial potential and concerns of a statewide program. In closing, McKinney stated that the program has had good results and overall, there is positive client feedback in regard to making the program statewide. She then entertained questions and/or comments from the Subcommittee.

Jennifer Haygood, Fiscal Research NER Team, gave an overview of the Center for Geographic Information and Analysis, Department of Environment and Natural

Resources (Attachment 8). After her presentation Ms. Haygood entertained questions and/or comments from the Subcommittee.

Tim Johnson, Director, Center for Geographic Information and Analysis, gave a power point presentation about the NC One Map and what it is (Attachment 9), and a live demonstration over the Internet of what the NC One Map includes (Attachment 9A).

Senator Weinstein announced that the next NER meeting would be at 2:00 p.m. (Tuesday, March 15, 2005). He asked if there were any further questions and/or comments from the Subcommittee. There were none and the meeting adjourned at 9:40 a.m.

Senator David Weinstein
Chairman

Jane M. "Dee" Bagley
Committee Assistant

Attachment 1

Joint Appropriations Subcommittee on Natural and Economic Resources

Tuesday, March 15th, 2005
Senator David Weinstein, Presiding
8:30 a.m. Room 423

Chair's Comments	
Presentations on Non-Profit Agencies (continued)	*Susan Perry Cole, Pres. &CEO, NC Association of Community Development Corporations*
Overview of Councils of Government Funds (COG)	*Susan Morgan, Fiscal Research*
Presentation on Regional Councils of Governments	*Bill McNeil, Regional Associate, Assn. of Regional Council Directors*
	Greg Godard, Executive Director, Assn. of Regional Council Directors
Overview- Department of Environment and Natural Resources (DENR)	*Joy Hicks, Fiscal Research*
DENR Administration	*Jennifer Haygood, Fiscal Research*
Express Permit Review Program	*Edythe McKinney, Director, DENR Customer Service Center*
Center for Geographic Information and Analysis (CGIA)	*Jennifer Haygood, Fiscal Research*
NC One Map Demonstration	*Tim Johnson, Director, CGIA*
Closing Remarks – Senator Weinstein	
Adjourn	

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TESTIMONY

North Carolina Association of Community Development Corporations
Joint Appropriations Subcommittee on Natural and Economic Resources

Thank you, Mr. Chairman, for the opportunity to come before this Subcommittee today to highlight the North Carolina Association of Community Development Corporation's (NCACDC) work and use of state funds appropriated by the NC General Assembly.

Before I begin my presentation, I would like to recognize that with me today is NCACDC's Vice-President for Operations, Brigette Rasberry. I'm proud to have Brigette as a member of our senior management staff, especially since her experience includes leadership of a community development corporation.

NCACDC's mission is to strengthen the North Carolina economy and create a better tomorrow for all North Carolinians by enhancing community development corporations (CDCs) in their role of building prosperous communities. We work to support the people and organizations that transform local economies through the rebuilding of blighted neighborhoods into places of economic stability and social prosperity.

2004 was one of NCACDC's most productive years. Two of our newest programs began operations last year. One program expands and strengthens the capacity of CDC housing related counseling programs so that our members can both meet the need of families facing financial crisis and the threat of home mortgage foreclosure and help others avoid financial problems altogether.

Another new NCACDC initiative is aimed at helping CDCs develop retail and commercial facilities, increasing the extremely limited opportunities available to neighborhood residents in redeveloping areas work, shop at, own, manage and operate business enterprises in their own communities. We'll tell you more about both of these programs in just a moment.

In addition to increasing the diversity of our work, we are also strategically targeting our services to CDCs located in communities like Hoke County, projected to remain one of the state's top 10 fastest growing counties in coming years. As you know, the NC Courts recently ruled in the Leandro decision that the state did deny impoverished students in Hoke and four other rural, low wealth counties the opportunity to receive a sound basic education and resources to pursue that education. NCACDC shares the view expressed in the NC Rural Prosperity Task Force Report that "(a) ffordable housing for families living and working in rural counties is a critical need, second only to education and a good job." That's why it's so critical that NCACDC maintain a presence and continue its work to help expand the capacity of young CDCs in places like Hoke County.

As NCACDC celebrates its 16th year, we find ourselves at a place that we couldn't have imagined when we first began working to meet the development needs of low-income communities. In the mid-80's, when some of us timidly ventured into bank Board rooms to begin dialogue that has now led to strong relationships with many financial institutions in our state, community development was little more than a dream stapled to a few interesting anecdotes. To be sure there were some success stories, but still, they were isolated examples. Today community development has matured into a genuine industry in this state, touching major metropolitan areas and many rural communities throughout NC. NCACDC's membership has grown from 11 charter member organizations in 1989 to over 70 organizations with a presence in over 44 of NC's 100 counties.

In some of the most distressed communities in our state, entire neighborhoods have been and are being transformed. From the disinvestments that once plagued these communities, literally millions of private sector dollars are flowing into new and expanding investment opportunities. In city after city, from Ashville to Fayetteville, the results are clearly visible:

- One CDC in Rocky Mount has developed a $2.1 million, 40,000 square foot Industrial Incubator where one state agency, the Department of Revenue, has rented space to create 108 permanent jobs in this Tier One County.

- Large scale physical renewal marking an end to abandonment and decay has occurred in Wilson where over 126 units of housing for low wealth persons, results in an annual tax base of $100,000 per year for that City.

- In Durham beginning in 1968 one CDC has developed a 91-acre industrial park, which has an asset base of over $30 million.

- In Ashville another CDC is using innovative, energy efficient home building strategies to reduce the costs of affordable housing in a low-to-moderate income neighborhood in the center city.

- In places like Goldsboro and Carteret County, CDCs are creating safe, sanitary, affordable rental housing for low wealth seniors and others.

- In Wilmington another CDC has created a small business incubator to provide affordable office space to budding entrepreneurs with programming to support business development.

- In Winston-Salem another faith-based CDC just secured an $8 million installment on a $44 million planned investment to help finance 79 units of senior citizen housing, the linchpin of center city redevelopment of an older neighborhood. The plan is to attract people who live and work downtown.

The process frequently begins with housing. But there is a broader scale social and economic development agenda to community building. As the residential base is revived, reaching scale and impact, market forces take hold, stimulating retail and commercial development, business investment and job creation.

After more than fifteen (15) years of demonstrated success in community economic development that focused primarily on building the ***human*** and ***physical*** capacity of the state's underserved communities, NCACDC, with funding provided by the Golden Leaf Foundation, launched a Commercial Development Initiative that seeks now to turn the attention of more mature CDCs to building the ***economic capacity*** of those same communities. Thereby, building a lasting base of individual and community wealth and assets.

A neighborhood isn't truly a neighborhood without places to shop and work and without clean safe streets. NCACDC's new commercial development initiative will allow it to help train the state's CDC professionals to develop retail and commercial facilities appropriate to house community-based and other businesses offering a wide array of goods and services needed within their revitalized communities.

NCACDC's focused approach of infusing community-led commercial development with community-based affordable housing seeks to address the age-old problem of leakage of critical dollars out of historically underserved communities. While directly impacting the issue of economic parity, commercial development also helps in the following ways:

- Spreads tax burden;
- Provides for installation of needed infrastructure;
- Attracts new retail dollars;
- Provides management level positions or jobs;
- Promotes flexible working hours;
- Assists in attracting new industries; and
- Promotes enterprise development of minority populations.

Additionally, commercial development enhances the quality of life of a community's residents as well as compliments existing services and businesses, such as tourism and manufacturing.

Let me take a few moments to share a story about a 75-year-old widow NCACDC staff met recently from Kinston. Ms. Williams lives on a fixed income in her own home, formerly debt-free, in a distressed neighborhood that was damaged by one of our recent hurricanes Down east. I would describe Ms. Williams as functionally illiterate; she came to our meeting with her adult daughter. Somehow Ms. Williams was deemed "qualified" for the federal government's preferred form of disaster assistance—an emergency loan from SBA. A bogus contractor completed the so-called repairs to her home that were so bad that the floor in her bathroom will not support the commode if Ms. Williams tries to sit on it. Not surprisingly, Ms. Williams got behind in her loan re-payments, after her elderly husband died, but not before SBA sold her loan to another financial institution.

Aurora Loan Services' web site says it is a Lehman Brothers' subsidiary that originates, services and re-finances residential mortgages. Launched in 1997, Aurora has grown from servicing 26,000 loans at $1.8 billion to servicing more than 269,400 loans with a combined principle balance of $30.5 billion. There's a strong suspicion that the company may have predatory tendencies meaning it engages in making unsuitable loans designed to exploit vulnerable and unsophisticated borrowers. Ms. Williams' home appraises for under $15,000. To save her most valued asset, her home, Ms. Williams filed bankruptcy and entered into a plan to pay $230 per month to catch up on the arrears on her original SBA loan. Ms. Williams says she has no loan documents in her possession. But she was approved for two more home loans from Aurora, including a second mortgage with a separate payment of $111 and another loan costing $167 each month. The company is providing her with "insurance" as well. Ms. Williams went from debt-free to monthly debt service payments of $508 per month now because of a storm. However, Ms. Williams lives in a targeted CDBG revitalization area and a dilapidated structure, so she may be eligible for federal re-location benefits, which include certain requirements. Familiar with NCACDC's home mortgage foreclosure initiative, Commerce's DCA office sought our assistance in sorting out the situation and obtaining appropriate help to properly process Ms. Williams' relocation benefits.

NCACDC normally helps CDCs build new assets in communities either through new construction or re-development of an existing site. However, in an atmosphere where some NC counties have seen foreclosure rates more than triple in the last five years, a need emerged for CDCs to not only build but also protect wealth created, especially when NC's dislocated worker population has also surged. What these statistics do not show is the personal devastation to families who suffer foreclosure. Neither do the statistics show the cost to society of these foreclosures in terms of loss of income from lower property tax bases, and additional costs necessary to provide shelter and other social services for dislocated families.

NCACDC's response to this community problem was to create a collaborative with Legal Aid of NC and others. The primary focus is working with NCACDC's affiliates' housing counselors to enhance their current knowledge and effectiveness through training on predatory lending and other relevant consumer protection or fair housing, fair lending or other civil rights laws and on negotiation of loss mitigation techniques designed to avoid foreclosure. Our collaborative includes creation of a virtual, one stop shop for consumers whereby cases may be transferred from CDC housing counselors to LANC attorneys where appropriate, across organizational boundaries. Case referral protocols have been developed to guide this process. Another component of the strategy focuses on data collection and development of economic impact indicators to quantify the value of the housing counseling services performed. As you know the NC General Assembly adopted in 2004 a home mortgage mitigation pilot, 5 of the 8 pilot sites funded are NCACDC member organizations.

The need for continuing professional development has not diminished as our industry has increased. NCACDC continues to target its resources to critical elements of the

community development process. Thus, we will once again offer our signature training series CED STUDIES in 2005.

CED STUDIES is a 110-hour comprehensive training course, which seeks to build the programmatic capacity of CDC practitioners. Because CDCs are resident led, managed and controlled non-profit organizations many CDC leaders come to this work with little formal training in the community building and real estate development areas. CED STUDIES was one of NCACDC's first programmatic offerings developed to address this knowledge gap. From providing a sound basic definition of community economic development to identifying the three key components of development and the corresponding types of CED projects to informing would-be practitioners of the process essential to creating a development concept ultimately culminating in the formation of a formal development proposal, CED STUDIES walks the practitioner through every phase of the community economic development process.

CED STUDIES is offered over a three-week period. One week lays the foundation for a development project, gauging the community's need and opportunity for a successful development effort. While the second week focuses on the nuts and bolts of the real estate development process, which includes the following steps:

- Identifying and articulating the development objective;
- Describing the project;
- Developing site plan or location map;
- Determining the impact of proposed project of neighborhood/community;
- Identifying professional development team;
- Preparing pre-development budget;
- Identifying likely sources of pre-development funding;
- Determining site control strategy;
- Developing target market profile (i.e. income, household size, market preferences, special needs)
- Developing financing plan and identifying sources;
- Communicating statement of probable feasibility.

The final week guides the participant through the formation of a basic proposal for an identified community economic development project, consisting of the following elements:

- Generate development Pro Forma
- Generate Operating Pro Forma
- Determine financing alternatives and options as well as the financing plan
- Identify sources and uses of funds
- Identify assumptions.

NCACDC continues to provide professional training and technical assistance, designed to boost the efficiency, integrity and strong business conduct of our membership. Last year as part of our Management Institute training series, we were pleased to offer a session called "Achieving Responsible Financial Management." In 2003 we engaged a leading CPA firm to develop a curriculum called "Using Your Audit as a Management Tool." A

special unit of the State Auditor's Office, including his anti-fraud division, has also provided instructional training. NCACDC has provided over 80 hours of professional training in financial management for our membership in the last several years, including a weeklong financial boot camp taught by the nationally recognized Nonprofit Financial Center jointly sponsored with the NC Rural Economic Development Center and the NC Community Development Initiative. As well, in December 2004 NCACDC's Board of Directors voted to ask its membership beginning in 2005 to voluntarily pledge to adhere to the Maryland Standards of Excellence while it further explored the feasibility of moving towards industry certification.

We would like to offer an important observation -- NO amount of training or technical assistance can overcome the need for adequate core operating dollars for qualified and appropriate staffing operational expenses.

COUNCIL OF GOVERNMENT FUNDS

SECTION 12.2.(a) Of the funds appropriated in this act to the Department of Commerce, eight hundred thirty-two thousand one hundred fifty dollars ($832,150) for the 2003-2004 fiscal year and eight hundred thirty-two thousand one hundred fifty dollars ($832,150) for the 2004-2005 fiscal year shall only be used as provided by this section. Each regional council of government or lead regional organization is allocated up to forty-eight thousand nine hundred fifty dollars ($48,950) for the 2003-2004 and the 2004-2005 fiscal years.

SECTION 12.2.(b) A regional council of government may use funds appropriated by this section only to assist local governments in grant applications, economic development, community development, support of local industrial development activities, and other activities as deemed appropriate by the member governments.

SECTION 12.2.(c) Funds appropriated by this section shall be paid by electronic transfer in two equal installments, the first no later than September 1, 2003, 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, 2005, as specified in subdivision (e)(2) of this section.

SECTION 12.2.(d) Funds appropriated by this section shall not be used for payment of dues or assessments by the member governments and shall not supplant funds appropriated by the member governments.

SECTION 12.2.(e) Each council of government or lead regional organization shall do the following:

(1) By January 15, 2004, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division the following information:
   a. State fiscal year 2002-2003 program activities, objectives, and accomplishments;
   b. State fiscal year 2002-2003 itemized expenditures and fund sources;
   c. State fiscal year 2003-2004 planned activities, objectives, and accomplishments, including actual results through December 31, 2003; and
   d. State fiscal year 2003-2004 estimated itemized expenditures and fund sources, including actual expenditures and fund sources through December 31, 2003;

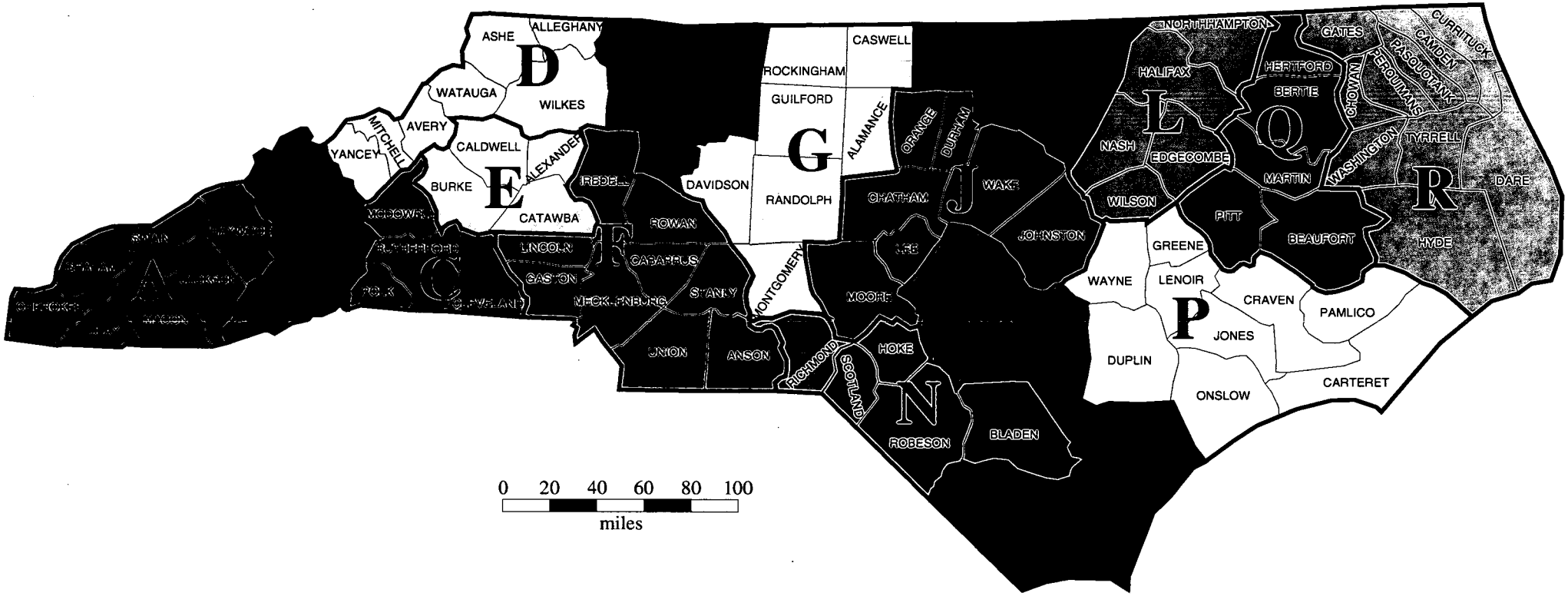
(2) By January 15, 2005, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division the following information:
   a. State fiscal year 2003-2004 program activities, objectives, and accomplishments;
   b. State fiscal year 2003-2004 itemized expenditures and fund sources;
   c. State fiscal year 2004-2005 planned activities, objectives, and accomplishments, including actual results through December 31, 2004; and
   d. State fiscal year 2004-2005 estimated itemized expenditures and fund sources, including actual expenditures and fund sources through December 31, 2004; and

(3) Provide to the Fiscal Research Division a copy of the organization's annual audited financial statement within 30 days of issuance of the statement.

Regional Councils of Government

FY 02-03 Budget			
Appropriation	Acutal Expenditures	Total Budget	% State Funds
$ 832,150	$ 804,529	$ 119,427,487	0.7%
FY 03-04 Budget			
Appropriation	Acutal Expenditures	Total Budget	% State Funds
$ 832,150	$ 802,152	$ 130,579,164	0.6%

North Carolina
Regional Councils



- Region A - Southwestern Commission
- Region B - Land-of-Sky Regional Council
- Region C - Isothermal Planning and Development Commission
- Region D - High Country Council of Governments
- Region E - Western Piedmont Council of Governments
- Region F - Centralina Council of Governments
- Region G - Piedmont Triad Council of Governments
- Region I - Northwest Piedmont Council of Governments
- Region J - Triangle J Council of Governments
- Region K - Kerr-Tar Regional Council of Governments
- Region L - Upper Coastal Plain Council of Governments
- Region M - Mid-Carolina Council of Governments
- Region N - Lumber River Council of Governments
- Region O - Cape Fear Council of Governments
- Region P - Eastern Carolina Council of Governments
- Region Q - Mid-East Commission
- Region R - Albemarle Commission

Prepared by Centralina Council of Governments, 2004.

Attachment 4

North Carolina Association *of* Regional Council Directors

SUMMARY

Summary: Regional Councils of Government serve local governments in all regions of the state as multi-county planning and development agencies. While some are formally organized as Councils of Government (COGs) and others as Regional Planning and Development Commissions, North Carolina's 17 regional councils deliver results to local governments and their citizens that no other agency can provide.

Historical Background: Regional Councils are the result of 1969 legislation (GS 143-431) that charged the Department of Administration with developing "a system of multi-county regional planning districts to cover the entire state." In 1970, Governor Bob Scott signed an executive order designating 17 regions. An eighteenth region was added in 1979; one region consolidated into adjacent regions in 2000, leaving the current configuration of 17 regions.

Roles: In 1971, state policy called for state agencies to coordinate federal and state funding through a single regional organization in each designated region, called a Lead Regional Organization. All Regional Councils coordinate funding and assistance in the following substantive areas: 1) aging services, 2) rural transportation planning, 3) community and economic development. Most Regional Councils also host Workforce Development Boards and 12 serve as official Economic Development Districts for U.S. Economic Development Administration funds.

Annual Appropriation and Reporting: Each year the North Carolina General Assembly appropriates technical assistance funds to Regional Councils "to assist local governments in grant applications, economic development, community development, support of local industrial development activities, and other activities as deemed appropriate by the member governments." In 1986 the appropriation was $55,000 per region. In 2003-04 the appropriation was $48,950 per region, administered through the Department of Commerce.

Albert Coates Local Government Center
215 North Dawson Street • Raleigh, North Carolina 27603
www.ncregions.org
ncregions@mindspring.com

North Carolina Association *of* Regional Council Directors

IMPACT

2003-2004 State Appropriation	$832,150
Grants secured by Regional Councils	$44 million
Leverage:	over $52:1

Regional Councils bring results to the State and to local governments, benefiting North Carolina and its citizens by:

- Helping local governments confront economic and environmental challenges
- Providing effective regional action on issues bigger than any single government can address on its own
- Planning and coordinating state and federal programs, projects and grants
- Securing funds for sound economic and community development
- Promoting intergovernmental cooperation on a regional basis, among local governments and between state, federal and local governments
- Assisting local governments with meeting state and federal regulations

In summary, North Carolina's seventeen Regional Councils have a very positive on their regions, their local governments, and the State.

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NATURAL AND ECONOMIC RESOURCES APPROPRIATIONS SUBCOMMITTEE

DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES (DENR) OVERVIEW

Departmental Functions:

- Administration & Special Programs
- Environmental Protection: 8 Divisions
- Natural Resources: 8 Divisions
- Other
  - Clean Water Management Trust Fund
  - Wildlife Resources Commission

FY 2004-05 Employees: 3,827.15

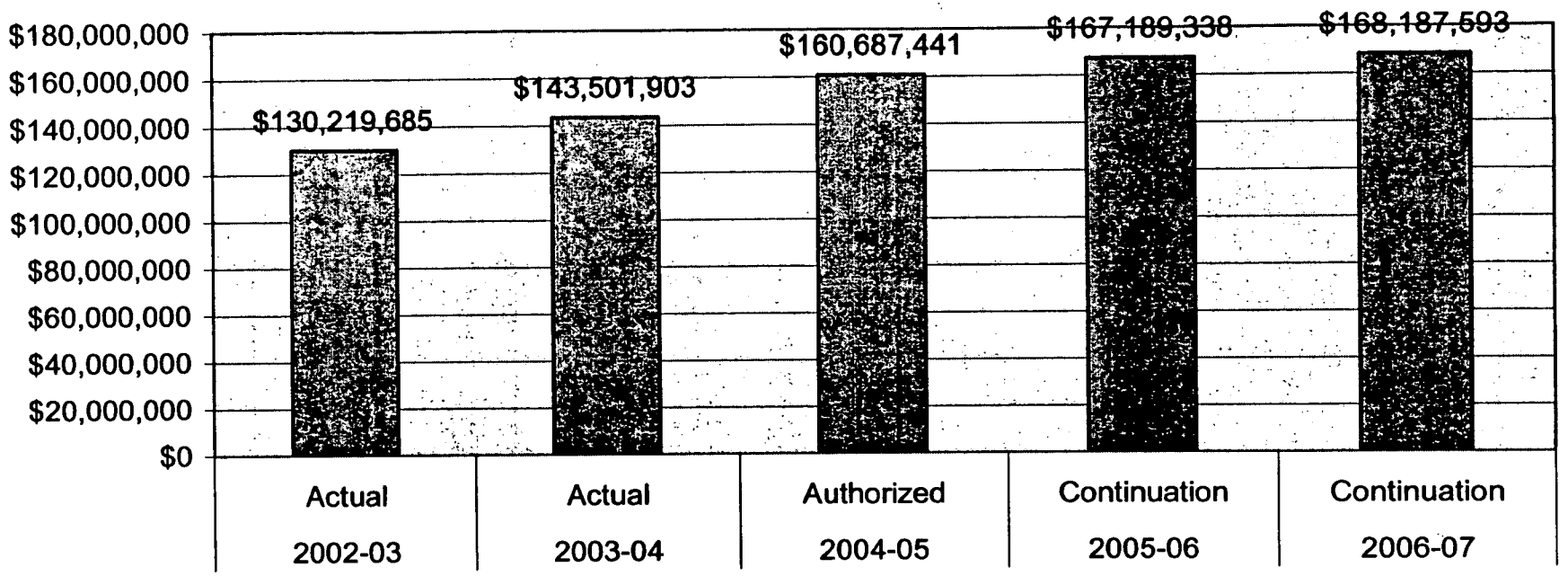
- State Appropriations: 2,283.57 (59.7%)
- Federal & Other Receipts: 1,543.58 (40.3%)

FY 2004-05 Authorized Budget: $318,579,452

- State Appropriations: $160,687,441 (50.44%)
- Federal & Other Receipts: $157,892,011 (49.56%)

Attachment 5

DENR: History of General Fund Appropriations



	2005-06 Recommended		2006-07 Recommended	
	Amount	Percent Change	Amount	Percent Change
2004-05 Authorized Budget	$160,687,441		$160,687,441	
Adjustments +/-				
Continuation Adjustments	$6,501,897	4.0%	$7,500,152	4.7%
Governor's Recommended Adjustments	$8,868,898	5.5%	$8,138,033	5.1%
Total Adjustments	$15,370,795	9.6%	$15,638,185	9.7%
Governor's Recommended Budget	**$176,058,236**		**$176,325,626**	

Breakdown of DENR's General Fund Budget

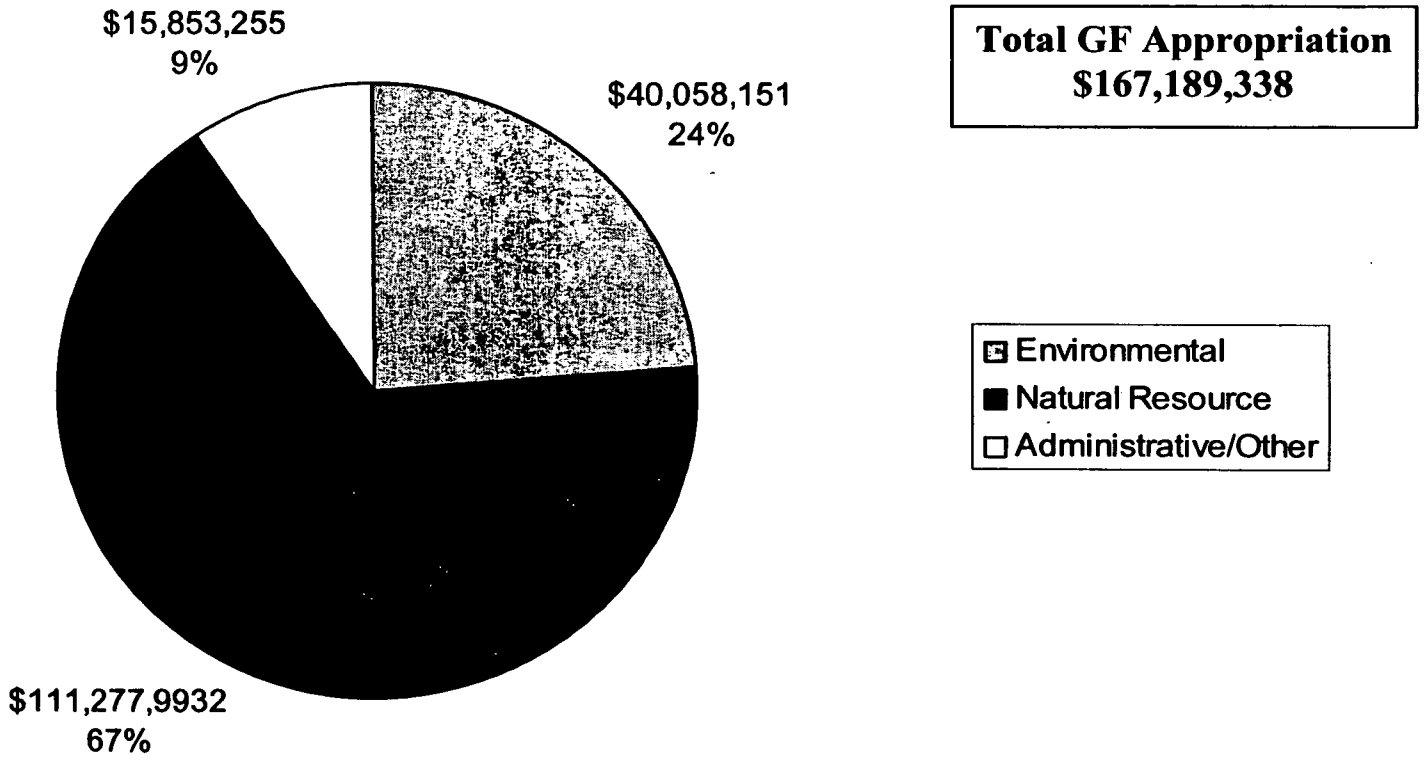
Division	2004-05 Authorized	2005-06 Continuation Budget: Net Changes	2005-06 Continuation Budget: Continuation	2005-06 Continuation Budget: % change	% of Total GF App
Environmental					
Air Quality*	0	0	0	0.0%	0%
Coastal Management	1,702,089	52,179	1,754,268	3.1%	1%
Environmental Health	9,638,813	63,505	9,702,318	0.7%	6%
Land Resources	4,963,174	9,786	4,972,960	0.2%	3%
PPEA	1,266,934	-2,504	1,264,430	-0.2%	1%
Waste Management	3,928,052	26,512	3,954,564	0.7%	2%
Water Quality	15,027,718	356,926	15,384,644	2.4%	9%
Water Resources	2,868,067	156,900	3,024,967	5.5%	2%
Total	**39,394,847**	**663,304**	**40,058,151**	**1.7%**	**24%**
Natural Resource					
Aquariums	4,995,378	235,115	5,230,493	4.7%	3%
Environmental Education	522,450	439	522,889	0.1%	0%
Forest Resources	35,207,756	3,196,714	38,404,470	9.1%	23%
Marine Fisheries	13,328,953	(582,029)	12,746,924	-4.4%	8%
Museum of Natural Sciences	6,716,040	190,199	6,906,239	2.8%	4%
Parks and Recreation	23,332,823	3,590,734	26,923,557	15.4%	16%
Soil and Water Conservation	11,106,941	23,995	11,130,936	0.2%	7%
Zoological Park	8,848,900	563,524	9,412,424	6.4%	6%
Total	**104,059,241**	**7,218,691**	**111,277,932**	**6.9%**	**67%**
Administrative/Other**					
Administration/Other Programs	11,208,562	36,902	11,245,464	0.3%	7%
Reserves/Transfers	6,024,791	(1,417,000)	4,607,791	-23.5%	3%
Total	**17,233,353**	**(1,380,098)**	**15,853,255**	**-8.0%**	**9%**
Total	**160,687,441**	**6,501,897**	**167,189,338**	**4.0%**	**100%**

*The Air Quality Division is entirely receipt supported.

**Administration/Other includes funding for CGIA, OCCA and EEP

NATURAL AND ECONOMIC RESOURCES APPROPRIATIONS SUBCOMMITTEE

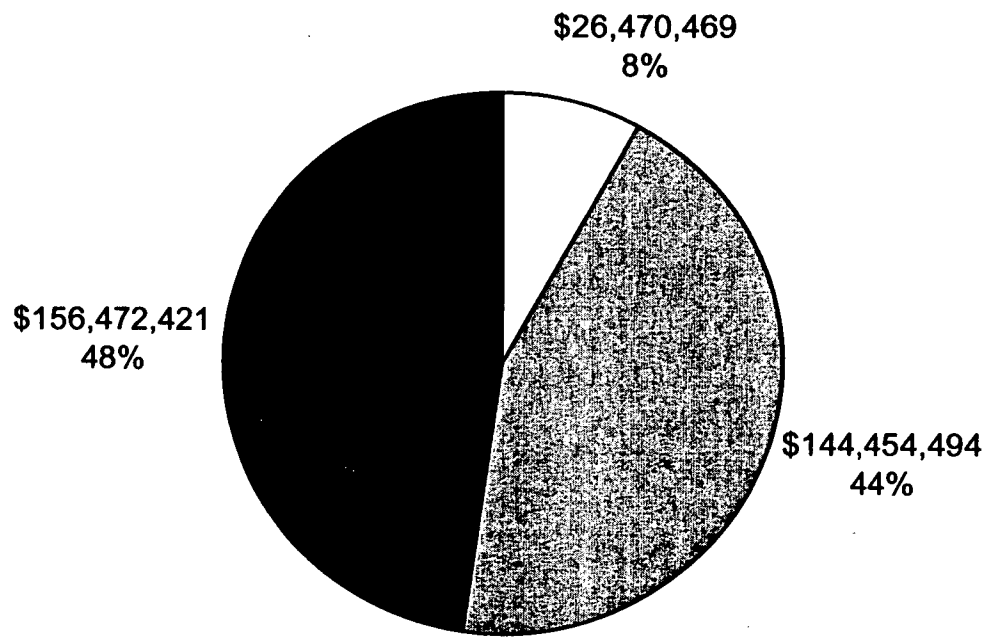
FY 2005-06 CONTINUATION BUDGET RECOMMENDATION BY FUNCTION



NATURAL AND ECONOMIC RESOURCES APPROPRIATIONS SUBCOMMITTEE

FY 2005-06 CONTINUATION BUDGET REQUIREMENTS BY FUNCTION

Total Requirements
$327,397,384



NATURAL AND ECONOMIC RESOURCES APPROPRIATIONS SUBCOMMITTEE

TENTATIVE DIVISION SCHEDULE

March 15th am
- Administration
- CGIA

March 15th pm
- DEH
- DWQ
- DWM

March 16th am
- DMF
- DCM
- DWR

March 16th pm
- DAQ
- DLR
- DPPEA
- CWMTF
- OCCA
- EEP

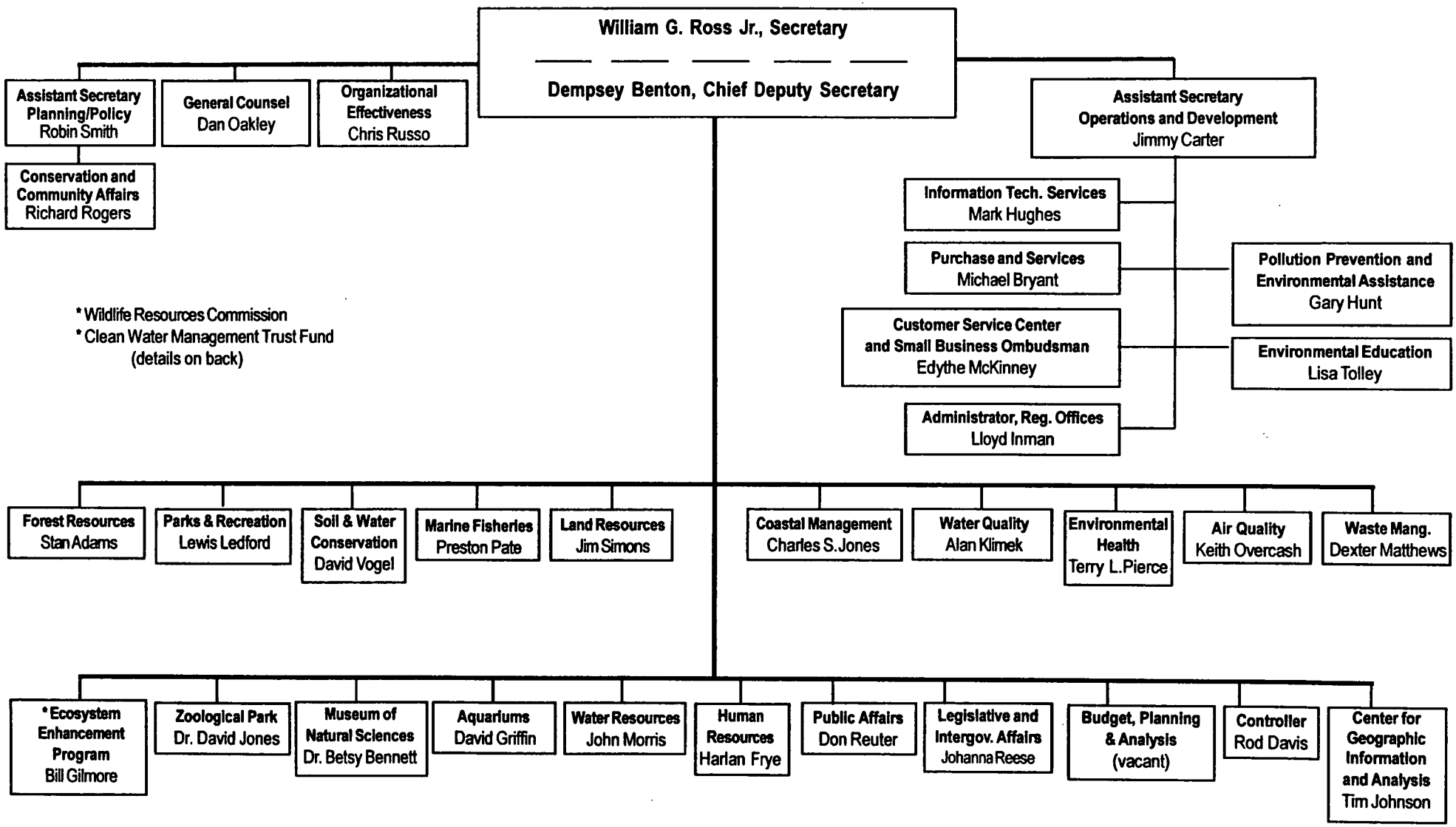
March 17th am
- Museum of Natural Science
- Grassroots Science Collaborative
- Aquariums
- Environmental Education

March 22nd am
- Forestry
- State Parks & Recreation

March 22nd pm
- Zoo
- Wildlife Resources Commission
- Soil & Water Conservation

North Carolina Department of Environment and Natural Resources

Organization Chart



* Joint venture with NCDOT & US Army Corps of Engineers

*** Wildlife Resources Commission:**

It is the state agency that manages, conserves, regulates and protects the wildlife resources and administers the boating safety program in the state. The Commission operates through a professional wildlife staff, directed by 17 Commissioners appointed by the Governor, Speaker of the House and President Pro Tem of the Senate.

*** Clean Water Management Trust Fund:**

The Fund is an independent, 18-member Board of Trustees that uses specific General Fund revenues to provide local governments, state agencies, and conservation non-profits with grants to help pay for projects that deal with water pollution problems. Its trustees are appointed by the Governor, Speaker of the House, and president Pro Tem of the Senate.

ADMINISTRATION
DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES
PROGRAM OVERVIEW

Division Mission

To conserve and protect North Carolina's natural resources and to maintain an environment of high quality, for the health, well being and benefit of all.

Division Activities

- **Executive Offices** provide policy and management guidance for departmental programs, ensure that legislation is carried out, and implement policy directives of the Governor.

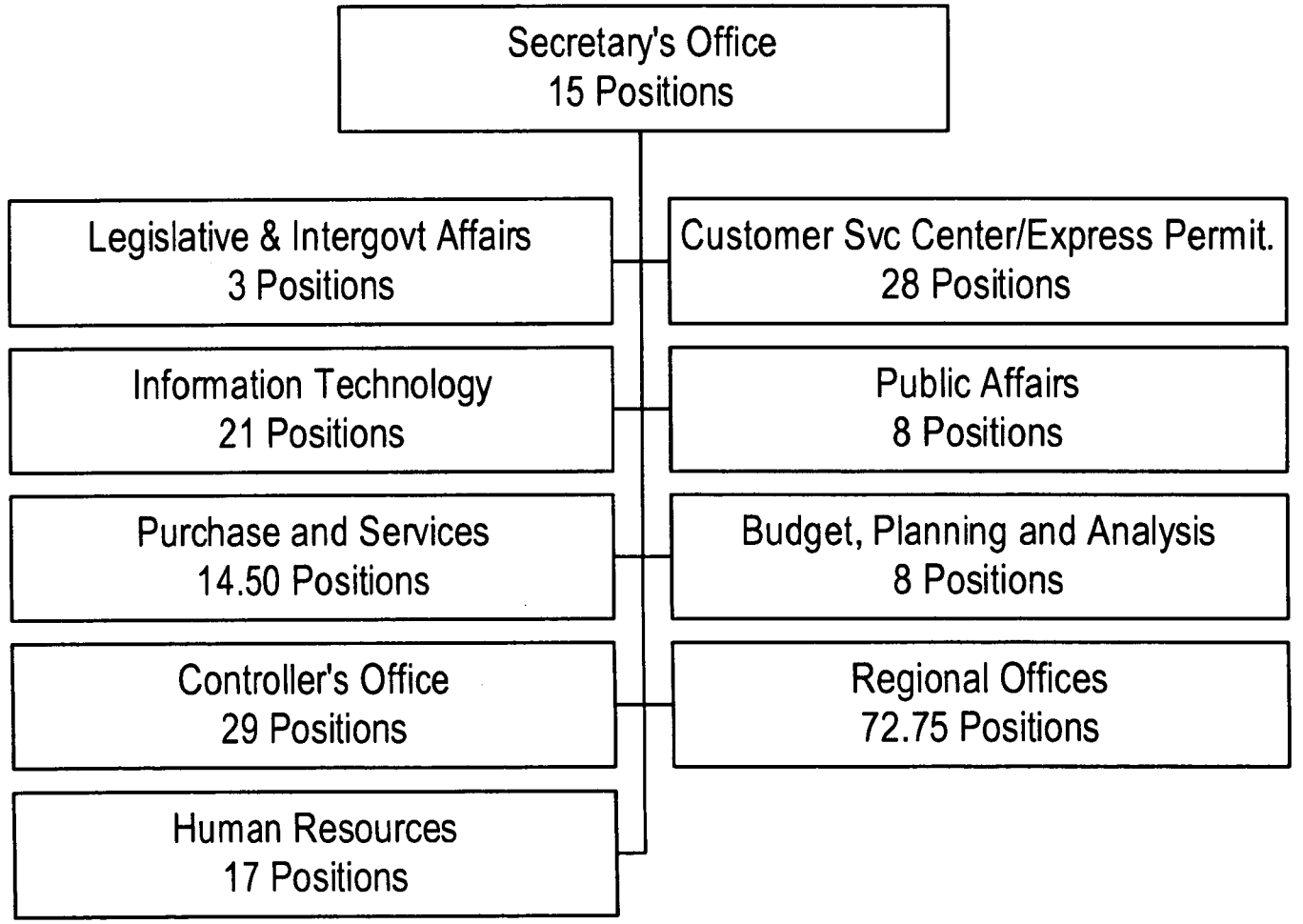
- **Regional Field Offices** provide administrative support for Departmental staff located in the field.

- **Administrative Services Divisions** provide support to the Department in the areas of budget, planning and analysis, information technology, purchasing services, fiscal management and human resources.

- **Customer Services Center** serves as a single point of contact for all of the Department's programs and services. The One-Stop Permit program is located here as well as the Express Permitting Program.

- **Public Affairs** conduct the public outreach programs of the Department, serving as the liaison to the media and to the general public.

ADMINISTRATION
DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES
ORGANIZATIONAL CHART

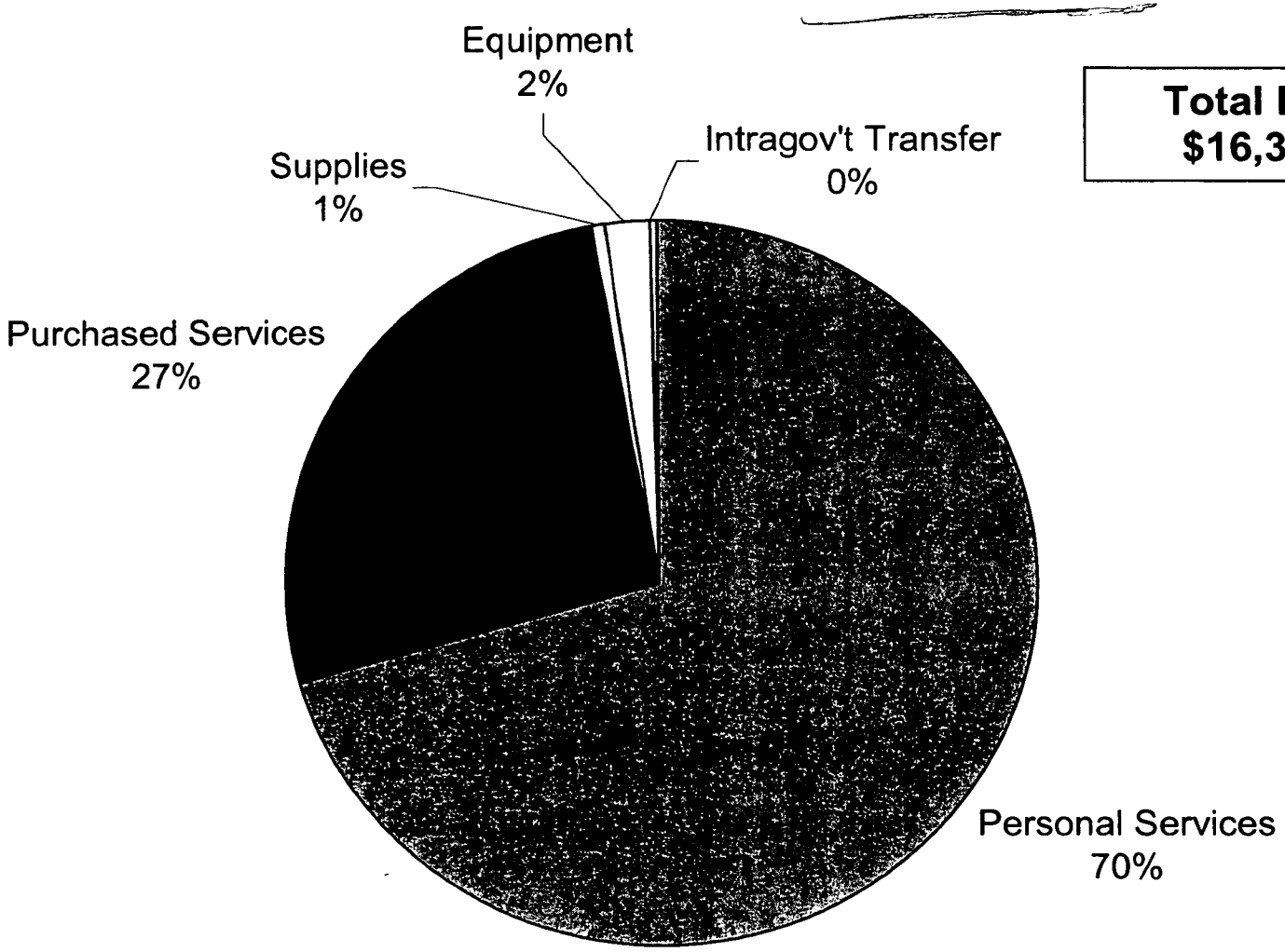


ADMINISTRATION
DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES

Budget History					
	2002-2003 Actual	2003-2004 Actual	2004-2005 Authorized	2005-2006 Governor's Recommended	2006-2007 Governor's Recommended
Expenditures	$14,209,027	$18,115,547	$16,303,030	$16,912,736	$17,019,158
Less Receipts	($4,593,378)	($7,431,272)	($6,016,966)	($6,016,966)	($6,688,375)
Cash Balance +/-	$0	$713,204	$0	$0	$0
State Appropriations	*$9,615,648*	*$11,397,479*	*$10,286,064*	*$10,895,770*	*$10,330,783*
Positions	208.25	215.75	216.25	224.75	224.75

ADMINISTRATION
DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES

FY 2004-05 AUTHORIZED BUDGET BY EXPENDITURE TYPE

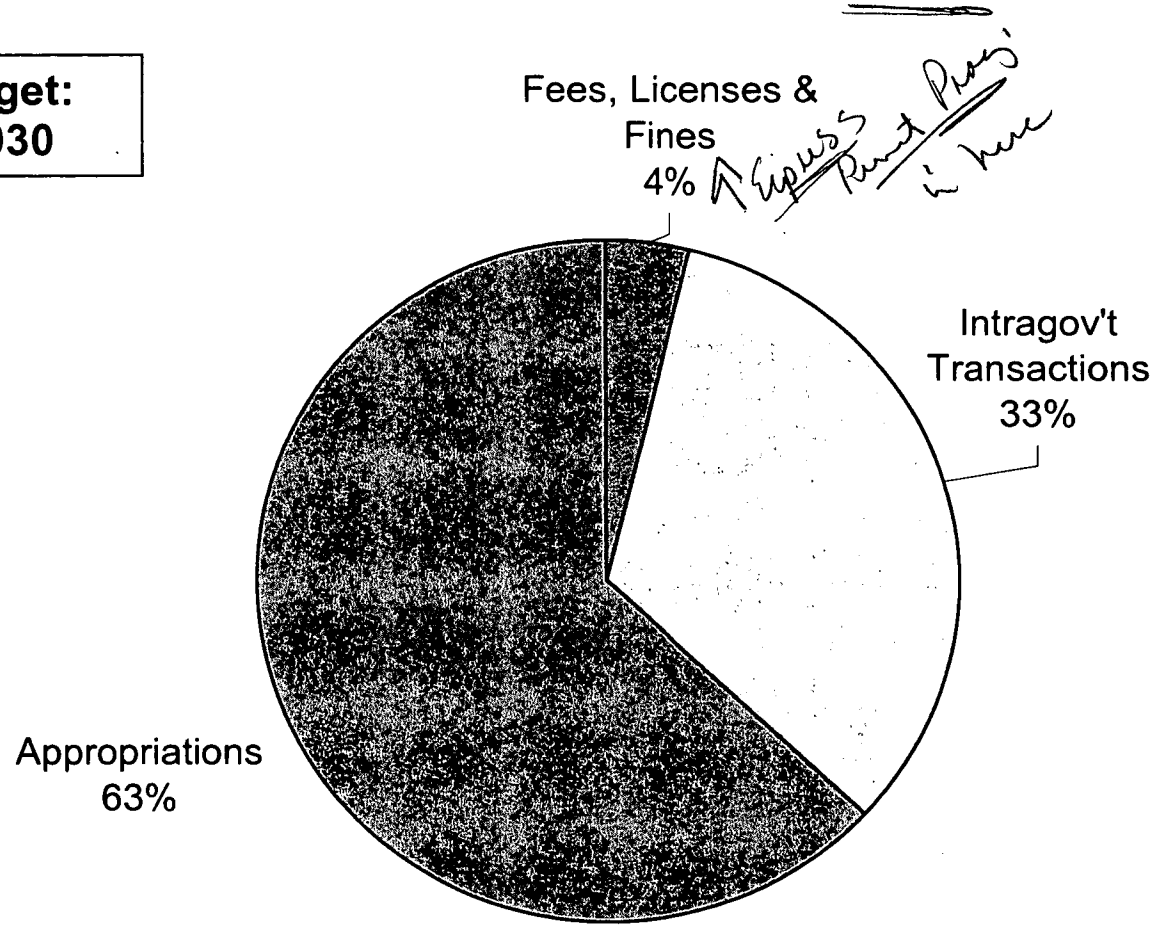


Total Budget:
$16,303,030

ADMINISTRATION
DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES

FY 2004-05 AUTHORIZED FUND SOURCES

Total Budget: $16,303,030



ADMINISTRATION
DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES

OVERVIEW OF BUDGET ACTIONS FOR THE 2003-05 BIENNIUM

EXPANSION AND/OR CAPITAL IMPROVEMENTS	2003-04	2004-05
Establish Express Permitting Program (8.0 positions)	$500,000 NR	
Expand Express Permitting Program (8.0 positions)		$100,000 NR
Expand One-Stop Permitting Program (4.0 positions)		$100,000 R
REDUCTIONS		
Eliminate 3.0 positions. • Office Assistant (1.0) • Information and Communications Specialist (1.0) • Telecommunications System Analyst I (1.0)	($149,859) R	($149,859) R
Reduce operating support.	($200,000) R	($200,000) R
Eliminate Bloodborne Pathogen funding.	($26,360) R	($26,360) R
Eliminate 1.5 positions. • Personnel Officer (0.5) • Help Desk Assistant (1.0)		($74,466) R
Eliminate 1.0 Office Assistant III position.		($30,167) R
Reduce Regional Office rent.		($80,956) R

ADMINISTRATION
DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES
PROPOSED RECOMMENDATIONS FOR THE 2005-07 BIENNIUM

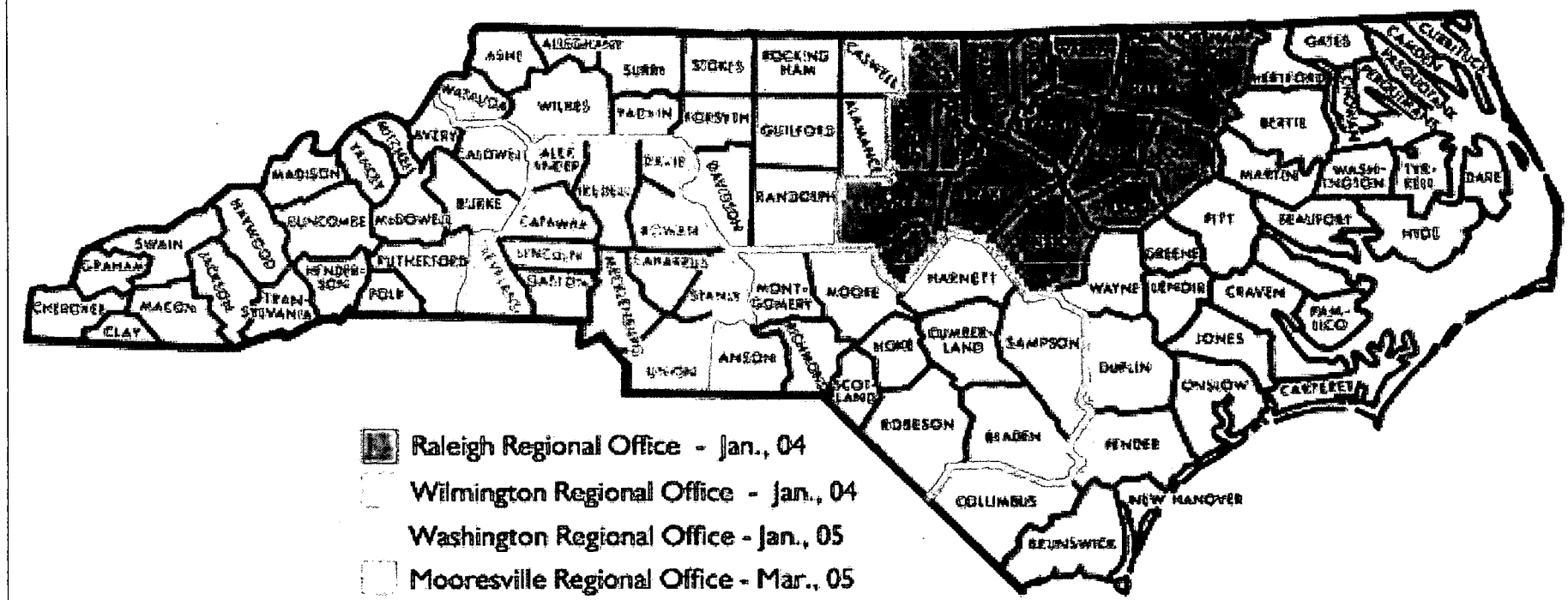
SIGNIFICANT CONTINUATION BUDGET ITEMS	2005-06	2006-07
Personal Services (annualization of positions and routine adjustments)	$33,729	$41,719

EXPANSION in Gov's Rec

Expand Express Permitting Statewide	$575,977 NR 12.0 positions	

EXPRESS PERMITTING

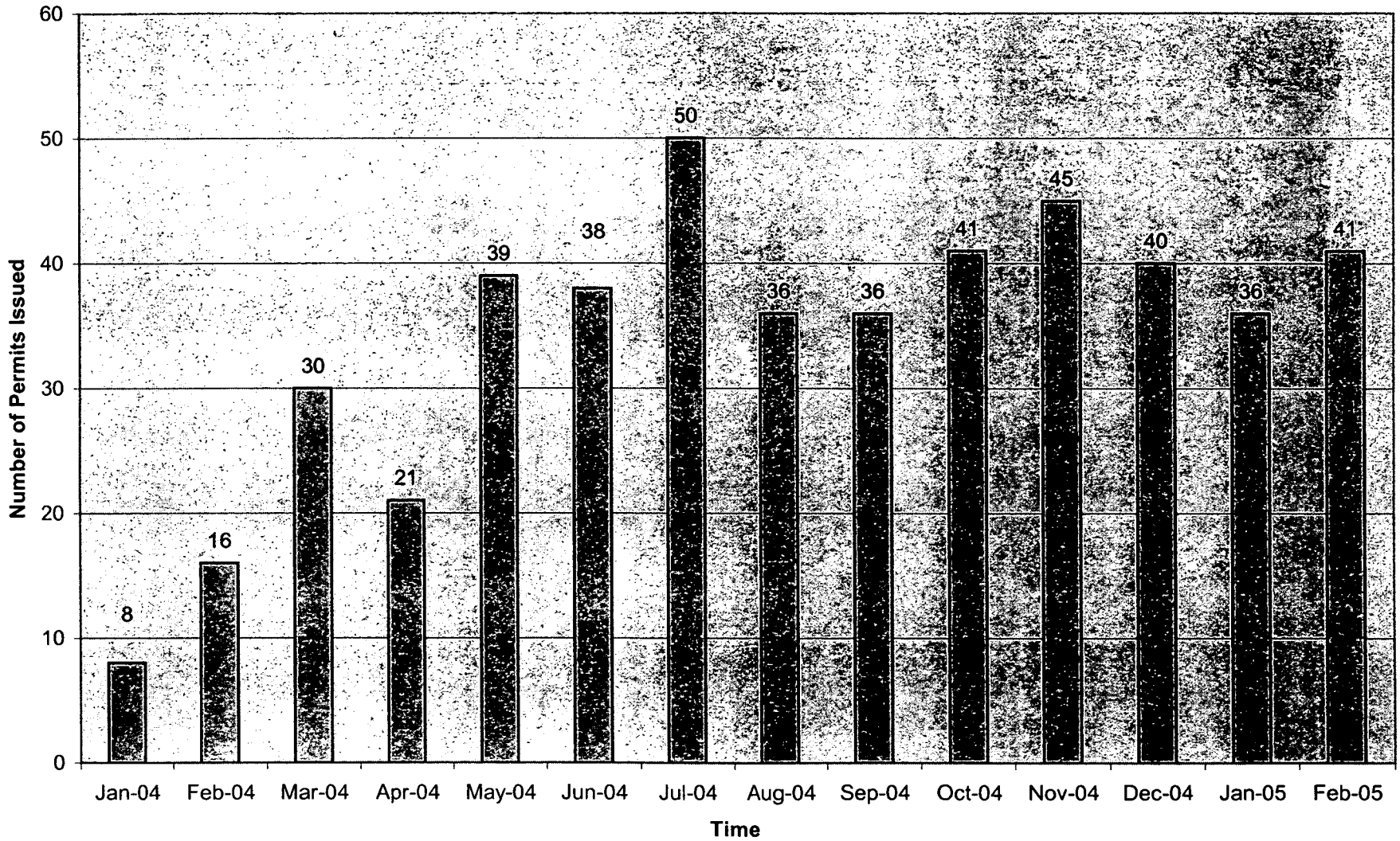
North Carolina Department of Environment and Natural Resources



Attachment 7

3/05

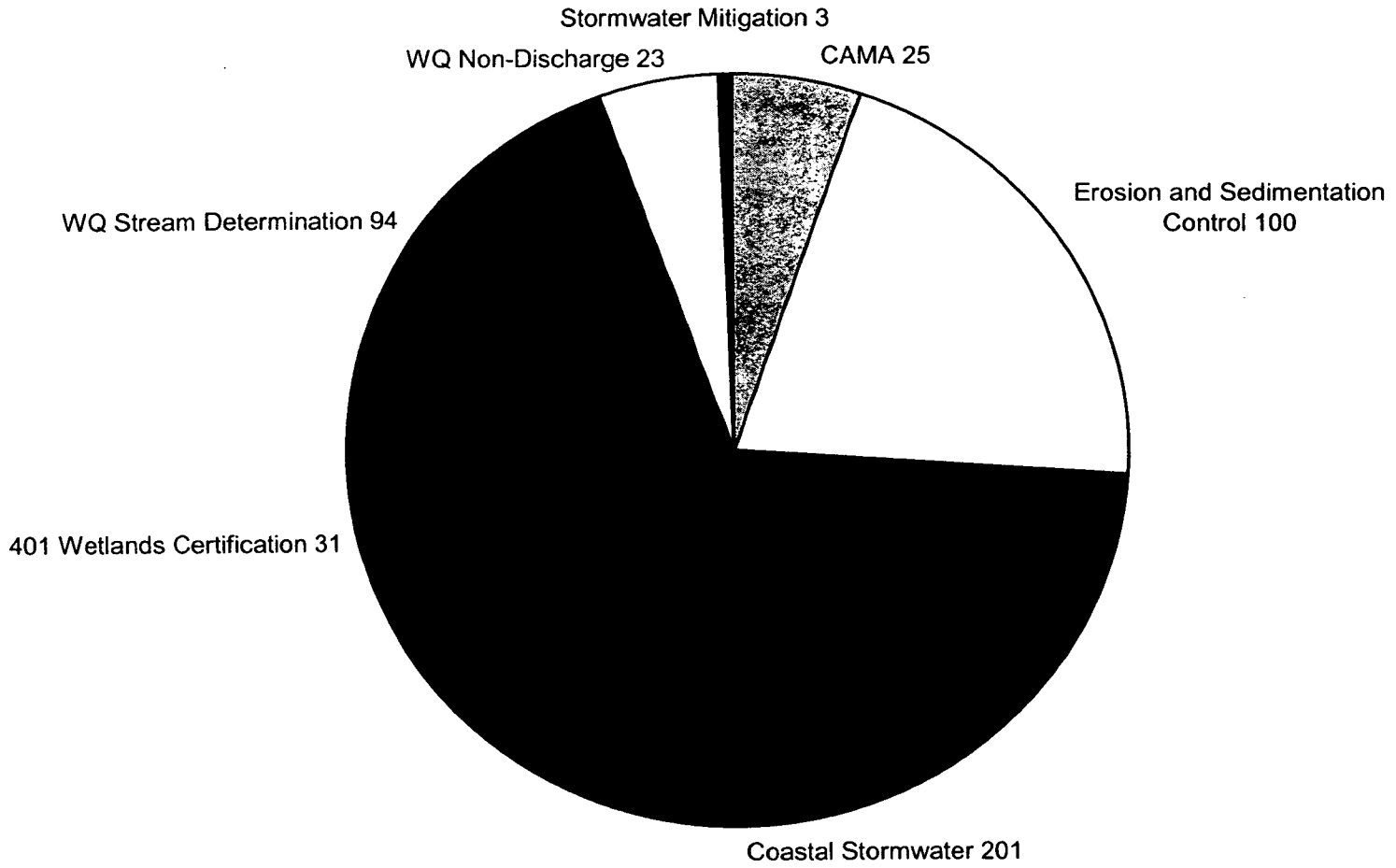
Express Permits Issued Per Month



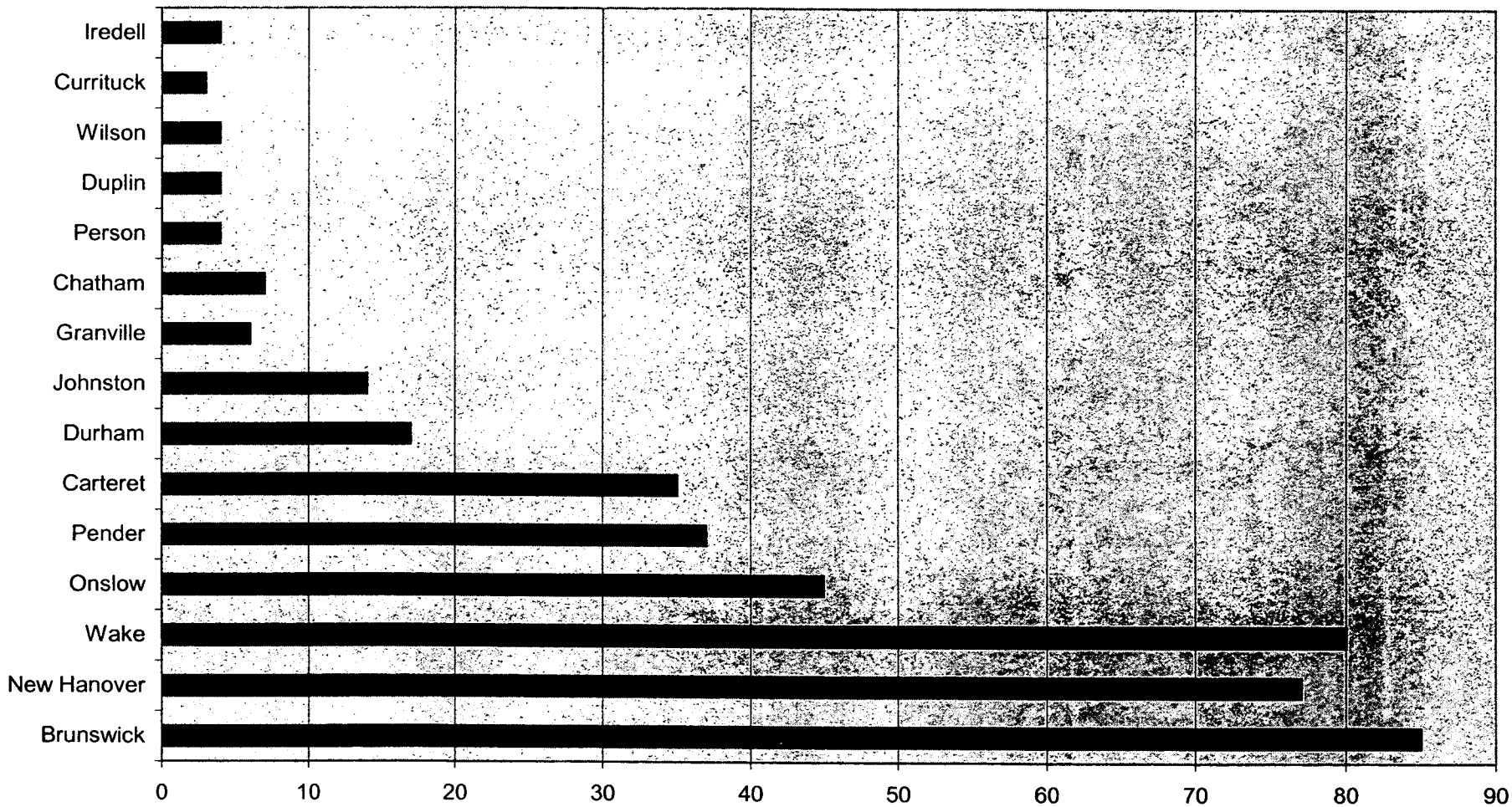
Attachment 7A

Express Permitting -1

Types of Express Permits by Program
(Jan-04 to Jan-05)



Express Permit Distribution by County
Top 15 for the Period
Jan 2004 - Jan 2005



Express Permitting-3

North Carolina Department of Environment and Natural Resources
Express Permit Review Pilot Program Report
March 15, 2005

This report fulfills the requirements of SL2004-124, Section 12.9 (e) to report on the success of the Express Permit Review Pilot Program within the Department of Environment and Natural Resources. The Express Permit Review Pilot Program was authorized by the General Assembly in 2003 to assist applicants seeking environmental permits. It was initially implemented in the Wilmington and Raleigh regions. The legislature directed that the express program be expanded to two additional regions in fiscal year 2004-2005. It began operating in the Washington Regional Office in January 2005 and is scheduled to expand to the Mooresville Regional Office in April 2005.

The intent of the express review program is to reduce the permit review time without relaxing environmental requirements. Express permitting has been available for the following permits or authorizations: coastal stormwater; water quality 401 wetland certifications; stream origin determinations; riparian buffer authorizations; erosion and sedimentation control plans; Coastal Area Management Act and water quality non-discharge. For this quicker service, applicants are charged higher fees. These fees are used to hire additional permit engineers for the express permit reviews.

Program Highlights:

In the first year of operation, more than 400 permits were issued under the express permitting program. This included about 100 erosion and sedimentation control plans and more than 175 coastal stormwater permits. Housing developments, commercial and retail facilities, recreational and service-oriented businesses utilized the express review service. This expedited review process allowed economic development and job creation projects to begin earlier than if the normal review process had been followed. Chart 1 shows the number of permits issued by month from January 2004-February 2005.

Review time has been significantly reduced. Overall the average review time utilizing the express program is 70 percent less than the normal process. The review time for coastal permits has been reduced more than 60 percent; stormwater about 85 percent; erosion and sedimentation control about 90 percent; water quality 401 wetland certification about 60 percent and water quality non-discharge permits by 70 percent. Even more efficient reviews would occur if high-quality applications were consistently submitted.

Pre-application meetings and consultation with applicants has improved communication. This one-on-one discussion has resulted in better-documented applications. However, as many as 30 percent of the erosion and sedimentation control and nearly 70 percent of the coastal permit applications required additional information. During the next phase of the program, training will be expanded in an effort to increase the number of high quality applications.

Start-up funds were appropriated to establish the program, hire staff and begin operation. It was expected that the higher fees charged for the express service would finance the program in future years. To date about $700,000 has been generated by the program. Eleven express reviewers have been hired for the three currently operating regions. Based on the level of participation in the pilot areas, the potential for the program to become self-sustaining in the future appears excellent. Start-up funds will be needed to expand the program to other regions. We will continue to track participation, as express permit review is made available to other parts of the state.

The pilot program initially focused on the coastal region, since coastal management and coastal stormwater permits were identified as premiere candidates for express review. There has been considerable interest in the express program throughout the state. To date, projects in 39 counties have used the express review process.

Demand for the program is increasing. For example there has been a five-fold increase in permits reviewed under the express program between January 2004 and January 2005.

Recommendations:

The results of the express permitting program in the eastern part of the state have been very promising. Permit review time has been quicker. Developers, engineers, consultants and landowners have shown support for this program and their feedback has been positive. The ability for this program to focus on time-sensitive projects requiring multiple environmental permits provides another economic development incentive for new and expanding businesses. For these reasons, we recommend that it be expanded to the Winston-Salem, Asheville and Fayetteville regional offices. Start-up funds will be needed to expand to these three additional regional offices. These funds allow for hiring of staff, furnishing offices and supporting the program until express permitting can become self-supporting.

As it is expanded to other areas of the state, additional permit programs should be examined to see if they are appropriate for express review. The Department is already working with the U.S. Army Corps of Engineers to identify wetland and buffer reviews that can be included in express permitting. As the program expands, permit training and information sharing sessions should be held to improve the quality of applications. The submittal of complete applications, including design details and all environmental information will result in reduced permit processing time in both the normal and express permitting programs.

CENTER FOR GEOGRAPHIC INFORMATION AND ANALYSIS
DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES

PROGRAM OVERVIEW

Division Mission

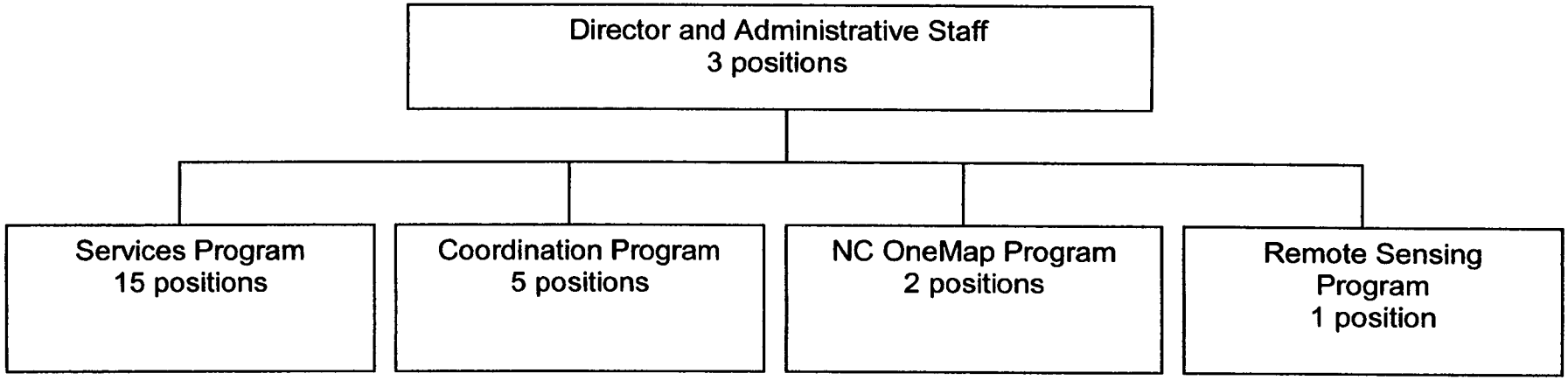
The mission of the Center for Geographic Information and Analysis (CGIA) is to enhance, facilitate, and promote the efficient, cost-effective development and use of geographic information in North Carolina. This is achieved through the creation, maintenance, and distribution of a statewide database of geographic information; the provision of geographic information system (GIS) services to organizations and individuals with interests in the state; and the coordination of activities related to geographic information and technology.

Division Activities

- Manages and distributes digital geographic information about North Carolina maintained by state and local government agencies through NC OneMap.
- Provides Internet access to digital geographic information through NC OneMap.
- Serves as staff support to the Geographic Information Coordinating Council (GICC), which develops policies and standards regarding the use of geographic information, GIS systems, and related technologies [General Statute Article 76, §143-725 through 143-727].
- Performs GIS services on a cost-recovery basis in the areas of database design and development, software application development, satellite remote sensing, custom map production, and training.
- Operates a statewide clearinghouse of geographic information.

CENTER FOR GEOGRAPHIC INFORMATION AND ANALYSIS
DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES

ORGANIZATIONAL CHART



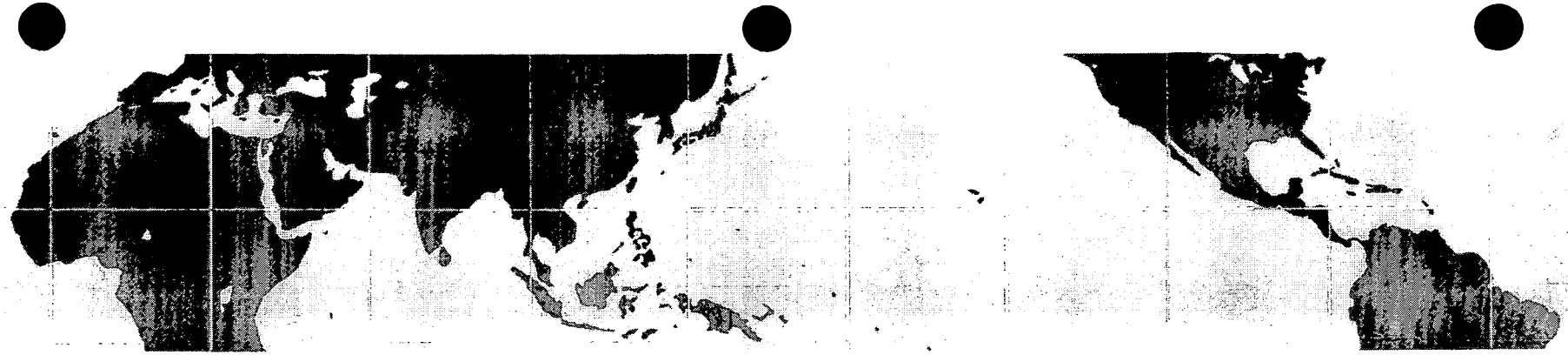
CENTER FOR GEOGRAPHIC INFORMATION AND ANALYSIS
DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES

OVERVIEW OF BUDGET ACTIONS FOR THE 2003-05 BIENNIUM

None: This program was moved to DENR in from the State Planning Office in FY 2001-2002. The program has historically been entirely receipt-supported and funded through special fund codes.

PROPOSED RECOMMENDATIONS FOR THE 2005-07 BIENNIUM

SIGNIFICANT CONTINUATION BUDGET ITEMS	2005-06	2006-07
None		
EXPANSION		
NC One Map	$60,000 R $500,000 NR 1.0 position	$80,000 R 1.0 position



NC OneMap: Developing the Data Resource

Tim Johnson, Director
Center for Geographic Information and Analysis

Presented to:
Joint Appropriations Subcommittee on Natural and Economic Resources

March 15, 2005

Attachment 9

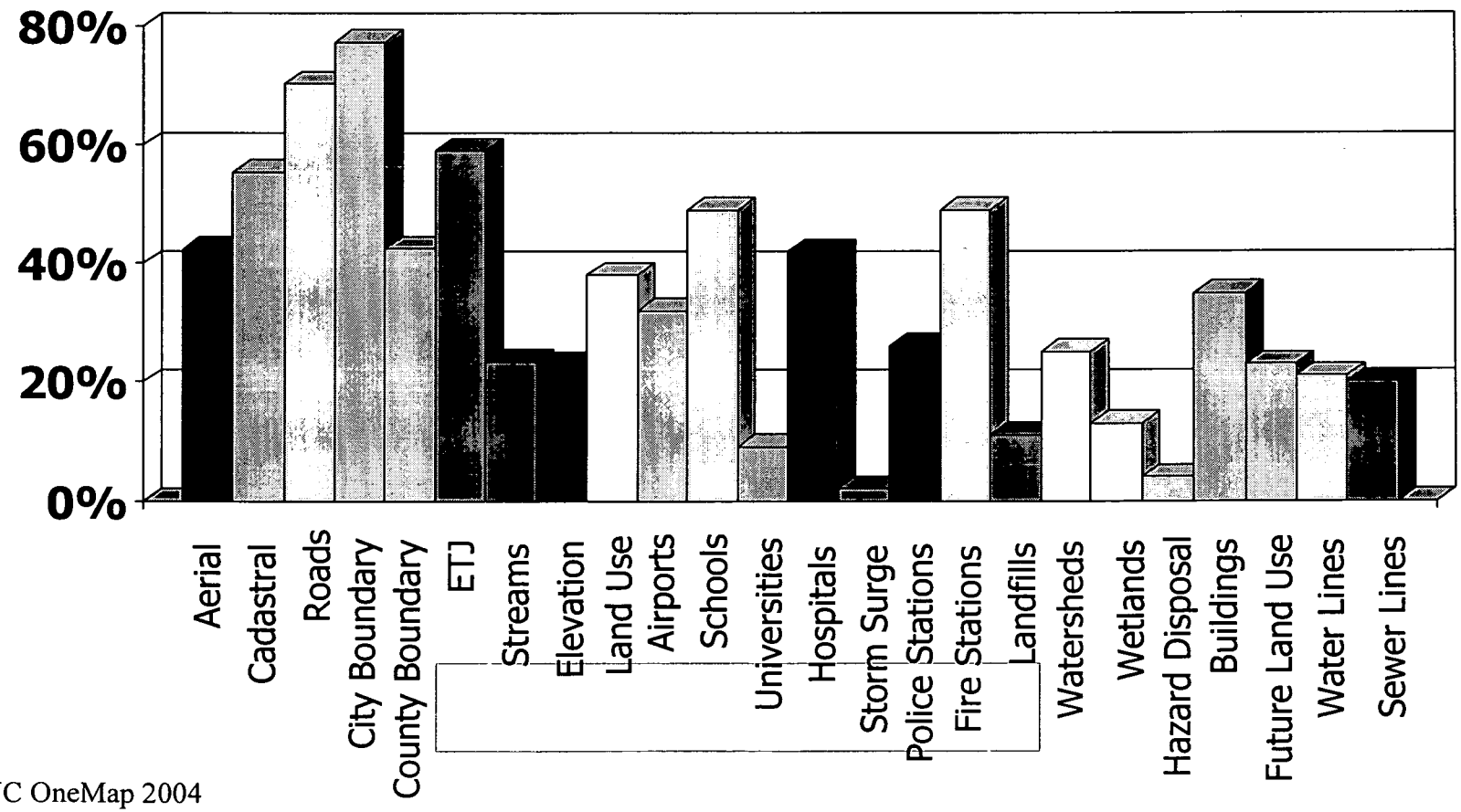
Geographic Information Coordinating Council (GICC)

- Statutory body created by General Assembly
- Broad-based representation
- CGIA serves as technical and administrative staff
- CGIA is leading NC OneMap implementation

Geographic Information Systems in North Carolina

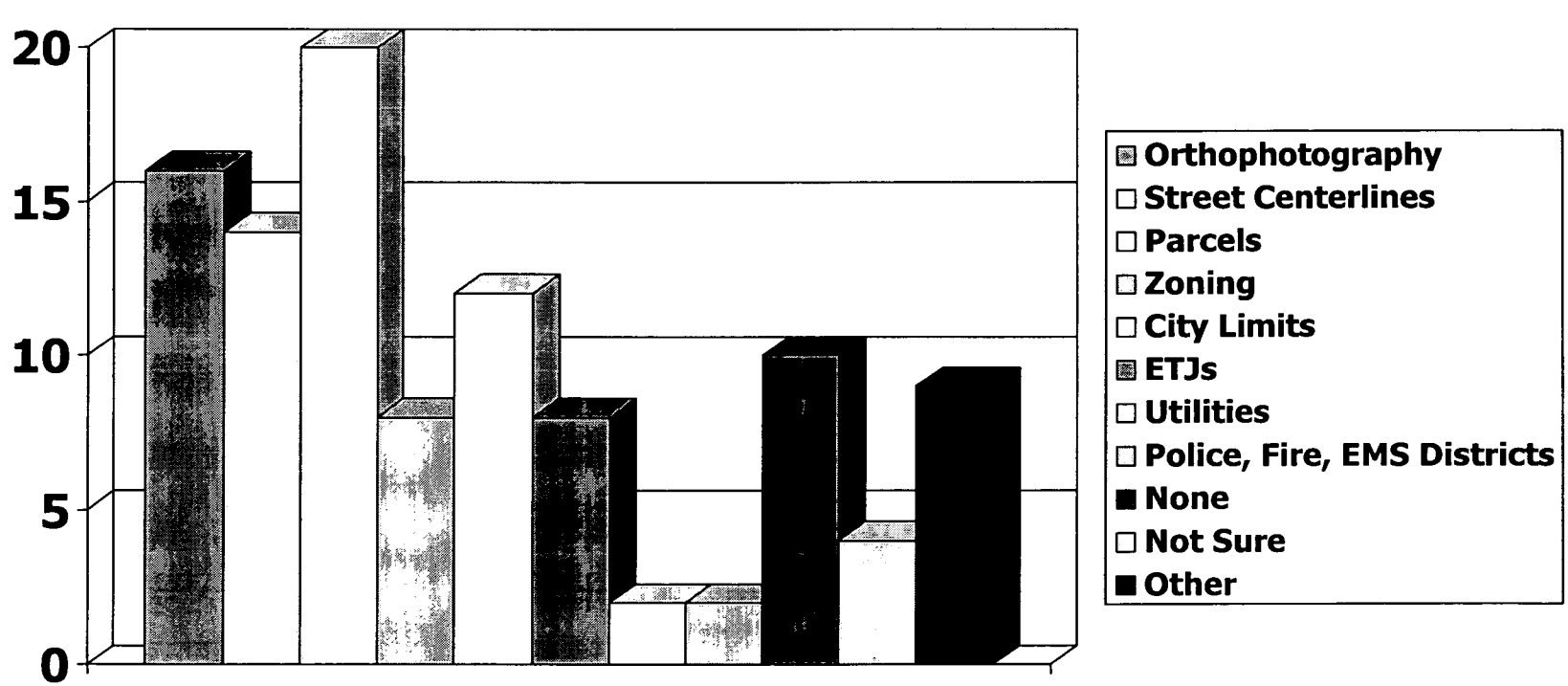
- $162 million in local investment in GIS
- 92 counties with GIS and mapping
- 65+ counties serve data through Internet
- Increasing number of cities and towns serving data

Data Produced by Cities and Counties



Source: NC OneMap 2004 Inventory

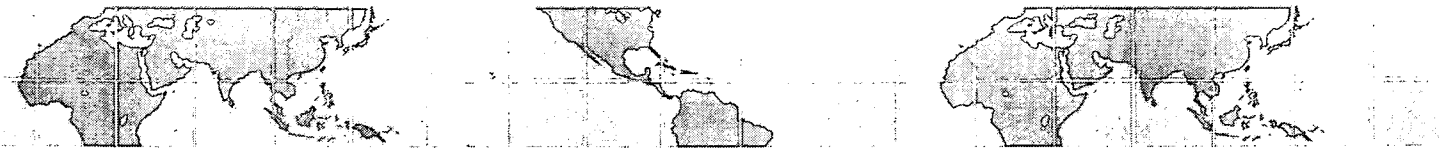
What data do you request from city and county GIS offices?



Source: NC OneMap 2004 Inventory

Vision and Implementation

- Developed through consensus
- Desire to share data and use current technology to facilitate
- Achieve statewide GIS data resource
- Support decisions at local, regional, and statewide levels
- Eliminate repetitive state agency requests for data

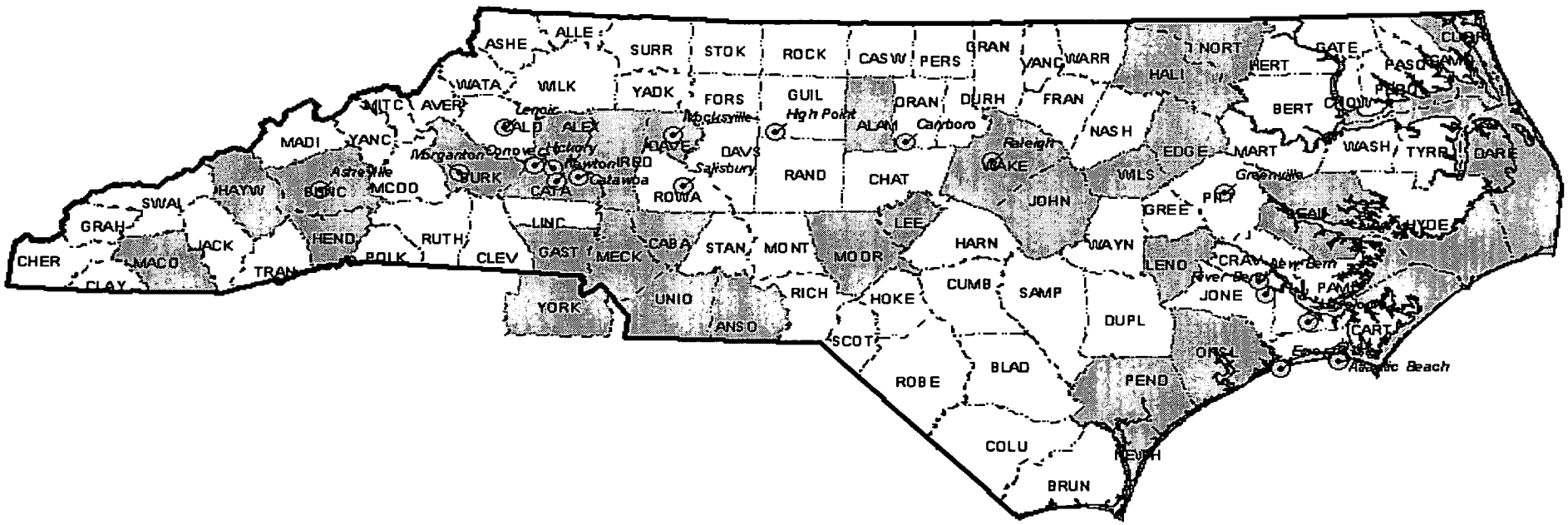


NC OneMap Today

- 54 communities connected
- Serving over 200 GIS data sets
- Additional communities ready to connect
- Five-year plan outlines objectives for growing the data resource
- Plan approved by State CIO

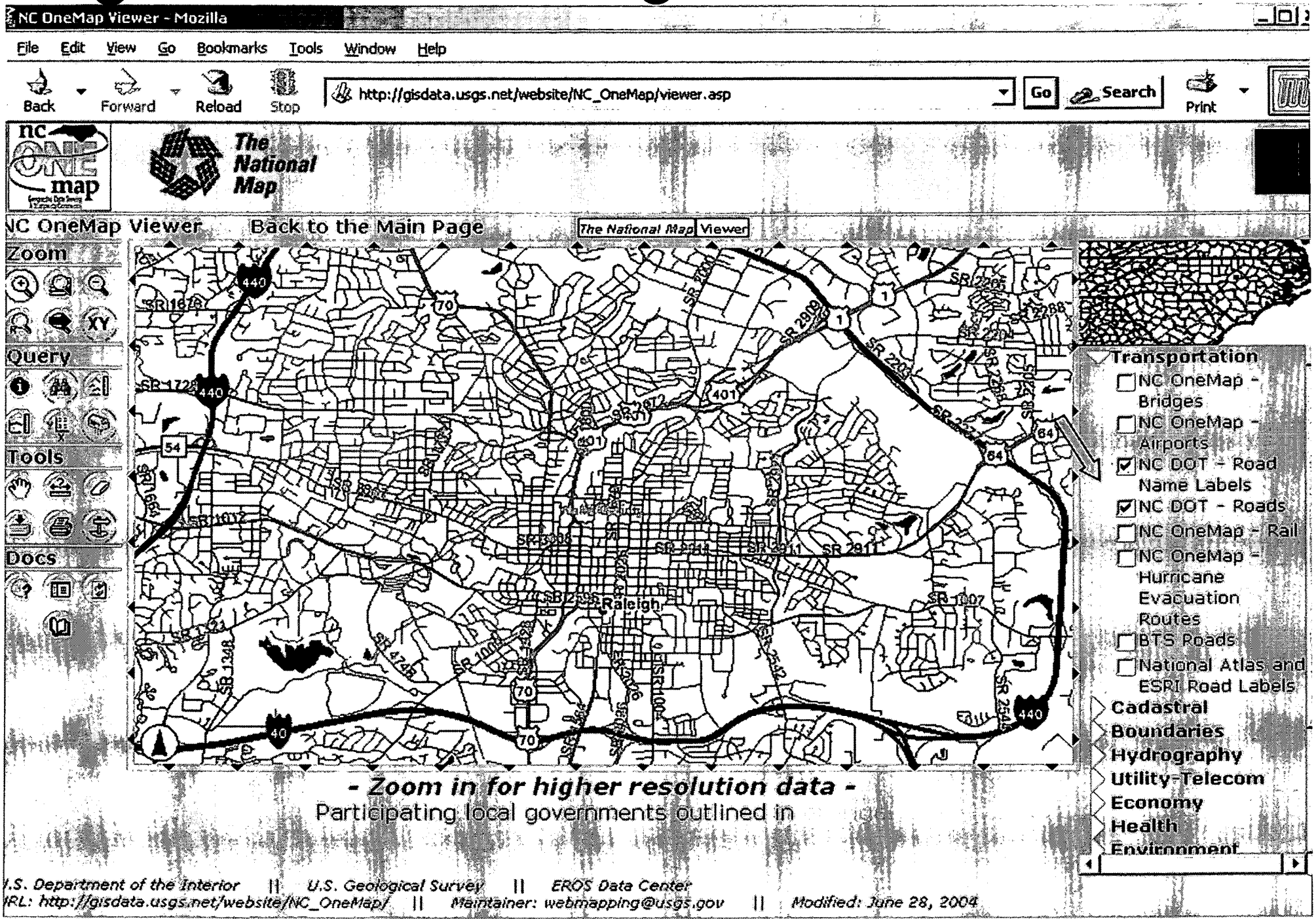
nc ONE map
Geographic Data Serving A Statewide Community

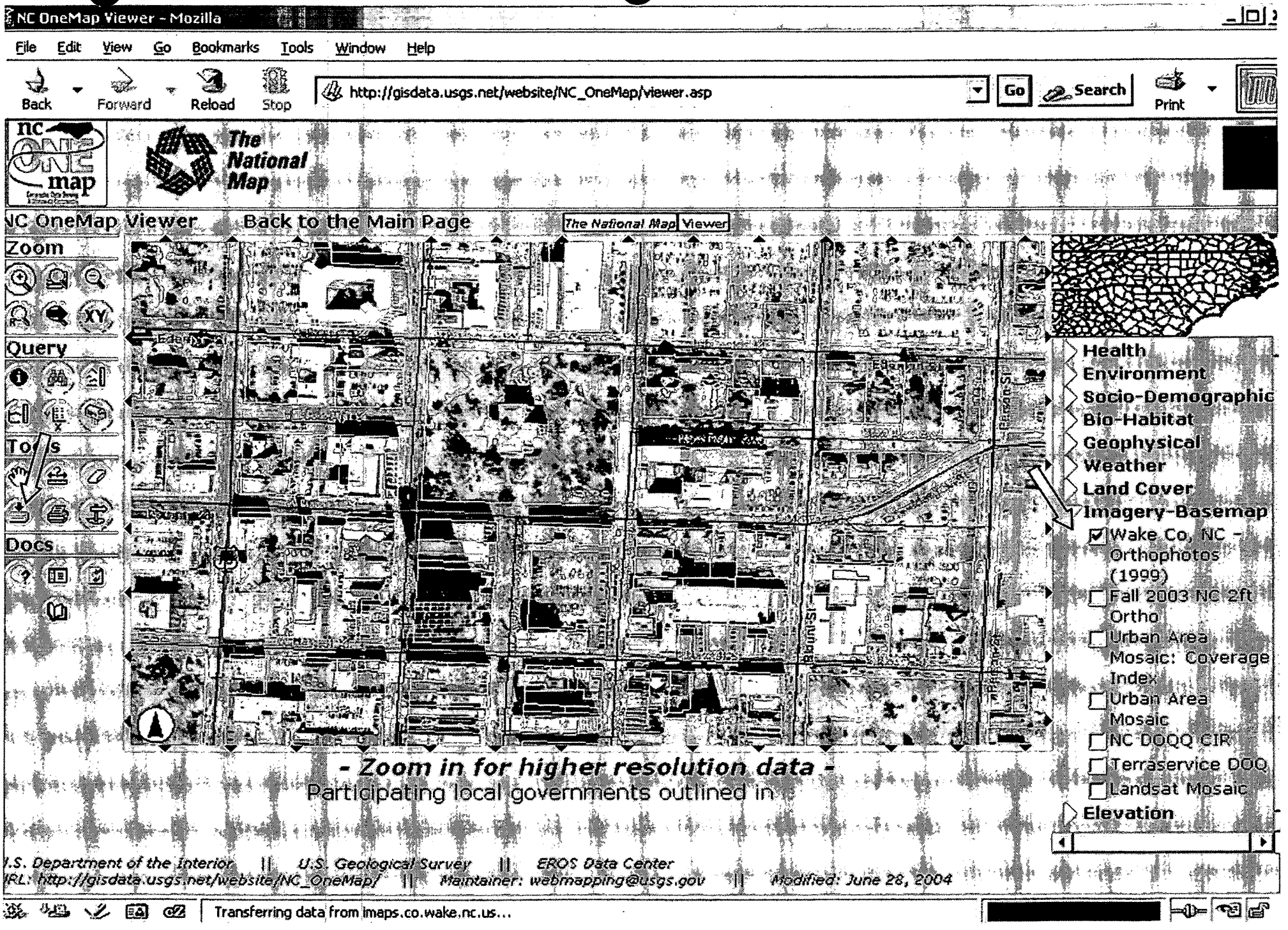
Current NC OneMap Participants



Participating County

Participating City


NC OneMap Viewer - Mozilla
File Edit View Go Bookmarks Tools Window Help
Back Forward Reload Stop
http://gisdata.usgs.net/website/NC_OneMap/viewer.asp
Go Search Print
nc one map
The National Map
NC OneMap Viewer
Back to the Main Page
The National Map Viewer
Zoom
Query
Tools
Docs
Transportation
NC OneMap - Bridges
NC OneMap - Airports
NC DOT - Road Name Labels
NC DOT - Roads
NC OneMap - Rail
NC OneMap - Hurricane Evacuation Routes
BTS Roads
National Atlas and ESRI Road Labels
Cadastral
Boundaries
Hydrography
Utility-Telecom
Economy
Health
Environment
Raleigh
- Zoom in for higher resolution data -
Participating local governments outlined in
U.S. Department of the Interior || U.S. Geological Survey || EROS Data Center
URL: http://gisdata.usgs.net/website/NC_OneMap/ || Maintainer: webmapping@usgs.gov || Modified: June 28, 2004


NC OneMap Viewer - Mozilla
File Edit View Go Bookmarks Tools Window Help
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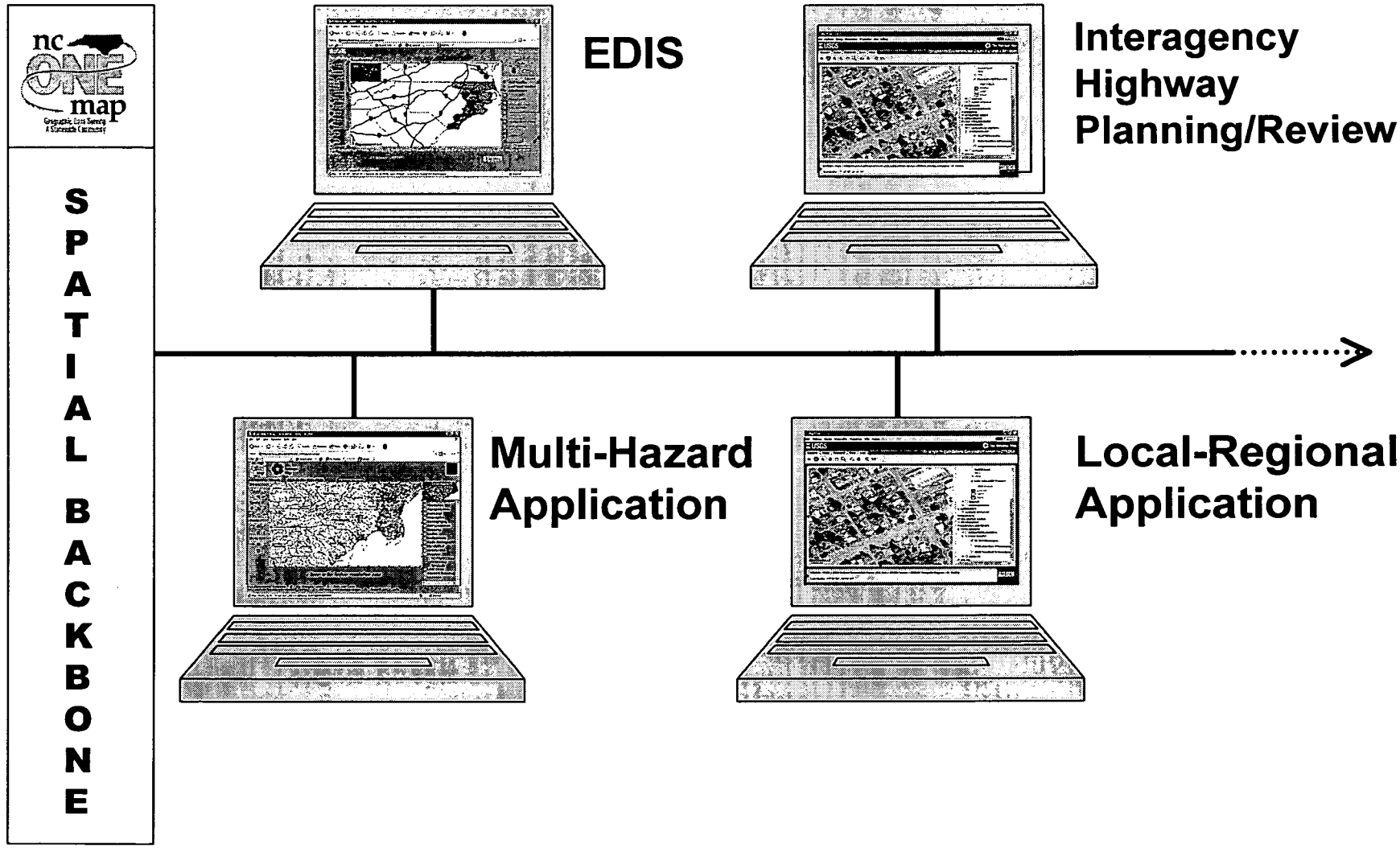
The National Map
NC OneMap Viewer
Back to the Main Page
The National Map Viewer
Zoom
Query
Tools
Docs
Health
Environment
Socio-Demographic
Bio-Habitat
Geophysical
Weather
Land Cover
Imagery-Basemap
Wake Co, NC - Orthophotos (1999)
Fall 2003 NC 2ft Ortho
Urban Area Mosaic: Coverage Index
Urban Area Mosaic
NC DOQQ CIR
Terraservice DOQ
Landsat Mosaic
Elevation
- Zoom in for higher resolution data -
Participating local governments outlined in
U.S. Department of the Interior || U.S. Geological Survey || EROS Data Center
URL: http://gisdata.usgs.net/website/NC_OneMap/ || Maintainer: webmapping@usgs.gov || Modified: June 28, 2004
Transferring data from imaps.co.wake.nc.us...

NC OneMap ... The Geospatial Backbone



Benefits

- County or city controls release of data
- Access to current data is more likely
- Information is served more quickly
- Work on regional and statewide issues with data directly from the source
- Improves opportunity to use public investments for public and private decision-making

Benefits

- Follows "Collect It Once, Use It Many Times" philosophy
- Accessible by anyone with Internet access
- Collaboration leads to development that meets all stakeholder requirements

Funding Request

- Project Manager position
  - Develop business case
  - Develop detailed work plan
  - Lead implementation of work plan
- Contractor services
  - Connect counties, cities/towns, and regions
  - Enhance hardware and software for 24/7 operations
  - Develop and implement data standards
  - Support missions of key departments

Questions ?

Contact:
Tim Johnson, CGIA
919-715-0711
tim.r.johnson@ncmail.net

A Superior Resource

NC OneMap will give geographic data users both within and outside of government a statewide framework of geographic information they can count on. The best data, whether provided by local, state, or federal government agencies will be accessible on the Internet to everyone 24/7 and will be free to search, discover, view, and use. The **NC OneMap** Internet map viewer uses *OpenGIS* protocols to find and integrate data from numerous on-line sources. Each participating data provider stores and controls the release of its own data. To assure data reliability, data will be adequately and uniformly documented with metadata.

This advanced capability will provide information to support the daily business processes of numerous agencies and organizations. **NC OneMap** will serve the basic information requirements of government decision-makers and, as a component of *The National Map*, will advance national priorities.

Timeframe

Initial launch in 2004 connected more than 50 local and state government partners. In 2005 **NC OneMap** plans to offer more connections, provide back-up access for emergency operations, and add other comprehensive resources, such as a statewide on-line data inventory, a clearinghouse of searchable metadata to find the "exactly right" data, and a rolodex of GIS personnel throughout North Carolina.

Beneficiaries

State, local and federal government agencies, universities, K-12 schools, utilities, non-profit organizations and the general public need geographically- based information so they can understand the interrelationships between environmental, business and human resources. Decisions are increasingly regional in scope. **NC OneMap** provides a critical linkage that will promote the maintenance of economic vitality in our communities, public health and safety, and the quality of life for all North Carolinians.

NC OneMap is an initiative of the North Carolina Geographic Information Coordinating Council. Success relies on innovative partnerships and cooperative agreements with numerous state, local and federal organizations to ensure that the geographic information infrastructure meets user needs into the future. To participate today, phone Council staff, the Center for Geographic Information and Analysis at 919.733.2090.

www.NCOneMap.com

North Carolina
Geographic Information Coordinating Council

Local Governments Connected to **NC OneMap**
March 2005

Counties

Alamance
Alexander
Anson
Beaufort
Buncombe
Burke
Cabarrus
Catawba
Currituck
Dare
Davie
Edgecombe
Gaston
Halifax
Haywood
Henderson
Iredell
Johnston
Lee
Lenoir
Macon
Mecklenburg
Moore
New Hanover
Northampton
Onslow
Pender
Union
Wake
Wilson
York County, South Carolina (adjacent to Mecklenburg County)

Cities and Towns

Asheville
Atlantic Beach
Carrboro
Catawba
Conover
Emerald Isle
Greenville
Havelock
Hickory
High Point
Lenoir
Mocksville
Morganton
New Bern
Newton
Raleigh
River Bend
Salisbury

Councils of Governments

Eastern Carolina COG
Northwest Piedmont COG
Unifour MPO
Upper Coastal Plain COG
Western Piedmont COG

www.NCOneMap.com

147 Local Government Layers

49 Participating Local Government Organizations

5 Participating Regional Councils of Government

Cadastral Category - 47 Layers

Alamance Co, NC - Tax Parcels
Anson Co. NC – Tax Parcels
Town of Atlantic Beach, NC - Zoning
Buncombe Co, NC - Tax Parcels
Burke County, NC - Tax Parcels
Cabarrus Co, NC - Tax Parcels
Town of Carrboro, NC - Tax Parcels
Town of Catawba, NC - Zoning
City of Conover, NC - Zoning
Currituck Co, NC - Tax Parcels
Dare Co, NC - Tax Parcels
Davie Co, NC - Tax Parcels
Edgecombe Co, NC - Tax Parcels
Town of Emerald Isle, NC - Zoning
Gaston Co, NC - Tax Parcels
Halifax Co, NC - Tax Parcels
City of Havelock, NC - Zoning
Henderson Co, NC - Tax Parcels
City of Hickory, NC - Zoning
City of High Point, NC - Tax Parcels
Iredell Co, NC - Tax Parcels
Johnston Co, NC - Tax Parcels
Lee Co, NC - Zoning
Lee Co, NC - Zoning, CBD Overlay
Lee Co, NC - Parcel Dimensions
Lee Co, NC - Tax Parcels
Lenoir Co, NC - Tax Parcels
Macon Co, NC - Tax Parcels
Mecklenburg Co, NC - Tax Parcels
Town of Mocksville, NC - Zoning
Moore Co, NC - Tax Parcels
City of Morganton, NC - Zoning
City of New Bern, NC - Zoning
New Hanover Co, NC - Tax Parcels
Northampton Co, NC - Tax Parcels
Onslow Co, NC - Tax Parcel Dimensions
Onslow Co, NC - Tax Parcels
Onslow Co, NC – Zoning
City of Raleigh, NC - Zoning
Town of River Bend, NC – Zoning
Union Co, NC - Tax Parcels
Wake Co, NC - Zoning
Wake Co, NC - Parcel Dimensions

Cadastral Category (continued)

Wake Co, NC - Tax Parcels
Wilson Co, NC - Tax Parcels
York Co, SC - Tax Parcels
York Co, SC - Zoning

Transportation Category - 32 Layers

Alamance Co, NC - Streets
Beaufort County, NC - Streets
Buncombe Co, NC - Streets
Cabarrus Co, NC - Streets
Town of Carrboro, NC - Streets
Currituck County, NC - Streets
Edgecombe Co, NC - Streets
Gaston Co, NC - Streets
City of Greenville, NC - Streets
Henderson Co, NC - Major Roads
Henderson Co, NC - Streets
City of High Point, NC - Streets
Iredell County, NC - Streets
Johnston Co, NC - Streets
Lee County, NC - Streets
Lee County, NC - Airports
Lenoir Co, NC - Streets
City of Lenoir, NC - Greenways
Mecklenburg Co, NC - Streets
Moore County, NC - Streets
New Hanover Co, NC - Streets
City of Newton, NC - Sidewalks
Northampton Co, NC - Streets
Onslow Co, NC - Streets
Pender Co. NC - Streets
City of Salisbury, NC - Greenways
City of Salisbury, NC - Streets
Unifour MPO - Traffic Analysis Zones
Wake Co, NC - Streets
Wilson Co, NC - Street ROW
Wilson Co, NC - Streets
York Co, SC - Streets

Boundaries Category - 31 Layers

Alamance Co, NC - Corporate Limits
Alamance Co, NC - ETJ Limits
City Of Asheville, NC – Corporate Limits
Buncombe Co, NC - Township Limits
Cabarrus Co, NC - City Limits
City of Greenville, NC – Corporate Limits
Iredell County, NC - Corporate Limits
Johnston Co, NC - Corporate Limits
Johnston Co, NC - ETJ Limits
Johnston Co, NC - Fire Districts
Johnston Co, NC - Rescue Districts
Johnston Co, NC - Township Limits
Lee County, NC - ETJ Limits
Lee County, NC – Elementary School Districts
Lee County, NC - Middle School Districts
Lee County, NC - Fire Response Areas
Lee County, NC - Voting Precincts
Lee County, NC - Township Limits
Moore Co, NC - Corporate Limits
Moore Co, NC - ETJ Limits
Onslow Co, NC - Corporate Limits
Onslow Co, NC - ETJ Limits
Onslow Co, NC - Voting Precincts
Onslow Co, NC - Fire Districts
Onslow Co, NC - Township Limits
City of Raleigh, NC - Parks
City of Salisbury, NC – Corporate Limits
City of Salisbury, NC – ETJ Limits
City of Salisbury, NC – Salisbury Parks
Wake Co, NC - Planning Jurisdictions
York Co, SC - Corporate Limits

Economy Category - 1 layer

Lee County, NC - Economic Development Zones

Elevation Category - 3 Layers

Alamance Co, NC – Elevation Contours
Johnston Co, NC – Elevation Contours
City of Raleigh, NC – Elevation Contours

Hydrography Category - 5 Layers

Alamance Co, NC - Lakes
Alamance Co, NC - Streams
Lee County, NC - Watersheds
Mecklenburg Co, NC - Streams
Wake Co, NC - Lakes and Streams

Imagery-Basemap Category - 16 Layers

Alexander Co, NC - Orthophotos (1999)
Buncombe Co, NC - Orthophotos (1998)
Cabarrus Co, NC - Orthophotos (2001)
Town of Carrboro, NC – Orthophotos(2003)
Catawba Co, NC - Orthophotos (2002)
Dare Co, NC - Orthophotos (2002)
Gaston Co, NC - Orthophotos (2000)
Haywood Co, NC - Orthophotos (1999)
Henderson Co, NC - Orthophotos (2001)
Iredell Co, NC - Orthophotos (2002)
Johnston Co, NC - Orthophotos (2001)
Mecklenburg Co, NC - Orthophotos (2001)
Moore Co, NC - Orthophotos (2003)
Wake Co, NC - Orthophotos (1999)
York Co, SC - Orthophotos (2000)
SEACOOS – MODIS Satellite Imagery

Location-Geodetic - 3 Layers

City of High Point, NC - Addresses
Johnston Co, NC - Subdivisions
Johnston Co, NC – Zipcode Boundaries

Structures Category - 8 Layers

Cabarrus Co, NC – Building Footprints
Iredell Co, NC – Building Footprints
Johnston Co, NC - Schools
Lee County, NC – Building Footprints
Mecklenburg Co, NC – Building Footprints
New Hanover Co, NC – Building Footprints
City of Raleigh, NC - Building Footprints
York Co, SC - Building Footprints

Utility-Telecom Category - 1 Layer

Lee County, NC - Water Lines

78 State and Federal Government Layers

State Government - 32 Layers

Boundaries
- NC DOT - NC County Names
- NC DOT - Municipality Names
- NC DOT - Incorporated Municipalities
- NC DOT - NC County Boundaries
- NC General Assembly - House Districts
- NC General Assembly - Senate Districts
- NC General Assembly - US House Districts

Health
- NC Dept of Health & Human Srvc-Public Hospitals
- NC Dept of Health & Human Srvc - Other Medical Facilities

Hydrography
- NC DENR, Div of Water Quality - Surface Water Intakes
- NC DENR, Div of Water Quality - Water Supply Watersheds
- Floodplain Mapping Prog-NC Base Flood Elevation
- Floodplain Mapping Prog-NC Flood Hazard Zones
- Floodplain Mapping Prog-NC DFIRM Panel Grid

Imagery-Basemap
- NC CGIA DOQQ 1998 Color Infrared

Land Cover
- NC CGIA 1996 Land Use/Land Cover

Location-Geodetic
- NC Geodetic Survey - NC Geodetic Control Points

Structures
- NC Dept of Agriculture-Emergency Oper. Centers
- NC CGIA - Emergency Shelters
- NC Dept of Instruction - Schools
- State Library of NC- Public Libraries
- State Library of NC- Universities and Colleges
- NC Dept of Health & Human Srvc-Police Stations

Transportation
- NC CGIA - Bridges
- NC CGIA - Airports
- NC DOT - Ferry Routes
- NC DOT - Road Name Labels
- NC DOT - Roads
- NC Div of Emergency Management & NC DOT - Hurricane Evacuation Routes

Federal Government - 46 Layers

Boundaries
- USGS - Federal Lands
- National Atlas and USGS - State Boundaries
- National Atlas - County Boundaries

Elevation
- SEACOOS - Bathymetry Contours
- USGS - NED Shaded Relief (1/3 arc second)
- USGS - Shaded Relief

Environment
- USGS GeoMAC - 2004 Fire Perimeters
- USGS GeoMAC - 2004 Previous Fires
- USGS GeoMAC - 2003 Fires

Geophysical
- USGS - Bedrock Geology

Hydrography
- USGS - NWIS All Sites
- FEMA - Q3 Flood Hazards
- USGS - RAD Streams
- USGS - RAD Water Bodies
- National Atlas - Streams
- National Atlas - Water Bodies
- USFWS - Wetland Polygons
- FEMA - DFIRM Flood Hazard Areas
- USDA, Natural Resources Conservation Service - River Basins

Imagery-Basemap
- NASA - MODIS Low Resolution RGB Satellite Imagery Composite (IMARS)
- USGS - Urban Area Mosaic: Coverage Index
- USGS - Urban Area Mosaic
- USGS - Terraservice DOQ
- USGS - Terraservice DRG
- USGS - Landsat Mosaic
- NOAA - Fall 2003 Outer Banks Orthophotos
- FMP & USGS - Fall 2003 NC 2ft Orthophotos

Land Cover
- USGS - NLCD 1992 Transparent on NED Shaded Relief

Location-Geodetic
- USGS - Cities
- National Atlas and USGS - State Boundary Labels
- National Atlas - County Boundary Labels
- USGS - GNIS Bridges
- USGS - GNIS Dams
- USGS - GNIS Falls

State Government (continued)

Utility-Telecom
- e-NC - Public Internet Access Sites
- e-NC - Wireless Towers
- e-NC - Wireless Service Areas

Federal Government (continued)

Transportation
- USGS – Rail
- BTS - Road
- BTS – Roads Labels
- National Atlas and ESRI - Road
- National Atlas and ESRI - Roads Labels

Weather
- NASA - QuikSCAT Winds
- NWS-10m Wind Field-ETA Forecast Model Output
- NWS-Sea Level Air Pressure - ETA Forecast Model Output
- NHC-Active Hurricane and Tropical Storm Tracks
- SEACOOS - NEXRAD - US Base Reflectivity Composite (TAMU)
- SEACOOS - NEXRAD - US Base Reflectivity Composite
- NOAA & NASA - Sea Surface Temperature (Optimally Interpreted)

NC OneMap Expansion Request

The expansion request consists of two components, which are described below.

1. A Project Manager position will be created to develop a business case and detailed work plan for implementation as recommended by the State Chief Information Officer (CIO). The Project Manager will lead the implementation of the work plan.

2. Contractor services will accomplish the following objectives:

   - Connect the remaining portion of the 100 counties by providing technical assistance to those communities.

   - Connect as many cities and towns as possible by providing technical assistance to those communities.

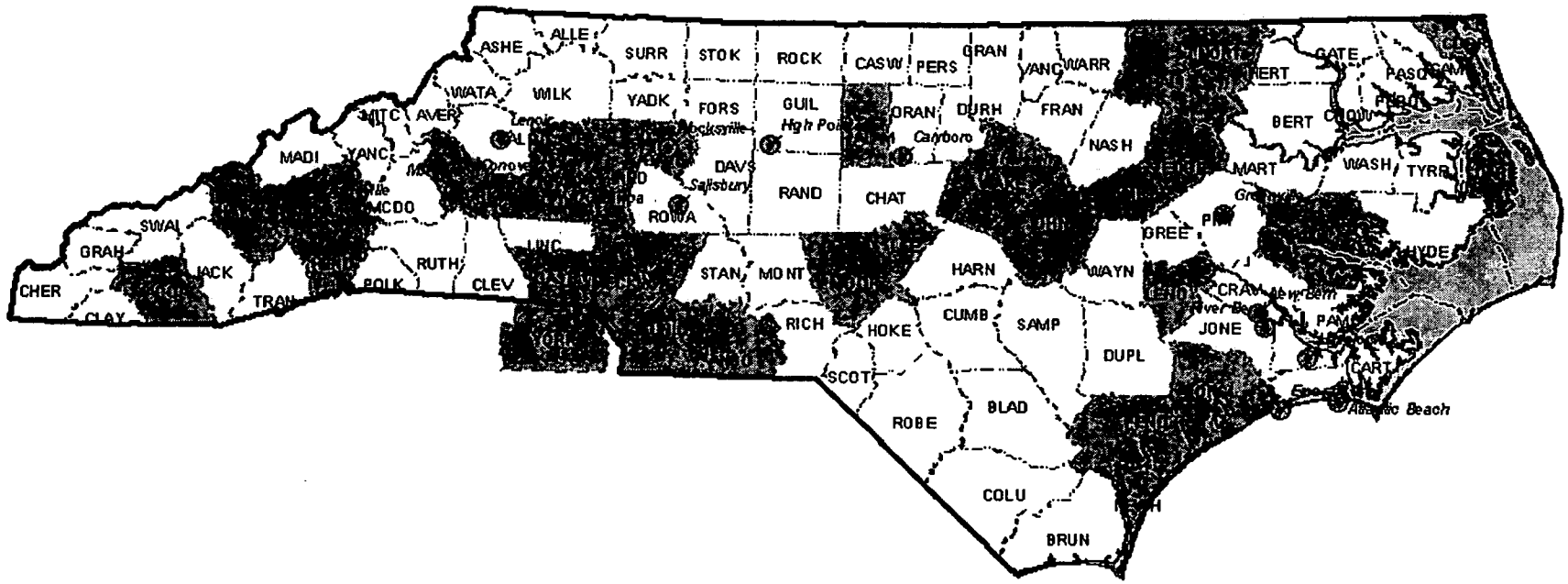
   - Connect regional councils of government when counties and cities/towns do not have the resources to host their own data.

   - Enhance the hardware and software at the state level to ensure 24 hours per day, seven days per week operations for emergency response, economic development, and transportation planning and review.

   - Develop and implement data standards in cooperation with the Geographic Information Coordinating Council to ensure data consistency and compatibility across North Carolina.

   - Support the needs of the Departments of Transportation, Commerce, Cultural Resources, and Environment and Natural Resources, as well as the Wildlife Resources Commission, who have stated their reliance on the NC OneMap data resource to achieve their respective missions.

Current NC OneMap Participants
March 2005



VISITOR REGISTRATION SHEET

NER — 3/15/05

Name of Committee — Date

VISITORS: PLEASE SIGN BELOW AND RETURN TO COMMITTEE ASSISTANT

NAME	FIRM OR AGENCY
Edythe McKinney	DENR
Terry Ellis	Johnston Co. Technology Services
Susan Terry Cole	NCACDC
GREG GODARD	UCPCOG
Sarah Councilman	DENR
Jay Smith	DENR
Abdul Sankareed	NCCDT
Dempsey Benton	DENR
Brigette Blasberry	NCACDC
Thomas Chuck	OSBM
Cameron Brenny	Legislature
Art Britt	Legislature
Sheryl Stephens	OSBM
K. Rogers	NC DENR
T. Irvine	NCMSC

House Pages

Name Of Committee: NER Date: 3/15/05

1. Name: Lauren Elliott
   County: Franklin (Nash)
   Sponsor: Bill Daughtridge
2. Name: Lauren Langley
   County: Nash
   Sponsor: Bill Daughtridge
3. Name: Josh Sexton
   County: Wendell
   Sponsor: _____
4. Name: _____
   County: _____
   Sponsor: _____
5. Name: _____
   County: _____
   Sponsor: _____

Sgt-At-Arms

1. Name: JAMES WORTH
2. Name: ERNIE SHERRELL
3. Name: RONALD SPANN
4. Name: _____
5. Name: _____

MINUTES

Joint Appropriations Subcommittee
on
Natural and Economic Resources
Tuesday, March 15, 2005, at 2:00 p.m.
423 Legislative Office Building

The Joint Appropriations Subcommittee on Natural and Economic Resources (NER) met at 2:00 p.m. on Tuesday, March 15, 2005, in Room 423 of the Legislative Office Building. Four members of the Senate Subcommittee attended along with Representatives Hunter, Warren, Allen, Walker, Culp, Harrison, Langdon, Wilkins and Wray. Senator David Weinstein presided.

The meeting was called to order and the Subcommittee members and interested parties were welcomed. The following served the meeting: Pages - Candace Goreman sponsored by Representative Leo Daughtry, Lisa Mdrang sponsored by Representative Bernard Allen, and Josh Sexton sponsored by Senator Vernon Malone; Sergeant at Arms - Ernie Sherrell and Ron Spann (Senate), and James Worth (House); and the Fiscal Research NER Team - Susan Morgan, Jennifer Haygood, and Joy Hicks. Senator Weinstein announced a change in the Agenda (Attachment 1), the Division of Waste Management presentations would be first, and proceeded with the meeting.

Jennifer Haygood, Fiscal Research NER Team, gave a program overview of the Division of Waste Management, Department of Environment and Natural Resources (Attachment 2). After her presentation Ms. Haygood entertained questions and/or comments from the Subcommittee.

Dexter Matthews, Director, Division of Waste Management, spoke to the Subcommittee regarding the Cost Share Funds for National Priority List Sites and the Inactive Sites Fund. He gave an overview of what National Priority Sites are, their categories, and the EPA and State cost share. He then gave an overview of the Inactive Sites Fund, its use, and the fund's financial status. Mr. Matthews showed slides of sites where the Inactive Site Fund would be used and at the conclusion of his presentation, entertained questions and/or comments from the Subcommittee.

Jennifer Haygood, Fiscal Research NER Team, gave an overview of the Division of Environmental Health, Department of Environment and Natural Resources (Attachment 3). After her presentation Ms. Haygood entertained questions and/or comments from the Subcommittee.

Jennifer Haygood, Fiscal Research NER Team, gave an overview of the Division of Water Quality, Department of Environment and Natural Resources (Attachment 4). During and after her presentation Ms. Haygood entertained questions and/or comments from the Subcommittee.

Dempsey Benton, Deputy Secretary, Department of Environment and Natural Resources, spoke to the Subcommittee regarding the Clean Water and Drinking Water State Revolving Fund Match Funds 2005-2007 Budget (Attachment 5). After Mr. Benton's remarks he entertained questions and/or comments from the Subcommittee.

Senator Weinstein announced that the next NER meeting would be at 8:30 a.m. on Wednesday, March 16, 2005. He asked if there were any further questions and/or comments from the Subcommittee. There were none and the meeting adjourned at 2:57 p.m.

Senator David Weinstein
Chairman

Jane M. "Dee" Bagley
Committee Assistant

Joint Appropriations Subcommittee on Natural and Economic Resources

Tuesday, March 15th, 2005
Senator David Weinstein, Presiding
2:00 pm, Room 423

Chair's Comments	
Division of Environmental Health	*Jennifer Haygood, Fiscal Research*
Division of Water Quality	*Jennifer Haygood, Fiscal Research*
Clean Water and Drinking Water State Revolving Funds	*Dempsey Benton, Deputy Secretary, DENR*
Division of Waste Management	*Jennifer Haygood, Fiscal Research* *Dexter Matthews, Director, Division of Waste Management*
Closing Remarks – Senator Weinstein	
Adjourn	

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DIVISION OF WASTE MANAGEMENT
DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES

PROGRAM OVERVIEW

Division Mission

To prevent harmful releases of waste to the environment and to clean up existing contamination.

Division Activities

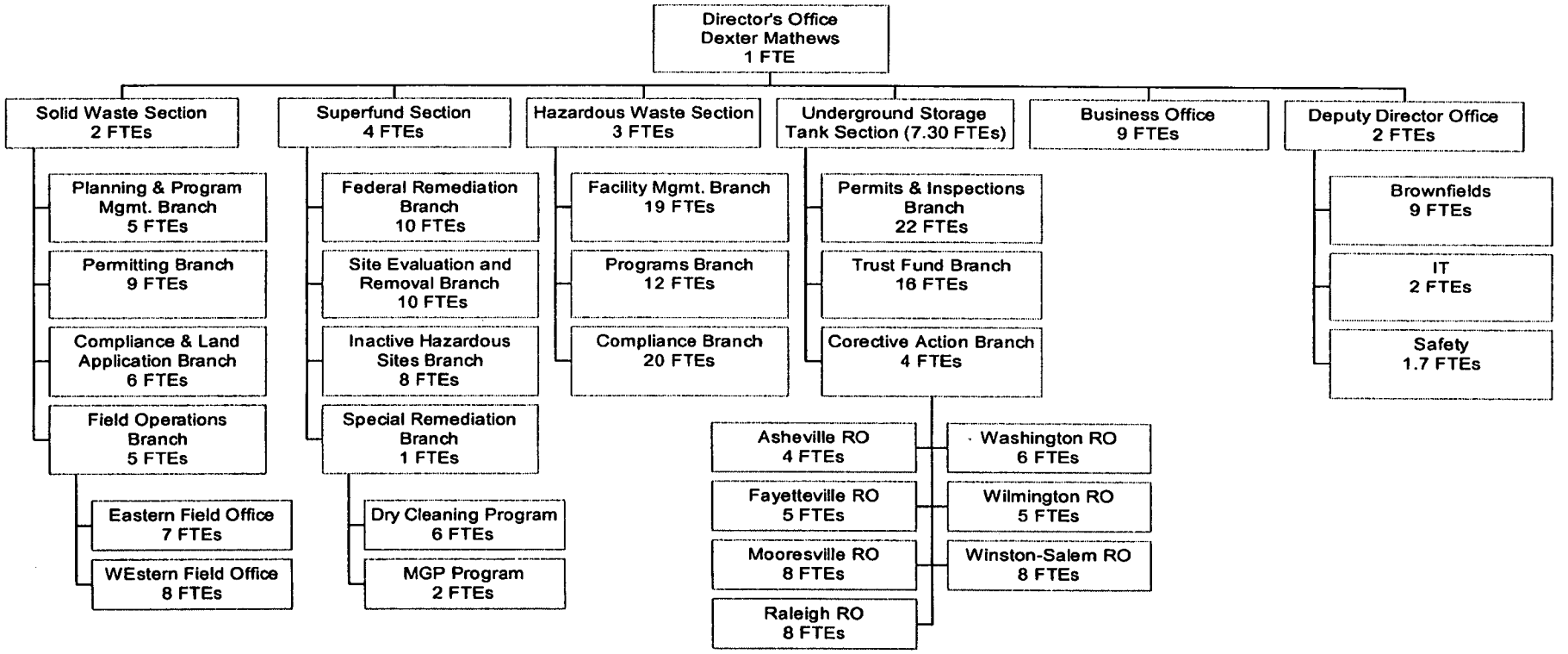
- Develop and implement comprehensive plans for management and/or remediation of waste and underground storage tanks (USTs)
- Provides technical assistance to local governments and the regulated community on waste minimization, recycling, and proper waste management.
- Implement permit programs, inspect waste management facilities and enforce waste management standards
- Implement disbursement of trust funds.
- Provide technical support for emergency response events.
- Implement Brownfield liability protection provisions to encourage risk-based cleanups of contaminated properties with viable redevelopment opportunities.
- Educate the public on proper waste management, recycling practices, and remediation activities.

Attachment 2

DIVISION OF WASTE MANAGEMENT

DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES

ORGANIZATIONAL CHART



DIVISION OF WASTE MANAGEMENT

DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES

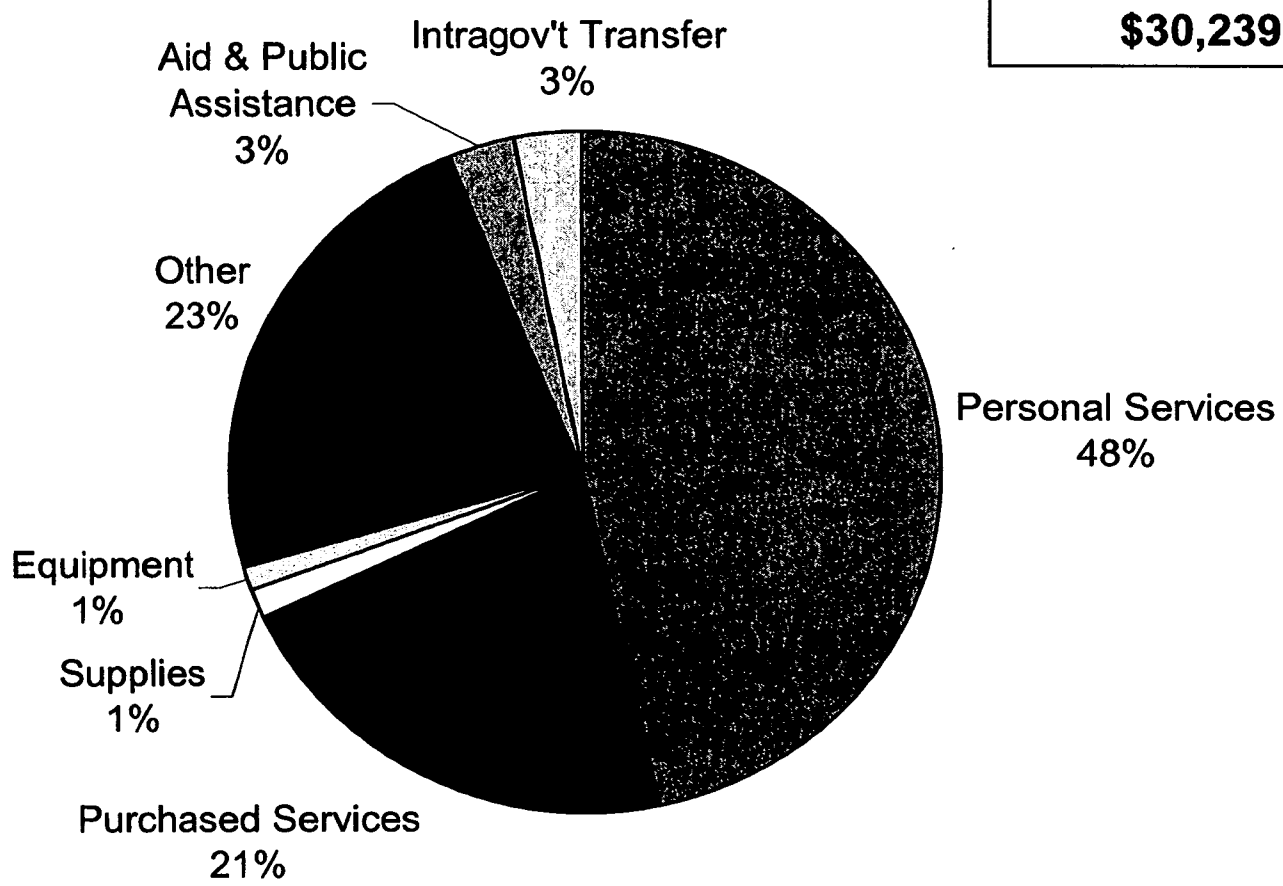
Budget History					
	2002-2003 Actual	2003-2004 Actual	2004-2005 Authorized	2005-2006 Governor's Recommended	2006-2007 Governor's Recommended
Expenditures	15,523,257	17,600,718	30,239,915	30,284,462	30,246,741
Less Receipts	(12,615,320)	(22,797,675)	(26,311,863)	(26,329,898)	(26,311,863)
Cash Balance +/-	809,470	8,735,401	0	0	0
State Appropriations	*3,717,408*	*3,538,444*	*3,928,052*	*3,954,564*	*3,934,878*
Positions	257.00	257.50	257.50	257.50	257.50

Note: The above position counts include positions funded through special fund codes that are not reflected in this budget history. One position is supported through the Scrap Tire Fund, which is part of the Solid Waste Management Trust Fund, and 2.0 positions are supported by funds available from a legal agreement with the Manufactured Gas Plant Group.

DIVISION OF WASTE MANAGEMENT
DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES

FY 2004-05 AUTHORIZED BUDGET BY EXPENDITURE TYPE

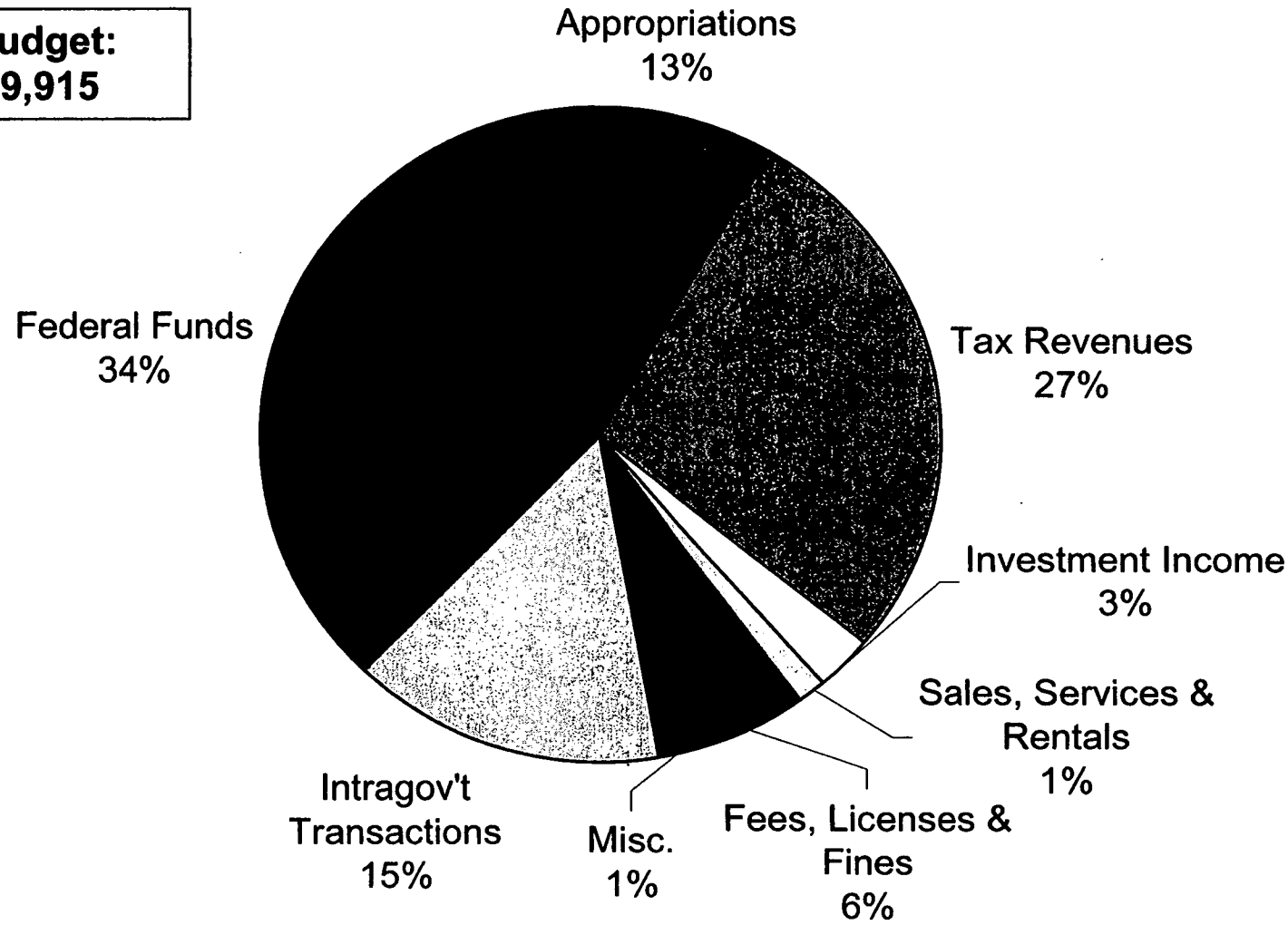
Total Budget: $30,239,915



DIVISION OF WASTE MANAGEMENT
DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES

FY 2004-05 AUTHORIZED FUND SOURCES

Total Budget: $30,239,915



DIVISION OF WASTE MANAGEMENT
DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES

SUMMARY OF BUDGET ACTIONS FOR THE 2003-05 BIENNIUM

EXPANSION AND/OR CAPITAL IMPROVEMENTS	2003-04	2004-05
Provide funds for Superfund Cost Share Fund.		$1,000,000 NR
REDUCTIONS		
Increase hazardous waste fee and reduce GF appropriation accordingly.	($405, 000) R	($405, 000) R
Fund shift 2.0 positions to grant support. • Waste Management Specialist (1.0) • Environmental Supervisor (1.0)	($110,537) R	($110,537) R
Reduce operating support.	($45,265) R	($45,265) R
Fund shift 0.5 position to Brownfields grant support. • Environmental Program Manager II (0.5)		($37,370) R
Eliminate 1.5 vacant positions. • Environmental Chemist II (0.5) • Environmental Technician III (1.0)		($71,861) R
Reduce operating support.		($8,856) R

DIVISION OF WASTE MANAGEMENT
DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES

PROPOSED RECOMMENDATIONS FOR THE 2005-07 BIENNIUM

SIGNIFICANT CONTINUATION BUDGET ITEMS	2005-06	2006-07
Vehicle Replacement	$24,998	
EXPANSION		
Reserve for Superfund Cost Share Match Funds	$1,000,000	$1,000,000

DIVISION OF ENVIRONMENTAL HEALTH
DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES

PROGRAM OVERVIEW

Division Mission

The mission of the Division of Environmental Health is to safeguard life, promote human health, and protect the environment through the practice of modern environmental health science, and the use of technology, rules and public education.

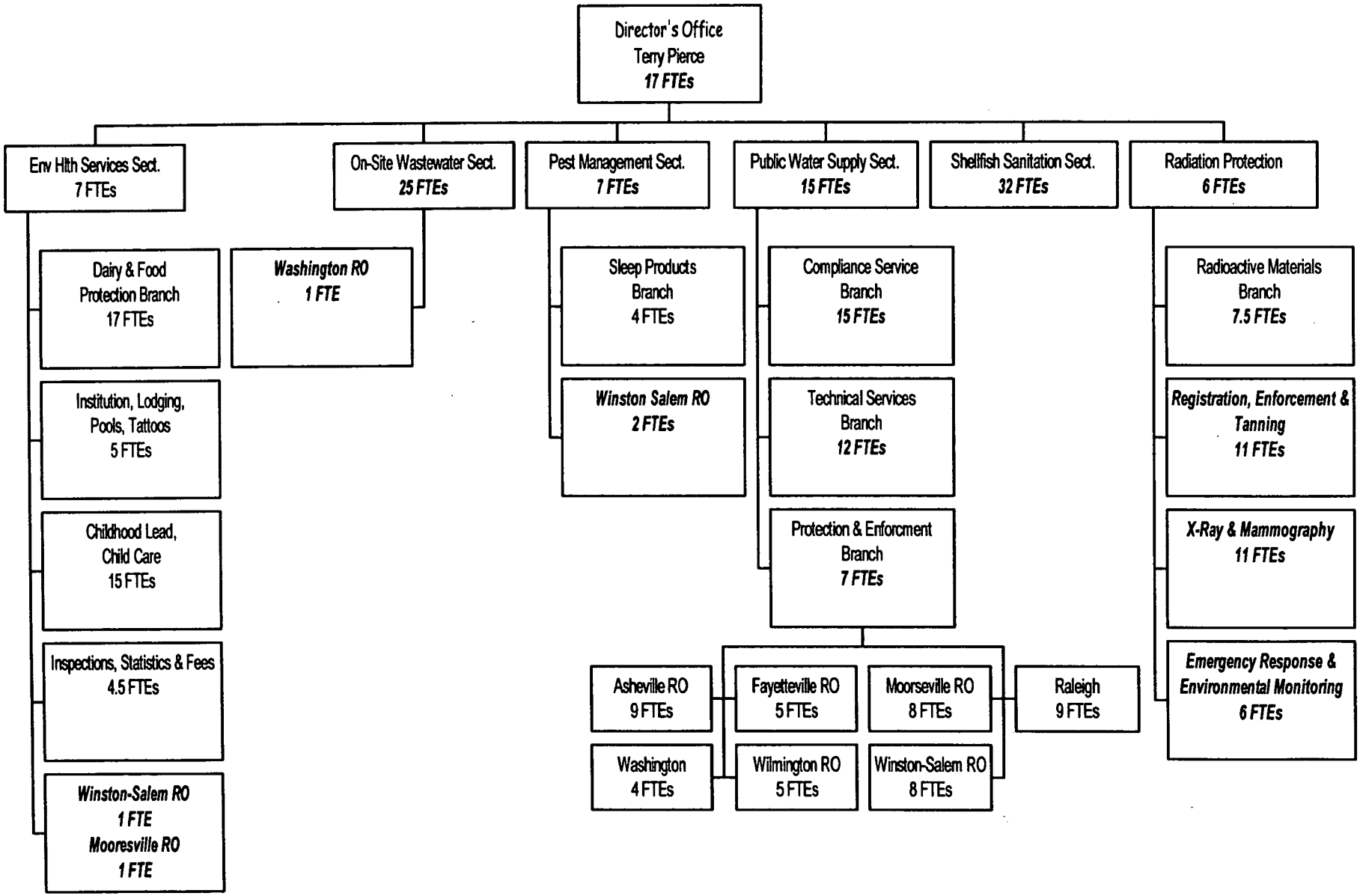
Division Sections

- **Environmental Health Services** – Monitors and oversees sanitation of food and lodging establishments; the processing and distribution of Grade A milk and milk products; the sanitary operation of public swimming pools, tattoo parlors, licensed child care centers and state institutions such as nursing and rest homes; and administers the Childhood Lead Poisoning Prevention Program.
- **On-Site Wastewater** - Administers a statewide program for the sanitary control of on-site wastewater treatment and disposal as a joint effort with local health departments. Provides technical assistance to locals including engineering plan review, soil/site evaluation, and second opinions. Provides regulatory oversight for subsurface disposal systems including, industrial systems.
- **Public Water Supply** – Permits, reviews and approves public water supply plans. Administers water system construction loan and grants program. Provides technical assistance in planning and designing water supply systems.
- **Shellfish Sanitation** – Conducts sanitary survey and classification of shellfish growing waters. Inspects and certifies shellfish processing plants. Monitors coastal recreation water quality.
- **Pest Management** – Provides technical and financial assistance to local health departments to control mosquitoes and other pests of public health significance. Also enforces NC Bedding Law.
- **Radiation Protection** - Protects the public and environment from radiation hazards through programs to permit sources, and the implementation and maintenance of regulatory programs for all sources of radiation.

Attachment 3

DIVISION OF ENVIRONMENTAL HEALTH
DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES

ORGANIZATIONAL CHART



DIVISION OF ENVIRONMENTAL HEALTH
DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES

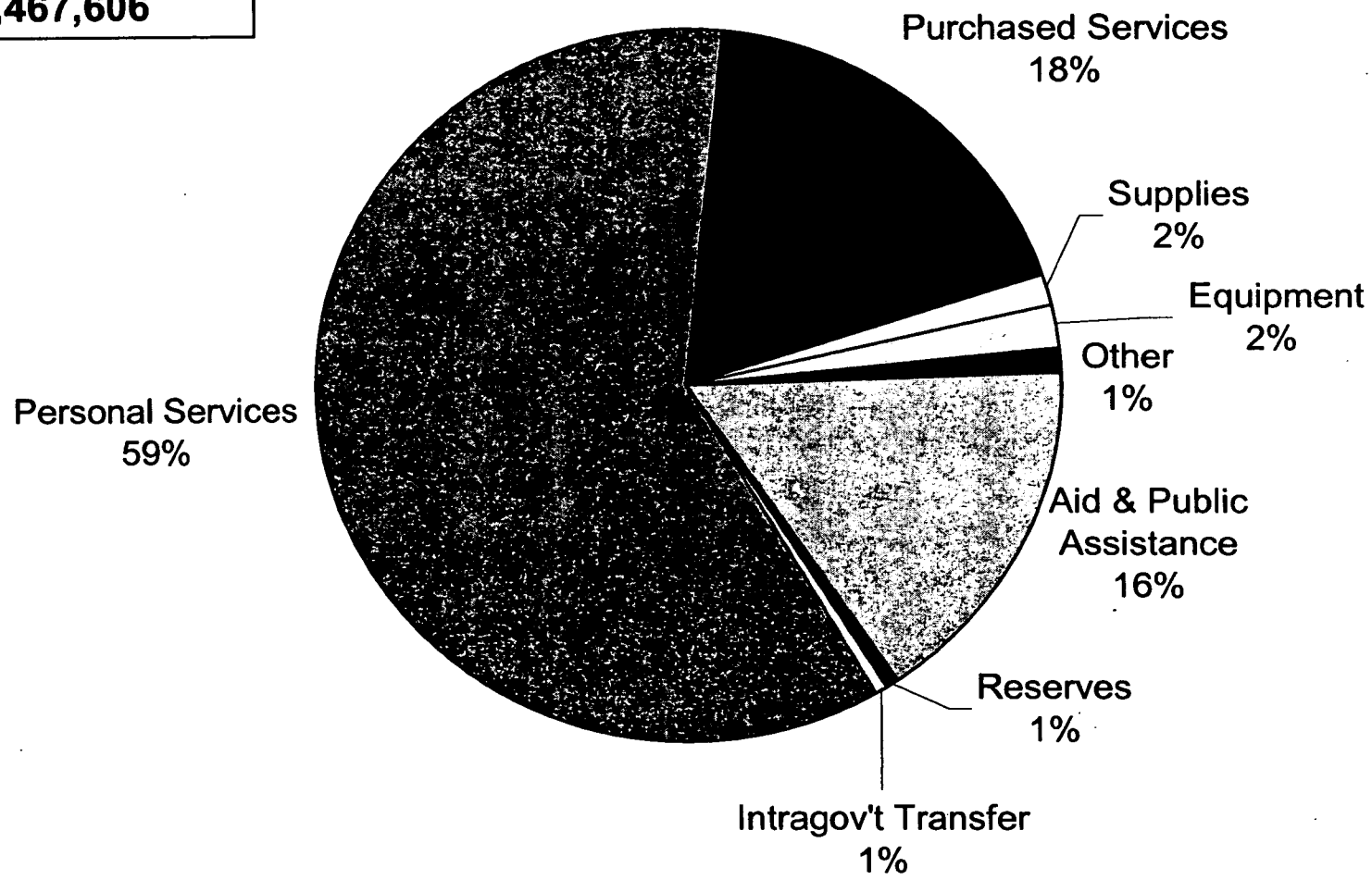
Budget History					
	2002-2003 Actual	2003-2004 Actual	2004-2005 Authorized	2005-2006 Governor's Recommended	2006-2007 Governor's Recommended
Expenditures	17,165,432	18,868,873	21,467,606	21,588,724	21,521,261
Less Receipts	(9,143,140)	(10,490,123)	(11,828,793)	(11,832,293)	(11,828,793)
Cash Balance +/-	(106,764)	75,619	0	0	0
State Appropriations	***7,915,528***	***8,454,369***	***9,638,813***	***9,756,431***	***9,692,468***
Positions	269.00	277.00	277.00	277.00	277.00

Note: The above position counts include 32.2 positions that are funded through federal set-aside funds that are budgeted in the Drinking Water State Revolving Fund budget code and not included in this budget history.

DIVISION OF ENVIRONMENTAL HEALTH
DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES

FY 2004-05 AUTHORIZED BUDGET BY EXPENDITURE TYPE

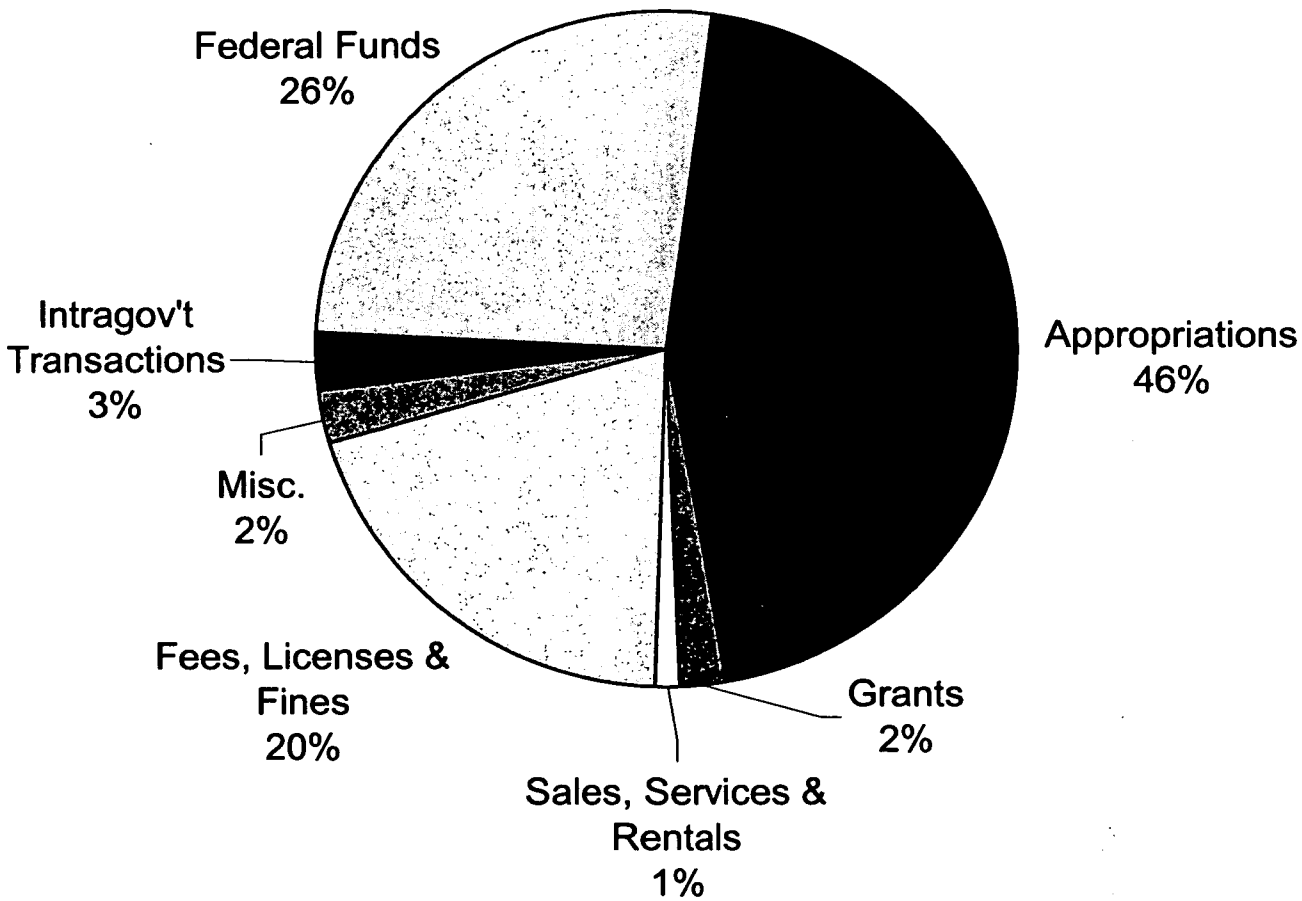
Total Budget:
$21,467,606



DIVISION OF ENVIRONMENTAL HEALTH
DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES

FY 2004-05 AUTHORIZED FUND SOURCES

Total Budget: $21,467,606



DIVISION OF ENVIRONMENTAL HEALTH
DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES

SUMMARY OF BUDGET ACTIONS FOR THE 2003-05 BIENNIUM

EXPANSION AND/OR CAPITAL IMPROVEMENTS	2003-04	2004-05
Expand Shellfish Sanitation Program		$50,000 R
REDUCTIONS		
Reduce aid to locals for child lead program.	($33,304) R	($33,304) R
Eliminate 1.0 filled Regional Supervisor I.	($74,685) R	($74,685) R
Sleep Products special fund reduced.	($200,000) NR	
Eliminate 1.0 vacant Regional Soil Scientist.		($58,804) R
Reduce operating support.		($72,502) R

DIVISION OF ENVIRONMENTAL HEALTH
DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES

PROPOSED RECOMMENDATIONS FOR THE 2005-07 BIENNIUM

SIGNIFICANT CONTINUATION BUDGET ITEMS	2005-06	2006-07
Vehicle Replacement (net)	$71,500	
EXPANSION		
Fund shift West Nile Virus Control Position to appropriations.	$54,113 1.0 position	$54,113 1.0 position
Reserve for Drinking Water SRF Match Funds	$1,415,980	$1,415,980

DIVISION OF WATER QUALITY
DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES

PROGRAM OVERVIEW

Division Mission

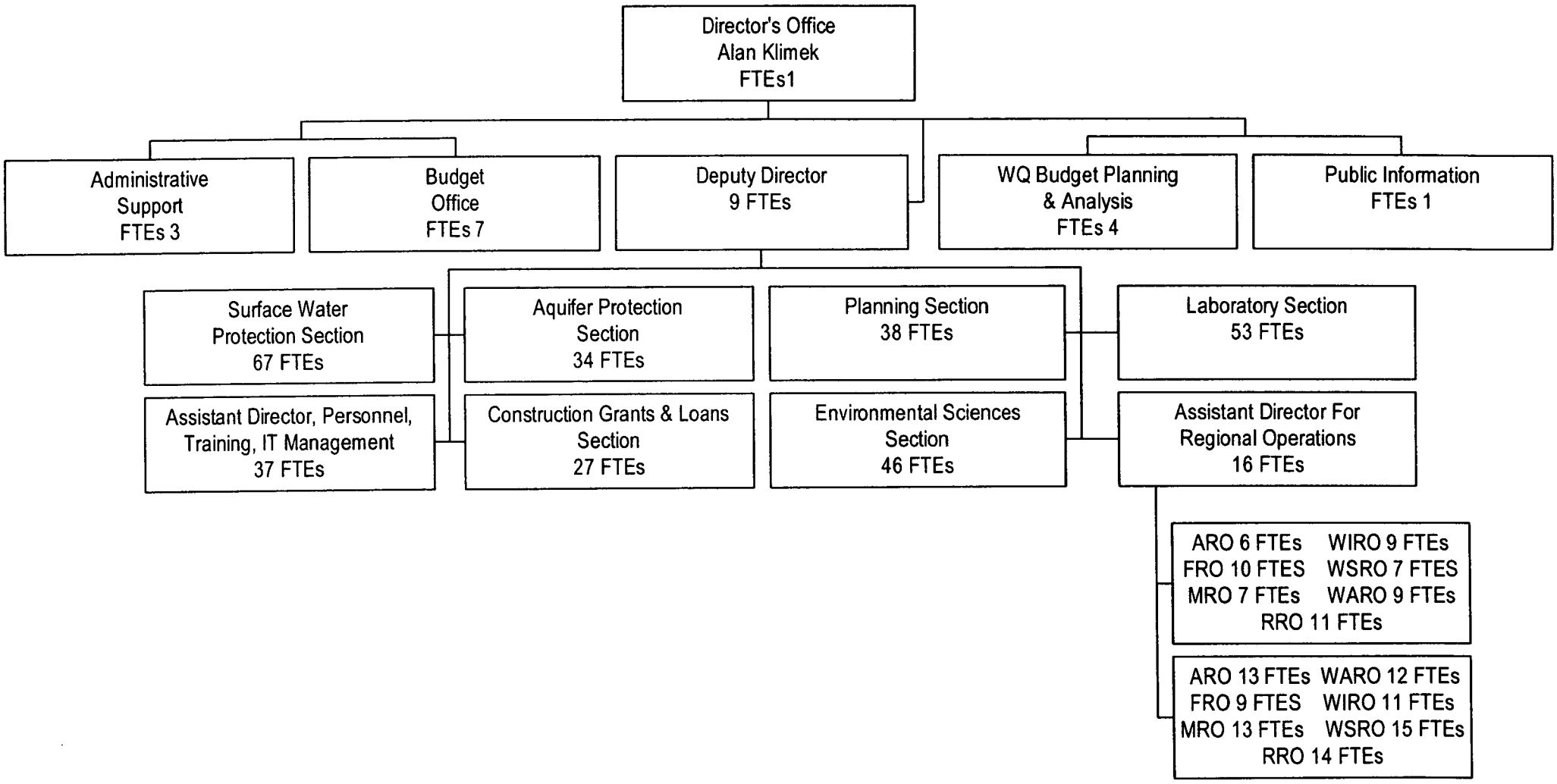
The Division is responsible for statewide regulatory programs in ground water and surface water quality protection.

Division Activities

- Issues permits to control sources of pollution, monitors compliance at permitted facilities, and pursues enforcement action for violations of environmental regulations
- Evaluates environmental quality
- Provides financial and technical assistance for publicly owned wastewater treatment facilities
- Operates an environmental laboratory

DIVISION OF WATER QUALITY
DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES

ORGANIZATIONAL CHART



DIVISION OF WATER QUALITY
DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES

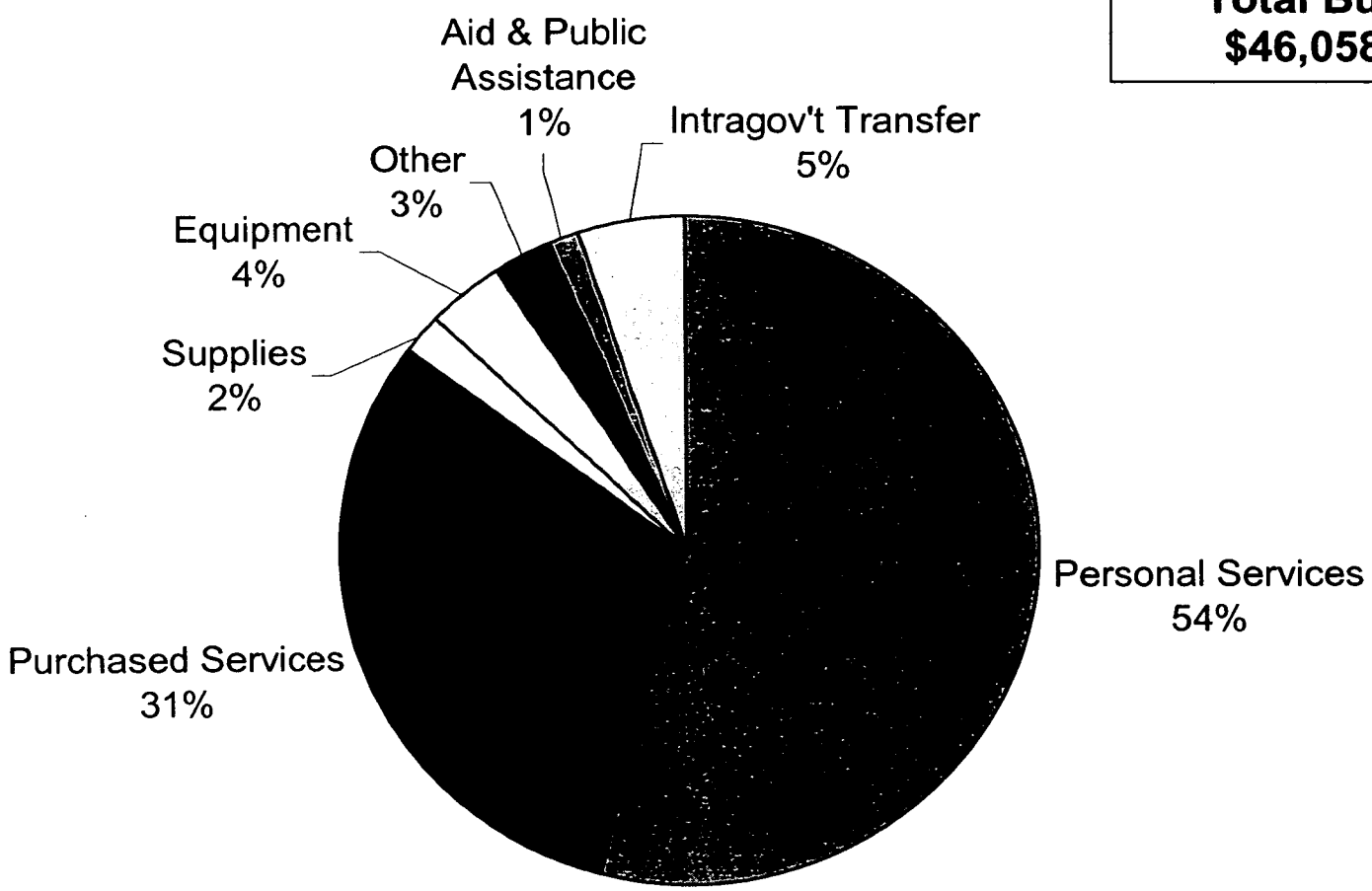
Budget History					
	2002-2003 Actual	2003-2004 Actual	2004-2005 Authorized	2005-2006 Governor's Recommended	2006-2007 Governor's Recommended
Expenditures	29,815,423	33,184,203	46,058,384	46,430,840	46,107,931
Less Receipts	(17,185,919)	(20,081,161)	(31,030,666)	(31,046,196)	(31,030,666)
Cash Balance +/-	98,619	26,815	0	0	0
State Appropriations	***12,728,123***	***13,129,857***	***15,027,718***	***15,384,644***	***15,077,265***
Positions	479.50	488.00	487.00	487.00	487.00

Note:The above position counts include positions funded through special fund codes that are not reflected in this budget history. Currently 11.0 positions are supported through Wastewater Treatment Operator certification fees, and 3.0 time-limited positions are supported through Smithfield agreement funds.

DIVISION OF WATER QUALITY
DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES

FY 2004-05 AUTHORIZED BUDGET BY EXPENDITURE TYPE

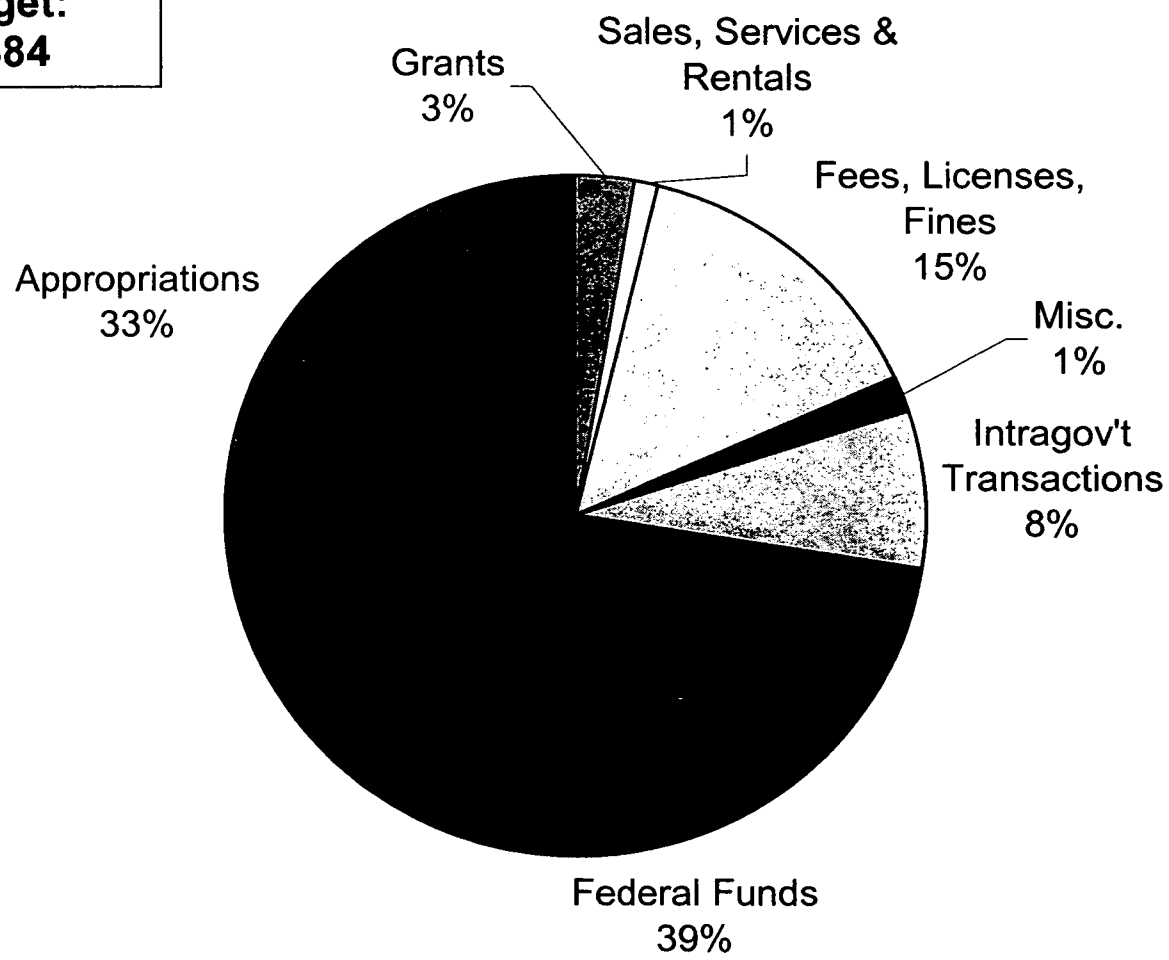
Total Budget: $46,058,384



DIVISION OF WATER QUALITY
DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES

FY 2004-05 AUTHORIZED FUND SOURCES

Total Budget: $46,058,384



DIVISION OF WATER QUALITY
DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES

SUMMARY OF BUDGET ACTIONS FOR THE 2003-05 BIENNIUM

EXPANSION AND/OR CAPITAL IMPROVEMENTS	2003-04	2004-05
None to Report		
REDUCTIONS		
Shift 1.0 Office Assistant IV position to receipt support.	($37,065) R	($37,065) R
Shift 1.0 Environmental Supervisor II position to federal grants.	($63,887) R	($63,887) R
Reduce funding for temporary staff.	($33,280) R	($33,280) R
Eliminate 1.0 Information Communications Specialist III position.	($53,182) R	($53,182) R
Fund shift 4.0 positions. • Computer Operator • Hydrogeologist • Processing Assistant • Environmental Biologist II	($159,700) R	($159,700) R
Reduce operating support.	($11,721) R	($11,721) R
Reduce operating support.		($261,378) R
Eliminate 0.5 Chemistry Tech I position.		($14,336) R
Fund shift 1.0 Hydrogeological Tech position to grant support.		($32,886) R

DIVISION OF WATER QUALITY
DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES
PROPOSED RECOMMENDATIONS FOR THE 2005-07 BIENNIUM

SIGNIFICANT CONTINUATION BUDGET ITEMS	2005-06	2006-07
Replace Scientific Equipment	$74,691	
Replace Telephone System	$30,000	
Replace Other Equipment	$23,490	
Replace Autos (net)	$152,950	
Replace Boats (net)	$36,500	
EXPANSION		
Reserve for Clean Water SRF State Match	$3,889,571	$3,889,571

2005 – 2007 BUDGET

CLEAN WATER AND DRINKING WATER SRF MATCH FUNDS

The Governor's proposed budget includes appropriations for State match of annual Federal appropriations for water and wastewater construction funding.

The State is required to provide a 20% match in order to receive the Federal funds.

The budget includes for each fiscal year:

$3,889,571 - Clean Water

$1,415,980 - Drinking Water

The Department of Environment and Natural Resources has identified $1,500,000 in prior year funding which can qualify for part of the State match for the Drinking Water program.

For Fiscal year 04-05, the Federal appropriations to North Carolina are:

$19.5 million Clean Water

$14.6 million Drinking Water

These funds are used to provide low interest loans to local governments for improvements to water/wastewater systems. The terms are 20 years with an interest rate of approximately 2.3%. The interest rate is set as called for in State legislation to be the lesser of 4% or ½ the prevailing National Market rate for general obligation debt. Loans are repaid and these funds are used to issue new loans.

We don't know the final amount which will be in the adopted Federal budget for 05-06. The President's budget reduces the Clean Water appropriation which could mean a reduction to $12.9 million.

Because Congress has been supportive of this program in prior budgets, it is reasonable to use the current adopted budget for projecting State match needs.

March 15, 2005

Dempsey E. Benton, Deputy Secretary, DENR

(budcleanwater)

VISITOR REGISTRATION SHEET

NER — 3/15/05

Name of Committee — Date

VISITORS: PLEASE SIGN BELOW AND RETURN TO COMMITTEE ASSISTANT

NAME	FIRM OR AGENCY
Bobby Blount	DLQ
Jack Butler	DWM
Brenda Reneau	DWM
Jessica Miles	DENR-PWS
Dexter Matthews	DENR Waste Management
Coleen Sullins	DENR DWQ
Cathy Hardy	DENR-
Dempsey Benton	DENR
Bill McDaniel	NC Rural Center
Dave Lassiter	NC STA
Sheryl Stallings	DSWM
Cameron Bailey	NCDOT
Marcia McMillan	UNCIC
Cindy McMillan	NC Conservation Network

MINUTES
JOINT HOUSE/SENATE
APPROPRIATIONS SUBCOMMITTEE ON
NATURAL AND ECONOMIC RESOURCES

March 16, 2005
8:30 a.m.

The Joint Appropriations Subcommittee on Natural and Economic Resources met in Room 423 of the Legislative Office Building on March 16, 2005. The following committee members were present: Co-Chairs Representatives Hunter and Warren, Rep. Lucy Allen, Rep. Tracy Walker, Rep. Arlie Culp, Rep. Pricey Harrison, Rep. James Langdon, Rep. Mitchell Setzer, Rep. Winkie Wilkins, Rep. Michael Wray, Sen. David Weinstein, Sen. Charlie Albertson, Sen. Ham Horton, and Sen. Jerry Tillman. Susan Morgan, Jennifer Haygood and Joy Hicks, Staff Counsel, were in attendance. The Agenda (**Attachment 1),** a Visitor Registration sheet (**Attachment 2) and** a list of the Pages and Sergeant -at-Arms (**Attachment 3)** are included as part of these minutes.

Rep. Hunter called the meeting to order. Jennifer Haygood called on to present the Program Overview for the Division of Marine Fisheries. (**Attachment 4**).

Preston Pate, Director, Division of Marine Fisheries - gave an explanation of what the Governor has proposed in his budget. in the way of expanded funds in the Marine Fisheries Division. He also discussed the ongoing Oyster rehabilitation program that grew out of the devastating effects of the hurricanes in the 1950's which caused a lot of fresh water inflow into the Pamlico Sound wiping out the oyster industry, which was already undergoing decline due to over fishing and early stages of other types of disease. That program has been conducted on recurring funds since the mid 1950's to provide for oyster growth to enhance commercial harvest.

The second component of the expansion budget request is Support for the shell-recycling program. He stated that one of the big problems they are facing in their Rehabilitation effort is the availability for suitable material to put on the management sites and sanctuary sites. Oyster shell is the very best, but they are in competition for suitable shell material with other states, such as Virginia and South Carolina, both have active and aggressive shell planning programs and they are buying shell from North Carolina shucking houses and vendors. Two years ago, we tried to get the public in North Carolina to participate with us in recycling shell material from restaurants and from private consumption. We have been very active in trying to get local sponsors and volunteers to bring oyster shells to collection sites where we can get it to our sanctuary sites. This year we have collected about 4,000 bushels of oysters that have been used on various sanctuaries, but we have the potential to generate about $50,000 worth of shell material. The material what we have collected will be placed on these no harvest sanctuaries. This program has the additional benefit of reducing material going to various landfills throughout the state and is a valuable tool in educating the public on the value of

sanctuaries. This has the potential of being one of the most positive aspects of our management program. **(Attachment 5).**

Representative Hunter called on Jennifer Haygood to present the program overview for the Division of Coastal Management. **(Attachment 6).**

Robin Smith, Assistant Secretary, Planning and Policy in the Division of Coastal Management discussed the Coastal Habitat Protection Plan Implementation **(Attachment 7).**

Represnetative Hunter called on Jennifer Haygood to present the program overview for the Division of Water Resources. **(Attachment 8).**

John Morris, Director, Division of Water Resources will make his presentation to the committee at the afternoon meeting.

The meeting was adjourned and the next meeting will be held at 2 pm. today.

Respectfully Submitted,

Representative Howard J. Hunter, Jr.
Co-Chair

Barbara Y. Phillips
Committee Assistant

Attachments

Joint Appropriations Subcommittee on Natural and Economic Resources

Tuesday, March 16th, 2005
Representative Hunter, Presiding
8:30 a.m. Room 423

Chair's Comments

Division of Marine Fisheries	*Jennifer Haygood, Fiscal Research* *Preston Pate, Director, Division of Marine Fisheries*
Division of Coastal Management	*Jennifer Haygood, Fiscal Research*
Coastal Habitat Protection Plan	*Robin Smith, Assistant Secretary, DENR Policy and Planning*
Division of Water Resources	*Jennifer Haygood, Fiscal Research* *John Morris, Director, Division of Water Resources*

Closing Remarks – Representative Hunter

Adjourn

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DIVISION OF MARINE FISHERIES
DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES

PROGRAM OVERVIEW

Division Mission

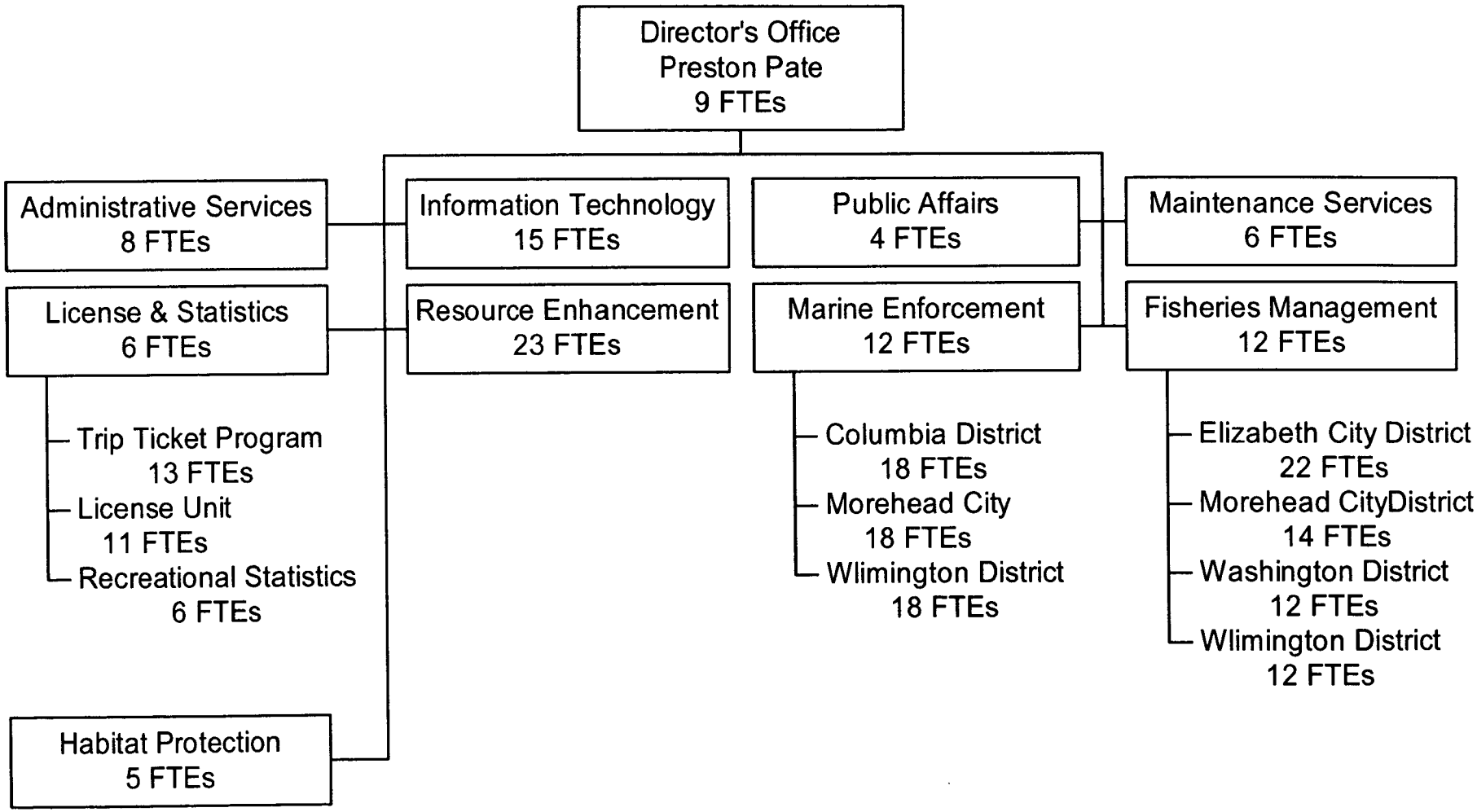
The Division of Marine Fisheries is responsible for the stewardship of the State's marine and estuarine fisheries in all coastal waters with jurisdiction extending 3 miles off shore in the Atlantic Ocean.

Division Activities

- Development of Fisheries Management Plans through fisheries research, resource monitoring, and collection of biological information.
- Administration of Shellfish programs including shellfish mapping, oyster disease control, oyster rehabilitation and shellfish lease investigations.
- Creation of a system of artificial reefs.
- Development and coordination of the Coastal Habitat Protection Plans.
- Collection and processing of all commercial and recreational fisheries catch statistics, the sale of all commercial fishing licenses and the economic analyses of commercial and recreational fisheries.
- Law enforcement of the State's marine fisheries laws and rules. Jurisdiction includes all coastal waters and extends to three miles offshore.

DIVISION OF MARINE FISHERIES
DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES

ORGANIZATIONAL CHART

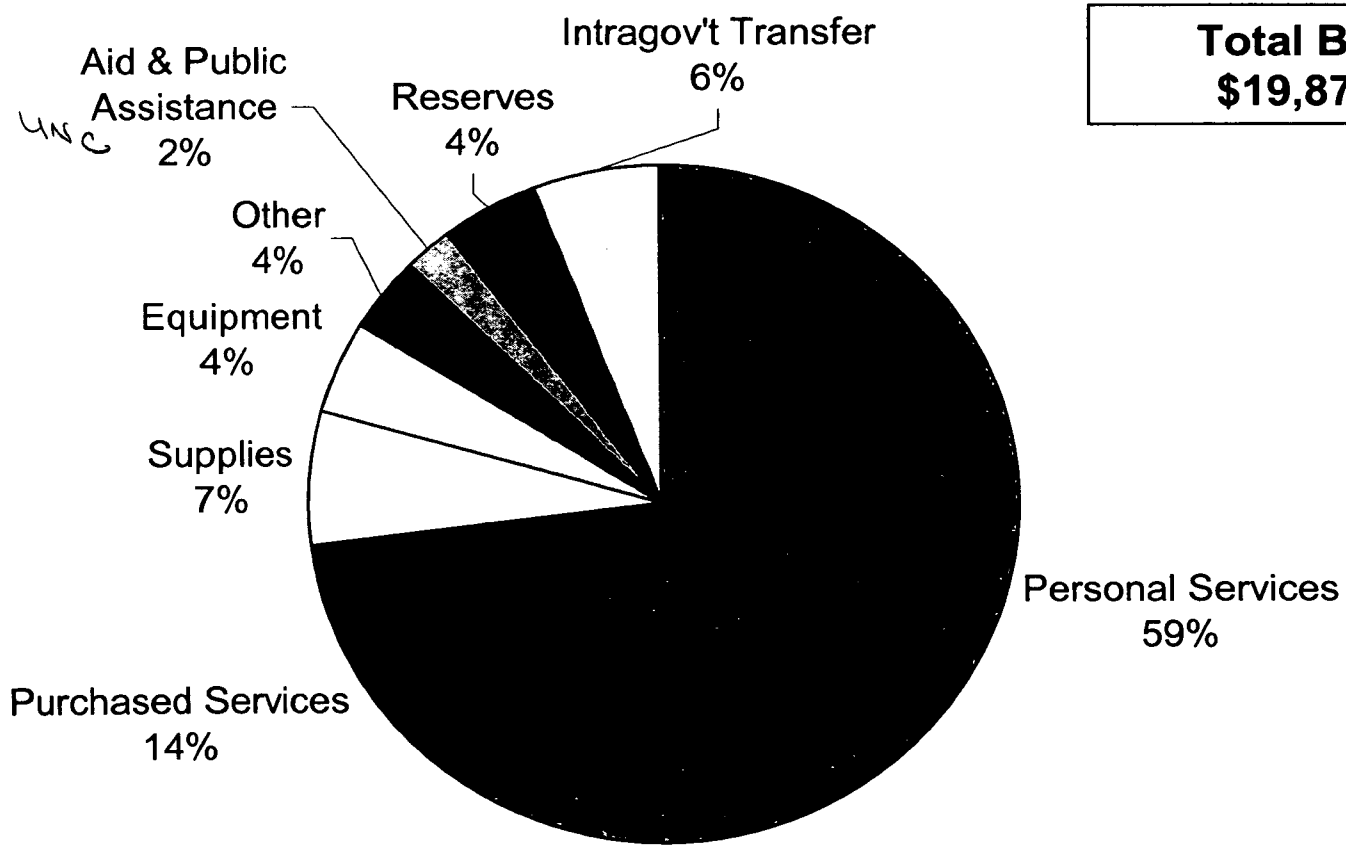


DIVISION OF MARINE FISHERIES
DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES

Budget History					
	2002-2003 Actual	2003-2004 Actual	2004-2005 Authorized	2005-2006 Governor's Recommended	2006-2007 Governor's Recommended
Expenditures	15,131,788	22,917,319	19,878,209	19,987,021	20,032,323
Less Receipts	(4,355,739)	(10,844,161)	(6,549,256)	(6,549,756)	(6,549,256)
State Appropriations	*10,776,049*	*12,073,158*	*13,328,953*	*13,437,265*	*13,483,067*
Positions	236.00	242.00	242.00	246.00	246.00

DIVISION OF MARINE FISHERIES
DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES

FY 2004-05 AUTHORIZED BUDGET BY EXPENDITURE TYPE

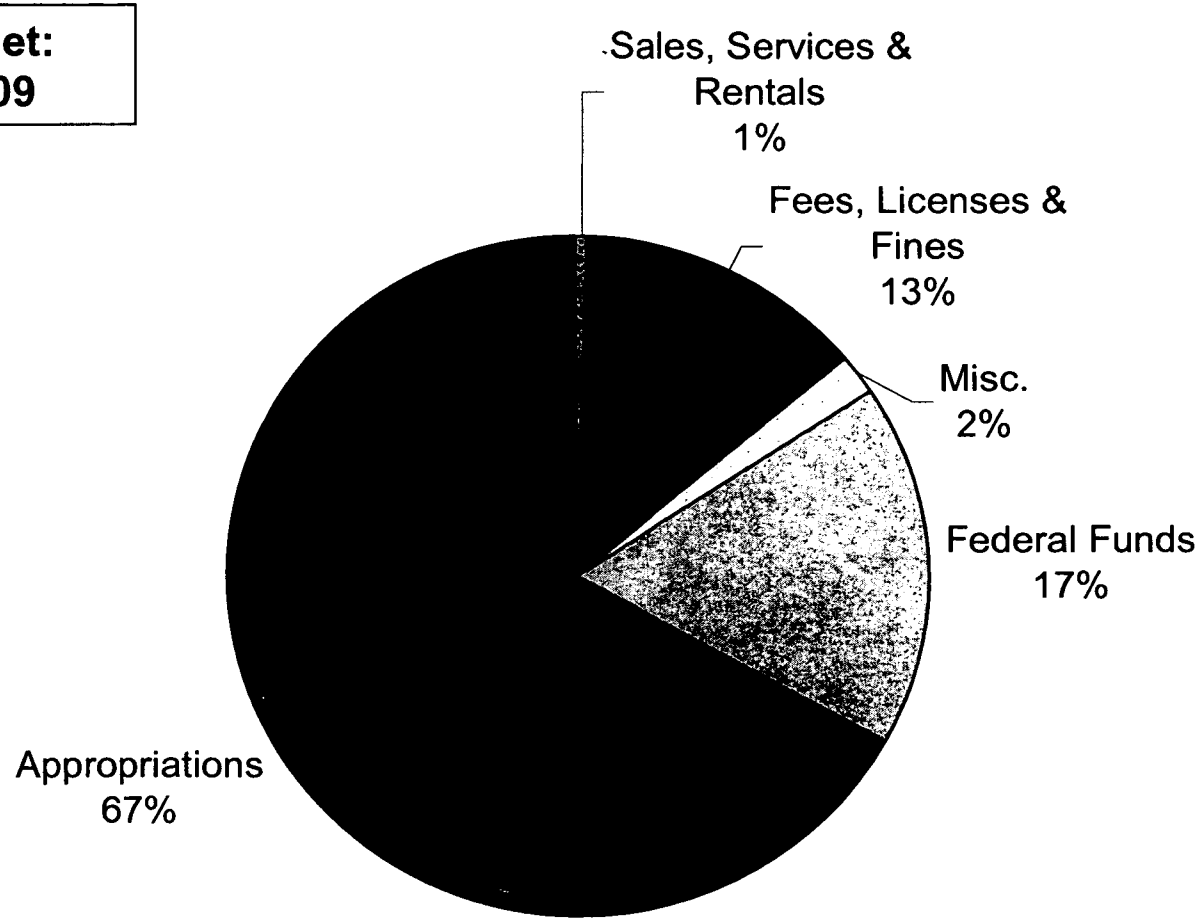


Total Budget:
$19,878,209

DIVISION OF MARINE FISHERIES
DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES

FY 2004-05 AUTHORIZED FUND SOURCES

Total Budget: $19,878,209



DIVISION OF MARINE FISHERIES
DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES

SUMMARY OF BUDGET ACTIONS FOR THE 2003-05 BIENNIUM

EXPANSION AND/OR CAPITAL IMPROVEMENTS	2003-04	2004-05
Funds for Recreational Saltwater Fishing License		$750,000 NR
REDUCTIONS		
Reduce operating support.		($113,661) R
Eliminate 2.0 positions. • Marine Fisheries Technician II (1.0) • Marine Fisheries Enforcement Officer II (1.0)		($69,958) R

DIVISION OF MARINE FISHERIES
DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES
PROPOSED RECOMMENDATIONS FOR THE 2005-07 BIENNIUM

SIGNIFICANT CONTINUATION BUDGET ITEMS	2005-06	2006-07
Decrease for non-recurring Saltwater Fishing License Funds	($750,000)	($750,000)
Vehicle Replacement	$31,500	
Boat Replacement	$106,693	$14,693
LEO Separation Allowance	$5,202	$15,033
Polluted Area Signs	$7,040	$7,040
EXPANSION		
Oyster Rehabilitation Program	$690,341 4.0 positions	$842,121 4.0 positions

Note: The Governor has recommended creating a reserve with expansion funding of $210,000 in FY 05-06 and $275,000 in FY 06-07 to implement the Coastal Habitat Protection Plans (CHPP). Implementing the CHPP would be an interdivisional effort that would include the Division of Marine Fisheries.

NER APPROPRIATIONS

- Rehab program began in mid-50's in response to hurricane damage

  Goal is to provide suitable substrate for oyster growth to enhance commercial harvest

  Historically has consisted of planting material for oyster attachment

  Has had limited success due to limited funding and disease

  Our current planting rate is ≈ 250K bushels/year for which we spend ≈ $300K/year for material

- In mid-90's, we realized that a more comprehensive approach was needed if we were to succeed with rehab

  Began the sanctuary program to construct no harvest areas using siting and construction techniques that minimize disease problems

  The goal is to create areas where oysters have a good chance to survive and provide brood stock for seeding adjacent areas

  Additional benefits include nursery habitat for a wide range of species, water purification through filtering, and recreational fishing sites

  Nine sites built so far ranging from 4-10 acres using money from various sources including grants (CWMTF), mitigation projects (DOT), and cooperative projects with NGOs (Nature Cons. And NCCF)

  Costs about $70K per acre to build

- Proposed expansion will provide consistent, long term funding for staff and equipment to expand and improve the sanctuary program

  Will support construction of two new sites each year

- Second component of expansion request is support for the shell recycling program

  Suitable material (oyster shell) for reef construction is becoming scarcer and more expensive

  Program began in earnest last year using existing operating funds and staff and a growing network of volunteers

  Have collected ≈ 4000 bushels so far this year

  Has the potential to grow enough to generate ≈ $50K worth of shell material each year

  Material will be used on sanctuary sites after being seeded in state hatchery (hopefully)

  Has the additional benefit of reducing material going to landfills and will be a valuable tool for educating the public on the value of our estuaries

DIVISION OF COASTAL MANAGEMENT
DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES

PROGRAM OVERVIEW

Division Mission

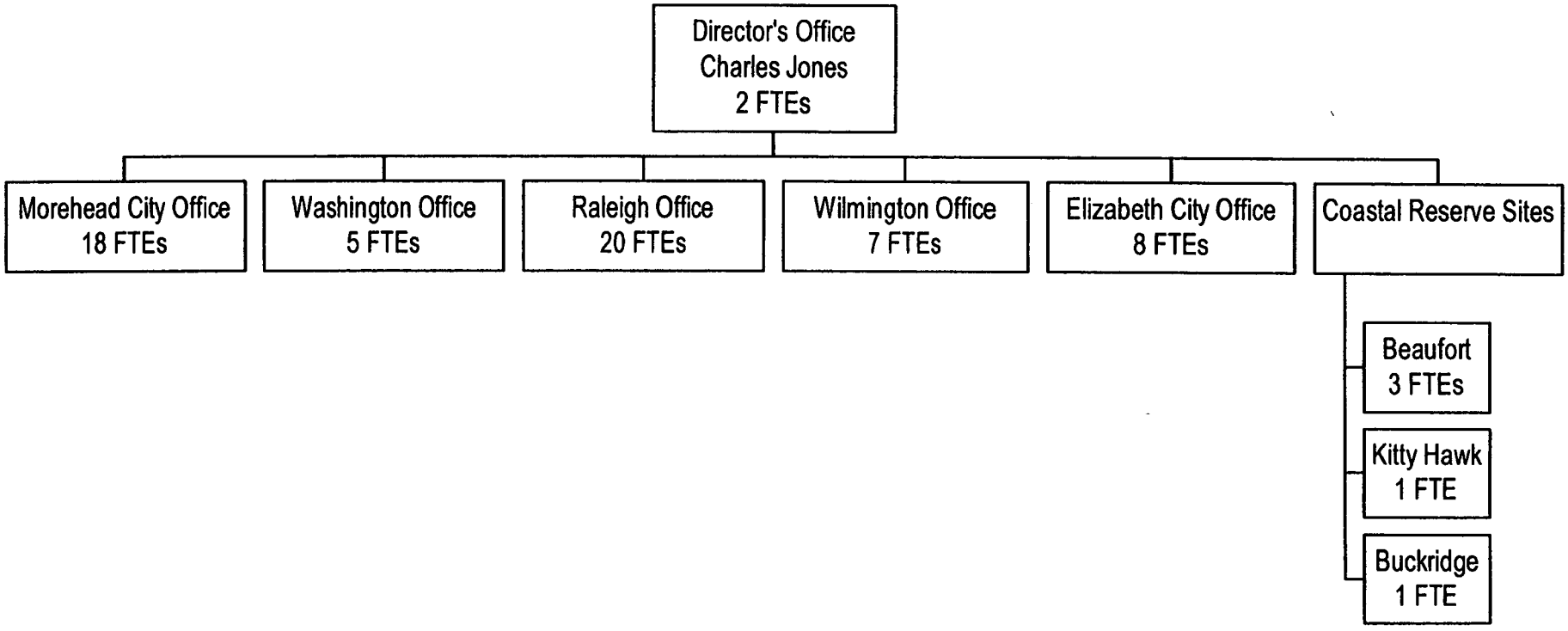
The Division of Coastal Management works to protect, conserve, and manage North Carolina's coastal resources through an integrated program of planning, permitting, education and research.

Division Activities

- Administers coastal development (CAMA) permits, ensures federal consistency with the NC Coastal Management Plan, and monitors permitted projects for compliance
- Conducts long range planning, technical studies and policy analysis
- Provides grants to local governments through the Public Beach and Coastal Waterfront Access Program
- Provides grants for installation of marine sewage pump-out stations
- Manages a system of 10 unique coastal habitats through the Coastal Reserve Program
- Provides technical and financial assistance to local governments for coastal land use planning

DIVISION OF COASTAL MANAGEMENT
DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES

ORGANIZATIONAL CHART



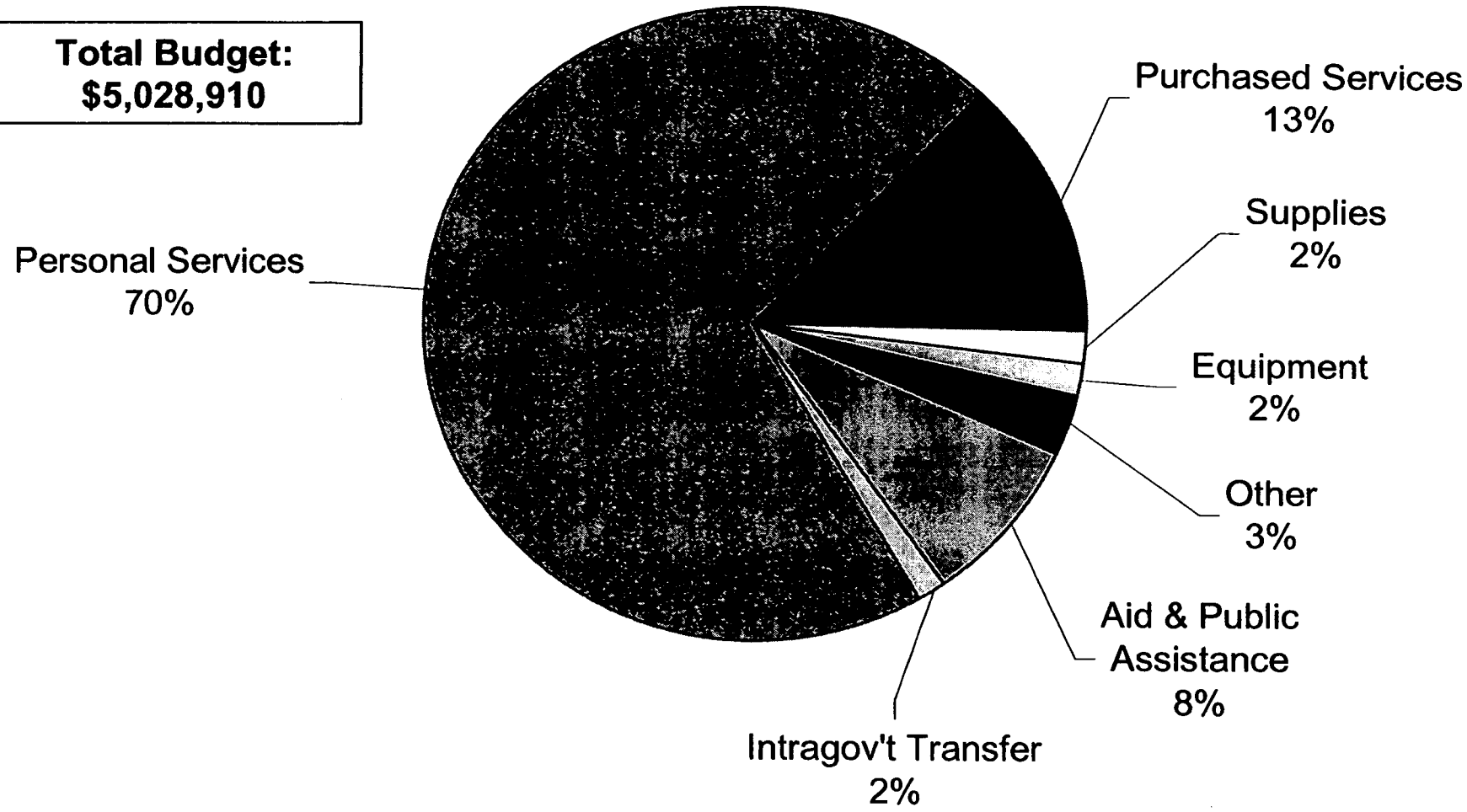
DIVISION OF COASTAL MANAGEMENT
DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES

Budget History					
	2002-2003 Actual	2003-2004 Actual	2004-2005 Authorized	2005-2006 Governor's Recommended	2006-2007 Governor's Recommended
Expenditures	6,700,738	5,474,751	5,028,910	5,081,089	5,061,180
Less Receipts	(5,486,289)	(4,028,329)	(3,326,821)	(3,326,821)	(3,326,821)
State Appropriations	*1,214,449*	*1,446,422*	*1,702,089*	*1,754,268*	*1,734,359*
Positions	64.00	65.00	65.00	65.00	65.00

DIVISION OF COASTAL MANAGEMENT
DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES

FY 2004-05 AUTHORIZED BUDGET BY EXPENDITURE TYPE

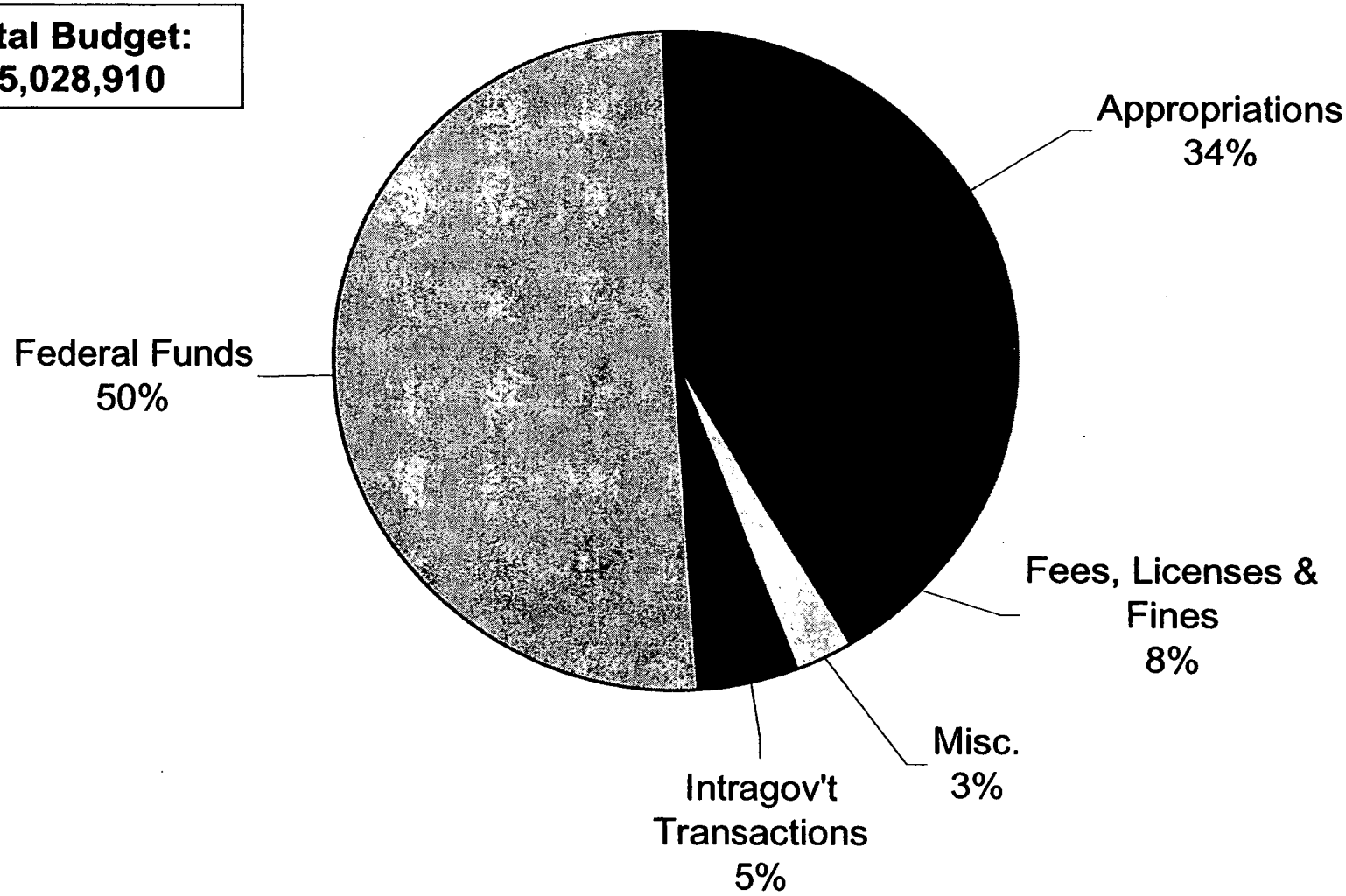
Total Budget: $5,028,910



DIVISION OF COASTAL MANAGEMENT
DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES

FY 2004-05 AUTHORIZED FUND SOURCES

Total Budget: $5,028,910



DIVISION OF COASTAL MANAGEMENT
DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES
OVERVIEW OF BUDGET ACTIONS FOR THE 2003-05 BIENNIUM

EXPANSION AND/OR CAPITAL IMPROVEMENTS	2003-04	2004-05
None to Report		
REDUCTIONS		
Eliminate 1.0 filled position (Proc. Asst V)	($30,400) R	($30,400) R
Shift position to receipt support. (Prog. Asst. V)	($32,741) R	($32,741) R
Reduce board operating support.	($11,920) R	($11,920) R
Reduce planning grant funds.	($73,481) R	($73,481) R
Reduce operating for Buckridge Reserve.	($15,000) R	($15,000) R
Shift 1.0 position to federal grants.	($64,843) R	($64,843) R
Reduce operating support.		($24,750) R

DIVISION OF COASTAL MANAGEMENT
DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES

PROPOSED RECOMMENDATIONS FOR THE 2005-07 BIENNIUM

SIGNIFICANT CONTINUATION BUDGET ITEMS	2005-06	2006-07
Rent and Utility Inflationary Adjustments	$41,164	$41,054
Equipment Replacement	$21,500	

EXPANSION

None to Report

Note: The Governor has recommended creating a reserve with expansion funding of $210,000 in FY 05-06 and $275,000 in FY 06-07 to implement the Coastal Habitat Protection Plans (CHPP). Implementing the CHPP would be an interdivisional effort that would include the Division of Coastal Management.

TO: Appropriations Committee on Natural and Economic Resources

FROM: Robin W. Smith, Assistant Secretary
Planning and Policy

RE: Coastal Habitat Protection Plan Implementation

DATE: March 16, 2005

Attached is a description of the proposed expansion item to support implementation of the Coastal Habitat Protection Plan (CHPP). The 1997 Fisheries Reform Act directed the Department of Environment and Natural Resources to develop a plan for protection and enhancement of critical fisheries habitat and present the plan for adoption by the Environmental Management Commission, Coastal Resources Commission and the Marine Fisheries Commission. G.S. 143B-279.8 required the Coastal Habitat Protection Plan to identify threats to critical habitat (including submerged aquatic vegetation, wetlands, primary and secondary nursery areas, spawning grounds and shellfish beds) and recommend actions to protect and restore the habitats. In December 2004, the three commissions approved the Coastal Habitat Protection Plan.

The Governor's budget proposes to provide $210,000 in 2005-2006 and $275,000 in 2006-2007 to support implementation of the plan. The attachments provide a description of the specific activities proposed for funding and their costs. These activities all involve collecting or organizing the information on habitat conditions that will be a necessary baseline for other actions to protect specific fisheries habitat:

Funding for FerryMon. An ongoing project by the University of North Carolina to collect water quality data in Pamlico Sound through the use of monitors installed on Department of Transportation ferries.

Mapping of submerged aquatic vegetation (SAV). Resulting GIS maps will be used to identify SAV beds of particularly high value that may merit additional protection and also serve as a baseline to track coastwide trends in SAV coverage over time.

Mapping of shellfish bottom in Brunswick County. The mapping will result in digitized maps of shellfish resources in the coastal waters of Brunswick County. The estuarine waters of Brunswick County are among the most productive shellfish waters in the State, but those resources are now being stressed as a result of both development impacts and use of certain fishing gear. Information on the location of existing shellfish beds is necessary to make good decisions about how best to maintain and enhance the shellfish resource.

Completion of a pier and dock inventory. The pier and dock inventory will use information from existing digital aerial photography to identify pier and dock structures on the estuarine shoreline and put the coordinates of those structures into a GIS database. This information will be used to create a baseline of information on pier and dock construction and track trends.

Beach nourishment database. Existing data already being collected as a result of monitoring conditions on beach nourishment project permits will be entered into a single database to allow analysis of the data. The data being collected includes information on location, lifespan of the project, size of the nourished beach, volume of sand and location of the sand source, and project cost. Gathering this information in a single database will allow both State and local governments to better plan beach nourishment projects – both fiscally and environmentally.

COASTAL HABITAT PROTECTION PLAN IMPLEMENTATION

Submerged Aquatic Vegetation Mapping in Coastal North Carolina

Goal: To conduct a cooperative program to monitor Submerged Aquatic Vegetation (SAV) distribution in coastal North Carolina on a long-term basis.

Strategy: Use aerial photography to produce digitized geospatial data of SAV beds in coastal North Carolina from Chowan River and Currituck Sound in the north through New Hanover County. Approximately 20% of the coast will be mapped annually on a 5 year cycle. Photo-interpretation must be groundtruthed to ensure accuracy of data. Cooperators (DENR, federal, and university, and NGO agencies staff) will sample areas being photographed to determine presence/absence of SAV. Resulting GIS maps will be used as baseline maps to locate and quantify existing SAV beds and determine Strategic Habitat Areas. Future mapping on a 5 year cycle will provide the ability to assess status and trends in habitat coverage over time. The GIS maps (data) will be included in the DMF GIS database.

Resource Needs: Manage program through cooperative SAV workgroup using APNEP to administer contract for photography, interpretation, and mapping conducted by Elizabeth City State University. Personnel and boats of cooperators for groundtruthing will serve as a partial match for grant funds. State funding of $40,000/yr is required to match federal grants.

Shellfish Bottom Mapping in Brunswick County, North Carolina

Goal: To produce digitized maps of shellfish distribution in coastal waters of Brunswick County, NC

Strategy: The Division of Marine Fisheries began mapping bottom types in coastal North Carolina in 1988, using a stratified random sampling design with a high degree of statistical reliability. Since that time, about half of the 530,000 acres of estuarine waters scheduled have been mapped, including the area from Carolina Beach north into western Pamlico Sound, with about 12,000 acres of shell bottom identified. Such bottoms are among the most productive in any coastal area. Data are stored in Geographic Information System files and available to anyone on request. Mapping is currently underway in western Pamlico Sound. The estuarine waters of Brunswick County are among the most productive in terms of landing of oysters and clams, yet they have not been mapped. This area is developing rapidly, with significant negative impacts to shellfish harvest areas. Protecting and restoring these areas to productivity must begin with knowledge of locations of existing shellfish beds. Thus, completion of shellfish bottom mapping in Brunswick County is essential. These waters comprise approximately

23,231 acres. It is proposed to apply the existing DMF mapping protocol to map the estuarine bottoms of Brunswick County, from Calabash to Baldhead Island. Temporary staff (Biologist I and Technician II) will work out of the DENR Wilmington office. Data management will occur at the DMF Morehead City office as part of the existing mapping program.

Resource Needs: Two temporary employees for one year ($53, 000) and operating funds for fieldwork ($36,000); total $89,000. An existing boat will be assigned to the field crew, with training and supervision provided by program staff in Morehead City.

Coastwide Pier and Dock Inventory.

Goal: Create a comprehensive inventory of pier and dock structures on the State's estuarine shoreline using existing aerial photography. The inventory will provide a baseline of information on pier and dock construction, impacts on estuarine habitat and trends.

Strategy: Take advantage of pre-existing digital aerial orthophotography sets from 1998 and 2004 to identify and outline dock and pier structures and import the coordinates of their lengths and widths into a geographic information systems (GIS) spatial database The Division of Coastal Management (DCM) already owns the necessary hardware and software. DCM estimates this effort to take ten months (40 hours per day, 5 days per week). Two additional months will be used to overlay 1998 development onto 2003 aerial imagery and identify additional pier and dock structures built post 1998. This methodology provides a rate of dock and pier development during the 5-year period between 1998 and 2003 and allows statistical estimate of present development including area covered, length, geographic clustering, etc.

Resource Needs: The dock and pier inventory is estimated to cost $38,960 and will be staffed under a one-year contractual agreement with a GIS specialist working in-house at DCM's GIS laboratory (Raleigh) at a cost of $34,560 ($18 per hour = $2,880 per month x 12 months). Travel expenses to field verify and ground truth the data account for an additional $4,400 (Ground-based surveys: 15 days in field @ $100 per day = $1,500; Aerial-based surveys: 20 hours of aircraft rental @ $145 per hour = $2,900).

Beach Nourishment Database.

Goal: To create a baseline of information on the cost, performance and environmental impacts of beach nourishment projects.

Strategy: The database will draw together information already being collected on previously permitted beach nourishment projects in North Carolina. The initial data will include (where available) location, duration, size of the project, volume of sand and location of the sand source, project cost and post-construction monitoring reports. The creation of this database will be staffed under a one-year contractual agreement with a

data analyst familiar with beach nourishment and dredged material disposal and coastal processes.

Resource Needs: A one-year contract position at a cost of $34,560 ($18 per hour = $2,880 per month x 12 months). Extensive travel is expected in order to visit offsite areas that hold beach nourishment documents (e.g., US Army Corps of Engineers in Wilmington; county and local government offices throughout the eight coastal counties; universities; other state and federal resource agencies). Field expenses of $3,500 are based on a total of 7 weeks of travel ($100 per day x 35 days). A laptop computer ($1,500) will facilitate data collection and analysis in the field at these remote locations.

COASTAL HABITAT PROTECTION PLAN
BUDGET SUMMARY

FY '05-'06	$210,000
FerryMon	$75,000
SAV Mapping	$55,000
Pier/Dock Inventory	$40,000
Beach Nourishment Database	$40,000
FY '06-'07	$275,000
FerryMon	$75,000
SAV Mapping	$110,000
Shell Bottom Mapping	$90,000

DIVISION OF WATER RESOURCES
DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES

PROGRAM OVERVIEW

Division Mission

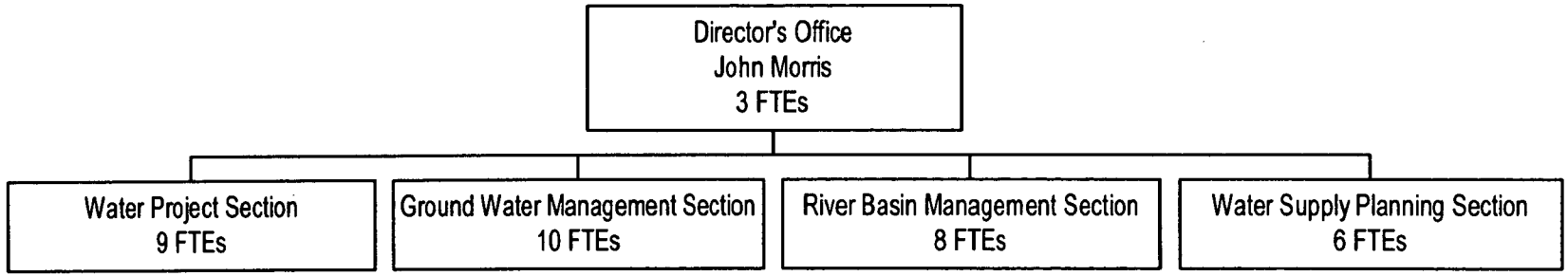
The mission of the Division is to assure the conservation and productive use of the state's water resources through water supply planning, the administration of water allocation laws, the collection and analysis of water resources and water use data, technical assistance to local governments, financial assistance to local governments for water resources development, and promotion of cooperative water management activities among federal, state and local agencies.

Division Activities

- **River Basin Management Section** – Develops long-range river basin water supply plans, evaluates surface and ground water resources through computer modeling, provides technical assistance to local governments on water management problems, and coordinates the US Geological Survey Cooperative Program, which maintains surface water gage and ground water monitoring well networks.
- **Water Projects Section** – Administers water resources programs including water resources development project funding, instream flow protection, coordination of hydropower relicensing,aquatic weed control Project WET, and Stream Watch.
- **Water Supply Planning Section** - Assists local governments with Local Water Supply Plans, develops the State Water Supply Plans, contributes to river basin water supply plans, and administers the registration of water withdrawals and transfers.
- **Ground Water Management Section –** Administers ground water use permits in capacity use areas, provides technical assistance to ground water users, and manages the state network of ground water monitoring wells.

DIVISION OF WATER RESOURCES
DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES

ORGANIZATIONAL CHART



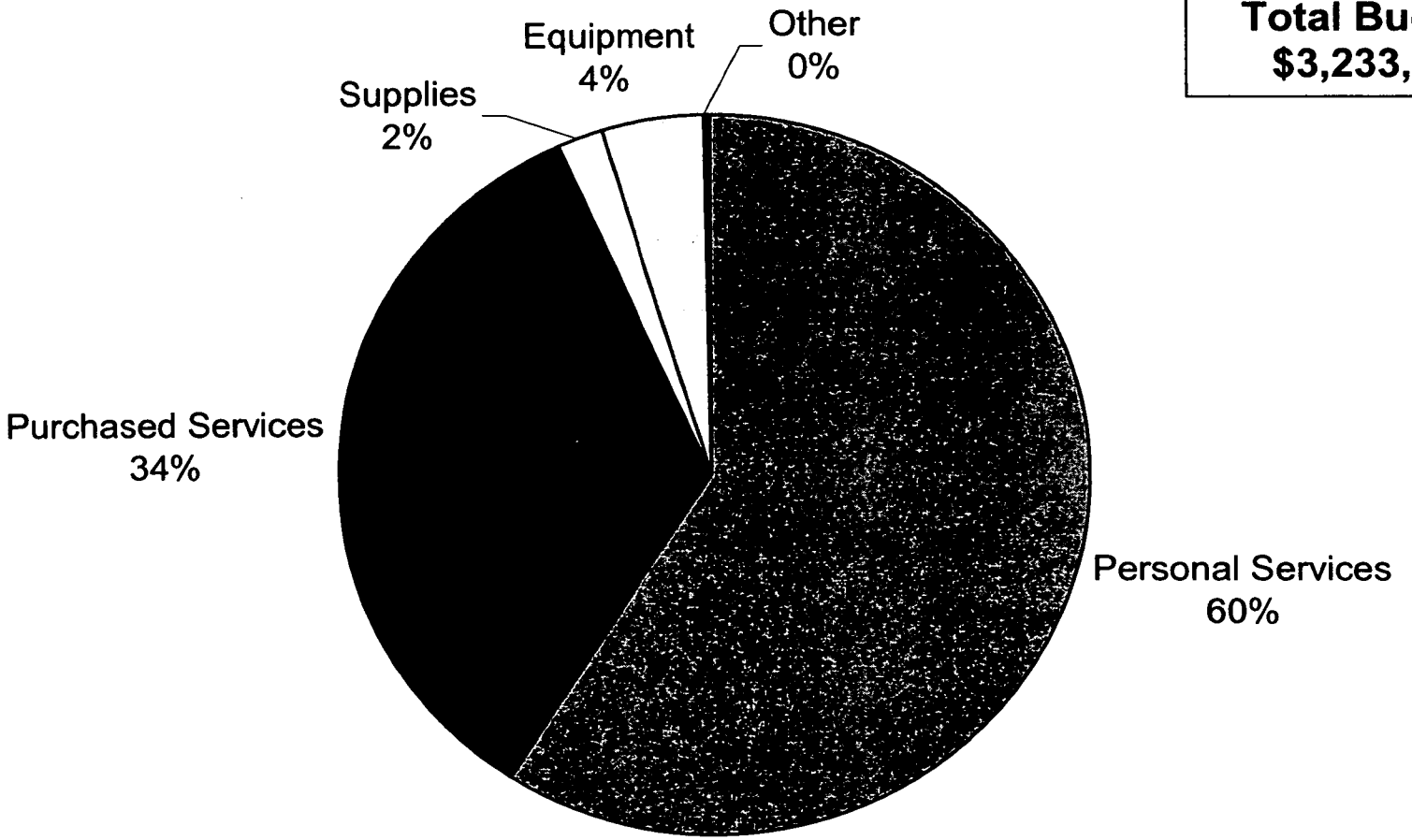
DIVISION OF WATER RESOURCES
DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES

Budget History					
	2002-2003 Actual	2003-2004 Actual	2004-2005 Authorized	2005-2006 Governor's Recommended	2006-2007 Governor's Recommended
Expenditures	2,806,250	2,799,662	3,233,415	3,527,715	3,498,850
Less Receipts	(363,575)	(349,815)	(365,348)	(377,748)	(365,348)
State Appropriations	*2,442,675*	*2,449,847*	*2,868,067*	*3,149,967*	*3,133,502*
Positions	32.00	32.00	36.00	38.00	38.00

DIVISION OF WATER RESOURCES
DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES

FY 2004-05 AUTHORIZED BUDGET BY EXPENDITURE TYPE

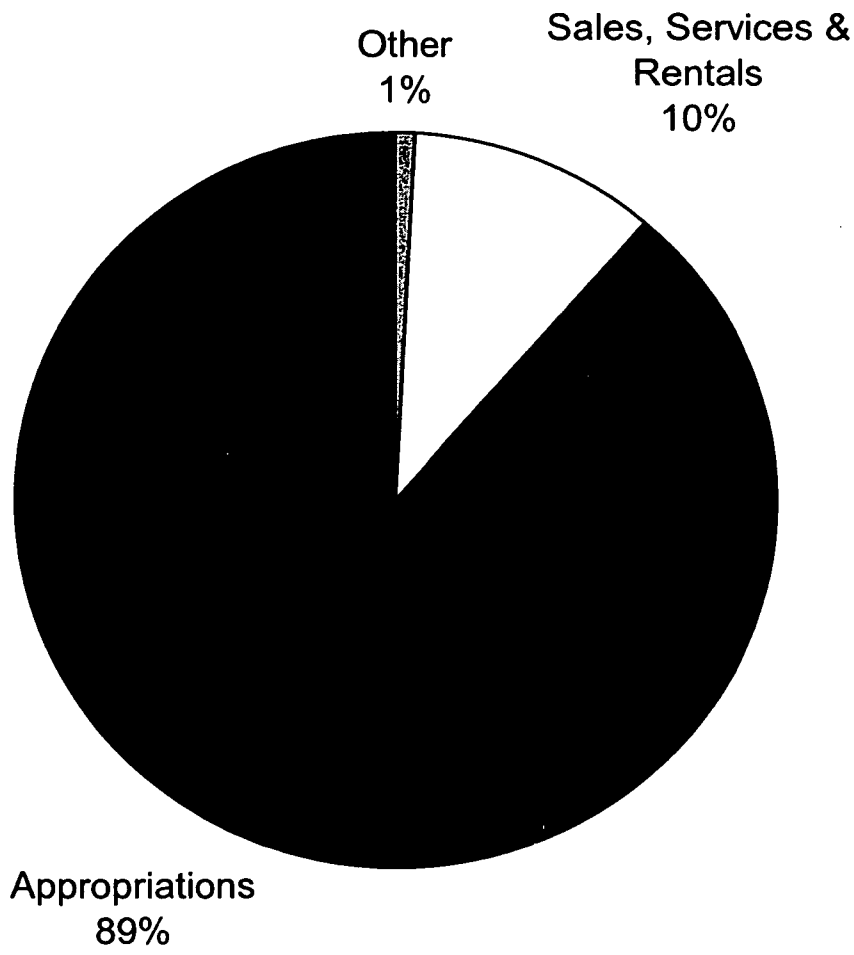
Total Budget: $3,233,415



DIVISION OF WATER RESOURCES
DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES

FY 2004-05 AUTHORIZED FUNDING SOURCES

Total Budget:
$3,233,415



DIVISION OF WATER RESOURCES
DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES

SUMMARY OF BUDGET ACTIONS FOR THE 2003-05 BIENNIUM

EXPANSION AND/OR CAPITAL IMPROVEMENTS	2003-04	2004-05
Expand River Basin Water Supply Initiative		$150,000 R $33,254 NR
Establish and support 1.0 Environmental Engineer III position.		$80,523 R
REDUCTIONS		
Reduce USGS Cooperative Agreement Funds		($25,871) R

DIVISION OF WATER RESOURCES
DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES

PROPOSED RECOMMENDATIONS FOR THE 2005-07 BIENNIUM

SIGNIFICANT CONTINUATION BUDGET ITEMS	2005-06	2006-07
Personal Services (annualization of positions and routine adjustments)	$39,367	$41,205
Vehicle Replacement (net)	$45,998	
Increase USGS 45/55 match	$104,789	$104,484
EXPANSION AND/OR CAPITAL IMPROVEMENTS		
Ground Water Monitoring	$125,000 2.0 positions	$150,000 2.0 positions

VISITOR REGISTRATION SHEET

APPROPRIATIONS SUBCOMMITTEE
ON NATURAL AND ECONOMIC RESOURCES 3/16/05
Name of Committee **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Alice Garland	NC DOC
Art Britt	NC DOL
Cameron Bailey	NCDOL
Cathey Cottle	DENR
Cathy Hardy	DENR
David Brown	OSBM
Jane Smith	DENR
Preston Pate	DMF
JOHN MORRIS	DENR – Water Resources
Helen McLean	NC Rural Center
Sheryl Stephens	OSBM

VISITOR REGISTRATION SHEET

Appropriations Subcommittee on Natural & Economic Resources — Name of Committee — 3/16/05 — Date

VISITORS: PLEASE SIGN BELOW AND RETURN TO COMMITTEE ASSISTANT

NAME	FIRM OR AGENCY
Robin Smith	DENR
MIKE WATERS	NCRPA
[illegible] LASSITER	NCSTA
[illegible]	Columbus County
[illegible]	NC Conservation Network
[illegible]	Coastal Mgmt
Charles Jones	Coastal Mgmt
[illegible]	NC MSC
PGP	NCFB

House Pages

Name Of Committee: NER Date: 3/16/05

1. Name: Danielle Caw
   County: Wake
   Sponsor: Speaker
2. Name: Katharina Stevens
   County: Wake
   Sponsor: Capps
3. Name: Bethany Eddy (Snack)
   County: Stanly
   Sponsor: Senator Purcell
4. Name: _____
   County: _____
   Sponsor: _____
5. Name: _____
   County: _____
   Sponsor: _____

Sgt-At-Arms

1. Name: JAMES WORTH, House
2. Name: Willie A. Dixon, House
3. Name: Ronald SPANN
4. Name: ERNIE SHERRILL
5. Name: _____

MINUTES
JOINT HOUSE SENATE
APPROPRIATIONS SUBCOMMITTEE ON
NATURAL AND ECONOMIC RESOURCES

March 16, 2005
2:00 p.m.

The Joint Appropriations Subcommittee on Natural and Economic Resources met in Room 423 of the Legislative Office Building on March 16, 2005. The following committee members were present: Co-Chairs Representatives Hunter and Warren, Rep. Lucy Allen, Rep. Tracy Walker, Rep. Arlie Culp, Rep. Pricey Harrison, Rep. James Langdon, Rep. Winkie Wilkins, Rep. Michael Wray, Sen. David Weinstein, Sen. Charlie Albertson, Sen. Ham Horton, and Sen. Jerry Tillman. Susan Morgan, Jennifer Haygood and Joy Hicks, Staff Counsel, were in attendance. The Agenda (**Attachment 1),** a Visitor Registration sheet (**Attachment 2)** and a list of the Pages and Sergeant -at-Arms (**Attachment 3)** are included as part of these minutes.

Representative Warren called the afternoon meeting to order. The pages and the Sergeant at - Arms were introduced. Jennifer Haygood was called on to present the Division Overviews.

Jennifer Haygood 's first Division overview was for the Division of Air Quality. She recognized Keith Overcash, Director of the Division of Air Quality. She stated that he will answer any questions, if any. She also presented a copy of a Monthly Budget Report for that Division. (**Attachments 4 and 5)**

The next Division overview was for the Division of Land Resources.(**Attachment 6)** Jennifer recognized James Simons, Director of the Division of Land Resources. She also stated that he would answer any questions, if any.

The next Division overview was for the Division of Pollution Prevention and Environmental Assistance. **(Attachment 7).** Gary Hunt, Director of the Division was present to answer any questions. Sen. Albertson had a question about the volunteers and suggested that they should be commended for their good work. Sen. Horton raised a concern about the letters that were sent out to constituents from this Division that seemed "heavy handed.. He suggested that a copy of these letters be given to the committee and also that the letters be revised.

The next Division overview was for the Division of Conservation and Community Affairs. (**Attachment 8).** Richard Rogers, Director of this Division was present and will answer any questions. Richard Rogers was asked to explain the difference between Natural Heritage Program and the Natural Heritage Trust Fund.

Jennifer Haygood gave a brief presentation of the Clean Water Management Trust Fund. **(Attachment 9).** Bill Holman, Executive Director of the Clean Water Management Trust Fund. was asked to give an up date of this program. He recognized John McMillian, one of the trustees appointed by the Governor to the Clean Water Management Trust Fund. This year, 2005 is the 10th anniversary of the major fish kill we had on the Neuse River. After the fish kills, the state started working on various environmental regulations to clean up not only the Neuse River, but other rivers in the state and that's when the Clean Water Management Trust Fund was established, in 1996. A copy of Bill Holman's presentation is **Attachment 10.**

John Morris, Division of Water Resources, made the next presentation. The mission of the Division of Water Resources is make sure that we have a good supply of water for our future needs in the North Carolina. To do our job right we have to do three things - Good monitoring - Monitoring the availability of water and the use of water. We have to do good planning in partnership with local governments to foresee the use of water in the future and where to get it. The third thing is the regulatory responsibility. We have to issue permits for water use or to allocate water. He thanked the committee for their support last year for the program of river basin planning. He stated that they have a very innovative approach to doing long range planning for sustainable use of water supply in each of our river basins. The Cape Fear river basin has been completed and plans are working for Catawba and Yadkin basins. A map was distributed showing the existing and proposed Division of Water Resources Monitoring well sites (**Attachment 11)** He explained that the wells are monitored for water availability. They measure the water level and the changes in the water levels over time.

The meeting was adjourned.

Respectfully submitted:

Representative Howard J. Hunter, Jr.
Co Chair

Barbara Y. Phillips
Committee Assistant

Attachments

Joint Appropriations Subcommittee on Natural and Economic Resources

Tuesday, March 16th, 2005
Representative Hunter, Presiding
2:00 p.m. Room 423

Chair's Comments

Division Overviews — *Jennifer Haygood, Fiscal Research*

- **Division of Air Quality**
- **Division of Land Resources**
- **Division of Pollution Prevention and Environmental Assistance**
- **Office of Conservation and Community Affairs**

Clean Water Management Trust Fund — *Jennifer Haygood, Fiscal Research*

Bill Holman, Executive Direction
Clean Water Management Trust Fund

Division of Water Resources — *John Morris, Division Director*

Closing Remarks – Representative Hunter

Adjourn

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DIVISION OF AIR QUALITY
DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES

PROGRAM OVERVIEW

Division Mission

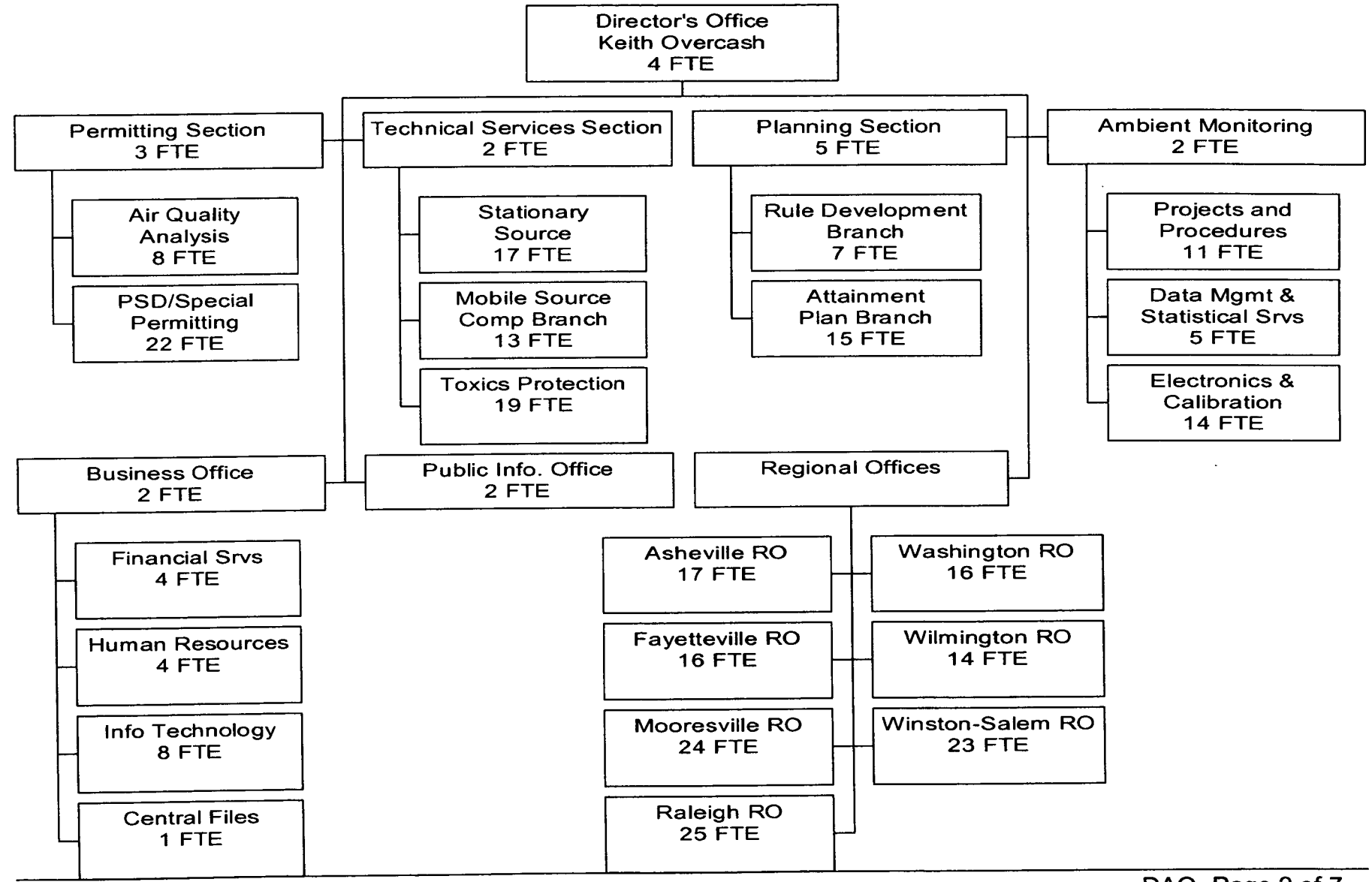
The mission of the Division of Air Quality is to protect and improve the outdoor air quality of North Carolina

Division Activities

- Establishing ambient air quality standards and monitoring air quality
- Permitting and inspecting stationary air emission sources
- Establishing an inspection/maintenance program for motor vehicles in certain counties
- Determining appropriate controls to protect air quality standards through the use of long range planning and modeling
- Educating and informing the public about air quality issues

DIVISION OF AIR QUALITY
DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES

ORGANIZATIONAL CHART

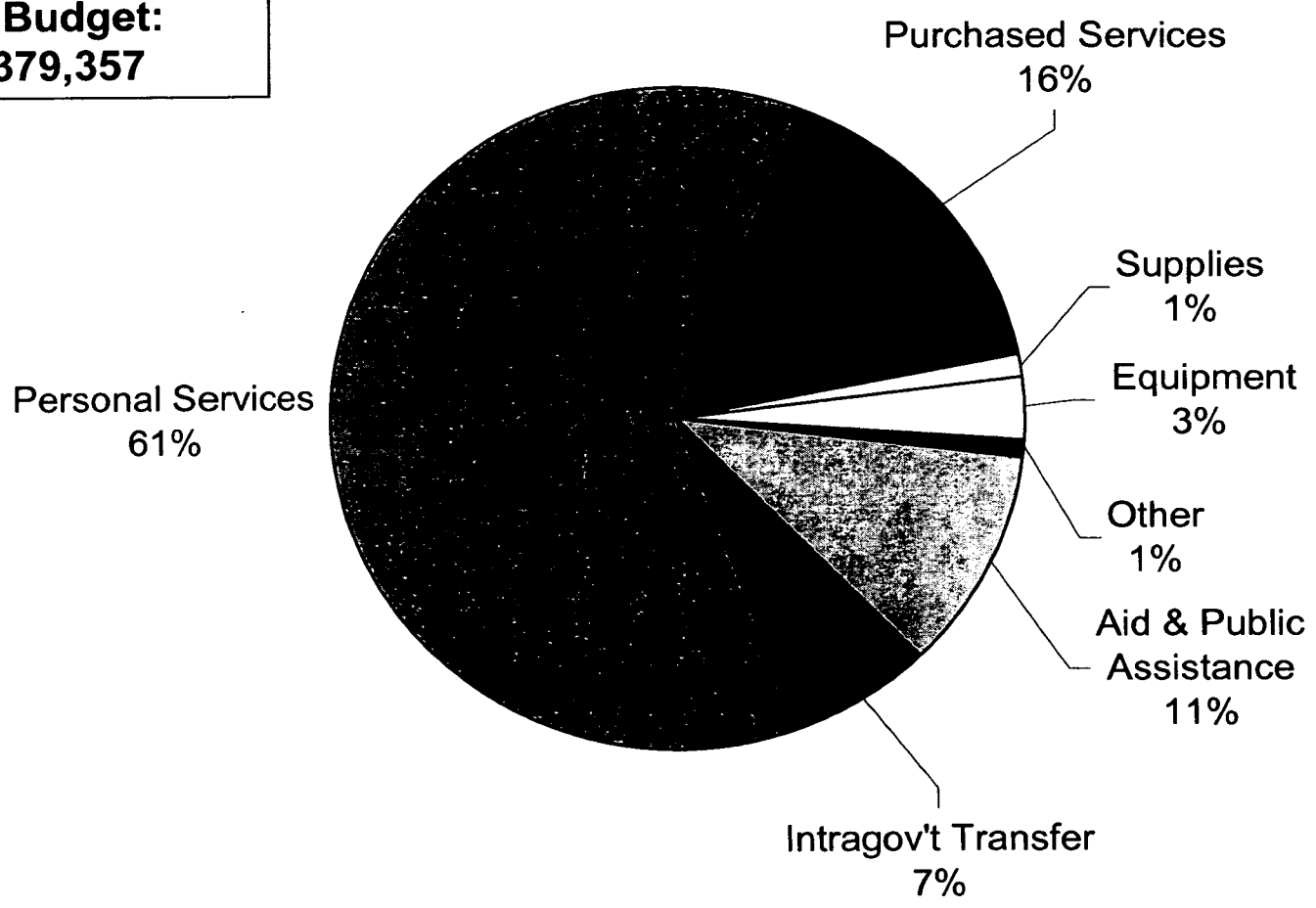


DIVISION OF AIR QUALITY
DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES

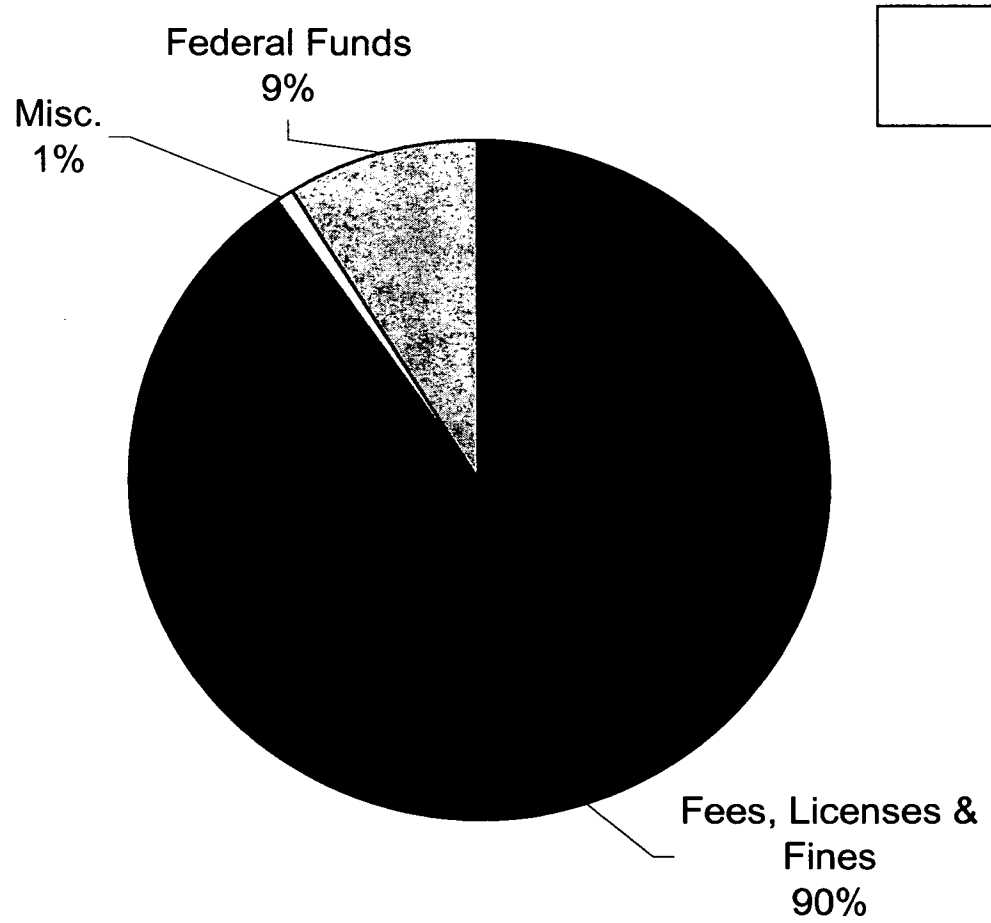
Budget History					
	2002-2003 Actual	2003-2004 Actual	2004-2005 Authorized	2005-2006 Governor's Recommended	2006-2007 Governor's Recommended
Expenditures	21,124,915	21,308,920	27,379,357	27,379,357	27,379,357
Less Receipts	(21,667,699)	(22,647,970)	(27,379,357)	(27,379,357)	(27,379,357)
Cash Balance +/-	523,279	1,223,006	0	0	0
State Appropriations	*(19,505)*	*(116,044)*	*0*	*0*	*0*
Positions	296.00	301.00	301.00	301.00	301.00

DIVISION OF AIR QUALITY
DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES
FY 2004-05 AUTHORIZED BUDGET BY EXPENDITURE TYPE

Total Budget:
$27,379,357



DIVISION OF AIR QUALITY
DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES
FY 2004-05 AUTHORIZED FUND SOURCES



Total Budget:
$27,379,357

DIVISION OF AIR QUALITY
DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES

SUMMARY OF BUDGET ACTIONS FOR THE 2003-05 BIENNIUM

EXPANSION AND/OR CAPITAL IMPROVEMENTS	2003-04	2004-05
None to Report		

REDUCTIONS		
Reduce Air Permits Fund (Fund 2331)	($77,918) NR	

DIVISION OF AIR QUALITY
DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES

PROPOSED RECOMMENDATIONS FOR THE 2005-07 BIENNIUM

CONTINUATION BUDGET ITEMS	2005-06	2006-07

None to Report

GOVERNOR'S RECOMMENDED ADJUSTMENTS

None to Report

ACCOUNT	DESCRIPTION	******** BUDGETED ******** CERTIFIED	AUTHORIZED	********** ACTUAL ********** CURRENT-MONTH	YEAR-TO-DATE	***** UNEXPENDED / UNREALIZED **** CERTIFIED	AUTHORIZED	ENCUMBRANCES	RATE
EXPENDITURES-BUDGET AND ACTUAL									
531212	SPA-REG SALARIES-REC	1,619,991.00	1,619,991.00	.00	1,012,806.77	607,184.23	607,184.23	.00	.83
531462	EPA&SPA-LONGVTY PAY-	18,973.00	20,878.00	.00	16,352.00	2,621.00	4,526.00	.00	1.04
531512	SOCIAL SEC CONTRIB-R	126,257.00	125,352.00	.00	76,879.32	49,377.68	48,472.68	.00	.82
531522	REG RETIRE CONTRIB-R	94,206.00	94,206.00	.00	59,845.70	34,360.30	34,360.30	.00	.85
531562	MED INS CONTRIB-RECP	120,120.00	119,120.00	9,149.44	83,670.60	36,449.40	35,449.40	.00	.94
531631	WRKER COMP-MED PAYME	.00	.00	.00	256.17-	256.17	256.17	.00	***
531XXX	PERSONAL SERVICES	1,979,547.00	1,979,547.00	9,149.44	1,249,298.22	730,248.78	730,248.78	.00	.84
532133	EMPLYEE/EMPLYMENT PH	300.00	300.00	35.00	35.00	265.00	265.00	.00	.16
532160	ENGINEERING SERVICES	.00	.00	13,171.75	39,515.25	39,515.25-	39,515.25-	39,595.25	***
532170	ADMIN SERVICES	.00	.00	.00	6.60	6.60-	6.60-	.00	***
532185	WASTE REM/RECY SER A	672.00	672.00	.00	489.65	182.35	182.35	61.20	1.09
532188	LAWNS & GROUNDS SER	.00	.00	283.33	850.00	850.00-	850.00-	1,983.34	***
532199	MISC CONTRACTUAL SER	93,400.00	93,400.00	5,220.49	48,539.93	44,860.07	44,860.07	67,599.67	1.66
532210	ENRG SER -ELECTRICAL	72,314.00	56,703.00	.00	34,222.47	38,091.53	22,480.53	956.23	.83
532220	ENRG SER -NAT.GAS/PR	10,000.00	10,000.00	2,327.55	8,380.45	1,619.55	1,619.55	.00	1.12
532230	ENRG SER -WATER & SE	1,500.00	1,500.00	.00	.00	1,500.00	1,500.00	.00	.00
532310003	REP BLDG-ELECT SYSTE	13,000.00	13,000.00	475.00	607.00	12,393.00	12,393.00	.00	.06
532332	REPAIRS-OTH COMPUTER	200.00	200.00	.00	.00	200.00	200.00	.00	.00
532333	REPAIRS-OTHER EQUIPM	.00	150.00	.00	146.22	146.22-	3.78	.00	1.30
532390	REPAIRS-OTHER	1,882.00	982.00	211.02	211.02	1,670.98	770.98	.00	.29
532430	MAINT AGREEMENT-EQUI	9,000.00	500.00	.00	.00	9,000.00	500.00	.00	.00
532441	MAINT AGRMT-OTHER SO	895.00	895.00	.00	.00	895.00	895.00	.00	.00
532512	RENT/LEASE-BLDINGS/O	151,514.00	113,000.00	7,387.37	65,961.03	85,552.97	47,038.97	.00	.78
532521	RENT/LEASE-MOTOR VEH	22,009.00	30,165.00	.00	28,417.24	6,408.24-	1,747.76	.00	1.26
532590	RENT/LEASE OTHER PRO	658.00	1,167.00	.00	508.26	149.74	658.74	.00	.58
532711	TRANSP AIR - IN STAT	350.00	350.00	.00	.00	350.00	350.00	.00	.00
532712	TRANS AIR-OUT STATE,	5,900.00	5,900.00	.00	3,033.62	2,866.38	2,866.38	.00	.69
532714	TRANSP-GRND - IN STA	19,400.00	18,264.00	1,029.97	16,303.96	3,096.04	1,960.04	.00	1.19
532715	TRANS GRND-OUT STA,I	2,000.00	1,380.00	.00	1,279.04	720.96	100.96	.00	1.24
532717	TRANSP OTHER - IN ST	100.00	100.00	.00	75.00	25.00	25.00	.00	1.00
532718	TRANS OTH-OUTSTATE,	135.00	501.00	.00	400.25	265.25-	100.75	.00	1.07
532721	LODGING - IN STATE	8,200.00	8,500.00	193.52	4,996.34	3,203.66	3,503.66	.00	.78
532722	LODGING-OUT STATE, I	6,300.00	8,224.00	935.00	8,867.47	2,567.47-	643.47-	.00	1.44
532724	MEALS - IN STATE	7,180.00	7,180.00	205.35	3,081.27	4,098.73	4,098.73	.00	.57
532725	MEALS-OUT OF STATE,I	2,220.00	2,846.00	325.00	2,935.75	715.75-	89.75-	.00	1.38
532727	MISC - IN STATE	30.00	30.00	.00	11.00	19.00	19.00	.00	.49
532728	MISC - OUT STATE, IN	100.00	135.00	.00	130.75	30.75-	4.25	.00	1.29
532811	TELEPHONE SERVICE	18,382.00	18,382.00	.00	41,733.37	23,351.37-	23,351.37-	.00	3.03
532814	CELLULAR PHONE SERVI	.00	4,784.00	.00	4,783.57	4,783.57-	.43	.00	1.33
532815	EMAIL AND CALENDARIN	.00	2,862.00	.00	2,861.71	2,861.71-	.29	.00	1.33
532821	COMPUTER/DATA PROCES	.00	647.00	.00	637.04	637.04-	9.96	.00	1.31
532840	POSTAGE, FREIGHT & D	10,113.00	11,051.00	283.27	6,104.01	4,008.99	4,946.99	23.22	.74
532840001	POST,FR&DEL-MAILING	4,240.00	4,815.00	.00	3,772.98	467.02	1,042.02	.00	1.04
532840003	POST,FR&DEL-POSTAL M	8,555.00	12,183.00	1,184.74	13,367.13	4,812.13-	1,184.13-	.00	1.46

ACCOUNT	DESCRIPTION	******** B U D G E T E D ******** CERTIFIED	AUTHORIZED	********** A C T U A L ********** CURRENT-MONTH	YEAR-TO-DATE	***** UNEXPENDED / UNREALIZED **** CERTIFIED	AUTHORIZED	ENCUMBRANCES	RATE
EXPENDITURES-BUDGET AND ACTUAL									
532850	PRINT,BIND,DUPLICATE	1,620.00	3,493.00	.00	2,192.63	572.63-	1,300.37	.00	.84
532860	ADVERTISING	.00	601.00	.00	600.88	600.88-	.12	.00	1.33
532913	LIABILITY INSURANCE	120.00	120.00	.00	.00	120.00	120.00	.00	.00
532930	REGISTRATION FEES	24.00	8,095.00	.00	7,320.00	7,296.00-	775.00	.00	1.21
532942	OTHER EMP EDUCATIONA	70.00	553.00	.00	552.50	482.50-	.50	.00	1.33
*532XXX	PURCHASED SERVICES	472,383.00	443,630.00	33,268.36	352,930.39	119,452.61	90,699.61	110,218.91	1.39
533110	GENERAL OFFICE SUPPL	8,350.00	4,350.00	.00	1,133.24	7,216.76	3,216.76	.00	.35
533120	DATA PROCESSING SUPP	7,343.00	7,343.00	.00	.00	7,343.00	7,343.00	.00	.00
533130	PHOTOGRAPHIC SUPPLIE	340.00	340.00	.00	.00	340.00	340.00	.00	.00
533150	SECURITY & SAFETY SU	12,300.00	12,837.00	.00	237.00	12,063.00	12,600.00	.00	.02
533240	CARPENTRY & HARDWARE	760.00	760.00	.00	.00	760.00	760.00	.00	.00
533310	GASOLINE	.00	522.00	.00	369.68	369.68-	152.32	.00	.94
533640	OPTICAL SUPPLIES	1,000.00	250.00	.00	.00	1,000.00	250.00	174.76	.93
533710	SCIENTIFIC SUPPLIES	46,220.00	38,478.00	1,234.98	10,345.30	35,874.70	28,132.70	4,668.93	.52
533900	OTHER MATERIALS & SU	3,720.00	4,120.00	107.38	1,023.79	2,696.21	3,096.21	.00	.33
*533XXX	SUPPLIES	80,033.00	69,000.00	1,342.36	13,109.01	66,923.99	55,890.99	4,843.69	.35
534210	BUILDING ACQUISIT CO	35,000.00	35,000.00	.00	.00	35,000.00	35,000.00	.00	.00
534310	BLDG-PLANNING EXPENS	570.00	570.00	.00	.00	570.00	570.00	.00	.00
534523	EQUIP-SCIENTIFIC/MED	147,865.00	147,865.00	.00	47,865.00	100,000.00	100,000.00	.00	.43
534534	PC/PRINTER EQUIPMENT	.00	36,300.00	.00	.00	.00	36,300.00	.00	.00
534541	AUTOS, TRUCKS, & BUS	69,000.00	69,000.00	.00	.00	69,000.00	69,000.00	35,773.00	.69
534711	OTHER COMPUTER SOFTW	481.00	481.00	.00	.00	481.00	481.00	.00	.00
534713	PC SOFTWARE	.00	1,863.00	.00	1,846.10	1,846.10-	16.90	.00	1.32
*534XXX	PROPERTY, PLANT & EQ	252,916.00	291,079.00	.00	49,711.10	203,204.90	241,367.90	35,773.00	.39
535640	INDIRECT (OVERHEAD)	168,185.00	168,185.00	.00	121,440.74	46,744.26	46,744.26	.00	.96
535830	MEMBERSHIP DUES&SUBS	.00	1,500.00	.00	1,500.00	1,500.00-	.00	.00	1.33
535900	OTHER EXPENSES	34,491.00	34,614.00	.00	7,678.77	26,812.23	26,935.23	105.00	.30
*535XXX	OTHER EXPENSES & ADJ	202,676.00	204,299.00	.00	130,619.51	72,056.49	73,679.49	105.00	.85
536961	AID TO COUNTIES	.00	.00	.00	.00	.00	.00	20,000.00	***
536989	OTHER CONTRACTS/GRAN	52,727.00	52,727.00	.00	.00	52,727.00	52,727.00	.00	.00
*536XXX	AID & PUBLIC ASSISTA	52,727.00	52,727.00	.00	.00	52,727.00	52,727.00	20,000.00	.51
538010	FLEX SPEND ACCT SAV	1,357.00	1,357.00	.00	797.13	559.87	559.87	.00	.78
538030	FINE/PENALTY/FORFEIT	443,039.00	443,039.00	32,934.50	303,651.99	139,387.01	139,387.01	.00	.91
538129	I TFR TO REG FIELD O	91,315.00	91,315.00	.00	18,666.65	72,648.35	72,648.35	.00	.27
538499	WORKERS COMP TRANSFE	.00	.00	.00	12.00	12.00-	12.00-	.00	***

ACCOUNT	DESCRIPTION	******** B U D G E T E D ******** CERTIFIED	AUTHORIZED	********** A C T U A L ********** CURRENT-MONTH	YEAR-TO-DATE	***** UNEXPENDED / UNREALIZED **** CERTIFIED	AUTHORIZED	ENCUMBRANCES	RATE
EXPENDITURES-BUDGET AND ACTUAL									
538XXX	INTRAGOVERNMENTAL TR	535,711.00	535,711.00	32,934.50	323,127.77	212,583.23	212,583.23	.00	.80
	TOTAL NON-SALARY ITE	1,596,446.00	1,596,446.00	67,545.22	869,497.78	726,948.22	726,948.22	170,940.60	.87
	EXPENDITURES	3,575,993.00	3,575,993.00	76,694.66	2,118,796.00	1,457,197.00	1,457,197.00	170,940.60	.85
REVENUES-ESTIMATED AND ACTUAL									
434310	SALE OF PUBLICATIONS	570.00	570.00	.00	.00	570.00	570.00		.00
435500026	FINE-ENVIRONMENTL VI	400,000.00	400,000.00	22,431.75	283,044.74	116,955.26	116,955.26		.94
437300	INDIRECT(OVERHD) COS	168,185.00	168,185.00	.00	121,440.74	46,744.26	46,744.26		.96
438989	CARRY FORWARD	43,039.00	43,039.00	.00	43,039.00	.00	.00		1.33
5388H6	EMERGENCY PREPAREDNE	20,000.00	20,000.00	.00	.00	20,000.00	20,000.00	.00	.00
53888E	EPA-AIR QUALITY MATC	1,973,606.00	1,973,606.00	655,745.59	1,852,031.42	121,574.58	121,574.58	.00	1.25
53888G	EPA-AQ 103 OTAG/SOS	970,593.00	970,593.00	41,701.09	373,067.23	597,525.77	597,525.77	.00	.51
	REVENUES	3,575,993.00	3,575,993.00	719,878.43	2,672,623.13	903,369.87	903,369.87	.00	1.00
	APPROPRIATION	.00	.00	643,183.77-	553,827.13-	553,827.13	553,827.13	.00	***

DIVISION OF LAND RESOURCES
DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES

PROGRAM OVERVIEW

Division Mission

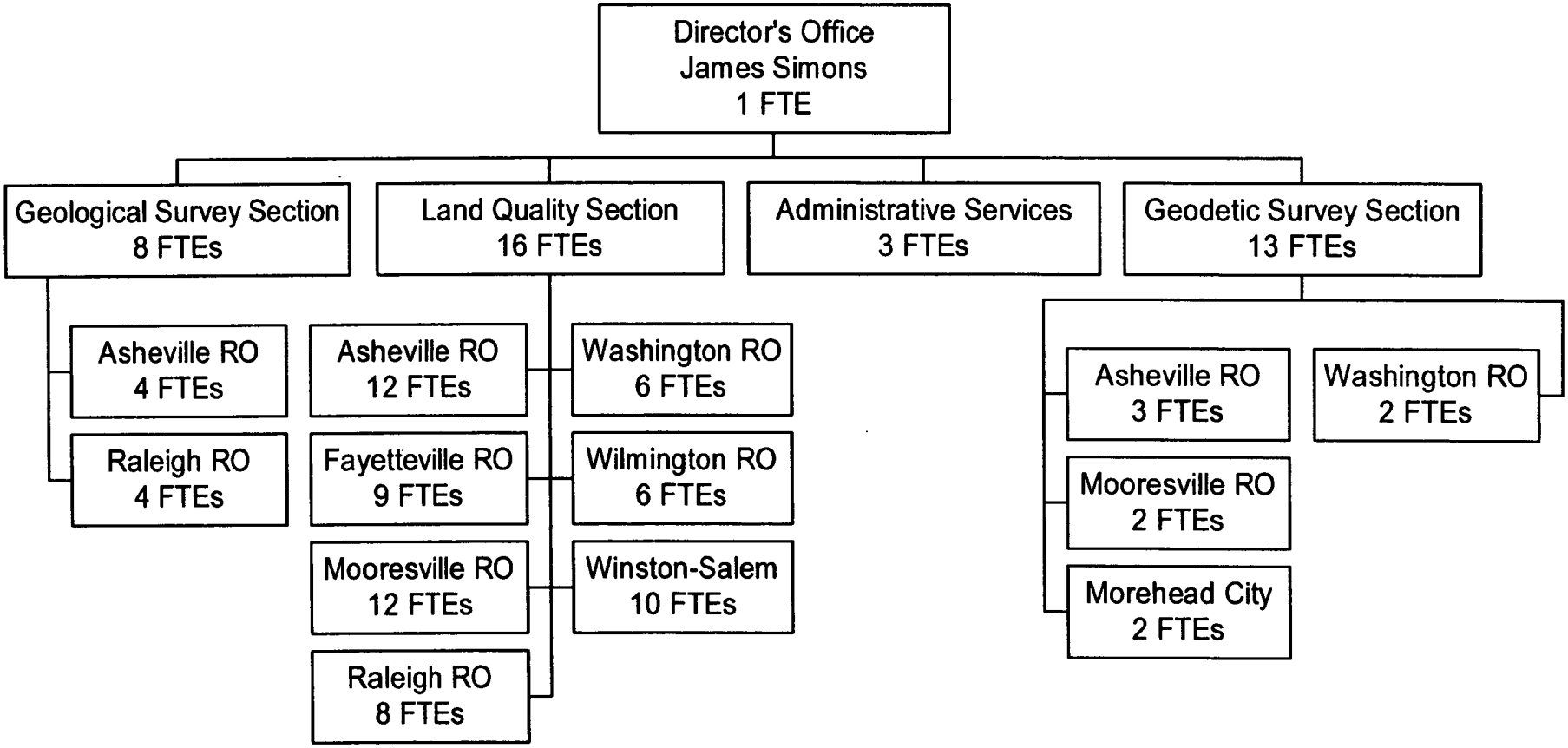
The mission of the Division of Land Resources is to promote the wise use and protection of NC's land and geologic resources.

Division Activities

- **Land Quality** –Administers and enforces the Sedimentation Pollution Control Act of 1973, the Mining Act of 1971 and the Dam Safety Act of 1967. Primary duties of all three regulatory programs include advance permit or plan approval, routine on-site inspections of mines, dams and construction sites and enforcement actions as necessary.
- **Geological Survey** – Examines, describes and maps the geology and mineral resources of the state, and publishes reports and maps. Also, administers cooperative geologic and topographic map agreements with federal, state and local agencies.
- **Geodetic Survey** – Uses state-of-the art methods of precise positioning and advanced geodetic techniques to establish and maintain the official survey base of the state of North Carolina and to support mapping, county and state boundaries, floodplain mapping, boundary determination, property delineation, infrastructure development, resource evaluation surveys and scientific applications. Establish, maintain, and monitor a network of Global Positioning System (GPS) Continuously Operating Reference Stations (CORS).

DIVISION OF LAND RESOURCES
DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES

ORGANIZATIONAL CHART



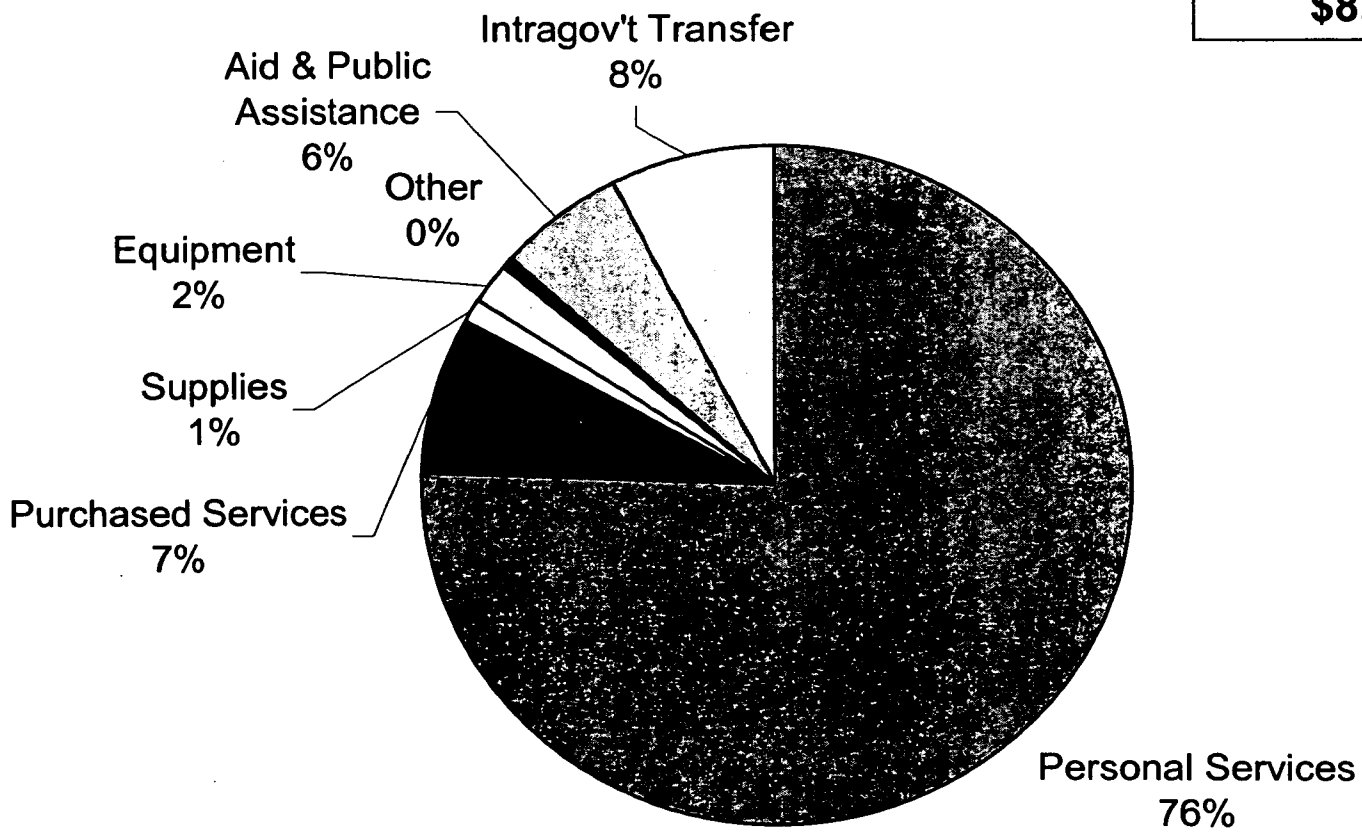
DIVISION OF LAND RESOURCES
DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES

Budget History					
	2002-2003 Actual	2003-2004 Actual	2004-2005 Authorized	2005-2006 Governor's Recommended	2006-2007 Governor's Recommended
Expenditures	6,939,044	7,593,609	8,484,515	8,494,301	8,499,475
Less Receipts	(2,934,763)	(3,330,608)	(3,521,341)	(3,521,341)	(3,521,341)
Cash Balance +/-	247,222	80,868	0	0	0
State Appropriations	*4,251,502*	*4,343,870*	*4,963,174*	*4,972,960*	*4,978,134*
Positions	119.00	121.00	121.00	121.00	121.00

DIVISION OF LAND RESOURCES
DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES

FY 2004-05 AUTHORIZED BUDGET BY EXPENDITURE TYPE

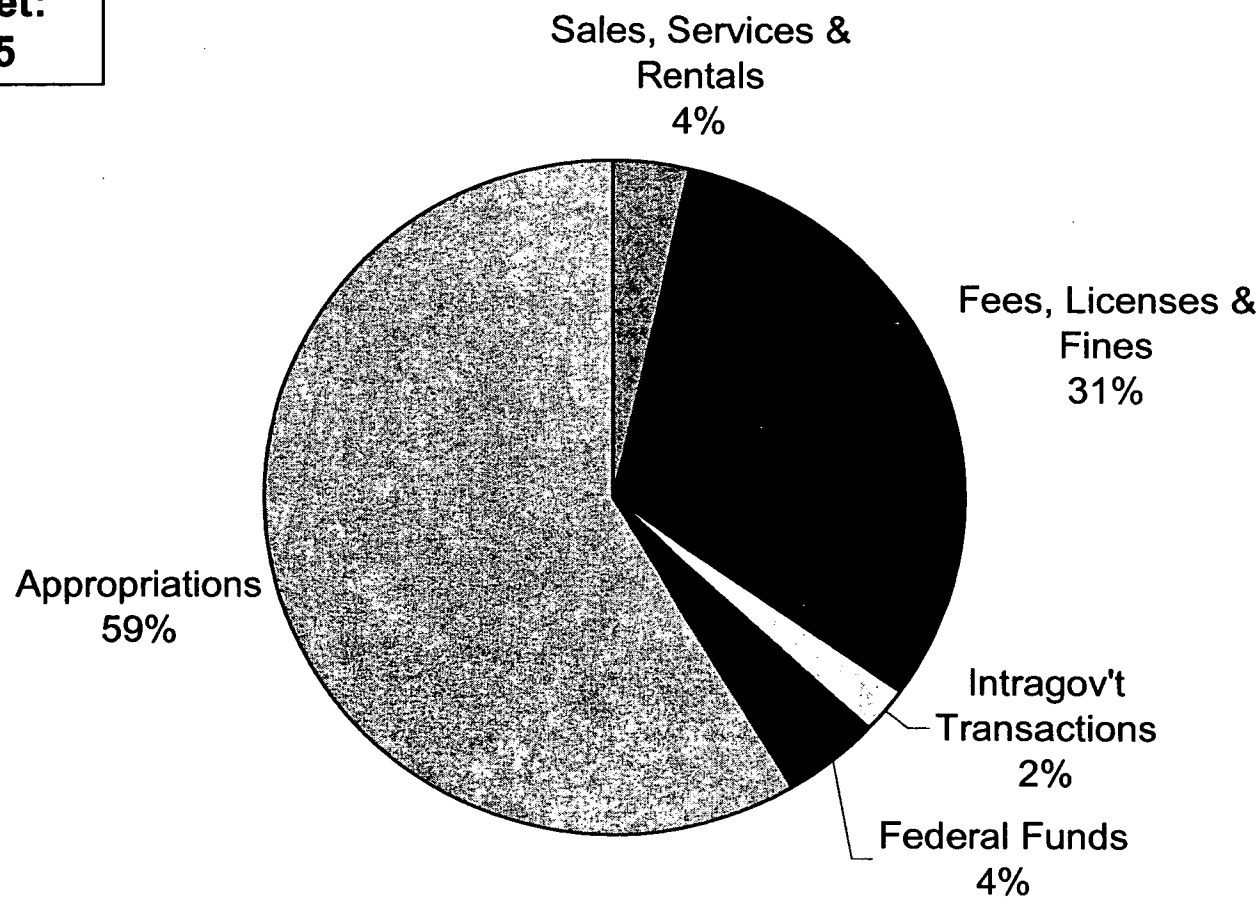
Total Budget: $8,484,515



DIVISION OF LAND RESOURCES
DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES

FY 2004-05 AUTHORIZED FUND SOURCES

Total Budget: $8,484,515



DIVISION OF LAND RESOURCES
DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES

OVERVIEW OF BUDGET ACTIONS FOR THE 2003-05 BIENNIUM

EXPANSION AND/OR CAPITAL IMPROVEMENTS	2003-04	2004-05
None to Report		
REDUCTIONS		
Eliminate 1.0 filled position (Proc. Asst V)	($30,400) R	($30,400) R
Reduce computer/data processing.	($34,471) R	($34,471) R
Reduce aid to counties.	($50,000) R	($50,000) R
Reduce various operating line items.	($100,813) R	($100,813) R
Shift 1.75 geodetic survey positions to federal funds.	($53,547) R	($53,547) R
Reduce geodetic survey contracted services.	($57,710) R	($57,710) R
Reduce operating support.		($85,356) R
Reduce sediment education funds.		($15,000) R
Fund shift 1.0 Office Assistant III position to receipt support.		($40,837) R

DIVISION OF LAND RESOURCES
DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES

PROPOSED RECOMMENDATIONS FOR THE 2005-07 BIENNIUM

SIGNIFICANT CONTINUATION BUDGET ITEMS	2005-06	2006-07
Inflationary increases for utilities and travel	$10,407	$12,148

EXPANSION

None to report

DIVISION OF POLLUTION PREVENTION AND ENVIRONMENTAL ASSISTANCE
DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES

Attachment 7

PROGRAM OVERVIEW

Division Mission

The mission of the Division of Pollution Prevention and Environmental Assistance is to protect the environment and conserve natural resources by providing technical assistance regarding the elimination, reduction, reuse and recycling of wastes and pollutants.

Division Activities

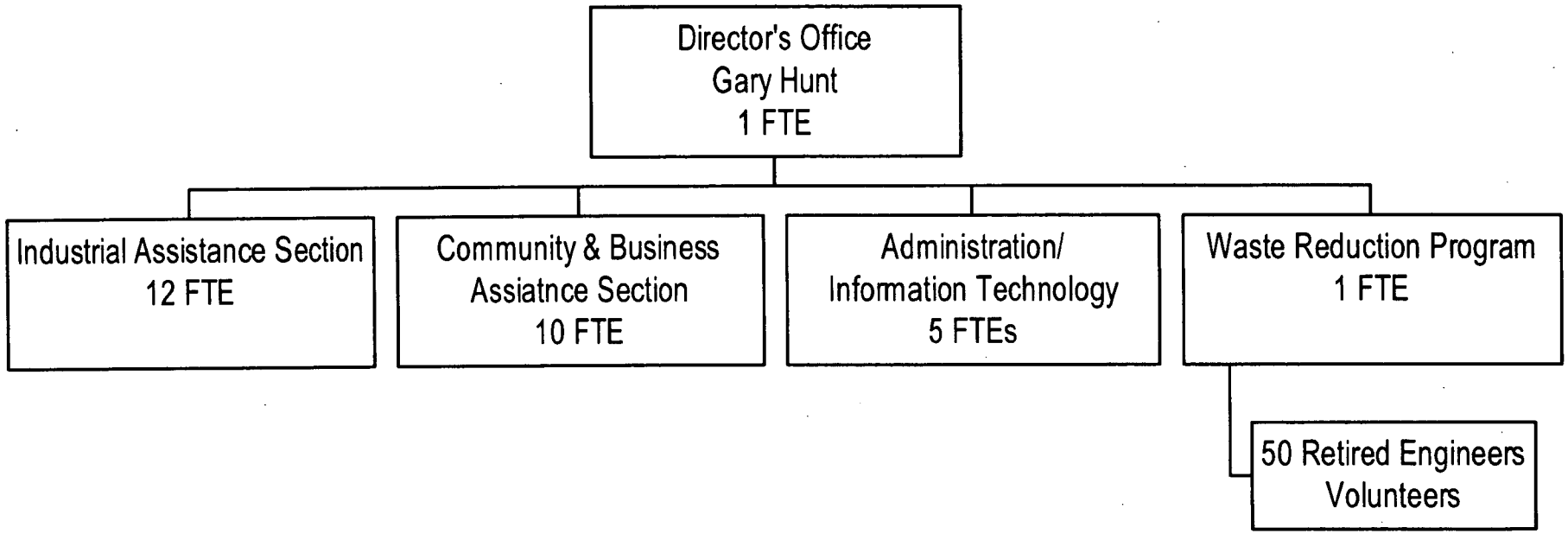
- **Community and Business Assistance Section** – Works with local governments and businesses to help them reduce waste and pollution, use resources efficiently, and build the recycling infrastructure. This Section is also responsible for administering the Solid Waste Management Trust Fund.

- **Industrial Assistance Section** – Responds to requests from businesses, industries, and governmental agencies on ways to reduce or eliminate waste and pollutants generated by their operations.

- **Waste Reduction Partners** - Performs water, waste and energy reduction assessments for public and private entities in Western NC through a unique program that utilizes retired professionals.

DIVISION OF POLLUTION PREVENTION AND ENVIRONMENTAL ASSISTANCE
DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES

ORGANIZATIONAL CHART



DIVISION OF POLLUTION PREVENTION AND ENVIRONMENTAL ASSISTANCE
DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES DIVISION OF POLLUTION

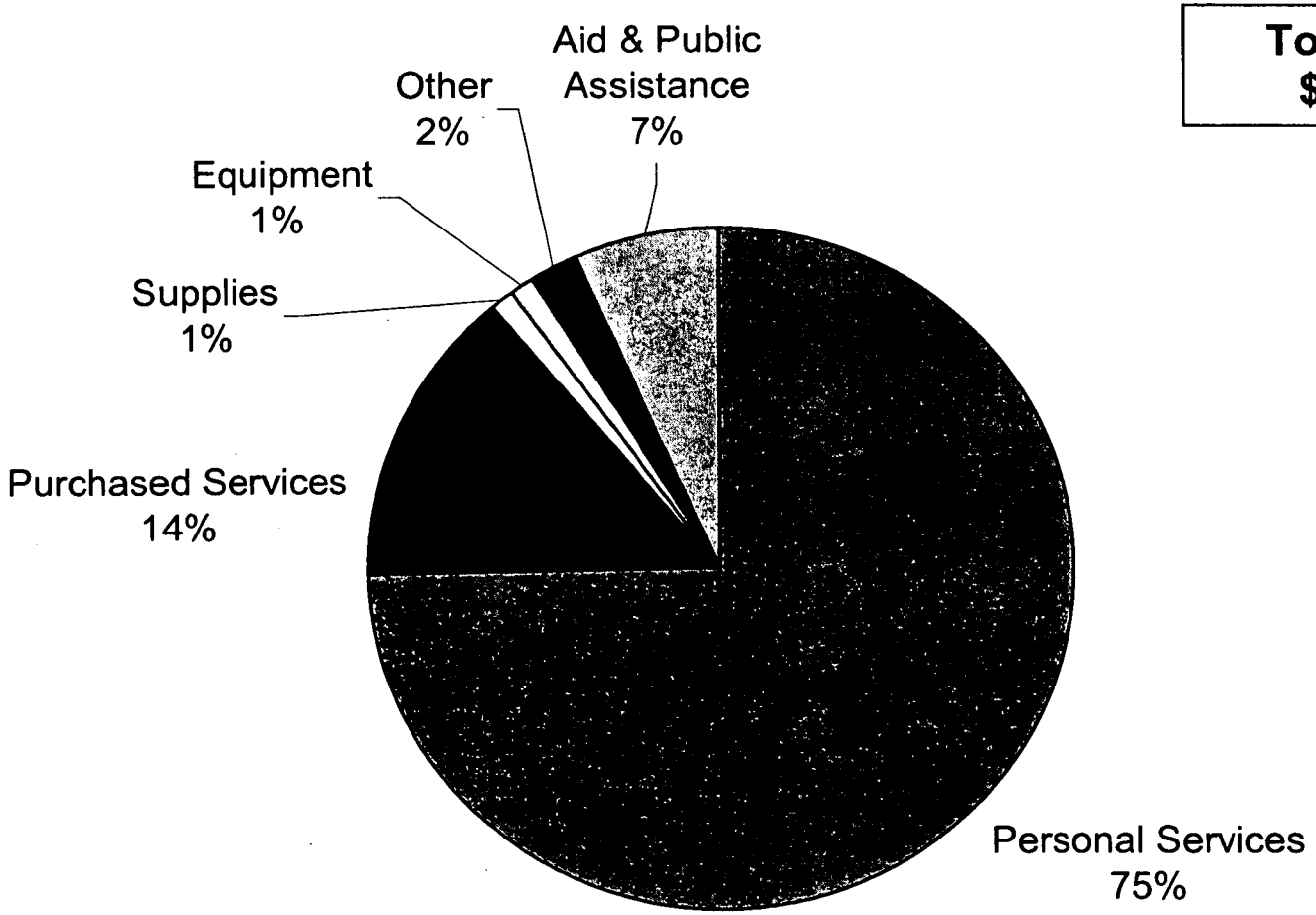
Budget History					
	2002-2003 Actual	2003-2004 Actual	2004-2005 Authorized	2005-2006 Governor's Recommended	2006-2007 Governor's Recommended
Expenditures	1,663,935	1,680,298	1,849,623	1,847,119	1,848,389
Less Receipts	(424,300)	(494,163)	(582,689)	(582,689)	(582,689)
State Appropriations	*1,239,635*	*1,186,135*	*1,266,934*	*1,264,430*	*1,265,700*
Positions	29.99	30.00	29.00	29.00	29.00

Note: The above position counts include 7.0 positions that are funded through the Solid Waste Management Trust Fund budget code and not included in this budget history.

DIVISION OF POLLUTION PREVENTION AND ENVIRONMENTAL ASSISTANCE
DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES

FY 2004-05 AUTHORIZED BUDGET BY EXPENDITURE TYPE

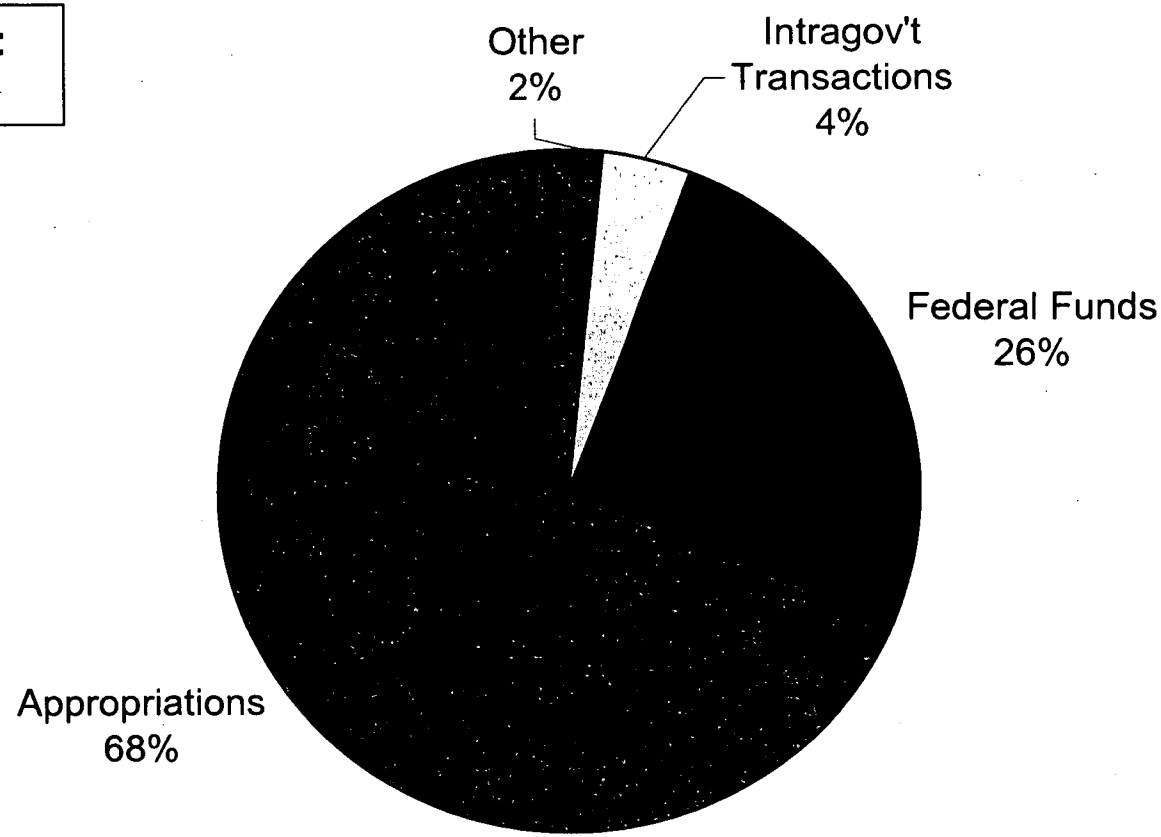
Total Budget: $1,849,623



DIVISION OF POLLUTION PREVENTION AND ENVIRONMENTAL ASSISTANCE
DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES

FY 2004-05 AUTHORIZED FUND SOURCES

Total Budget: $1,849,623



DIVISION OF POLLUTION PREVENTION AND ENVIRONMENTAL ASSISTANCE
DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES

OVERVIEW OF BUDGET ACTIONS FOR THE 2003-05 BIENNIUM

EXPANSION AND/OR CAPITAL IMPROVEMENTS	2003-04	2004-05
None to Report		
REDUCTIONS		
Shift 0.4 Position to Receipt Support	($19,377) R	($19,377) R
Shift 1.46 positions to Solid Waste Trust Fund	($66,980) R	($66,980) R
Reduce operating support.	($66,747) R	($66,747) R
Eliminate 1.0 Office Assistant position.		($26,848) R
Reduce computer equipment.		($11,440) R

DIVISION OF POLLUTION PREVENTION AND ENVIRONMENTAL ASSISTANCE
DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES

PROPOSED RECOMMENDATIONS FOR THE 2005-07 BIENNIUM

SIGNIFICANT CONTINUATION BUDGET ITEMS	2005-06	2006-07

None to Report

EXPANSION

None to Report

OFFICE OF CONSERVATION AND COMMUNITY AFFAIRS
DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES

PROGRAM OVERVIEW

Division Mission

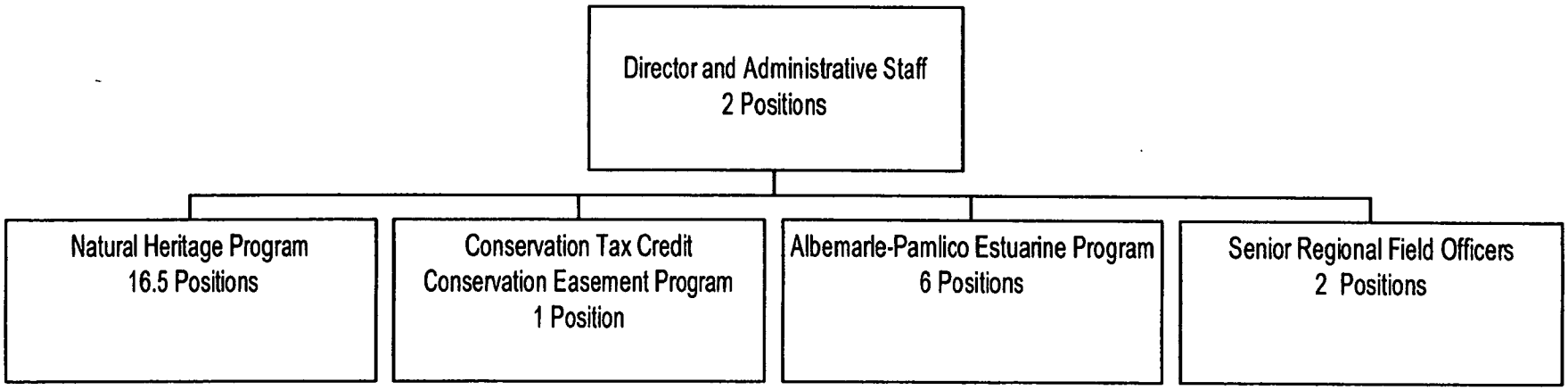
To lead in developing and implementing a comprehensive statewide conservation plan that involves the public, governmental agencies, private organizations, and landowners. To maintain functional ecosystems, biological diversity and working landscapes through the stewardship of land and water resources. To implement a plan that will conserve and restore the State's natural heritage and sustain a healthy life for all North Carolinians and visitors.

Division Activities

- **One North Carolina Naturally Program:** Develop a comprehensive conservation plan for North Carolina. Coordinate conservation activities statewide. Develop strategies for implementation of conservation plan. Provide for public input for the developing conservation plan. Develop decision support tool for conservation planning.
- **Natural Heritage Program:** Identify the highest quality natural areas in each of the state's counties. Conduct natural heritage inventories. Provide biological information to local governments, landowners and planners. Maintain detailed records on elements of the natural diversity of North Carolina. Work with land owners, conservation organizations and state and federal agencies to conserve the most important natural areas of North Carolina.
- **Conservation Tax Credit & Conservation Easement Program:** Conduct NCCTC & CE Program, monitor for effectiveness, and improve as necessary. Develop promotional strategies, products and implement. Develop educational products and present through outreach. Administer NCCTC certification review process assuring legal and natural resource (conservation) thresholds. Manage program related data gathering/analysis, quality control/consistency, and timely response to applicants/customers.
- **Albemarle-Pamlico National Estuarine Program:** Identify, protect and restore the significant natural resources of the Albemarle-Pamlico estuarine system. Implementation of the Comprehensive Conservation and Management Plan (1994). Outreach and education activities in the basin

OFFICE OF CONSERVATION AND COMMUNITY AFFAIRS
DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES

ORGANIZATIONAL CHART

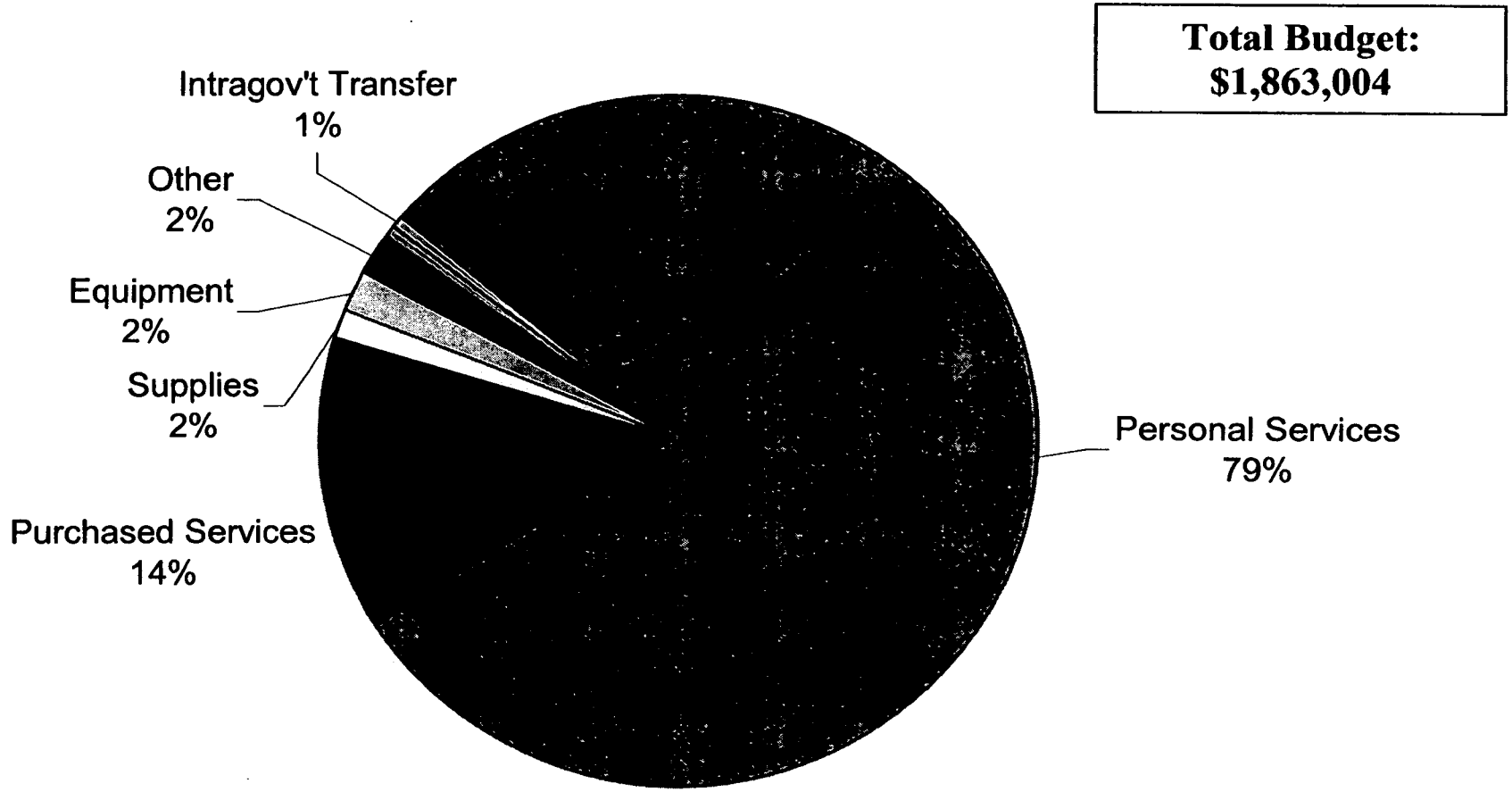


OFFICE OF CONSERVATION AND COMMUNITY AFFAIRS
DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES

Budget History					
	2002-2003 Actual	2003-2004 Actual	2004-2005 Authorized	2005-2006 Governor's Recommended	2006-2007 Governor's Recommended
Expenditures	781,388	1,756,514	1,863,004	1,864,537	1,866,635
Less Receipts	(313,009)	(1,096,871)	(1,174,305)	(1,174,305)	(1,174,305)
State Appropriations	*468,378*	*659,643*	*688,699*	*690,232*	*692,330*
Positions	27.50	27.50	27.50	27.50	27.50

OFFICE OF CONSERVATION AND COMMUNITY AFFAIRS
DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES

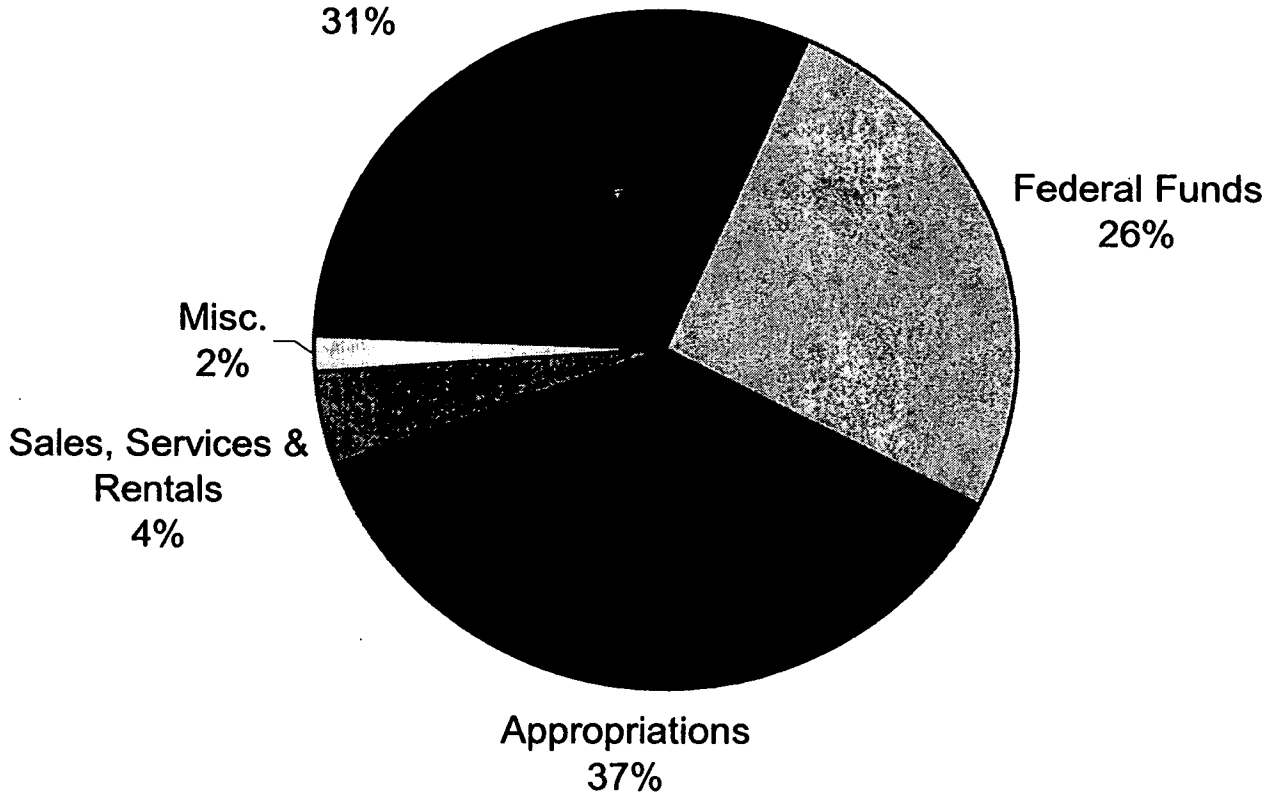
FY 2004-05 AUTHORIZED BUDGET BY EXPENDITURE TYPE



OFFICE OF CONSERVATION AND COMMUNITY AFFAIRS
DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES

FY 2004-05 AUTHORIZED FUND SOURCES

Total Budget: $1,863,004



OVERVIEW OF BUDGET ACTIONS FOR THE 2003-05 BIENNIUM

EXPANSION AND/OR CAPITAL IMPROVEMENTS	2003-04	2004-05
None to Report		
REDUCTIONS		
Eliminate Regional Field Office Manager	($67,833) R	($67,833)R
Reduce operating support		($20,521) R

PROPOSED RECOMMENDATIONS FOR THE 2005-07 BIENNIUM

SIGNIFICANT CONTINUATION BUDGET ITEMS	2005-06	2006-07
None to report.		
EXPANSION		
None to report.		

OFFICE OF CONSERVATION AND COMMUNITY AFFAIRS
DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES

NATURAL HERITAGE TRUST FUND

- **Created:** 1987

- **Statutory Authority**: G.S.113-77.6 through G.S.113-77.9

- **Purpose:** Provides supplemental funds to state agencies for inventory and purchase of lands of exceptional natural and cultural significance. Expenditures are authorized for the following purposes:
  - Acquisition of land that represents the ecological diversity of the state
  - Acquisition of land as additions to the system of parks, State trails, forests, fish and wildlife management areas, wild and scenic rivers, and natural areas
  - Acquisition of land that contributes to the development of a state program of historic properties
  - Inventory of natural areas conducted under the Natural Heritage Program (of DENR).

- **Source of Funding** – The NHTF is funded by 25% of state deed excise tax revenues, a portion of personalized license plate sales ($10 per First in Forestry plate, $15 per Out-of-State Collegiate Insignia plate, and $15 per personalized plate), and interest earnings. FY 03-04 revenues were $15.8 million.

- **Governing Authority** – Twelve-member Board of Trustees appointed for staggered 6-year terms by the General Assembly at the recommendation of the Governor, Speaker of the House, and President Pro-Tempore of the Senate.

CLEAN WATER MANAGEMENT TRUST FUND
DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES

PROGRAM OVERVIEW

Division Mission

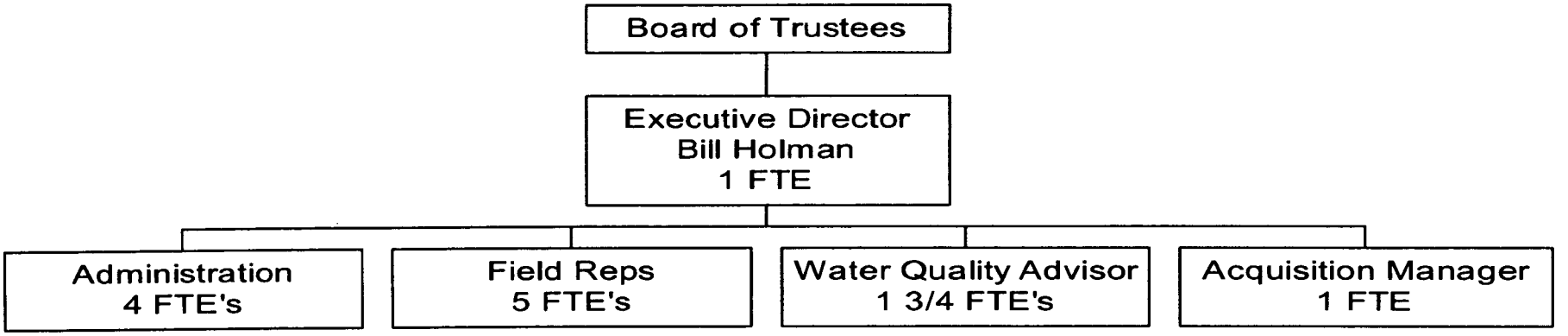
To protect and restore surface water quality by providing grants to local governments, state agencies, and non-profit conservation organizations to help finance water quality improvements.

Division Activities

- Protect riparian buffers, wetlands, streams, and floodplains by acquiring land or conservation easements,
- Restore riparian buffers, wetlands, and streams,
- Protect drinking water supplies,
- Repair failing wastewater collection and treatment systems,
- Eliminate straight piping of domestic wastewater, and
- Reduce stormwater pollution and improve collection and treatment of stormwater.

CLEAN WATER MANAGEMENT TRUST FUND
DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES

ORGANIZATIONAL CHART



CLEAN WATER MANAGEMENT TRUST FUND
DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES

FUNDING HISTORY

	General Fund Appropriations	
Fiscal Year	**Certified Budget**	**Actual Budget**
96-97	$47.1 million	$37.9 million
97-98	$49.4 million	$49.4 million
98-99	$47.4 million	$47.4 million
99-00	$30.0 million	$30.0 million
00-01	$30.0 million	$30.0 million
01-02	$40.0 million	$19.2 million
02-03	$66.5 million	$63.1 million
03-04	$62.0 million	$60.8 million
04-05	$62.0 million	$61.5 million*

*expected

- Prior to 2001, the Trust Fund was funded with a portion (6.5%) of the unreserved General Fund credit balance (with a minimum earmarking of $30 million [G.S. 143-15.3B]).
- S.L. 2000-67 directed that the CWMTF no longer receive a portion of the unreserved credit balance, but instead receive a direct appropriation of $40 million from the General Fund for FY 01-02.
- S.L. 2000-67 further directed that the General Fund appropriation be increased to $70 million for FY 02-03 and increased again to $100 million for FY 03-04 and future years (codified in G.S. 143-15.3B).

CLEAN WATER MANAGEMENT TRUST FUND
DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES

OVERVIEW OF BUDGET ACTIONS FOR THE 2003-05 BIENNIUM

EXPANSION AND/OR CAPITAL IMPROVEMENTS	2003-04	2004-05
None to Report		
REDUCTIONS		
Reduce appropriation	($38 million) NR	($38 million) NR

PROPOSED RECOMMENDATIONS FOR THE 2005-07 BIENNIUM

SIGNIFICANT CONTINUATION BUDGET ITEMS	2005-06	2006-07
None reported in Governor's Continuation Budget documents.		

Note: The General Assembly directed the $38 million reduction in FY 03-04 and FY 04-05 to be non-recurring. Furthermore, G.S. 143-15.3B states, "there is annually appropriated from the General Fund to the Clean Water Management Trust Fund the sum of one hundred million dollars ($100,000,000)." Nevertheless, the Governor decided not to reinstate this non-recurring cut back into the Continuation Budget . Consequently, CWMTF's continuation budget is reported as $62 million.

EXPANSION

None to Report

2005 – 2007 BUDGET

CLEAN WATER AND DRINKING WATER SRF MATCH FUNDS

The Governor's proposed budget includes appropriations for State match of annual Federal appropriations for water and wastewater construction funding.

The State is required to provide a 20% match in order to receive the Federal funds.

The budget includes for each fiscal year:

$3,889,571 - Clean Water

$1,415,980 - Drinking Water

The Department of Environment and Natural Resources has identified $1,500,000 in prior year funding which can qualify for part of the State match for the Drinking Water program.

For Fiscal year 04-05, the Federal appropriations to North Carolina are:

$19.5 million Clean Water

$14.6 million Drinking Water

These funds are used to provide low interest loans to local governments for improvements to water/wastewater systems. The terms are 20 years with an interest rate of approximately 2.3%. The interest rate is set as called for in State legislation to be the lesser of 4% or ½ the prevailing National Market rate for general obligation debt. Loans are repaid and these funds are used to issue new loans.

We don't know the final amount which will be in the adopted Federal budget for 05-06. The President's budget reduces the Clean Water appropriation which could mean a reduction to $12.9 million.

Because Congress has been supportive of this program in prior budgets, it is reasonable to use the current adopted budget for projecting State match needs.

March 15, 2005

Dempsey E. Benton, Deputy Secretary, DENR

(budcleanwater)

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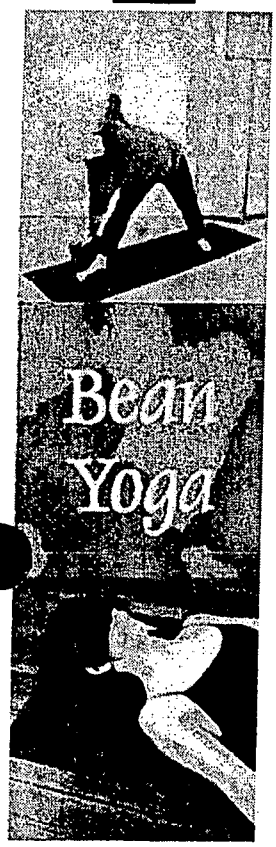

Poll: Majority Wants U.S. Federal Trust Fund for Clean Water

ALEXANDRIA, Virginia, March 7, 2005 (ENS) - More than eight in 10 Americans believe that clean and safe water is a national issue that deserves federal investment, according to a new poll of 900 adults conducted jointly by Republican and Democratic polling firms.

Federal legislation that would create a long term, sustainable, reliable trust fund for clean and safe water infrastructure received support from what the pollsters call "an overwhelming majority" of those surveyed, 86 percent.

More than three-quarters of Americans polled, 77 percent, would rather the federal government invest in water infrastructure than increase spending on entitlement programs, 12 percent.

By 67 percent to 26 percent, Americans prefer spending to guarantee clean and safe water over tax cuts.

Results of the poll undertaken jointly by the Luntz Research Companies, and Penn, Schoen & Berland Associates were published Wednesday.

Luntz Research is a polling firm relied upon largely by Republicans. Penn, Schoen's reputation is largely as a Democratic political polling firm, closely associated with both President Bill Clinton's administration as well as the Senate campaign of his wife Hillary. But the firm also worked for Republican Michael Bloomberg in his mayoral bid in New York City,

They found that an overwhelming majority of those interviewed for this survey, 91 percent, agree that "if, as a country, we are willing to invest over $30 billion dollars a year

By 2025 Humankind will require the equivalent of four earths every year in order to survive

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on highways and more than $8 billion a year on our airways, we certainly should be willing to make the necessary investments in our nation's rivers, lakes and oceans.'

Pollster Dr. Frank Luntz says clean water is an issue that gets support in red as well as blue states. (Photo courtesy Harry Walker Agency)

Commenting on the survey findings, Dr. Frank Luntz said, "I'll be blunt ... this issue is NOT going to go away. This is not simply an environmental issue. It is an issue that is very personal to voters because of the importance of clean and safe water to their daily lives. This is not a local issue because Americans understand that water has no local boundaries. This is one of those areas where Americans demand that Washington take responsibility."

The survey found that almost nine in 10 of those polled, 89 percent, say that "federal investment to guarantee clean and safe water is a critical component of our nation's environmental well-being."

Dr. Douglas Schoen, senior partner of Penn, Schoen & Berland Associates observed, "Environmental issues writ large can sometimes be divisive, but clean and safe water is not seen by voters as a divisive issue. Instead, there is overwhelming support from both political parties for what is seen as a basic need that has to be protected – clean and safe water for our generation and for our children's."

Dr. Douglas Schoen found that clean water is an issue that transcends party politics. (Photo courtesy Columbia University)

The survey put this question to respondents, "Generally speaking, which of the following programs do you think is in greatest need of a dedicated trust fund that would guarantee federal money to help state and local governments pay for maintenance and improvements?

Clean and safe water got 71 percent of the positive responses, roads and highways got 20 percent, while airports and aviation got a three percent positive response. This result was found across red states and blue states.

"Taxes, of any kind, are never an easy sell," said Luntz. But,

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Quote of Note

"Become intimate with your own backyard, with a bit of riverbank, with a pond or hill. The rest of the watershed, the meta-landscape, the continent, planet and universe will be naturally drawn into this intimacy."
-- John McClellan, in "The Many Voices of the Boulder Creek Watershed"

he said, clean water is one area where there is real support for a federal investment.

"When more than 80 percent of Americans say they are willing to open their wallets because they think something is a priority, you know it is important. Americans are sending their lawmakers a clear message," Luntz said, protect our nation's water or risk getting left behind by the voters."

Voters are more likely to vote for Members of Congress who support legislation to create a Federal Trust Fund for clean and safe water, and more likely to vote against those who do not, the survey found.

Nearly eight in 10 voters, 78 percent, describe themselves as more likely to vote for their Member of Congress if they learned he or she supported the trust fund, while 63 percent say they are less likely to vote for their member if they learn that he or she opposed the legislation.

The Bush administration has proposed to cut clean water funding from the EPA's budget for fiscal year 2006 by $500 million - from $8.1 billion to $7.6 billion. Most of this reduction would be achieved by a proposed cut of $360 million (from $1.09 billion to $730 million) to the agency's Clean Water State Revolving Fund (CWSRF) program.

The CWSRF, a loan program that helps local communities repair and replace aging wastewater treatment plants, has been the primary source of federal support for clean water infrastructure projects since its creation in 1987.

Studies by the EPA, the Congressional Budget Office, the Government Accountability Office, and the Water Infrastructure Network estimate a water infrastructure funding gap exceeding $300 billion over the next 20 years.

Clean fresh drinking water is more important to the majority of Americans surveyed than any other issue surveyed. (Photo courtesy CSREES)

Because of this funding gap, the Association of Metropolitan Sewerage Agencies (AMSA) believes it is untenable for the federal government to cut support for clean water in America.

AMSA is urging Congress to support both full funding for the Clean Water State Revolving Fund in the short-term, and a

dedicated trust fund to guarantee clean and safe water in America for the long-term.

Responding to the Bush budget proposal, AMSA's Executive Director Ken Kirk said, "This proposed cut is the wrong measure at the wrong time. Without a long-term, sustainable federal-state-local partnership, communities will not be able to tackle essential capital replacement projects needed to meet federal Clean Water Act mandates and improve the quality of the nation's waters."

Kirk points out that Congress has established trust funds supported by dedicated revenue sources for highway infrastructure at $30 billion/year, and airport infrastructure at $8 billion/year. AMSA believes these trust funds provide a strong precedent for moving forward with a similar fund for clean and safe water.

"Clean and safe water is certainly as important to the nation's economic and public health as our highways and airports," said Kirk.

AMSA, together with other stakeholder groups, will work "aggressively" with Congress and the Bush administration, said Kirk, to ensure full funding for the Clean Water State Revolving Fund and to establish a trust fund dedicated to clean and safe water in America.

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Bill Holman
EXECUTIVE DIRECTOR

clean water
MANAGEMENT TRUST FUND

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Ronnie Smith
NEWPORT

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CHARLOTTE

Claudette Weston
WINSTON-SALEM

Jerry Wright
JARVISBURG

January 13, 2005

MEMORANDUM

TO: The Honorable Marc Basnight, Co-Chairman
The Honorable Jim Black, Co-Chairman
The Honorable Richard Morgan, Co-Chairman
Joint Legislative Commission on Government Operations

The Honorable Charlie Albertson, Co-Chairman
The Honorable Dan Clodfelter, Co-Chairman
The Honorable Pryor Gibson, Co-Chairman
The Honorable Danny McComas, Co-Chairman
Environmental Review Commission

The Honorable David Weinstein, Co-Chairman
The Honorable Stan Fox, Co-Chairman
The Honorable Roger West, Co-Chairman
Joint Appropriations Subcommittee on Appropriations for Natural and Economic Resources

Mr. Jim Johnson, Director, Fiscal Research Division
Ms. Jennifer Haygood , Fiscal Research Division

FROM: Robert Howard, Chairman, Board of Trustees
Bill Holman, Executive Director

Re: Clean Water Management Trust Fund's 2004 Annual Report

EL 919 733.6375 | FAX (919) 733.6374 | www.cwmtf.net
30 NORTH WILMINGTON STREET, RALEIGH, NC 27604
651 MAIL SERVICE CENTER, RALEIGH, NC 27699-1651

One North Carolina Naturally

Introduction

We are writing on behalf of the Board of Trustees and staff of the Clean Water Management Trust Fund (CWMTF) to thank the members of the General Assembly of North Carolina for your continuing strong support for investments in clean water and to make our annual report to the General Assembly and the public pursuant to GS 113A-257.

GS 143-15.3B requires that the General Assembly appropriate a minimum of $100,000,000 to CWMTF each year. The 2003 General Assembly made many difficult budget decisions and cut many programs, including CWMTF.

HB 397, Current Operations and Capital Improvements Act of 2003, and HB 1414, 2004 Appropriations Act, appropriated $62,000,000 to CWMTF in each year of the biennium. This is a cut of $38,000,000 or 38% from CWMTF. Thanks to the appropriation of $62,000,000 from the General Assembly to CWMTF in fiscal year 2004-2005 North Carolina continued to make progress in protecting and restoring water quality in calendar year 2004. As we face another challenging budget in 2005, the future of our state's environmental and economic health depends on your continued support and interest.

Background

For many years, the North Carolina General Assembly has advocated non-regulatory, incentive-based programs to complement North Carolina's environmental regulatory and educational programs and to ensure both a strong economy and healthy environment.

In 1996 General Assembly created the Clean Water Management Trust Fund (CWMTF) (Chapter 113A Article 18 (GS 113A-251 et seq.)) "to clean up pollution in the state's surface waters and to protect and conserve those waters that are not yet polluted."

The CWMTF "shall be used to help finance projects that specifically address water pollution problems and focus on upgrading surface waters, eliminating pollution, and protecting and conserving unpolluted surface waters, including urban drinking water supplies" and "to build a network of riparian buffers and greenways for environmental, educational, and recreational benefit.

The CWMTF is an independent agency housed for administrative purposes in the Department of Environment and Natural Resources (DENR.) A twenty-one-member board of trustees establishes criteria, allocates funds, reviews applications, approves grants, and hires the executive director. Seven members are appointed by the Governor; seven by the General Assembly upon the recommendation of the President Pro Tempore of the Senate; and seven by the General Assembly upon the recommendation of the Speaker of the House. An advisory council composed of the Commissioner of Agriculture, Chair of the Wildlife Resources Commission, Secretary of DENR, and Secretary of Commerce or their designees advises the board of trustees.

Local governments or other political subdivision of the state, state agencies, and nonprofit conservation organizations, such as land trusts, may apply for grants. Deadlines for applications are June 1 and December 1 of each year.

The board of trustees typically meets 10 times per year - six times across the state and four times in Raleigh. In 2004, the board met in Southern Pines, Duck, Lenoir, Morganton, Kinston and Raleigh. In 2005, the board plans to meet in Randolph County, Brunswick County, Goldsboro, Charlotte, Rutherford County, Edenton, and Raleigh.

Moneys from CWMTF may be used to acquire conservation easements or land in fee simple to preserve riparian buffers, wetlands, floodplains, and greenways; to restore riparian buffers, streams, and wetlands; to repair failing wastewater collection and treatment systems; to eliminate failing septic tanks and straight pipes; to prevent, reduce, collect and treat stormwater pollution; to plan water quality projects; and for administration and staff. The board works through three principal committees: acquisitions, infrastructure/wastewater, and restoration/stormwater.

CWMTF applications forms for grants, grant evaluation guidelines, enabling legislation, lists of the board of trustees, staff directory, news releases, and other reports and documents are available at www.cwmtf.net.

The executive director, deputy director, senior scientist, contracts and real estate acquisition manager, administrative officer, public information officer, and executive assistant are based in the central office in Raleigh. Five field representatives cover the coast, piedmont and mountain regions of the state. A part-time water quality advisor is home based.

Progress and Challenges

Stormwater management and extensive flooding in the mountains caused by Hurricanes Frances and Ivan were the major water quality and quantity issues of 2004.

The CWMTF continued to make strides in reaching performance targets outlined in the state's Progress Board report entitled ***North Carolina 20/20*** Designed to significantly improve water quality throughout the state by the year 2020, the targets included increasing the percentage of water bodies fully supporting their uses, ensuring that 100 percent of all North Carolinians have access to clean and safe drinking water, protecting and permanently preserving one million acres by 2010, and improving water quality to ensure the continued viability of the state's fisheries.[1]

In addition, CWMTF is helping the state achieve its goal of preserving a million acres of open space, as set out in GS 113A-240, and is helping Governor Easley implement his One North Carolina Naturally initiative.

[1] North Carolina 20/20: A Report About the Future of North Carolina; N.C. Progress Board, December 2001

The NC Rural Economic Development Center's Water 2030 Project estimates that state and local governments need to invest $15,000,000,000 to improve wastewater, stormwater, and drinking water infrastructure over the next twenty years.

The Numbers

In almost all the areas cited by the North Carolina 20/20 report, CWMTF grants are playing a role in reaching those performance targets. Here are some examples:

- The CWMTF and its partners have helped protect 3,189 miles of riparian buffers and preserve 273,057 acres of land, thereby ensuring streams, rivers and lakes can continue or will be able to support their uses. CWMTF grants have been used to plan watershed and to purchase buffers surrounding drinking water supplies, investing $272,605,744 in land acquisitions to protect water quality.
- The CWMTF has funded 91 riparian buffer, stream and wetland restoration projects totaling over $56,400,000 to help maintain and preserve these important ecosystems.
- CWMTF acquisition and restoration grants have been used to protect shellfishing waters, to help restore waters in areas closed to shellfishing, to restore oyster reefs and other fisheries habitat, and to provide public access to public waters.
- The CWMTF has assisted local governments with 120 wastewater improvement projects, investing over $105,800,000 to reduce discharges and more effectively treat wastewater so that fewer nutrients and other pollutants enter our rivers.
- CWMTF grants have funded 41 stormwater management projects totaling $34,500,000 to reduce pollution from urban runoff and decrease flooding.
- CWMTF has provided almost $217,000,000 in grants to help local governments protect and restore water quality – about 45% of CWMTF's funds.

All of these efforts are just as important to North Carolina's economic well being as they are to the health and safety of its citizens and the environment. They enhance both the recreational and commercial fishing industries, strengthen North Carolina's travel and tourism industry, and help maintain North Carolina's high quality of life.

As the Progress Board asserts in its report, "...states can and do have strong economies and simultaneously protect the environment. In fact, the states with the strongest environmental records also claim the distinction of having the best job opportunities and climate for long term economic development."

2004 Totals

Since 1996 the board of trustees has approved 630 grants for a total of $485,600,000. CWMTF grants have leveraged at least $783,800,000 in private and other public funds.[2]

[2] See Appendix A: Summary of Funded Projects 1997-2003

The CWMTF Board of Trustees and staff reviewed 83 applications requesting over $151,800,000 in the spring of 2004 (2004A Cycle) and 116 applications requesting over $198,500,000 in the fall of 2004 (2004B Cycle) for a total of 199 applications requesting over $350,300,000 in 2004.

Thanks to appropriations from the General Assembly and to the closing out of old grants The Board of CWMTF approved 93 water quality grants totaling $74,465,000 in calendar year 2004. This does not include small grants to pay the transaction costs associated with the donations of conservation easements or small grants to pay the pre-acquisition costs for projects on high quality or impaired waters.

The Board also approved expansion of Lake James State Park and protection of Shaken Creek and Camp Lejeune. These two projects will be financed by certificates of participation authorized by HB 1264, Finance Vital Projects (Session Law 2004-179).

2004 Highlights

CWMTF was very pleased that most of the stream restoration projects that it funded in Western North Carolina survived the **hurricanes and flooding**. The efforts of CWMTF and our partners to protect the headwaters of streams and to prevent development in riparian buffers and 100-year floodplains helped mitigate the impacts of the storms.

CWMTF continued to play a role in the dual protection of natural and economic resources by awarding more than **$7,700,000 to help protect 6740 acres near military bases from encroachment by incompatible development.**

CWTMF provided over $1,700,000 to match $600,000 in funds from Goldsboro and Wayne County (CWMTF #2004A-007) to protect and restore 500 acres in Seymour Johnson Air Force Base's accident potential zone.

CWTMF funded three projects to protect water quality and Camp Lejeune: 1) over $600,000 to the NC Wildlife Resources to acquire H&M Farms and expand the Stones Creek Gameland (CWMTF #2004A-016), 2) over $1,100,000 to the Wildlife Resources Commission to acquire the Lanier tract and help protect Southwest Creek (CWMTF #2004A-018), and 3) $4,200,000 to protect Shaken Creek (CWTMF #2004B-026). CWMTF utilized the authority provided by HB 1264, Finance Vital Projects, to acquire Shaken Creek.

In partnership with the Parks & Recreation Authority, Burke County, Crescent Resources, Foothills Conservancy, and NC Division of Parks & Recreation CWMTF helped protect the spectacular north shore of Lake James and **expand Lake James State Park by nearly 3000 acres** (CWMTF #2004B-038). CWMTF and PARTF utilized the authority provided by HB 1264, Finance Vital Projects, to acquire the parkland at a bargain sale offered by Crescent Resources. CWMTF provided $6,600,000; PARTF, $11,700,00; and Crescent, $12,600,000.

CWMTF continued its partnership with the NC Coastal Federation to protect the **scenic White Oak River by providing over $1,000,000 to help acquire the 1443-acre Quaternary tract** (CWMTF #2004A-011).

CWMTF and local governments in Gaston and Mecklenburg Counties have worked together to protect Mountain Island Lake, the region's drinking water supply, since 1997. CWMTF provided over **$2,600,000 to the Town of Mt. Holly to acquire additional buffers around Mountain Island Lake and Lake Wylie** (CWMTF #2004B-022).

CWMTF provided **$2,500,000 to the City of Wilmington to reduce stormwater pollution into Hewletts Creek** (CWMTF #2004B-707), one of the tidal creeks in New Hanover County. CWMTF and the City of **Greensboro celebrated the construction of a 20-acre constructed wetland to treat stormwater pollution in South Buffalo Creek** in November (CWMTF #1997B-904 & #2002A-705). CWMTF provided $1,300,000 to help Greensboro acquire property and construct the wetland.

Pilot View RC&D, City of Winston-Salem, and CWMTF have built on our success in restoring a section of Salem Creek and have undertaken a **major project to clean up Upper Silas Creek** (CWMTF #2004B-706). CWMTF will provide $1,600,000.

The City of Kinston and CWMTF are continuing to work together to improve treatment of wastewater and stormwater in the City. CWTMF provided **$1,200,000 to Kinston for a wastewater reuse project that will reduce Kinston's dischare into the Neuse River** (CWMTF #2004B-508).

CWMTF also provided $972,000 for the **City of Lexington's wastewater reuse project** (CWMTF #2004B-511) and over $1,700,000 to the **City of Lenior to replace a major leaky sewer line** (CWTMF #2004B-510).

2004 Legislative Action

The 2004 General Assembly continued its strong support for protecting and restoring water quality. The General Assembly appropriated $62,000,000 to the Clean Water Management Trust Fund and fully funded the Parks and Recreation and Natural Heritage Trust Funds for fiscal year 2004-2005. No funds were appropriated to the Farmland Preservation Trust Fund.

HB 1414, 2004 Appropriations Act (Session Law 2004-124), amended the State Budget. Key provisions of HB 1414 are:

- Section 6.24 increases reporting requirements by non-state entities that receive state funds, such as non-profit land trusts, and increases sanctions for non-compliance.

- 6.31(a) authorizes the Board of Trustees of CWMTF to "allocate up to $4,100,000 to match federal, State, local, and private farmland preservation and forestland preservation funds and to acquire permanent conservation easements on working farms and forests" in fiscal year 2004-2005.

- Section 6.31(b) directs the Department of Agriculture and Consumer Services to prepare a master plan for farmland preservation and report its findings no later than March 15, 2005.

- Section 6.4 establishes a new, independent Commission on State Property "to identify State-owned real property that is (1) surplus and suitable for sale on the private market or (2) suitable for sale and leaseback..."

- Section 12.8 appropriates $6,900,000 from DENR's General Water Supply Revolving Loan Account to match federal Safe Drinking Water Act funds and appropriates $776,680 from the Department of Commerce's Industrial Development Fund to DENR to match federal Clean Water Act funds for wastewater collection and treatment.

- Section 12.11 requires the Wildlife Resources Commission to provide a one-time grant of $37,500 to Swain County for the loss of ad valorem taxes associated with the purchase of the Needmore tract on the Little Tennessee River

- Section 19.8 transfers the 1094-acre Light Ground Pocosin in Pamlico County from the Department of Administration to the Wildlife Resources Commission.

- Section 30.10 appropriates about $32,000,000 from the Highway Fund to the commercial and non-commercial leaking petroleum underground storage tank funds (an earlier version appropriated $15,000,000 each from the Highway Fund and the Clean Water Management Trust Fund)

- Section 30.20 appropriates $15,000,000 in transportation funds for "a stormwater pilot project to clean up State-maintained ocean outfalls and associated outlets through new and innovative technologies and filtering mechanisms."

- Section 32.1 appropriates $43,192,000 in capital funds, including $26,492,000 to the Division of Water Resources for water resources development projects.

CWMTF has revised its contracts with non-profit organizations to require compliance with Section 6.24 of SL 2004-124. CWMTF utilized the authority provided by Section 6.31(a) to match some federal farmland preservation funds. CWMTF recommends that the Commission on State Property established by

Section 6.4 consider placing permanent conservation easements on riparian buffers, wetlands, and floodplains before selling any surplus property. CWMTF is working with the Wildlife Resources Commission to expand the new Light Ground Pocosin Gameland established by Section 19.8. CWMTF would like to work with the Department of Transportation and local governments to reduce stormwater pollution as directed by Section 30.20.

HB 1264, Finance Vital Projects (Session Law 2004-179), sponsored by Representative Gordon Allen and Senator John Kerr, authorized the issuance of up to $468,000,000 in special indebtedness over two fiscal years to finance construction of university facilities and juvenile justice facilities. It includes authority to issue up to $32,000,000 in fiscal year 2004-2005 and $13,000,000 in fiscal year 2005-2006 to expand Lake James State Park and Linville River Gamelands in Burke County, to protect military bases from encroachment, and to expand other state parks. CWMTF, PARTF, and NHTF funds will be used to retire the debt for the land and water conservation projects.

HB 1602, Extend Sunset on Conservation Income Tax Credit, by Representative Danny McComas, delayed the cap on pass-through entities for the conservation income tax credit one year until 2006. HB 1602 also authorized the legislature's Revenue Laws Study Commission to review the program and make recommendations for improvement.

SB 933, Compensate Some Counties for Wetlands Mitigation, by Senator Cecil Hargett, requires the Ecosystem Enhancement Program, private mitigation bankers, and others to compensate Tier I and Tier II counties for 20-years of ad valorem property taxes when stream and wetland mitigation projects are acquired or constructed in their counties to mitigate impacts in other counties.

SB 1210, Implement Phase II Stormwater Rules, by Senator Dan Clodfelter, makes the Environmental Management Commission's temporary Phase II Stormwater Rule the standard for acting on the first round of Phase II stormwater applications from local governments with some exceptions.

2005 Projects

The CWMTF board and staff will review 99 applications requesting almost $173,000,000 this spring (2005A Cycle). CWMTF will also receive applications on June 1, 2004 and review them in the fall (2005B Cycle).

CWMTF received nine requests totaling $41,600,000 to protect water quality and military bases, including:

- A $6,400,000 million request from the City of Goldsboro to purchase 2,736 acres near Stoney Creek and Seymour Johnson Air Force Base in Wayne County (CWMTF #2005A-005);

- A $6,900,000 dollar request from The Nature Conservancy to purchase two tracts totaling 6,413 acres to protect tributaries of Shaken Creek and Camp Lejeune Marine Corps Base in Onslow and Pender counties (CWMTF #2005A-008 & 2005A-009);
- A $650,562 request from The Nature Conservancy to protect 580 acres near Drowning Creek and Ft. Bragg in Hoke County (CWMTF #2005A-010);
- An $11,400,000 request from the NC Coastal Land Trust to protect 5,342 acres in the Neuse River Basin and Cherry Point Marine Corps Air Station in Carteret and Craven counties (CWMTF #2005A-012);
- A $1,800,000 request from the NC Division of Parks and Recreation to protect Carver's Creek near Ft. Bragg in Cumberland County. The proposed acquisition of the 1,172-acre Clark Tract would help in the creation of the new Carver's Creek State Park (CWMTF #2005A-015) (The Board deferred a request from State Parks for additional property along Carvers Creek (CWMTF #2004B-036) last fall);
- An $8,800,000 request from the Division of Parks and Recreation to purchase 4,225 acres in the Shelter Swamp, near Camp Lejeune in Onslow and Pender counties (CWMTF #2005A-019);
- A $3,200,000 request from the NC Wildlife Resources Commission to purchase 669 acres to protect Kings Creek and Camp Lejeune (CWMTF #2005A-020)
- A $2,300,000 request from the Wildlife Resources Commission to protect 1,027 acres near Nicholson Creek and Ft. Bragg in Hoke County (CWMTF #2005A-025);
- A request for $72,430 from the Sandhills Area Land Trust to protect 44 acres near the Little River and Ft. Bragg in Moore County (CWMTF #2005A-028).

CWMTF will review 62 land acquisition projects requesting almost $112,000,000, 14 restoration and stormwater projects requesting almost $21,000,000, and 23 wastewater projects requesting over $40,000,000 in the spring of 2005.

2005 Legislative Issues

CWMTF strongly supports GS 143-15.3B that requires an appropriation of at least $100,000,000 per year for the Clean Water Management Trust Fund.

CWMTF has worked with an ad hoc Clean Water Working Group to identify potential sources of funding to address the $15,000,000,000 in drinking water, wastewater, and stormwater needs estimated by the Rural Center's Water 2030 Project.

CWMTF has worked with the Land for Tomorrow Coalition to identify statewide land and water conservation needs.

CWMTF supports funding for the NC Farmland Preservation Trust Fund (FPTF). The 2003 and 2004 General Assemblies did not appropriate funds to FPTF and authorized

CWMTF to match other funds to permanently protect farmland. CWMTF will work with the General Assembly to ensure that the State has a viable farmland protection program.

CWMTF supports the work of the Conservation Lands Working Group, convened by the NC Association of County Commissioners, to clarify taxation of conservation easements.

CWMTF would like to work with the Department of Transportation, local governments, and other partners to prevent and reduce stormwater pollution.

In its 2003 Annual Report CWMTF advised the General Assembly on some of its concerns about implementation of the Conservation Reserve Enhancement Program (CREP). The NC Association of Soil & Water Conservation Districts has convened a working group to improve CREP. The Association, CWMTF, the Division of Soil & Water Conservation, and other partners plan to report to the Board of Trustees of CWMTF and others later this year.

CWMTF uses existing stream maps and floodplain maps to review projects and calculate benefits. CWMTF supports the plan to improve the mapping and digital representation of streams developed and adopted by the Geographic Information Coordinating Council (GICC) on January 5, 2005 (required by Section 33 of SB 1152, Studies Act of 2004). CWMTF also supports completing mapping of floodplains in Western North Carolina (Phase III of NC's Floodplain Mapping Program). CWMTF also supports the NC One Map project that will make more GIS data available to CWMTF and the public and improve public and private decision-making.

Most of the landowners that sell conservation easements or land in fee simple to CWMTF or its partners donate value and utilize the NC Conservation Income Tax Credit. CWMTF supports the Conservation Income Tax Credit Program.

The 2003 General Assembly debated establishment of a new Clean Air Trust Fund to provide funds for incentive based air pollution prevention and reduction efforts. CWMTF can share our experience with the 2005 General Assembly if it considers a Clean Air Trust Fund.

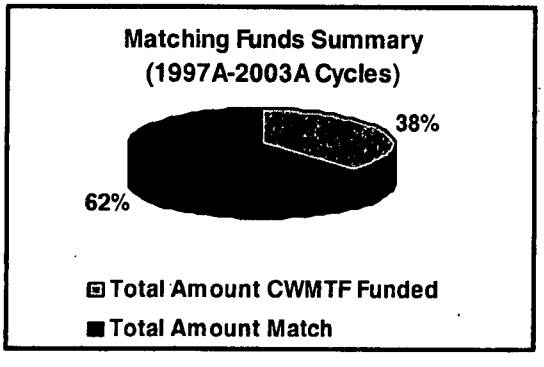
CWMTF can assist local governments and other state agencies in efforts to reduce pollution in Falls Lake, Jordan Lake, and other drinking water supplies.

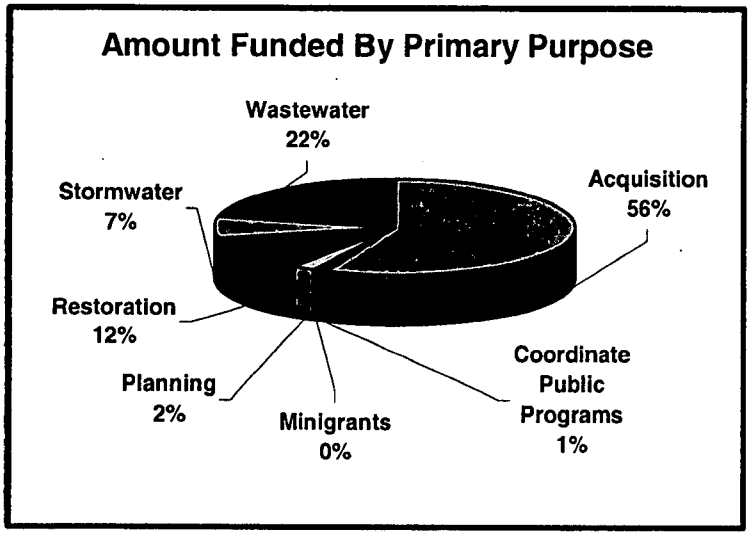
Summary Of Funded Projects (1997A-2004B Cycles)

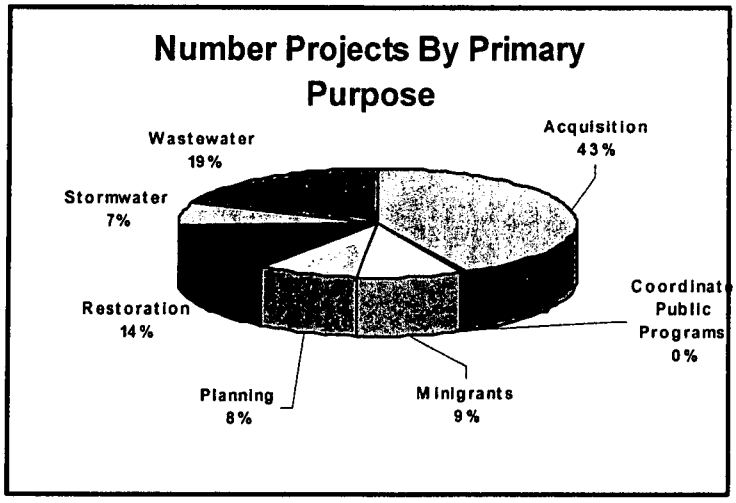
Note: As of November 16, 2004, there were 25 projects funded for a total of $12,506,202 that were subsequently withdrawn. These projects are included in these tables in the funded amounts, but noted as "Withdrawn" in their project name.

Acquisition Summary- Riparian Buffer Totals (1997A-2004B Cycles)

CWMTF contributed to preservation of:
3,189 Miles
273,057 Acres







Funded New Projects During 2004 Calendar Year

Cycle	Number Projects	Amount Funded	Comments
04A	40	$32,924,500	Regular Cycle
04B	55	$51,330,000	Regular Cycle
03D & 04D	20	$430,527	Donated Conservation Easement Minigrants
03M & 04M	4	$100,000	Standard Minigrants

Funded Projects Summarized By Primary Purpose (1997A-2004B Cycles)

Primary Purpose	Number Projects	Amount Funded	Notes
Acquisition	268	$272,605,744	Includes fee simple, easements, and greenways.
Coordinate Public Programs	3	$5,750,000	
Minigrants	54	$1,217,627	
Planning	53	$9,208,297	
Restoration	91	$56,490,976	Includes stream restoration, ag BMPs, and other types of ecological restoration
Stormwater	41	$34,518,982	
Wastewater	120	$105,841,377	
Total	630	$485,633,003	

Summary of Requested vs Funded Totals

	Number	Amount
Requested	1255	$1,449,471,908
Funded	630	$485,633,033
% Funded	50%	34%

Summary of Requested vs Funded by Region

Region	Requests- No. Projects	Funded- No. Projects	% Number Projects Funded	Amount Requested	Amount Funded	% Amount Funded
Central Piedmont/Southern Coastal Plain	297	136	46%	$345,210,990	$98,669,802	29%
Eastern Piedmont/Central Coastal Plain	262	109	42%	$343,550,996	$80,815,905	24%
Mountains	255	132	52%	$261,879,680	$107,002,654	41%
Northern Coastal Plain	141	80	57%	$204,329,112	$79,161,131	39%
Statewide/Regional	47	22	47%	$72,197,011	$34,118,056	47%
Western Piedmont	253	151	60%	$222,304,119	$85,865,455	39%
Total	1255	630	50%	$1,449,471,908	$485,633,003	34%

Project Type, including multiple purposes	Number Projects
Acquistion	390
Wastewater	124
Planning	65
Stormwater	76
Stream Restoration	77
Greenway	54
Nonpoint Source	52
Minigrant	58
Coordination	3

Wastewater Subcomponents (1997A-2004B Cycles)

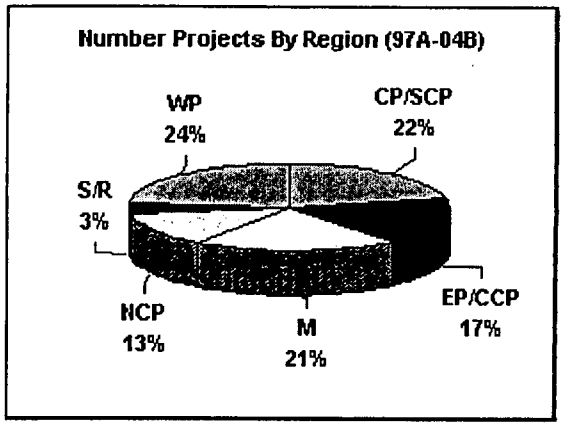
Wastewater Subcomponents	Number Projects	Wastewater Subcomponents	Number Projects
Sewer System Repair	32	Elimination of Permitted Discharge	18
WWTP Repair	21	Repair Failing Septic Systems and Elimination of Straight Pipes	12
Wastewater Collection System	30	Reuse	13
Decommission WWTP and Reroute Waste	14	Backup Generation	7
Nondischarge of Waste (incl. Land App)	20		

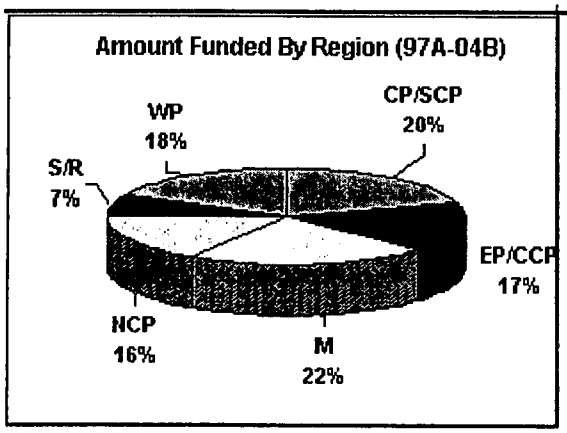
Funded Projects Summarized By Applicant Type (1997A-2004B Cycles)

Applicant Type	Number Projects	Amount Funded
Local Government Total	308	$216,793,414
Municipal	181	$133,055,910
County	73	$48,236,300
Other Local Govt	54	$35,501,204
State Agency	97	$147,129,335
Non-Profit	225	$121,710,254
Total	630	$485,633,003

Funded Projects Summarized By Region
(1997A-2004B Cycles)

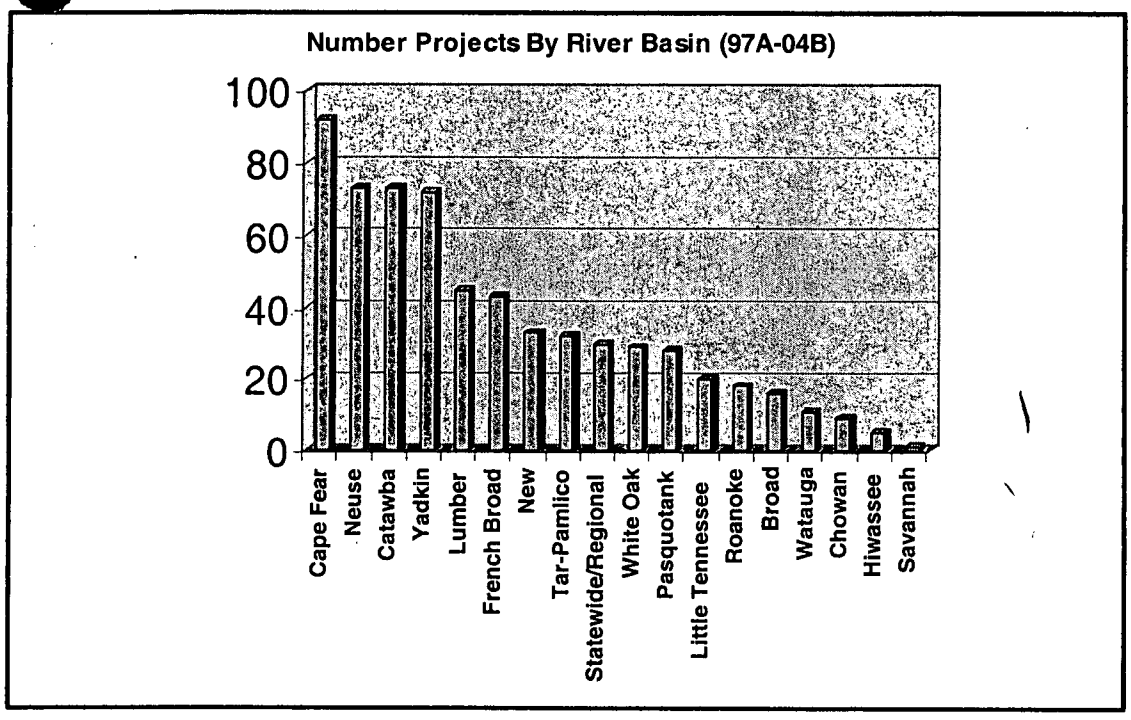
Region Name	Region Abbreviation	Number Projects	Amount Funded
Central Piedmont/Southern Coastal Plain	CP/SCP	136	$98,669,802
Eastern Piedmont/Central Coastal Plain	EP/CCP	109	$80,815,905
Mountains	M	132	$107,002,654
Northern Coastal Plain	NCP	80	$79,161,131
Statewide/Regional	S/R	22	$34,118,056
Western Piedmont	WP	151	$85,865,455
	Total	630	$485,633,003





Funded Projects Summarized By River Basin (1997A-2004B Cycles)

River Basin	Number Projects	Amount Funded
Cape Fear	92	$72,979,400
Neuse	73	$58,745,570
Catawba	73	$44,084,123
Yadkin	72	$52,019,900
Lumber	45	$25,910,402
French Broad	43	$43,886,669
New	33	$8,925,332
Tar-Pamlico	32	$25,364,060
Statewide/Regional	30	$38,235,506
White Oak	29	$29,354,141
Pasquotank	28	$27,490,005
Little Tennessee	20	$22,344,967
Roanoke	18	$8,485,100
Broad	16	$7,949,090
Watauga	11	$5,918,928
Chowan	9	$9,352,810
Hiwassee	5	$3,712,000
Savannah	1	$875,000
Total	630	$485,633,003



Projects Funded BY CWMTF In Calendar Year 2004 (Listed Alphabetically)

Application Name	Project Number	Approval Date	Amount Funded	Applicant Type	County	Watershed
2004A Cycle						
Apex, Town of- Acq./ Beaver Creek	2004A-001	7/12/2004	$612,000	Local Government - Municipal	Wake	Cape Fear
Caldwell County - Acq./ Donahue Creek*	2004A-002	7/12/2004	$685,000	Local Government - County	Caldwell	Yadkin
Cary- Acq./ White Oak Creek	2004A-003	7/12/2004	$600,000	Local Government - Municipal	Wake	Cape Fear
Catawba Lands Conservancy - Acq./ Pott Creek	2004A-004	7/12/2004	$169,000	Non-profit	Lincoln	Catawba
Colerain, Town of - WW/ Emergency Stand-by Generator	2004B-504	7/12/2004	$17,000	Local Government - Municipal	Bertie	Chowan
Cove City, Town of - WW/Septic/ Core Creek	2004A-601	7/12/2004	$333,000	Local Government - Municipal	Craven	Neuse
Durham Soil & Water Conservation District - Rest./ Lick Creek	2004A-403	7/12/2004	$97,000	Local Government - County	Durham	Neuse
Durham Soil & Water Conservation District - Rest./ New Hope Creek	2004A-405	7/12/2004	$220,000	Local Government - County	Durham	Cape Fear
Durham Soil & Water Conservation District - Rest./ Rocky Creek	2004A-406	7/12/2004	$26,000	Local Government - County	Durham	Cape Fear
Fair Bluff, Town of - Wastewater/ Lumber River Regionalization	2004A-502	7/12/2004	$1,063,000	Local Government - Municipal	Columbus	Lumber
Franklin Soil & Water Conservation District - Rest./ Hog Lagoon Closeout, Sandy Creek	2004A-407	7/12/2004	$335,000	Local Government - County	Franklin	Tar-Pamlico
Goldsboro - Acq./ Stoney Creek, Seymour Johnson AFB	2004A-007	7/12/2004	$1,737,000	Local Government - Municipal	Wayne	Neuse
Hiwassee River Watershed Coalition, Inc - Planning/ Brasstown Creek Restoration Monitoring	2004A-802	7/12/2004	$185,000	Non-profit	Clay	Hiwassee
Lake Waccamaw, Town of - Wastewater/ Collection Rehabilitation, Lake Waccamaw	2004A-506	7/12/2004	$145,000	Local Government - Municipal	Columbus	Lumber
Lumberton, City of - Acq./ Lumber River Greenway	2004A-009	7/12/2004	$100,000	Local Government - Municipal	Robeson	Lumber
Macon Soil & Water Conservation District - Rest./ Little Tennessee Restoration Program	2004A-409	7/12/2004	$721,000	Local Government - County	Macon	Little Tennessee
Manteo, Town of - Storm./ Shallowbag Bay **	2004A-702	7/12/2004	$379,500	Local Government - Municipal	Dare	Pasquotank
Mt. Valleys RC&D - Rest./ Muddy Creek	2004A-410	7/12/2004	$183,000	Local Government	McDowell	Catawba
National Committee For The New River - Acq./ New River Heights Tract, South Fork (Withdrawn)	2003A-016	7/12/2004	$396,000	Non-profit	Ashe	New
NC Coastal Land Trust - Acq./ Fletcher Tract, Tranter's Creek	2004A-012	7/12/2004	$241,000	Non-profit	Pitt	Tar-Pamlico
NC Coastal Land Trust - Acq./ Shelter Creek	2004A-013	7/12/2004	$328,000	Non-profit	Pender	Cape Fear

NC Div Forest Resources - Rest./ Purlear Creek, Phase II	2004A-411	7/12/2004	$508,000	State Agency	Wilkes	Yadkin
NC Div Soil & Water Conservation - Rest./ Swine Operation Cons. Easement Buyout Program/ Phase III	2004A-412	7/12/2004	$3,870,000	State Agency	Statewide/Regional	Statewide/Regional
NC Rural Economic Development Center - Planning/ Resource Inventory (Rest.)	2004A-803	3/15/2004	$500,000	Non-profit	Statewide/Regional	Statewide/Regional
NC Wildlife Resources Commission - Acq./ H&M Farms Tract, White Oak River	2004A-016	7/12/2004	$637,000	State Agency	Onslow	White Oak
NC Wildlife Resources Commission - Acq./ Lanier Tract, White Oak River	2004A-018	7/12/2004	$1,182,000	State Agency	Onslow	White Oak
NC Wildlife Resources Commission- Acq./ Lone Mt. Tract, Little First Broad	2003A-034	7/12/2004	$561,000	State Agency	Rutherford	Broad
New Hanover Soil & Water Conservation District - Acq./ YWCA Tract, Hewlett's Creek	2004A-021	7/12/2004	$155,000	Local Government - County	New Hanover	Cape Fear
Northwest, City of - Wastewater/ Regional Collection, Mill Creek	2004A-508	7/12/2004	$2,858,000	Local Government - Municipal	Brunswick	Cape Fear
Oak Island, Town of - WW/Septic/ Reuse, Cape Fear River	2004A-603	7/12/2004	$2,487,000	Local Government - Municipal	Brunswick	Cape Fear
Orange Water & Sewer Authority - Wastewater/ Reuse System, Morgan Creek	2004A-509	7/12/2004	$1,866,000	Local Government	Orange	Cape Fear
[illegible]rtnership for Bryson [illegible]/Swain Co., Inc. - [illegible]stewater/ Marina Waste Management, Fontana Reservoir	2004A-510	7/12/2004	$325,000	Non-profit	Swain	Little Tennessee
Southern Appalachian Highlands Conservancy - Acq./ Reems Creek Headwaters	2004A-026	7/12/2004	$4,120,000	Non-profit	Buncombe	French Broad
Surry Soil & Water Conservation District - Rest./ Snow Creek Watershed	2004A-413	7/12/2004	$850,000	Local Government - County	Surry	Yadkin
Sylva, Town of - Planning/ Stormwater, Tuckaseegee River	2004A-805	7/12/2004	$40,000	Local Government - Municipal	Jackson	Little Tennessee
Trenton, Town of - Wastewater/ Land Application, Trent River	2004A-511	7/12/2004	$1,369,000	Local Government - Municipal	Jones	Neuse
Troy, Town of - Acq./ Densons Creek, Phase IV	2003A-041	7/12/2004	$287,000	Local Government - Municipal	Montgomery	Yadkin
Wallace, Town of - Planning/ Wastewater Elimination, Rockfish Creek	2004A-806	7/12/2004	$41,000	Local Government - Municipal	Duplin	Cape Fear
Whiteville, City of - Wastewater/ Plant Upgrades, White Marsh	2004A-513	7/12/2004	$1,500,000	Local Government - Municipal	Columbus	Lumber
Wilson, City of- Wastewater/ Reuse, Toisnot Swamp	2004A-514	7/12/2004	$1,196,000	Local Government - Municipal	Wilson	Neuse
Total 2004 Cycle			**$32,924,500**			

Notes: *Caldwell County awarded $550,000 in 2004A Cycle and an additional $135,000 in 2004B Cycle. Full amount is listed in 2004A Cycle.
[illegible]nteo awarded $627,000 in 2004A Cycle. Award reduced to $379,500 in 2004B cycle. Reduced amount is listed in 2004A Cycle.

2004B Cycle

Application Name	Project Number	Approval Date	Amount Funded	Applicant Type	County	Watershed
Archdale, City of - Acq / BB&P Tract, Muddy Creek	2004B-001	11/15/2004	$175,000	Local Government - Municipal	Randolph	Cape Fear
Ayden, Town of - WW/ Sewer Rehabilitation, Swift Creek	2004B-501	11/15/2004	$300,000	Local Government - Municipal	Pitt	Neuse
Brevard, City of - Acq/ Brackens and Brushy Creeks	2004B-002	11/15/2004	$25,000	Local Government - Municipal	Transylvania	French Broad
Brunswick County - WW/ Regionalization and Septic Tank Elimination, Lockwoods Folly	2004B-503	11/15/2004	$1,357,000	Local Government - County	Brunswick	Lumber
Carolina Mountain Land Conservancy- Acq/ Ball Tract, Green River	2004B-003	11/15/2004	$25,000	Non-profit	Henderson	Broad
Carolina Mountain Land Conservancy- Acq/ Buckner Tract/Dismal Creek	2004B-005	11/15/2004	$939,000	Non-profit	Henderson	French Broad
Carolina Mountain Land Conservancy- Acq/ Schenk and Ball Tracts, Green River	2004B-007	11/15/2004	$25,000	Non-profit	Henderson	Broad
Catawba Lands Conservancy- Acq/ Riverbend Preserve, South Fork Catawba	2004B-010	11/15/2004	$273,000	Non-profit	Gaston	Catawba
Contentnea Metropolitan Sewerage District - WW/ Grifton Sewer Rehabilitation	2004B-505	11/15/2004	$962,000	Local Government	Pitt	Neuse
Creswell, Town of - Plan/ Stormwater Management, Scuppernong River	2004B-802	11/15/2004	$25,000	Local Government - Municipal	Washington	Pasquotank
Durham County- Acq/ Little River Corridor, South Fork Little River	2004B-012	11/15/2004	$170,000	Local Government - County	Durham	Neuse
Edenton, Town of - Storm/ Constructed Wetland, Queen Ann Creek	2004B-701	11/15/2004	$68,000	Local Government - Municipal	Chowan	Chowan
Ellerbe, Town of - WW/ UV Disinfection, Toms Creek	2004B-506	11/15/2004	$150,000	Local Government - Municipal	Richmond	Yadkin
Fair Bluff, Town of - Acq./ Lumber River Welcome Center	2004A-005	11/15/2004	$86,000	Local Government - Municipal	Columbus	Lumber
Foothills Conservancy of NC- Acq/ Creston Reserve, Left Prong Catawba River	2004B-014	11/15/2004	$545,000	Non-profit	McDowell	Catawba
Friends of the NC Museum of Natural Sciences - Storm/ Green Environmental Education Center, Richlands Creek	2004B-703	11/15/2004	$49,000	Non-profit	Wake	Neuse
Grifton, Town of - Plan/ Stormwater Planning, Contentnea Creek	2004B-804	11/15/2004	$40,000	Local Government - Municipal	Pitt	Neuse
Hickory, City of-Acq/ Lake Hickory Greenway	2004B-017	11/15/2004	$160,000	Local Government - Municipal	Catawba	Catawba
Hiwassee River Watershed Coalition, Inc. - Rest/ Town Branch Restoration	2004B-401	11/15/2004	$61,000	Non-profit	Cherokee	Hiwassee
Hiwassee River Watershed Coalition, Inc. - Rest/ Valley River Tributaries	2004B-402	11/15/2004	$966,000	Non-profit	Cherokee	Hiwassee
Kinston, City of - WW/ Land Application Enhancement, Neuse River	2004B-508	11/15/2004	$1,290,000	Local Government - Municipal	Lenoir	Neuse
LandTrust for Central North Carolina- Acq/ Adams Tract, South Yadkin	2004B-018	11/15/2004	$465,000	Non-profit	Rowan	Yadkin

LandTrust for Central North Carolina- Acq/ Uwharrie Farms Conservation Project, Uwharrie River	2004B-019	11/15/2004	$150,000	Non-profit	Randolph	Yadkin
LandTrust for the Little Tennessee - Acq/ Macon County Tracts	2004B-020	11/15/2004	$635,000	Non-profit	Macon	Little Tennessee
Lenoir, City of - WW/ Collection System Rehabilitation, Lower Creek	2004B-510	11/15/2004	$1,787,000	Local Government - Municipal	Caldwell	Catawba
Lexington, City of - WW/ Reclaimed Wastewater, Abbotts Creek	2004B-511	11/15/2004	$972,000	Local Government - Municipal	Davidson	Yadkin
Littleton, Town of - WW/ Collection System and Pump Station Rehabilitation, Little Stonehouse Creek	2004B-512	11/15/2004	$2,738,000	Local Government - Municipal	Halifax	Tar-Pamlico
Lumber River Conservancy - Acq/ Upper Lumber Tracts	2004B-021	11/15/2004	$304,000	Non-profit	Scotland	Lumber
Mount Holly, City of-Acq/ Upper Lumber Tracts	2004B-022	11/15/2004	$2,666,000	Local Government - Municipal	Gaston	Catawba
Nature Conservancy - Acq/ Grandfather Mountain, Profile Trail	2004B-025	11/15/2004	$25,000	Non-profit	Avery	Watauga
Nature Conservancy - Acq/ Shaken Creek Tracts	2004B-026	11/15/2004	$4,241,000	Non-profit	Onslow	Cape Fear
Nature Conservancy - Acq/ Trout Club Tract, Long Hope Creek	2004B-027	11/15/2004	$2,967,000	Non-profit	Ashe	New
NC Coastal Federation - Acq./ Quaternary Tract, White Oak River	2004A-011	11/15/2004	$1,038,000	Non-profit	Onslow	White Oak
[redacted] Coastal Federation - Plan/ [redacted]ster Restoration and Protection	2004B-807	11/15/2004	$100,000	Non-profit	Statewide/Regional	Statewide/Regional
NC Coastal Land Trust - Acq/ Burnett Tract, Lord's Creek	2004B-028	11/15/2004	$1,032,000	Non-profit	New Hanover	Cape Fear
NC Coastal Land Trust - Acq/ Lewis and Brown Tracts, Browns Island	2004B-031	11/15/2004	$679,000	Non-profit	Carteret	White Oak
NC Coastal Land Trust - Acq/ McWilliams Tract, Springer's Point	2004B-032	11/15/2004	$2,161,000	Non-profit	Hyde	Tar-Pamlico
NC Coastal Land Trust - Acq/ Woodall Tract, Black River Project	2004B-033	11/15/2004	$280,000	Non-profit	Sampson	Cape Fear
NC Div Parks & Recreation - Acq/ Gorges State Park, Toxaway River	2004B-037	11/15/2004	$875,000	State Agency	Transylvania	Savannah
NC Div Parks & Recreation - Acq/ Lake James State Park Expansion	2004B-038	11/15/2004	$6,600,000	State Agency	Burke	Catawba
NC Div Parks & Recreation - Acq/ Umstead State Park Expansion, Big Lake	2004B-039	11/15/2004	$2,000,000	State Agency	Wake	Neuse
NC Wildlife Resources Commission - Acq./ Long Ridge Tract, Buffalo Creek	2004A-020	11/15/2004	$2,776,000	State Agency	Caldwell	Yadkin
NC Wildlife Resources Commission-Acq/ Hodges/Barker Tract, Country Line Creek	2004B-044	11/15/2004	$193,000	State Agency	Caswell	Roanoke
NC Wildlife Resources [redacted]mission-Acq/ Pipkin Tract, [redacted] Creek	2004B-046	11/15/2004	$200,000	State Agency	Dare	Pasquotank
[redacted] - Plan/ Town Lake Restoration	2004B-808	11/15/2004	$78,000	State Agency	Chatham	Cape Fear

Piedmont Land Conservancy- Acq/ Ellis Tract, Mill Creek	2004B-049	11/15/2004	$270,000	Non-profit	Surry	Yadkin
Pilot View RC&D, Inc. - Plan/ Bath Creek Restoration	2004B-809	11/15/2004	$59,000	Local Government	Forsyth	Yadkin
Pilot View RC&D, Inc. - Plan/ Manorcas Creek Restoration	2004B-811	11/15/2004	$134,000	Local Government	Forsyth	Yadkin
Pilot View RC&D, Inc. - Storm/ Upper Silas Creek	2004B-706	11/15/2004	$1,603,000	Local Government	Forsyth	Yadkin
Southern Appalachian Highlands Conservancy - Acq/ Popper Tract, Price Creek	2004B-053	11/15/2004	$1,534,000	Non-profit	Yancey	French Broad
Southwestern NC RC&D, Inc. - Rest/ Pigeon River Restoration	2004B-403	11/15/2004	$480,000	Local Government	Haywood	French Broad
Stumpy Point Water and Sewer District - Septic/ Stumpy Point and Lake Worth Septic Tanks	2004B-604	11/15/2004	$1,728,000	Local Government	Dare	Pasquotank
Western Piedmont Council of Governments- Septic/ Regional Septic Systems	2004B-605	11/15/2004	$304,000	Local Government	Statewide/Regional	Catawba
Wilkes County School Board - WW/ C.C. Wright Elementary School, Cub Creek	2004B-517	11/15/2004	$45,000	Local Government - County	Wilkes	Yadkin
Wilmington, City of - Storm/ Hewletts Creek Shellfish	2004B-707	11/15/2004	$2,520,000	Local Government - Municipal	New Hanover	Cape Fear
Total 2004B Cycle			**$51,330,000**			

Donated Minigrants

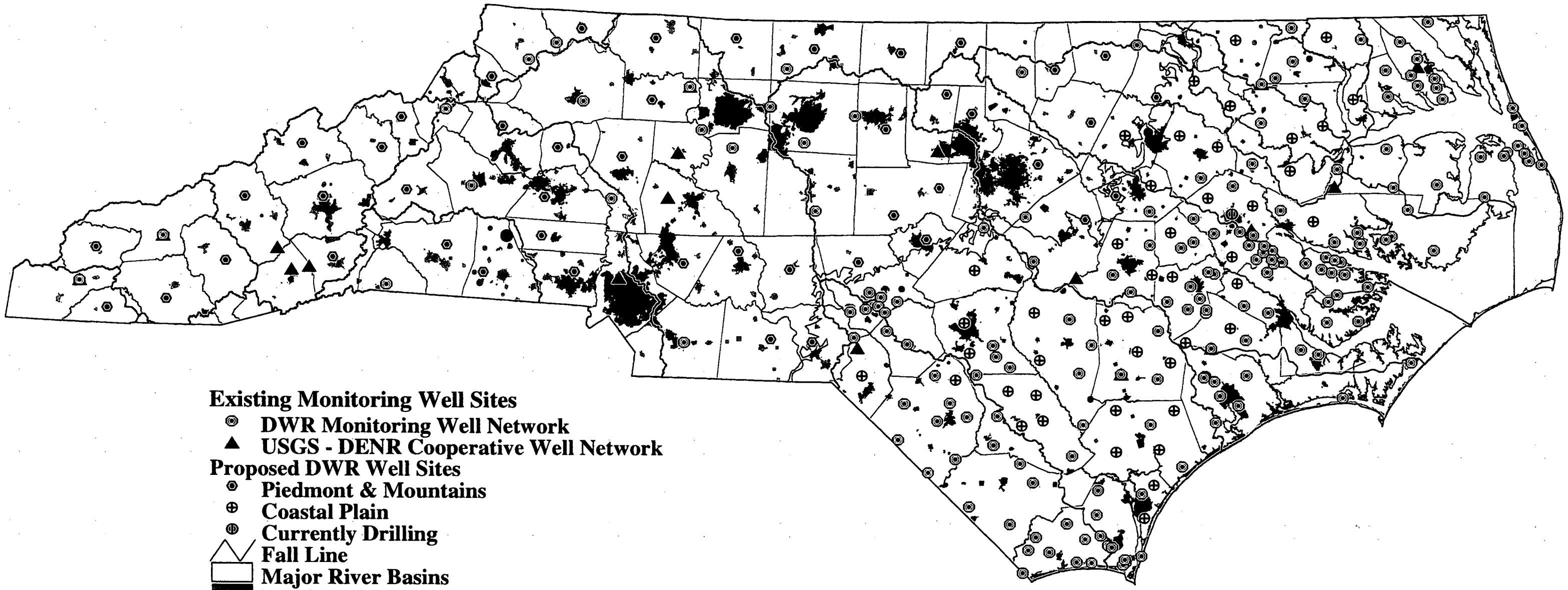
Application Name	Project Number	Approval Date	Amount Funded	Applicant Type	County	Watershed #
Blue Ridge Rural Land Trust - Donated Minigrant, Great Meadows Tract	2004D-016	9/13/2004	$15,000	Non-profit	Yancey	French Broad
Blue Ridge Rural Land Trust - Donated Minigrant/ Chanlett Tract, Stillhouse Branch	2004D-002	7/12/2004	$25,000	Non-profit	Alleghany	New
Blue Ridge Rural Land Trust - Donated Minigrant/ Coleman Tract, Handpole Branch	2004D-003	7/12/2004	$25,000	Non-profit	Avery	French Broad
Blue Ridge Rural Land Trust - Donated Minigrant/ Dishman Tract, Watauga River	2004D-006	9/13/2004	$25,000	Non-profit	Watauga	Watauga
Blue Ridge Rural Land Trust - Donated Minigrant/ McCarthy Tract, Little Glade Creek	2004D-009	8/9/2004	$25,000	Non-profit	Alleghany	New
Blue Ridge Rural Land Trust - Donated Minigrant/ Stack Tract	2004D-001	7/12/2004	$25,000	Non-profit	Watauga	New
Carolina Mountain Land Conservancy - Donated Minigrant, Wauchope Tract, Laurel Creek	2004D-017	11/15/2004	$24,375	Non-profit	Transylvania	French Broad
Foothills Conservancy of NC- Donated Minigrant, Stensland-Alline Tract	2004D-015	9/13/2004	$25,000	Non-profit	Rutherford	Broad
High Country Conservancy - Donated Minigrant, Cooper Tract	2004D-014	9/13/2004	$12,925	Non-profit	Watauga	Watauga
High Country Conservancy - Donated Minigrant, Horseshoe Farm Tract	2004D-013	9/13/2004	$24,052	Non-profit	Ashe	New
Lumber River Conservancy - Donated Minigrant / Singleton Tract	2003D-011	3/15/2004	$15,350	Non-profit	Hoke	Lumber
Lumber River Conservancy - Donated Minigrant/ CP&L Tract	2003D-009	1/12/2004	$9,200	Non-profit	Robeson	Lumber

National Committee For The New River - Donated Minigrant/ Joyner Tract, Big Horse Creek	2004D-005	8/9/2004	$23,200	Non-profit	Ashe	New
NC Coastal Land Trust - Donated Minigrant/ Henry Tract, Town Creek	2004D-008	8/9/2004	$25,000	Non-profit	Brunswick	Cape Fear
Pamlico-Tar River Foundation - Donated Minigrant/ Allan Tract, Blounts Bay	2004D-004	8/9/2004	$16,000	Non-profit	Beaufort	Tar-Pamlico
Piedmont Land Conservancy- Donated Minigrant, Coward TractPolecat Creek	2004D-010	9/13/2004	$25,000	Non-profit	Randolph	Cape Fear
Southern Appalachian Highlands Conservancy - Donated Minigrant, Hotaling, Wolf Creek	2004D-018	11/15/2004	$25,000	Non-profit	Jackson	Little Tennessee
Tar River Land Conservancy - Donated Minigrant, Taylor Tract	2004D-011	9/13/2004	$19,675	Non-profit	Franklin	Tar-Pamlico
Tar River Land Conservancy - Donated Minigrant, Vaughan Tract	2004D-012	9/13/2004	$20,750	Non-profit	Halifax	Tar-Pamlico
Waynesville- Donated Minigrant/Allens Creek	2003D-010	1/12/2004	$25,000	Local Government - Municipal	Haywood	French Broad
Total Donated Minigrants			**$430,527**			

Standard Minigrants

Application Name	Project Number	Approval Date	Amount Funded	Applicant Type	County	Watershed
LandTrust for the Little Tennessee - Minigrant/ Little [illegible]nnessee R	2004M-001	7/12/2004	$25,000	Non-profit	Macon	Little Tennessee
[illegible] Coastal Federation - Minigrant/Quaternary Tract, White Oak	2004M-002	9/13/2004	$25,000	Non-profit	Onslow	White Oak
Orange Water & Sewer Authority - Minigrant/ Cane Creek Dairy	2003M-008	1/12/2004	$25,000	Local Government	Orange	Cape Fear
Triangle Greenways Council- Minigrant/Young Heirs Tract, Walnut Creek	2004M-003	11/15/2004	$25,000	Non-profit	Wake	Neuse
Total Standard Minigrants			**$100,000**			

Existing and Proposed
Division of Water Resources Monitoring Well Sites



Existing Monitoring Well Sites
- **DWR Monitoring Well Network**
- **USGS - DENR Cooperative Well Network**

Proposed DWR Well Sites
- **Piedmont & Mountains**
- **Coastal Plain**
- **Currently Drilling**
- **Fall Line**
- **Major River Basins**
- **Municipalities**
- **Central Coastal Plain Capacity Use Area**
- **Southern Coastal Plain**

March 14, 2005

DIVISION OF WATER RESOURCES
DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES

PROGRAM OVERVIEW

Division Mission

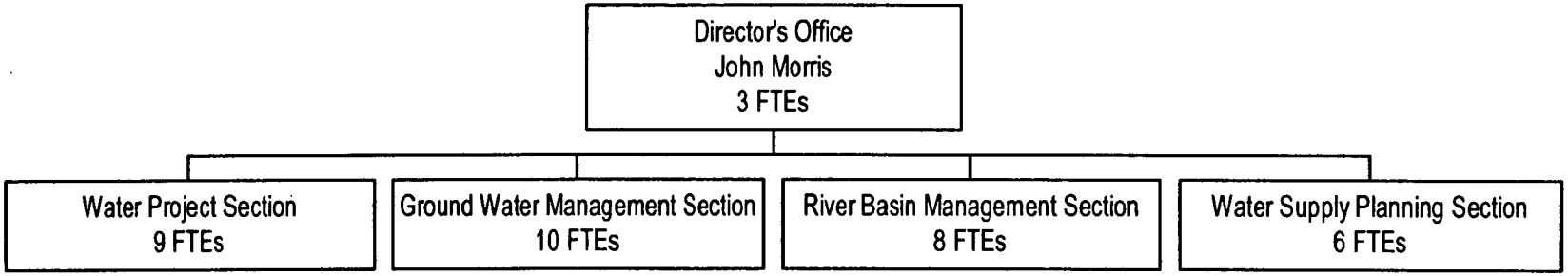
The mission of the Division is to assure the conservation and productive use of the state's water resources through water supply planning, the administration of water allocation laws, the collection and analysis of water resources and water use data, technical assistance to local governments, financial assistance to local governments for water resources development, and promotion of cooperative water management activities among federal, state and local agencies.

Division Activities

- **River Basin Management Section** – Develops long-range river basin water supply plans, evaluates surface and ground water resources through computer modeling, provides technical assistance to local governments on water management problems, and coordinates the US Geological Survey Cooperative Program, which maintains surface water gage and ground water monitoring well networks.
- **Water Projects Section** – Administers water resources programs including water resources development project funding, instream flow protection, coordination of hydropower relicensing,aquatic weed control Project WET, and Stream Watch.
- **Water Supply Planning Section** - Assists local governments with Local Water Supply Plans, develops the State Water Supply Plans, contributes to river basin water supply plans, and administers the registration of water withdrawals and transfers.
- **Ground Water Management Section** – Administers ground water use permits in capacity use areas, provides technical assistance to ground water users, and manages the state network of ground water monitoring wells.

DIVISION OF WATER RESOURCES
DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES

ORGANIZATIONAL CHART



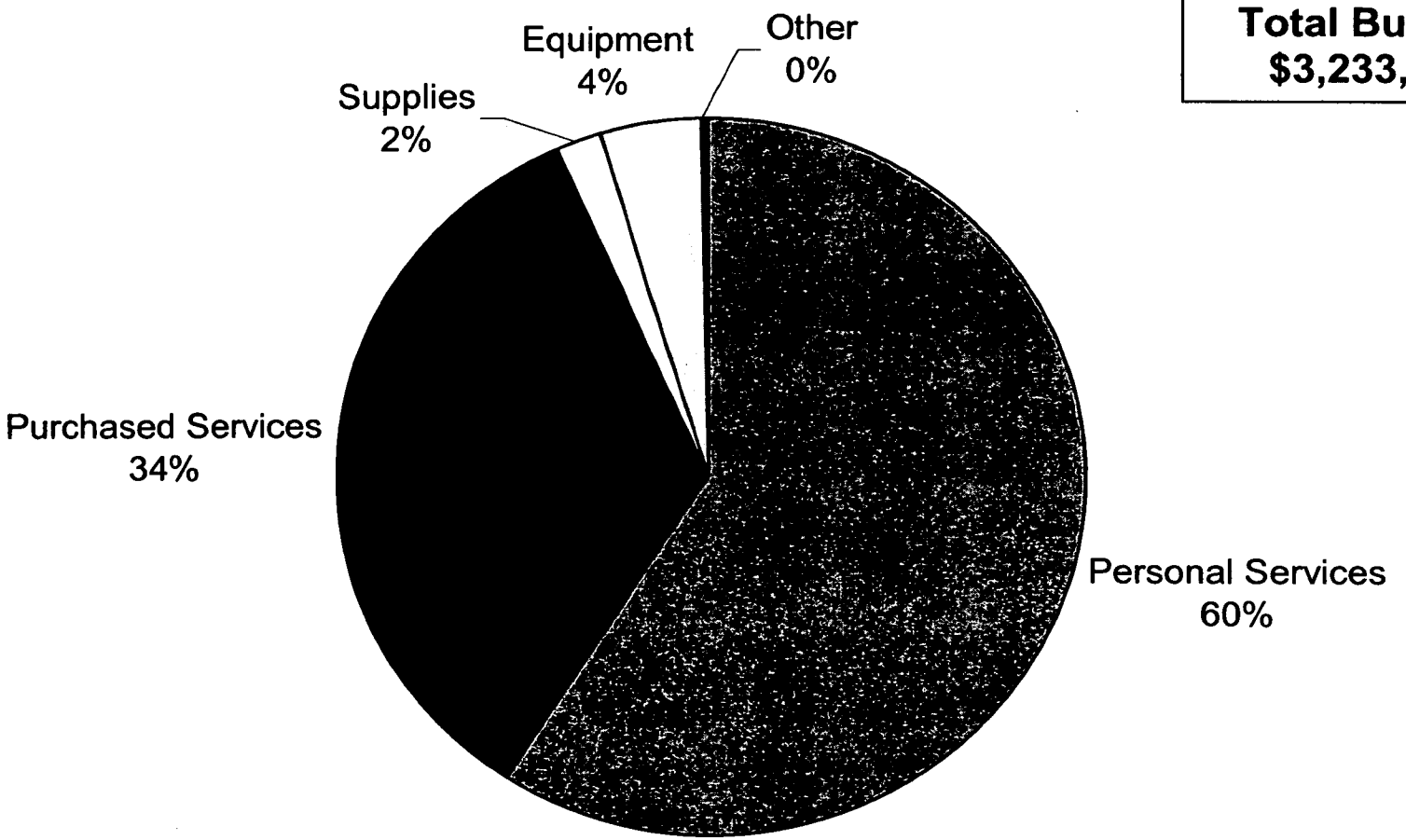
DIVISION OF WATER RESOURCES
DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES

Budget History					
	2002-2003 Actual	2003-2004 Actual	2004-2005 Authorized	2005-2006 Governor's Recommended	2006-2007 Governor's Recommended
Expenditures	2,806,250	2,799,662	3,233,415	3,527,715	3,498,850
Less Receipts	(363,575)	(349,815)	(365,348)	(377,748)	(365,348)
State Appropriations	*2,442,675*	*2,449,847*	*2,868,067*	*3,149,967*	*3,133,502*
Positions	32.00	32.00	36.00	38.00	38.00

DIVISION OF WATER RESOURCES
DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES

FY 2004-05 AUTHORIZED BUDGET BY EXPENDITURE TYPE

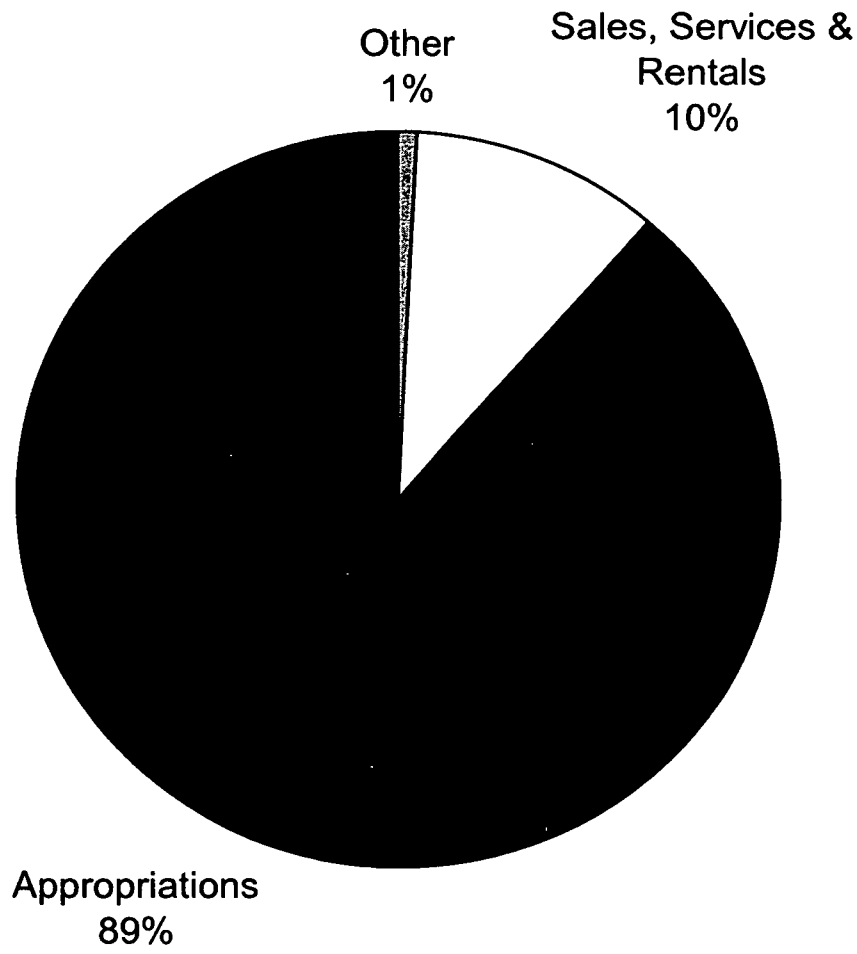
Total Budget: $3,233,415



DIVISION OF WATER RESOURCES
DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES

FY 2004-05 AUTHORIZED FUNDING SOURCES

Total Budget:
$3,233,415



DIVISION OF WATER RESOURCES
DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES

SUMMARY OF BUDGET ACTIONS FOR THE 2003-05 BIENNIUM

EXPANSION AND/OR CAPITAL IMPROVEMENTS	2003-04	2004-05
Expand River Basin Water Supply Initiative		$150,000 R $33,254 NR
Establish and support 1.0 Environmental Engineer III position.		$80,523 R
REDUCTIONS		
Reduce USGS Cooperative Agreement Funds		($25,871) R

DIVISION OF WATER RESOURCES
DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES

PROPOSED RECOMMENDATIONS FOR THE 2005-07 BIENNIUM

SIGNIFICANT CONTINUATION BUDGET ITEMS	2005-06	2006-07
Personal Services (annualization of positions and routine adjustments)	$39,367	$41,205
Vehicle Replacement (net) (2)	$45,998	
Increase USGS 45/55 match	$104,789	$104,484
EXPANSION AND/OR CAPITAL IMPROVEMENTS		
Ground Water Monitoring	$125,000 2.0 positions	$150,000 2.0 positions

February 28, 2005

North Carolina Water Resources Congress
Goals for Fiscal Year 2006

The North Carolina Water Resources Congress is a citizen organization formed to support good water resources management in North Carolina. The NC WRC promotes a partnership among local, state and federal levels of government to invest in infrastructure and water management improvements that will benefit both economic progress and environmental quality in North Carolina. The NC Water Resources Congress goals for FY 2006 are outlined below.

1) Beach Protection Projects

Beach communities are extremely important in the economy of our state. Employment and income related to tourism and recreation at beachfront communities is a key economic engine for coastal counties, providing much of the county-wide employment, income, and property tax revenue. Experience has proved that Corps of Engineers shore protection projects are extremely effective in preventing structural damage to buildings, water and sewer systems, roads, and other community resources. Beach nourishment projects effectively protect a beach community's economic infrastructure.

Many North Carolina beach communities have worked with the Corps of Engineers to plan and construct shore protection projects. These projects must meet strict standards of economic justification and environmental acceptability.

Shore protection projects include both a protective dune for protection from storms and a wide beach for public recreational use. Both federal and state policies require that beaches nourished with public funds be available for recreational use by the general public and that suitable parking and access facilities be provided for the public.

The efforts of coastal communities and support by the North Carolina General Assembly and the US Congress have resulted in rapid progress on both feasibility studies and on new project construction.

The President's budget for the current fiscal year 2005 contained new policies and budget omissions that threatened the progress made on beach protection in North Carolina. The new federal budget policy prohibited any federal financial assistance for renourishment of our existing and planned projects at Wrightsville Beach, Carolina Beach, Kure Beach, Ocean Isle Beach, Dare County beaches, Caswell Beach, Holden Beach, Oak Island, Surf City and North Topsail Beach, Topsail Beach, and Bogue Banks.

The President's proposed budget for fiscal year 2006, made public on February 7, 2005, also zeros out all North Carolina beach protection feasibility studies, construction, and maintenance, with the one exception of the renourishment of the Wrightsville Beach project, where erosion is partly related to the adjacent federal navigation channel.

Goals for FY 2006

- **Federal Policy on Beach Renourishment** – The Water Resources Congress seeks the support of our Congressional Delegation to reverse the current administration policy of eliminating federal funding for beach renourishment. Beach renourishment projects in North Carolina have sound benefit-cost ratios and have proven to be extremely effective in protecting the tax base and public infrastructure of communities from storm damage. These projects are an essential foundation for our large tourism and recreation industry.

- **Bogue Banks Section 933 Project** – Maintenance dredging at Morehead City Harbor produces considerable quantities of beach quality sand. Under normal Corps policies, this sand is disposed of in the least cost manner that is environmentally sound. These normal disposal areas are Fort Macon and Atlantic Beach for the material stored on Brandt Island and offshore for the material dredged from the outer harbor by hopper dredges. The Section 933 authority allows the Corps and a local project sponsor to share the incremental cost of moving the sand dredged from navigation projects to beaches where it is needed. The first phase of the current 933 project placed sand on Indian Beach and Salter Path. An additional phase is scheduled for 2006 to place sand at Pine Knoll Shores. The Presidents' budget includes $2.6 million expected to be used for this project under a line item for beneficial use of dredged material. About $4.6 million is needed to meet all requirements along Bogue Banks.

- **Bogue Banks** – The Presidents' budget has no funds for this project. Carteret County Bogue Banks communities are working in partnership with the Wilmington District of the Corps of Engineers on a feasibility study for long-term beach protection project at Bogue Banks. Through fy 2004 the Corps has spent $2.6 million on this study so far, including $1.2 million provided by the County and the NC Department of Environment and Natural Resources. A federal appropriation of $150,000 is needed to complete the feasibility study.

- **Brunswick Beaches(Caswell, Holden, Oak Island portion)** – The Presidents' budget has no funds for this project. Federal funding of $600,000 is needed in fiscal year 2006 to complete a General Reevaluation Report on the project that is necessary before nourishment can begin at Caswell Beach, Holden Beach, and Oak Island. The Ocean Isle portion of the Brunswick County Beaches has already been nourished and is now scheduled for renourishment in fiscal year 2006.

- **Dare Beaches-Bodie Island** – The Presidents' budget has no funds for this project. A beach protection project for Nags Head, Kill Devil Hills, and Kitty Hawk has been authorized for construction. These communities suffered extreme damage from storms in 1992, 1999, and 2003. An appropriation of $15 million is needed to do pre-construction monitoring, design, and to award the first construction contract.

- **Dare Beaches-Hatteras and Ocracoke** – The Presidents' budget has no funds for this project. The North Carolina Department of Transportation is cooperating with the Corps of Engineers on a study of methods to protect North Carolina Highway 12 from being destroyed by erosion. An appropriation of $800,000 is needed for fiscal year 2006.

- **Surf City and North Topsail Beach** – The President's budget contains no funds for the feasibility study for this project. An appropriation of $500,000 is needed to keep the project on a reasonable schedule.

- **West Onslow Beach and New River Inlet (Topsail Beach)** – The President's budget contains no funds for this project. An appropriation of $600,000 is needed for the reevaluation study of this project, which is necessary before construction.

- **Wrightsville Beach**—The Presidents' budget contains $890,000 for beach nourishment at Wrightsville, only for the portion of the project identified to mitigate erosion caused by the jetties. Federal funding of $1,430,000 is needed to meet all requirements for this beach nourishment project.

2) **Shallow Draft Navigation Channels**

In addition to the navigation channels that serve North Carolina's major ports, we depend on a network of shallow draft channels that serve barge traffic, commercial fishermen, charter boats, the Coast Guard, and recreational boaters of all types.

The Atlantic Intracoastal Waterway provides a protected navigation channel extending from Florida to Boston. In North Carolina, the AIWW serves large industrial users such as Nucor Steel and PCS Phosphate, commercial fishermen, and many recreational boaters. North Carolina communities get great economic benefits from recreational boats in transit from the North Atlantic area to Florida and back.

Along the AIWW in North Carolina, channels connect the AIWW to the ocean through coastal inlets. These inlet navigation channels are critical to commercial fishermen and recreational boaters to get access to the ocean. The inlet channels also provide quick access to harbors of refuge during storms. Other shallow draft channels provide essential connecting links to allow boats to get from their home ports to connect with major channels and to provide safe passage for North Carolina ferries.

The President's budget for the current fiscal year 2005 had zero funding for the AIWW and the shallow draft channels, with the exception of the channel at Oregon Inlet. The Office of Management and Budget had adopted a policy of ceasing funding for maintenance of these shallow draft channels, despite their economic and safety importance to North Carolina. The President's budget for fiscal year 2006 continues to leave out most shallow draft channels, but showed some flexibility by funding the Oregon Inlet Channel, the Masonboro Inlet Channel, and Silver Lake Harbor on Ocracoke Island.

Goals for FY 2006

- Reverse the current federal administration policy to cease funding the maintenance of shallow draft navigation channels. If regular maintenance of these projects is not funded, North Carolina's economy will be severely damaged.

- Congressional appropriations of maintenance funds for those projects that most urgently need them in the amounts listed in the table at the end of this document.

3) **Wilmington Harbor Deepening**

Deepening the Wilmington Harbor Channel to 42 feet is a top priority goal to allow the port of Wilmington to remain competitive with other ports and to maintain good shipping services for North Carolina. The port of Wilmington lowers shipping costs for North Carolina businesses involved in importing and exporting both raw materials and manufactured products and makes North Carolina more competitive in the world economy.

Strong support by the North Carolina Congressional Delegation and by the General Assembly has allowed this critical project to move ahead rapidly. The Corps of Engineers has skillfully managed funds and construction contracts for the project to keep it on schedule. In January 2004, a key milestone was reached when a 42-foot deep channel was achieved from the ocean to the State Port docks, creating the potential to attract additional shipping lines and to bring more economic stimulus to North Carolina.

The deeper channel paid off quickly in December 2004, when a new container shipping service from China was established at the Wilmington State Port by a partnership between Zim Integrated Shipping Services and Lloyd Triestino. In the first year of operation this new service has the potential to create 350 direct jobs with additional statewide increases in employment and tax revenues.

Cooperation among Brunswick County towns, the Corps, and the NC Department of Environment and Natural Resources has allowed the windfall of sand dredged from the channel construction to be used for beach nourishment at Holden Beach, Oak Island, Caswell Beach, and Bald Head Island, making productive use of this resource. Sand from future maintenance dredging will continue to be placed on the beaches of Bald Head Island, Caswell Beach, and the eastern part of Oak Island. Scheduled placement of sand from the channel on Bald Head Island was carried out in late 2004.

The Wilmington Harbor Project now enters a promising new phase, deepening the channel in the Northeast Cape Fear River above the State Port to serve a number of firms that need water transportation for chemical and petroleum products and industrial materials. The contract for this work is scheduled to be awarded in fiscal year 2006. The other critical remaining elements of the project to be completed are the passing lane below the State Port (currently under contract awaiting funding), deepening the

anchorage basin to its full dimension, improving the dredged material disposal area on Eagle Island, and constructing a bypass for migratory fish at Lock and Dam No. 1.

Goals for FY 2006

The Wilmington Harbor project requires an appropriation of $25,000,000 (compared to $19.9 million in the President's budget) to keep it on a reasonable schedule for completion.

4) **Morehead City Harbor**

Morehead City Harbor is receiving the benefits of a deeper 45-foot channel (47 feet through the ocean bar), completed several years ago, which allows access by larger ships. The Department of Environment and Natural Resources funded the enlargement of the southwest turning basin at the port, which has now become a part of the authorized Morehead City Harbor project, to be maintained by the Corps of Engineers. The deeper channel and larger turning basin have greatly improved the capabilities of the port, attracting new customers. One of the most recent positive steps is the first call by Gearbulk, a United Kingdom shipping company. Gearbulk transports fencing and plywood from South America to distributors in North Carolina and other states.

The top priority for Morehead City Harbor is to obtain adequate maintenance dredging funds to keep the channel at authorized depths.

Goal for FY 2006

The President's budget includes $3,575,000 for the maintenance dredging of Morehead City Harbor. A federal appropriation of $4,575,000 is needed to assure that the channel can be kept open to the authorized depth and to provide full access to the State Port.

5) **Oregon Inlet**

Oregon Inlet provides the only access to the ocean for a long distance along the North Carolina coast. The inlet is used by fishermen and boaters from Dare County northward and also by any fishing boats that want to land their ocean catches at Wanchese Harbor. In 1970, the construction of two jetties was authorized to provide a safe and stable navigation channel through the inlet. Construction of the project has never begun.

Winter storms can close Oregon Inlet to navigation within a matter of days. Many times the inlet has been closed to navigation, with a severe effect on the fishing industry in the area. Because of the extremely hazardous nature of the inlet, a number of lives and boats have been lost.

In 2003, after years of controversy about the project, the President's Council on Environmental Quality ruled that the jetties should not be constructed, but recommended that a safe channel be maintained through the inlet by more intensive maintenance dredging. The CEQ therefore recognized the essential importance of Oregon Inlet for the

fishing industry, for recreational boaters, and for access to a harbor of refuge during storms.

Goal for FY 2006

The President's Budget includes $7,855,000 for the maintenance of the channel through Oregon Inlet, not enough to achieve the reliable and safe channel as recommended by the Council on Environmental Quality. A federal appropriation of $20,815,000 is needed to assure an adequate channel through the inlet.

6) **Randleman Lake**

Randleman Lake was planned as a Corps of Engineers multi-purpose impoundment in Guilford and Randolph counties for water supply, flood control, and recreation. In the 1980s, the Corps of Engineers changed its budget priorities to focus on projects that were predominantly for flood control and navigation. Because Randleman Lake's primary benefit was water supply, the Corps of Engineers withdrew from the project. Greensboro, High Point, Archdale, Jamestown, Randleman, and Randolph County had formed a regional water authority to purchase water from the Corps of Engineers project. After the Corps withdrew, the authority undertook the planning and construction of Randleman Lake on its own.

Construction began on Randleman Lake in 2001. The dam is now complete, but work remains to be done on road relocations, a water treatment plant, and other items. The lake is expected to be ready to supply water in 2007 and is anticipated to meet regional needs for a 50-year planning period.

Greensboro and other communities in the region have experienced serious problems in meeting their water needs during recent droughts. The six local governments who formed the water authority are to be congratulated on holding a steady course and providing a regional water source to support their economic future.

7) **PL-566 Small Watershed Program**

Two North Carolina Public Law 566 watershed projects require federal funding in 2006 to complete important local water management structures. Federal funding and planning for these projects is the responsibility of the Natural Resources Conservation Service of the US Department of Agriculture. The Deep Creek Watershed impoundment will provide flood control benefits and a public water supply for Yadkin County. An appropriation of $5,000,000 is needed to cover the federal share of the construction cost. The Swan Quarter Watershed Project in Hyde County includes a 7-mile dike to protect the Village of Swan Quarter and surrounding farmland from Pamlico Sound wind-tide flooding. Construction of the dike is now underway. Completing the dike requires an appropriation of $5,280,000.

Goals for FY 2006

Federal allocations of $5,000,000 for the Deep Creek Watershed project and $5,280,000 for the Swan Quarter Watershed project are required to complete the construction of these projects in FY 2006.

8) **State-Local Projects**

The General Assembly has authorized state financial assistance to local governments for water resources projects that do not fall under federal programs. Typical projects are for stream clearance, stream restoration, navigation, and public access facilities for water-based recreation.

Goal for FY 2006

The Water Resources Congress recommends that the General Assembly appropriate $2 million for State-Local Projects, to be matched by $1 million in local funds to allow local governments to meet high priority needs for water management projects.

Federal, State, and Local Government Roles

North Carolina's water resources projects require a close partnership of federal, state, and local agencies. At the federal level, the U.S. Army Corps of Engineers and the Natural Resources Conservation Service provide project management and funding. At the state level, the Department of Environment and Natural Resources is authorized to sponsor federal projects and to participate in the planning and funding of projects. Local governments sponsor some projects and participate in planning and funding of these projects.

Federal, State, and Local Funding Requirements for Fiscal Year 2006

The Water Resources Congress has carefully considered all the water resources projects scheduled for funding in FY 2005 in making these recommendations for federal funding. Funding as recommended in the following table will not meet all of North Carolina's water resources project needs and will not keep all projects moving ahead on the most desirable schedule. In these times of extreme pressures on budgets at all levels of government, the Water Resources Congress is recommending a responsible program that will meet our most critical needs.

The following table summarizes the federal, state, and local funding requirements for North Carolina projects and compares the federal appropriations recommended in the President's budget with the target amounts needed to meet critical needs in North Carolina. The N.C. Water Resources Congress strongly recommends that the N.C. Congressional Delegation seek federal appropriations of the target amounts shown on the following table to meet our most urgent water resources needs.

FEDERAL, STATE, AND LOCAL FUNDING GOALS
N.C. WATER RESOURCES DEVELOPMENT PROJECTS
FY 2005-2006

(in thousands of dollars)

Name of Project	President's Budget	Target Appropriation	State Match	Local Match
Atlantic Intracoastal Waterway Maintenance Dredging	$ 860	$ 11,060	$ 0	$ 0
Bogue Banks Shore Protection Study	0	150	75	75
Bogue Inlet Maintenance Dredging	0	1,290	0	0
Brunswick Beaches General Reevaluation Report (Oak Island, Caswell Beach, Holden Beach)	0	600	0 *	0 *
Cape Fear above Wilmington Maintenance Dredging	635	1,710	0	0
Carolina Beach Inlet Maintenance Dredging	0	1,100	0	0
Currituck Sound Feasibility Study	300	330	330	0
Hatteras and Okracoke Islands (NCDOT)	0	800	800	0
Dare County Beaches - Initial Nourishment (Bodie Island)	0	15,000	6,058	2,020
Deep Creek (Yadkin Co.) Water Management (PL-566)	**	5,000	0	0
Falls Lake Operation and Maintenance	2,097	2,746	0	0
Far Creek Maintenance Dredging	0	750	120	30
Inspection of Projects	35	35	0	0
Jordan Lake Operation and Maintenance	1,849	2,879	0	0
Kerr Lake Operation and Maintenance	11,513	14,815	0	0
Kerr Lake 216 Study	600	600	600	0
Kerr Lake Hydropower Rehabilitation	14,000	14,000	0	0
Kerr Scott Reservoir Operation and Maintenance	2,817	6,055	0	0
Lockwoods Folly Inlet Maintenance Dredging	0	1,900	0	0
Manteo (Oregon Inlet) Maintenance Dredging	7,855	20,815	500	0
Masonboro Inlet Maintenance Dredging	3,700	3,700	0	0
Morehead City Harbor Maintenance Dredging	3,575	4,575	0	0
Morehead City Harbor Section 933 Project	2,600	4,600	375	125
Neuse River Basin Study	260	260	260	0
New River Inlet Maintenance Dredging	0	2,100	0	0
New Topsail Inlet Maintenance Dredging	0	1,350	0	0
Project Surveys	226	226	0	0
Rollinson Channel Maintenance Dredging	0	800	0	0
Silver Lake Harbor Maintenance Dredging	1,540	1,540	0	0
State-Local Water Resources Development Projects	0	0	2,000	1,000
Surf City - North Topsail Shore Protection Study	0	500	250	250
Swanquarter (Hyde Co.) Flood Control Dikes (PL-566)	**	5,280	0	0
Tar River Basin Study	0	100	100	0
West Onslow (Topsail) Beach Shore Protection Study	0	600	100	100
Wilmington Harbor Deepening	19,900	25,000	8,300 ***	0
Wilmington Harbor Maintenance Dredging	13,963	15,663	500	0
Wrightsville Beach Renourishment	890	1,430	577	193
Totals	$ 89,215	$ 169,359	$ 20,945	$ 3,793

* State and local match for these projects will be provided when the construction phase begins.

** Public Law 566 projects are not individually specified in the President's budget.

*** $7 million for this project will be carried forward from FY2004-05 funds, so only $1.3 million will be required in FY2005-06.

VISITOR REGISTRATION SHEET

NER — 3/16/05 ~~3/16/05~~

Name of Committee — Date

VISITORS: PLEASE SIGN BELOW AND RETURN TO COMMITTEE ASSISTANT

NAME	FIRM OR AGENCY
Scott Mouw	DENR
GARY HUNT	DENR
Johanna Reese	DENR
Jane Smith	DENR
John McMillan	MFDS
Bill Holmes	CWMTF
Marcus M. Norris	DENR - DLR
James Simons	DENR - DLR
Keith Overcash	DENR - DAQ
Charles Valerie	DENR - DAQ
Elizabeth Self	Sierra Club
Sheryl Stephens	OSBM
Eric Kilbourne	NC Conservation Network
Helen Mebane	NC Rural Center
Cathey Cottle	DENR
Beth Hardy	DENR
K. Rodgers	NC DENR
David Knight	TNC
Lenwood Long	NC MSC
Alice Garland	NC DOC
DG	NCFB

Attachment Rm. 423

2:00 PM

House Pages

Name Of Committee: Appropriation Natural and Econ. Resources Date: 3-16-05

W

1. Name: Daniel Stevens
   County: Wake
   Sponsor: Jim Black
2. Name: Lisa Mbrang
   County: Wake
   Sponsor: Bernard Allen
3. Name: Candace Goreman
   County: Johnston
   Sponsor: Leo Daltry
4. Name: Robbie Anne Driver
   County: Nash County
   Sponsor: Senator Donnelly
5. Name: JJ Harris
   County: Wake
   Sponsor: Sen. Hunt

Sgt-At-Arms

1. Name: James Worth
2. Name: FRANK PREVO
3. Name: RON SPANN
4. Name: ERNIE SHERRELL
5. Name:

MINUTES

Joint Appropriations Subcommittee
on
Natural and Economic Resources
Thursday, March 17, 2005, at 8:30 a.m.
423 Legislative Office Building

The Joint Appropriations Subcommittee on Natural and Economic Resources (NER) met at 8:30 a.m. on Thursday, March 15, 2005, in Room 423 of the Legislative Office Building. Three members of the Senate Subcommittee attended along with Representatives Hunter, Warren, Allen, Walker, Culp, Langdon, Setzer, Wilkins and Wray. Senator David Weinstein presided.

The meeting was called to order and the Subcommittee members and interested parties were welcomed. The following served the meeting: Pages - Kevin Myers sponsored by Senator Fred Smith; Sergeant at Arms - Ernie Sherrell and Ron Spann (Senate), and James Worth and Willie Dixon (House); and the Fiscal Research NER Team - Susan Morgan, Jennifer Haygood, and Joy Hicks. Senator Weinstein proceeded with the Agenda (Attachment 1).

Joy Hicks, Fiscal Research NER Team, gave a program overview of the Museum of Natural Sciences, Department of Environment and Natural Resources (Attachment 2). After her presentation Ms. Hicks entertained questions and/or comments from the Subcommittee.

Betsy Bennett, Director, and Liz Bear, Director of School Programs, Museum of Natural Sciences, spoke to the Subcommittee regarding the Museum and the Prairie Ridge Ecostation:

- Betsy Bennett commented on the status of the Museum and gave an overview of the Prairie Ridge Ecostation, an outdoor experience with the natural world site. Ms. Bennett pointed out to the Subcommittee that they are requesting one position so that Prairie Ridge can be open to the public during the week in order to provide education programs for NC school children.
- Liz Bear, Director of School Programs, commented specifically on the Prairie Ridge Ecostation. She gave a more in-depth overview of the Ecostation (Attachment 3) and emphasized the importance of the addition of a staff person. Ms. Bear displayed a Spotted Salamander for the Subcommittee to view and spoke about what a remarkable place Prairie Ridge is, how it was built with a lot of forethought regarding a low ecological impact, its operating schedule, the types of activities that take place there, and how by using the power of the web Prairie Ridge could connect people far away with what is going on there.

After their comments, Ms. Bennett and Ms. Bear entertained questions and comments from the Subcommittee.

Joy Hicks, Fiscal Research NER Team, gave an overview and funding history of the Grassroots Science Program, a collaborative of 25 museums that receive funding through the Division of Museum and Natural Resources (Attachment 4). She explained that the collaborative bylaws set the funding formula for the museums and recommend a $50,000.00 base for each museum with the remainder of the appropriation divided on a prorata basis determined by the operating budget of each of the museums. She further explained that it is, however, up to the total discretion of the Legislature as to how the museums are funded. The Legislature has included new museums and dictated the level of funding for some of the new museums; therefore the level of funding has been further divided among the remaining museums so some museums that historically received larger appropriations have not received the same level of funding.

The following spoke on behalf of the Grassroots Science Museums Collaborative (Attachment 5):

- Fran Nolan, Executive Director, gave an overview of the formation of the Collaborative, its goals, and its importance to NC in regard to the millions of citizens it serves through general visitation, teacher training, and special programs, which include both on-site and off-site presentations that reach students in every NC school district. Mr. Nolan touched briefly on non-state funding for the Grassroots Science Museums and how the museums contribute annually more than $36 million to NC's economy and provide employment for over 500 NC citizens. He spoke about the uniqueness of the Collaborative, which has generated inquiries not only from NC but also across the nation and beyond, and about State funding and the need to edit the funding formula because of the support of emerging member institutions.
- Ruth Haas, Director, Cape Fear Museum in Wilmington, spoke regarding the local impact of the Grassroots Science Museums Collaborative. She thanked the Subcommittee for their support and talked about how, because of the State's support, the Collaborative works so well together; their science programs and teachings are getting better; and they are creating a future for NC that is training scientists, bringing people together, and making good things happen through a model partnership that works closely with its State Legislature.

Mr. Nolan and Ms. Haas entertained questions and/or comments from the Subcommittee.

Joy Hicks, Fiscal Research NER Team, gave a program overview of the North Carolina Aquariums, Department of Natural and Economic Resources (Attachment 6). After her presentation Ms. Hicks entertained questions and/or comments from the Subcommittee.

David Griffin, Director, Division of Aquariums, spoke to the Subcommittee regarding the North Carolina Aquariums expansion. He gave an overview of their mission and how they achieve their mission through displays (both live and static), education programs, and original research. He talked about the expansion of the Pine Knoll Shores Aquarium, how they anticipate that this Aquarium will be the biggest and best, and the continuation reserve account that will be necessary to operate this Aquarium. He expressed their excitement about the future of the Aquariums and entertained questions and/or comments from the Subcommittee.

Joy Hicks, Fiscal Research NER Team, gave a program overview of the Office of Environmental Education, Department of Environment and Natural Resources (Attachment 7). After her presentation, Ms. Hicks entertained questions and/or comments from the Subcommittee.

Senator Weinstein announced that the next NER meeting would be at 8:30 a.m. on Tuesday, March 22, 2005. He asked if there were any further questions and/or comments from the Subcommittee. There were none and the meeting adjourned at 9:22 a.m.

Senator David Weinstein
Chairman

Jane M. "Dee" Bagley
Committee Assistant

Attachment 1

Joint Appropriations Subcommittee on Natural and Economic Resources

Thursday, March 17, 2005
Senator David Weinstein, Presiding
8:30 a.m. Room 423

Chair's Comments	
Museum of Natural Sciences	*Joy Hicks, Fiscal Research*
Presentation on Prairie Ridge Ecostation	*Betsy Bennett, Director, Museum of Natural Sciences*
Grassroots Science Program	*Joy Hicks, Fiscal Research*
	Fran Nolan, Executive Director Grassroots Science Museums Collaborative
Aquariums	*Joy Hicks, Fiscal Research*
Presentation on Aquariums Expansion	*David Griffin, Director, Division of Aquariums*
Environmental Education	*Joy Hicks, Fiscal Research*
Closing Remarks – Senator Weinstein	
Adjourn	

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MUSEUM OF NATURAL SCIENCES
DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES

PROGRAM OVERVIEW

The Museum of Natural Sciences maintains the state's collections of animals, fossils, rocks, and minerals, and conducts research regarding the natural history of North Carolina. The Museum supports "hands on" natural sciences programs statewide for students, teachers, and the general public as well as workshops, interpretive exhibits, publications and media contacts, and biological research and survey work. In April 2000, the Museum opened a new 200,000 square foot facility on Jones Street.

The General Assembly provided Columbus County with two appropriations totaling $1.25 million to develop a Museum of Forestry in Whiteville. In 1998, the legislature directed that this Museum become a satellite of the state Museum of Natural Sciences.

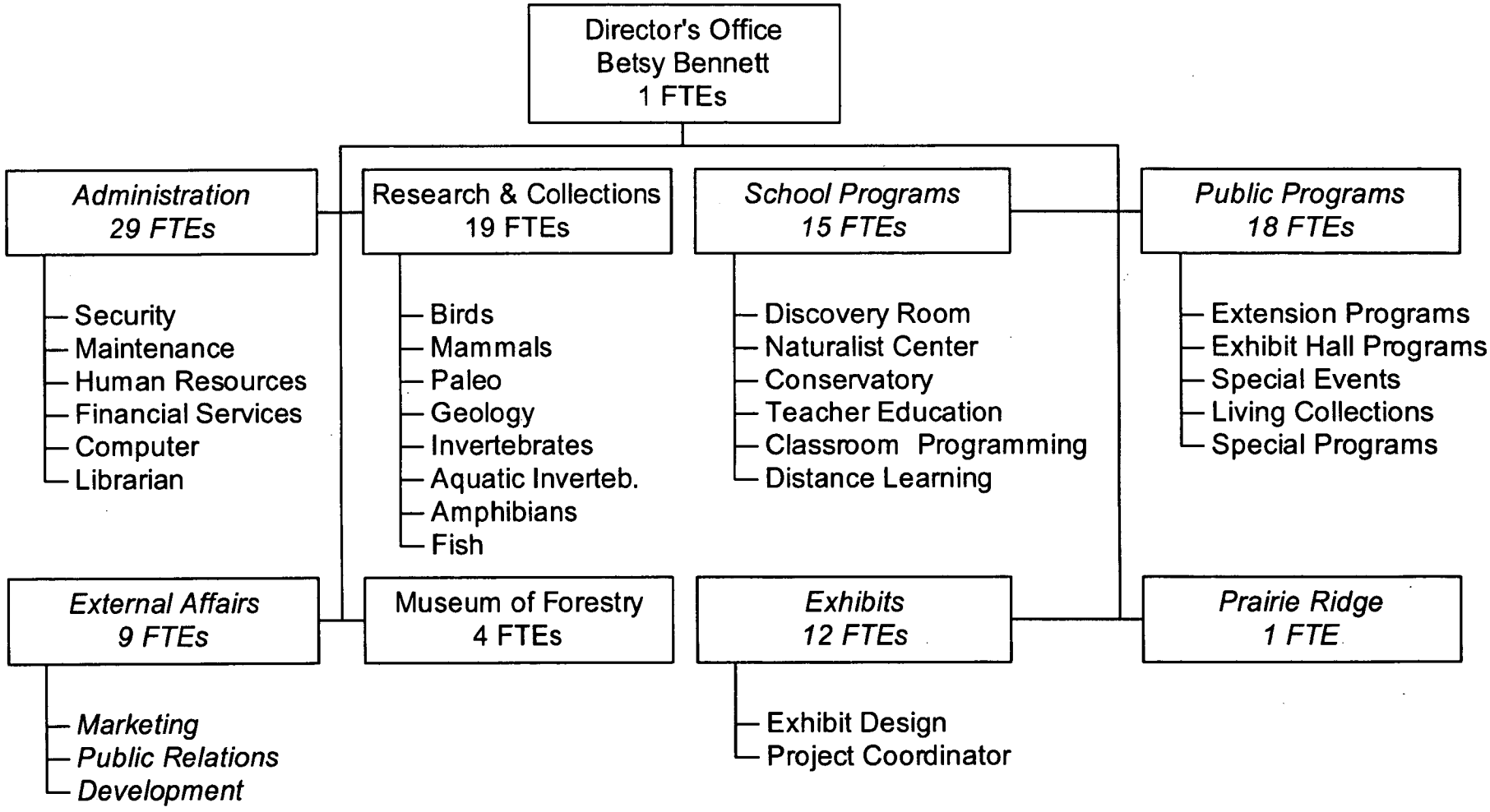
Since FY 1992-93, the General Assembly has also supported the Grassroots Science Museums Collaborative. The Collaborative is an association of science museums and nature centers across the state that work to improve the public understanding of science and technology, and to enhance science education in schools and communities throughout North Carolina.

Prairie Ridge, an Ecostation for Wildlife and Learning opened in October 2004 and is providing outdoor educational experiences for students, teachers and visitors.

Attachment 2

MUSEUM OF NATURAL SCIENCES
DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES

ORGANIZATIONAL CHART



Department of Environment and Natural Resources

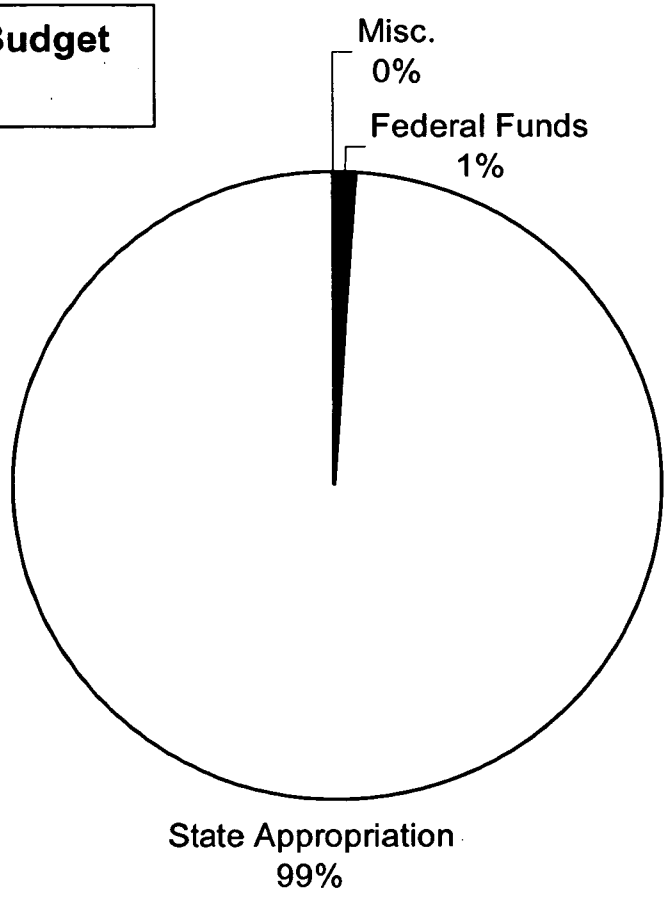
Museum of Natural Sciences

	2002-2003 Actual	2003-2004 Actual	2004-2005 Authorized	Governor's 2005-2006 Recommended Cont. Budget	Governor's 2006-2007 Recommended Cont. Budget
Expenditures	5,962,331	6,597,258	6,783,290	6,977,279	7,002,776
Less Receipts	(56,091)	(45,153)	(67,250)	(71,040)	(67,250)
Revised State Appropriations	5,906,240	6,552,105	6,716,040	6,906,239	6,935,526
Positions	104.00	104.00	104.00	105.00	107.00

MUSEUM OF NATURAL SCIENCES
DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES

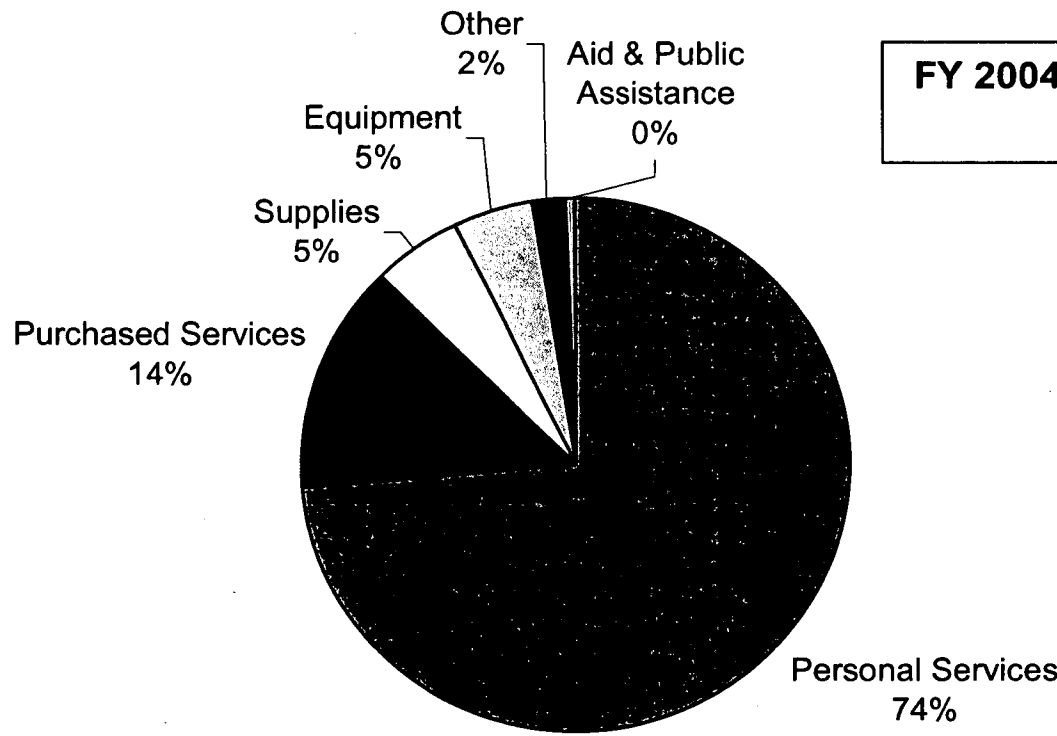
FY 2004-05 AUTHORIZED FUND SOURCES

FY 2004-05 Authorized Budget
$6,783,290



MUSEUM OF NATURAL SCIENCES
DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES

FY 2004-05 AUTHORIZED BUDGET BY EXPENDITURE TYPE



FY 2004-05 Authorized Budget
$6,783,290

MUSEUM OF NATURAL SCIENCES
DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES

SUMMARY OF BUDGET ACTIONS FOR THE 2003-05 BIENNIUM

EXPANSION AND/OR CAPITAL IMPROVEMENTS	2003-04	2004-05	
1. Allows for the establishment of 5 time-limited positions			
Natural Science Curators (3.0)	$110,178		
Computer Consultant II (1.0)	$42,756		
Nat. Science Museum Prg. Chief (1.0)	$42,756		
2. Increase Grassroots Science Museum Funding		$296,000	R

REDUCTIONS			
1. Reduce Operating Support		($134,235)	R

MUSEUM OF NATURAL SCIENCES
DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES
PROPOSED RECOMMENDATIONS FOR THE 2005-07 BIENNIUM

CONTINUATION BUDGET ITEMS	2005-06	2006-07
Increase for equipment – storage cabinets	$24,400	
Vehicle Replacement	$75,000	
Operating Reserve Expenditures for Capital Projects – Prairie Ridge Ecostation	$95,000	$212,213

EXPANSION AND/OR CAPITAL IMPROVEMENTS

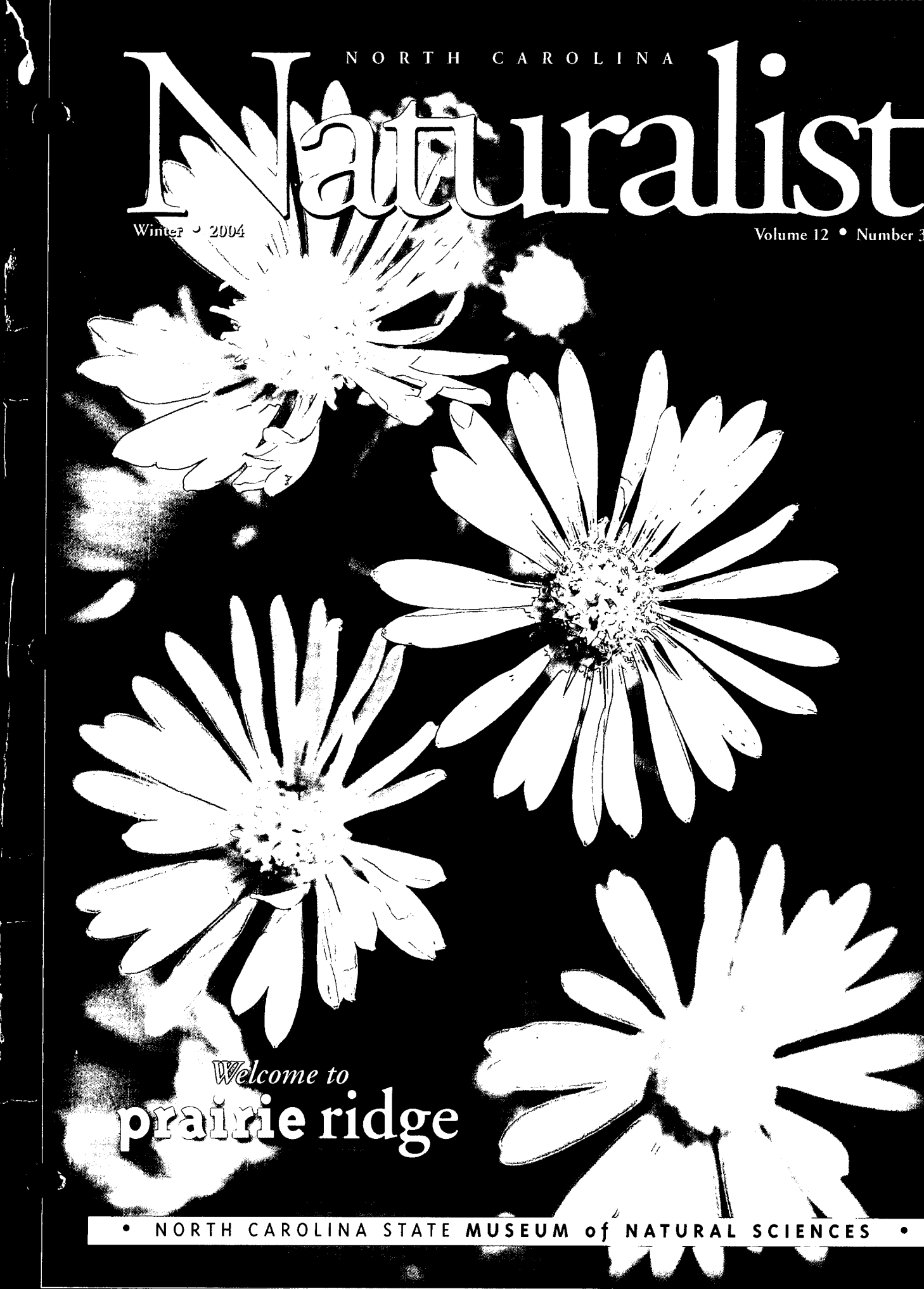
None to Report

NORTH CAROLINA

Naturalist

Winter 2004

Volume 12 • Number 3



Welcome to prairie ridge

• NORTH CAROLINA STATE MUSEUM of NATURAL SCIENCES •

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Museum Director: Betsy Bennett
Museum Advisory Commission Chairman: George House
Friends Executive Director: Angela Baker-James

The *North Carolina Naturalist* (ISSN 1070-468X)
is published three times a year by the Friends of the Museum.
POSTMASTER:
Send address changes to *North Carolina Naturalist,*
P.O. Box 26928, Raleigh, NC 27611-6928.

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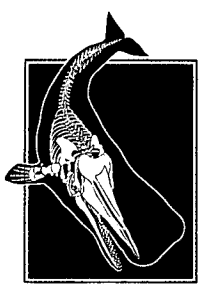


NORTH CAROLINA
MUSEUM of NATURAL SCIENCES

NCDENR William G. Ross Jr., Secretary
Michael F. Easley, Governor

KAREN SWAIN

Attendees of the Prairie Ridge dedication included (FROM LEFT) Gene Conti and Larry Boatman from event sponsors PBS&J; Rep. David Price, who was instrumental in getting federal funding for the Outdoor Classroom; Betsy Bennett; and Dempsey Benton, deputy secretary of the NC Department of Environment and Natural Resources.

For the past 125 years, the NC Museum of Natural Sciences has served as an interpreter of the natural world. In more recent years, our initiatives have increasingly focused on kindling new interest in the environment and on enabling more and more citizens in North Carolina to take an active roll in understanding the science that affects their daily lives.

Such is the goal of two major projects that will see major growth in the coming year.

Prairie Ridge Ecostation for Wildlife and Learning opened for business in October 2004, with more than 200 folks attending the dedication (see page 2). Prairie Ridge will serve as a magnificent venue for students, teachers and the public to immerse themselves in nature under the guidance of an outstanding group of Museum educators. The Outdoor Classroom is finished, thanks to funding from the Institute of Museum and Library Services, the design skills of Frank Harmon and Associates, and the fine construction of Randy Lanou and BuildSense Inc. Classes are already under way, with many more workshops and summer camps in the works for next year.

Additionally, citizen science efforts, such as the Monarch Larva Monitoring Project, are currently taking place at Prairie Ridge. Data from this and similar investigations will aid scientists in ongoing research and conservation efforts. The implementation of green technologies (from cistern-driven plumbing to green roof systems) and the dedicated restoration of diverse natural habitats also will enable a variety of scientific research.

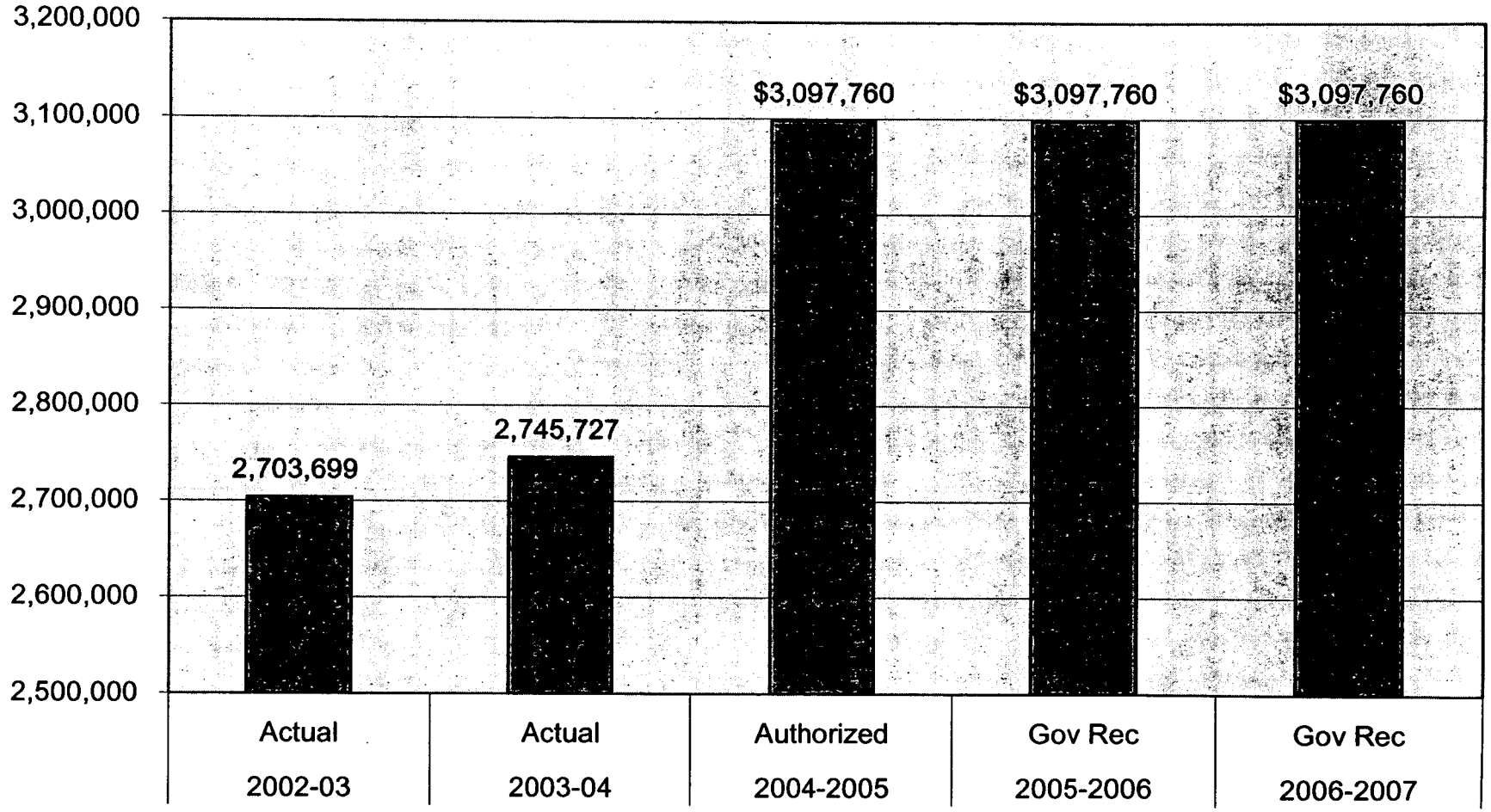
The **Nature Research Center** is the second major project we will be diving into in the coming year. This innovative 95,000-square-foot investigative science center will present dynamic research, experiential science learning opportunities and engaging educational outreach programs. What Prairie Ridge does for budding naturalists, the Center will do for budding natural and environmental scientists—highlighting the journey from curiosity to investigation, and from discovery to action.

We are very excited about the coming year and the possibilities it holds. Judging from the enthusiastic turnout at Prairie Ridge, and the grassroots support for the Nature Research Center, we've got a lot of company.

Betsy Bennett
Museum Director

NATURAL AND ECONOMIC RESOURCES APPROPRIATIONS SUBCOMMITTEE

GRASSROOTS SCIENCE PROGRAM

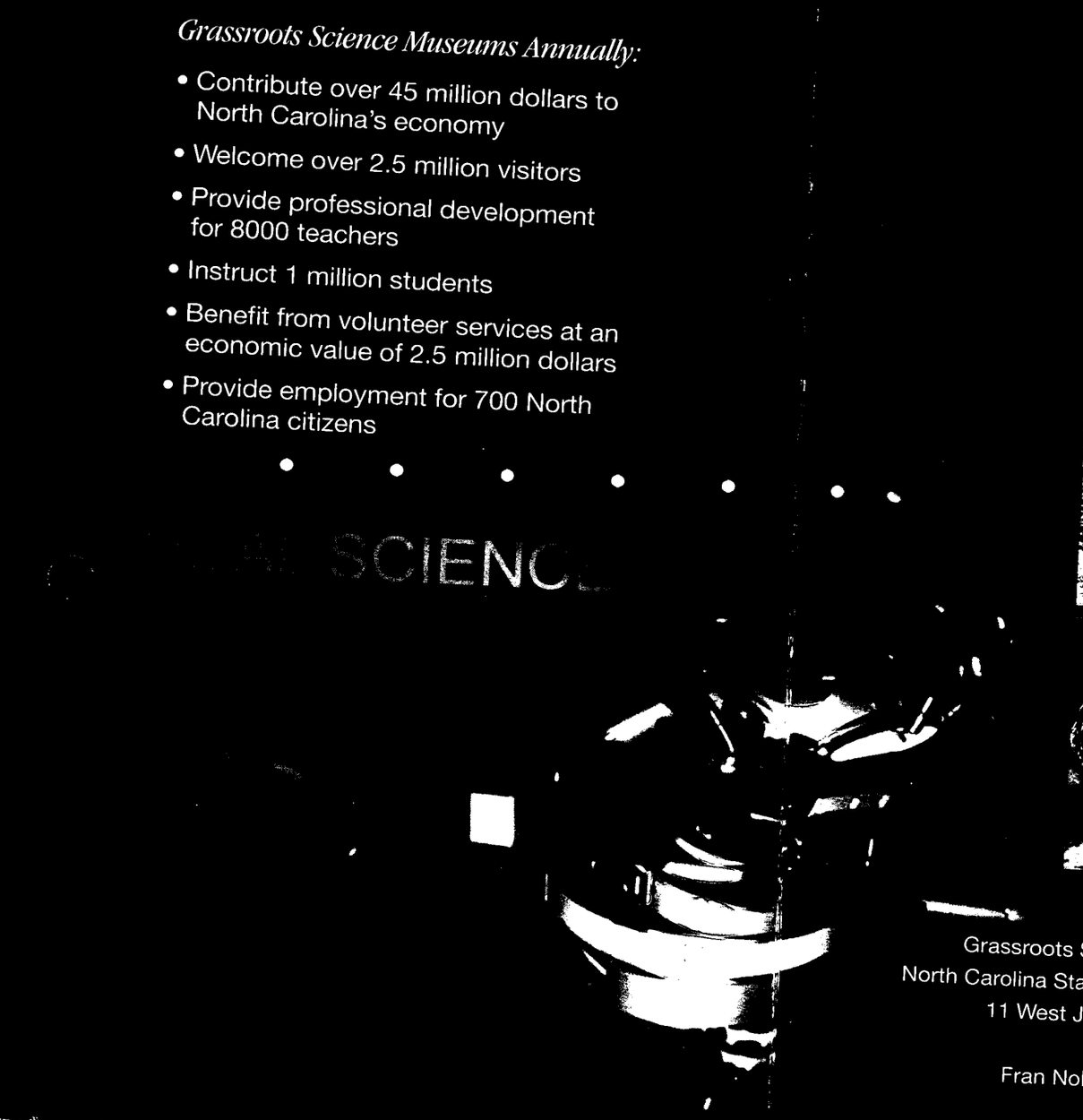


# of Museums Funded:	16	21	22	??	??

Attachment 4

Grassroots Science Museums Annually:

- Contribute over 45 million dollars to North Carolina's economy
- Welcome over 2.5 million visitors
- Provide professional development for 8000 teachers
- Instruct 1 million students
- Benefit from volunteer services at an economic value of 2.5 million dollars
- Provide employment for 700 North Carolina citizens



HEADQUARTERS
Grassroots Science Museums Collaborative
North Carolina State Museum of Natural Sciences
11 West Jones Street Raleigh, NC 27601
Phone: (919) 733-7450
Fran Nolan, Executive Director, ext. 260
fran.nolan@ncmail.net

http://www.grassroots-science.org

Grassroots Science Museums

COLLABORATIVE

INFORM

EDUCATE

INSPIRE

North Carolina is rich in museums that teach and entertain through science. Twenty-four science centers are joined in a nationally unique alliance titled the **Grassroots Science Museums Collaborative**. Its goals include:

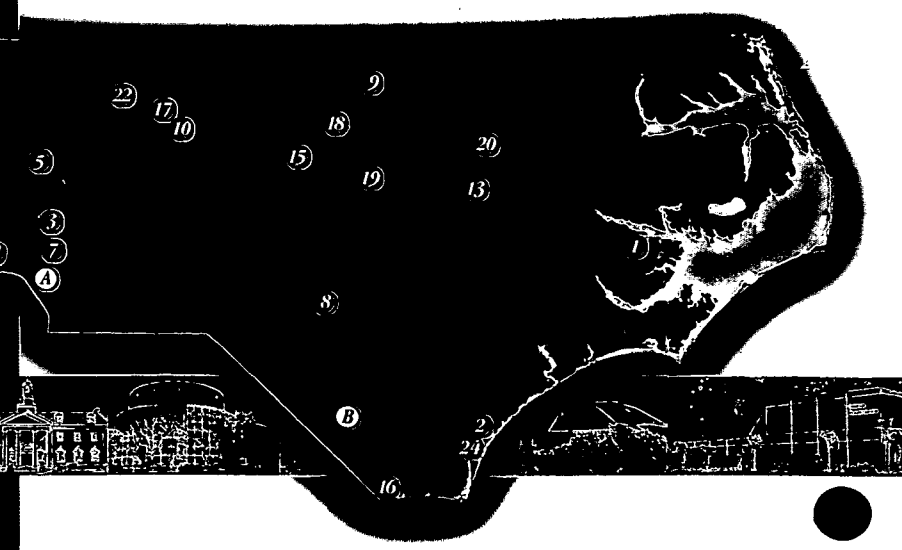
- Improving the public understanding of science and technology
- Enhancing science education in schools and communities
- Helping one another to develop quality exhibits and programs
- Conducting cooperative projects that improve public service

We hope that you visit and enjoy these wonderful facilities and engage in the world of real science!

REAL SCIENCE

REAL WORLD

Aurora Fossil Museum - Aurora 1
Cape Fear Museum - Wilmington 2
Carolina Raptor Center - Huntersville 3
Catawba Science Center - Hickory 4
Children's Museum of Iredell County - Statesville 5
Colburn Earth Science Museum - Asheville 6
Discovery Place - Charlotte 7
and Charlotte Nature Museum - Charlotte Ⓐ
Fascinate-U Children's Museum - Fayetteville 8
Granville County Museum - Oxford 9
Greensboro Children's Museum - Greensboro 10
The Health Adventure - Asheville 11
Highlands Biological Station and Nature Center - Highlands 12
Imagination Station - Wilson 13
KidSenses - Rutherfordton 14
Morehead Planetarium and Science Center - Morehead 15
Museum of Coastal Carolina - Ocean Isle 16
The Natural Science Center of Greensboro - Greensboro 17
North Carolina Museum of Life and Science - Durham 18
North Carolina State Museum of Natural Sciences - Raleigh 19
and the North Carolina Museum of Forestry - Whiteville Ⓑ
Rocky Mount Children's Museum - Rocky Mount 20
Schiele Museum of Natural History and Planetarium - Gastonia 21
SciWorks Science Center and Environmental Park - Winston-Salem 22
Western North Carolina Nature Center - Asheville 23
Wilmington Children's Museum - Wilmington 24



Grassroots Science Museums Collaborative Statistics FY03/04

	Opened	In GSMC	GSMC $	Gov. Auth.	Public Space			
					Exhibits (Sq. Ft.)		Theatre Seats	
					Indoor	Outdoor	Indoor	Outdoor
1 Aurora Fossil Museum	1976	1999	1999	PNFP	5200	360	40	
2 Cape Fear Museum	1898	1995	1995	County	15699	2078	1420	2078
3 Carolina Raptor Center	1979	2001	2003	PNFP	200	26920		26920
4 Catawba Science Center	1975	1990	1991	PNFP	10200	1800	0	1800
5 Children's Museum of Iredell Co.	1983	2000	1997	PNFP	1628			
6 Coastal Carolina Museum	1991	1997	1997	PNFP	14000	3000	85	
7 Colburn Gem & Earth Science	1960	1999	1999	PNFP	5000			
8 Discovery Place	1946	1990	1992	PNFP	118000	0	507	
9 Fascinate-U	1994	2001	2003	PNFP	6813	0		0
10 Granville County Museum	1996	1998	1999	PNFP	1884			
11 Greensboro Children's Museum	1999	2004	2004	PNFP	23173	5000		
12 Greensboro Natural Science Center	1957	1992	1992	PNFP	55640	653400	642	
13 Health Adventure	1968	1993	1993	PNFP	12000			
14 Highlands Nature Center	1927	2000	2003	Univ/PNFP	2400	1089000	80	250
15 Imagination Station	1990	1990	1992	PNFP	4732	0	0	0
16 KidSenses	2004	2003	2003	PNFP	9500	0	35	0
17 Morehead Planetarium	1949	2003	NA	University	0	0	300	
18 NC Museum of Life and Science	1946	1990	1992	PNFP	36700	4356000	0	
19 NC Museum of Natural Sciences	1879	1990	NA	State	90000		265	0
20 Rocky Mount Children's Museum	1952	1991	1992	Mun/PNFP	3500		65	
21 Schiele Museum	1961	1990	1992	Mun/PNFP	19929	5148	348	5148
22 SciWorks	1964	1990	1992	PNFP	30400	653400	270	100
23 WNC Nature Center	1977	1990	1992	County	2100	1829520	0	0
24 Wilmington Children's Museum	1997	2001	2003	PNFP	1870			
Totals					465,368	8,625,266	4,017	36,296

Opened	In GSMC	GSMC $	Gov. Auth.	Public Space			
				Exhibits		Theatre Seats	
				Indoor	Outdoor	Indoor	Outdoor

Grassroots Science Museums Collaborative Statistics FY03/04

	Public space continued						Non-public Space	
	Food area and store		Education areas		Other public space			
	Indoor	Outdoor	Indoor	Outdoor	Indoor	Outdoor	Indoor	Outdoor
1 Aurora Fossil Museum	380		1850				1050	
2 Cape Fear Museum	1122		1976		2717	2460	16397	
3 Carolina Raptor Center	800		1000	4000			6000	
4 Catawba Science Center	500		1700	0	3750		6000	
5 Children's Museum of Iredell Co.			2500				476	
6 Coastal Carolina Museum	800		1600	500	1100	28000	1600	900
7 Colburn Gem & Earth Science							1000	
8 Discovery Place	5800	200	18000			4 acres	25000	3000
9 Fascinate-U	320	0	1284	0	1008	0	16365	0
10 Granville County Museum	326				1766		1651	
11 Greensboro Children's Museum	3304		2200	192	7098	4000	7285	
12 Greensboro Natural Science Center	2600		9037				13280	
13 Health Adventure	400		800		4000		4600	
14 Highlands Nature Center	0	0	0	0	0	0	2800	
15 Imagination Station	524	0	2490	0	1216	0	12203	
16 KidSenses	250	0	0	0	0	0	4000	0
17 Morehead Planetarium	1247		5697		11005		7509	
18 NC Museum of Life and Science	5100		9200		13500	4 acres	26575	
19 NC Museum of Natural Sciences	12200		90000		7000		88800	
20 Rocky Mount Children's Museum	25							
21 Schiele Museum	1019		6736	1260	7689	300	20872	
22 SciWorks	4550		2300		3470		20825	
23 WNC Nature Center	770	0	1800	130	4000		1500	
24 Wilmington Children's Museum			510	406	598		2978	406
Totals	41,657	200	158,830	6,488	69,917	34,760	287,716	4,306

	Public space continued						Non-public Space	
	Food area and store		Education areas		Other public space			
	Indoor	Outdoor	Indoor	Outdoor	Indoor	Outdoor	Indoor	Outdoor

Grassroots Science Museums Collaborative Statistics FY03/04

	Area Subtotals		Total	Number	Financial Information		Staff and volunteers	
	Indoor (Sq. Ft.)	Outdoor (Acres)	Area (Acres)	Buildings	Expenses	Local Gov Support	Staff Full-time	Staff Part-time
1 Aurora Fossil Museum	6000	360.00		2	$146,634.69	$1,700.00	1	3
2 Cape Fear Museum	44369	0.86	1.88	1	$1,757,068.00	$1,370,171.00	15	5
3 Carolina Raptor Center	38920	56.11	57.00	3	$817,618.00	$23,900.00	11	6
4 Catawba Science Center	23950			2	$1,106,356.00	$0.00	14	31
5 Children's Museum of Iredell Co.	2204			1	$157,127.00	$25,304.00	1	4
6 Coastal Carolina Museum	54500	0.05	1.30	2	$357,437.00	$60,000.00	2	8
7 Colburn Gem & Earth Science	6000			1	$450,000.00	$85,000.00	4	2
8 Discovery Place	170000	-3.90		3	$9,922,506.00	$2,063,608.00	75	57
9 Fascinate-U	25790	-0.49	0.10	1	$551,259.74	$132,263.00	4	4
10 Granville County Museum	5415	0.11	0.23	2	$112,103.00	$31,667.00	1	2
11 Greensboro Children's Museum	37434	3.34	4.20	2	$973,332.00	$0.00	10	26
12 Greensboro Natural Science Center	81214	20.14	22.00	10	$2,155,621.00	$1,085,000.00	20	40
13 Health Adventure	21800			1	$1,175,081.00	$5,000.00	14	16
14 Highlands Nature Center	25000	24.43	25.00	11	$464,646.00	$147,900.00	1	7
15 Imagination Station	21165	2.51	3.00	1	$583,403.00	$218,722.00	6	5
16 KidSenses	13500	0.69	1.00		$173,287.00	$0.00	4	0
17 Morehead Planetarium	32402		6.00	1	$300,000.00	$0.00	14	60
18 NC Museum of Life and Science	91075	72.91	75.00	12	$4,358,614.00	$766,055.00	51	10
19 NC Museum of Natural Sciences	200000	35.41	40.00	6	$6,200,000.00	$0.00	144	14
20 Rocky Mount Children's Museum	10016	0.27	0.50	1	$129,716.00	$259,877.00	6	6
21 Schiele Museum	63301	15.80	17.25	16	$2,189,187.00	$717,744.00	28	8
22 SciWorks	70400	28.38	30.00	5	$1,220,000.00	$520,000.00	17	14
23 WNC Nature Center	10170	41.77	42.00	7	$940,584.00	$862,584.00	14	2
24 Wilmington Children's Museum	3384			1	$272,851.75	$3,400.00	4	4
Totals	1,052,009	302.31	326.46	90	$36,367,797	$8,378,195	460	331
	Area Subtotals		Total	Number	Financial Information		Staff and volunteers	
	Indoor (Sq. Ft.)	Outdoor (Acres)	Area (Acres)	Buildings	Operating Expenses	Local Gov Support	Staff Full-time	Staff Part-time

Fields that are actively updated each year. Other fields are updated only if the museum indicates a change in the value.

Grassroots Science Museums Collaborative Statistics FY03/04

	Staff and volunteers cont.			Attendance		
	Staff FTEs	Volunteers	Vol. Hours	Through the door Total	Program Total	Program Science
1 Aurora Fossil Museum	2.5	74	3833	15336	15336	15336
2 Cape Fear Museum	17	163	7147	32081	18582	6804
3 Carolina Raptor Center	14	75	18188.5	23599	30193	30193
4 Catawba Science Center	29	1102	8312	57572	101202	97688
5 Children's Museum of Iredell Co.	3	25	419	13144	3964	84
6 Coastal Carolina Museum	6	96	4600	32318	28117	28117
7 Colburn Gem & Earth Science	5	10	150	30000	10000	10000
8 Discovery Place	101	290	24134	477784	594690	594690
9 Fascinate-U	6	40	765	31981	2026	1566
10 Granville County Museum	2	65	767	3955		2853
11 Greensboro Children's Museum	10	100	2800	154990	10769	7000
12 Greensboro Natural Science Center	40	291	13693	131025	53316	53316
13 Health Adventure	23	310	9800	89700	59160	59160
14 Highlands Nature Center	3	0	0	7602	1864	1864
15 Imagination Station	8	100	3500	23941	14452	14452
16 KidSenses	4	60	8500			
17 Morehead Planetarium	30	45	1200	134117	134117	134117
18 NC Museum of Life and Science	151	40	8894	234091	9946	9946
19 NC Museum of Natural Sciences	56	159	19878	913751	62071	62071
20 Rocky Mount Children's Museum	9	230	628	22277	15482	15483
21 Schiele Museum	32.85	134	3761	66794	168713	129654
22 SciWorks	24	91	3396	83949	89654	89654
23 WNC Nature Center	15	120	10778	89095	23576	23576
24 Wilmington Children's Museum	6	50	2312	29070	29070	29070
Totals	594.85	3,596	153,623	2,682,836	1,460,964	1,401,358

	Staff and volunteers cont.			Attendance		
	Staff FTEs	Volunteers	Vol. Hours	Through the door Total	Program Total	Program Science

Grassroots Science Museums Collaborative Statistics FY03/04

		Outreach programs					
	Total Programs	Total # persons	Science Programs	Science # persons	Teacher Programs	Teacher # persons	Tot. # = (TTD+OR)
1 Aurora Fossil Museum	42	5573	42	5573	0	0	20909
2 Cape Fear Museum	184	4239	150	3458	1	53	36320
3 Carolina Raptor Center	285	22940	285	22940	3	45	46539
4 Catawba Science Center	150	38561	150	35047	6	53	96133
5 Children's Museum of Iredell Co.	20	7990	0	0	0	0	21134
6 Coastal Carolina Museum	4	5500	4	5500	2	28	37818
7 Colburn Gem & Earth Science	25	2000	25	2000			32000
8 Discovery Place	2332	116906	2332	116906	5	387	594690
9 Fascinate-U	23	1287	23	1287	3	24	33268
10 Granville County Museum							3955
11 Greensboro Children's Museum	25	2000	25	2000	0	0	156990
12 Greensboro Natural Science Center	107	2535	107	2535	8	150	133560
13 Health Adventure	110	32015	110	32015	17	130	121715
14 Highlands Nature Center	23	656	23	656	0	0	8258
15 Imagination Station	287	7717	287	7717	12	463	31658
16 KidSenses	17	2100	17	2100	3	75	2100
17 Morehead Planetarium	4	7912	4	7912	5	270	142029
18 NC Museum of Life and Science	469	13400	469	13400	36	503	247491
19 NC Museum of Natural Sciences	1100	19884	1100	19884	17	327	933635
20 Rocky Mount Children's Museum	56	2737	56	2737	2	62	25014
21 Schiele Museum	658	68692	642	56833	50	272	135486
22 SciWorks	45	5705	45	5705	5	175	89654
23 WNC Nature Center	57	10024	57	1024	3	36	99119
24 Wilmington Children's Museum	10	816	9	671	3	138	29886
Totals	5,991	375,616	5,920	342,327	181	3,191	3,058,452

	Outreach programs						
	Total Programs	Total # persons	Science Programs	Science # persons	Teacher Programs	Teacher # persons	Tot. # = (TTD+OR)

Grassroots Science Museums Collaborative Statistics FY03/04

NC counties served

Center	Alam.	Alex.	Alleg.	Anson	Ashe	Avery	Beau.	Bertie	Blade.	Bruns.	Bunc.	Burke	Cabar.	Caldw.	Cam.	Carte.		*Totals*
		1					1			1	1				1	1		6
1 Aurora																		0
2 CFM	1				1				1	1	1		1			1		7
3 CRC	1				1					1	1	1	1					6
4 CSC		1	1		1	1					1	1		1				7
5 Iredell		1																1
6 CCM									1	1								2
7 Colburn					1	1					1	1		1				5
8 Discovery	1	1	1	1	1	1	1		1	1	1	1	1	1		1		14
9 Fascinate									1									1
10 Granville																		0
11 GCM	1						1					1	1					4
12 GNSC	1	1		1									1					4
13 Health											1	1						2
14 HNC																		0
15 IS							1	1								1		3
16 KidS																		0
17 Morehead	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1		16
18 NCMLS	1	1					1	1	1	1	1					1		8
19 NCMNS	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1		16
20 RMCM										1								1
21 Schiele				1	1	1					1	1		1				6
22 SciWorks	1	1			1						1		1	1				6
23 WNCNC	1					1					1	1		1				5
24 WCM										1								1
Totals	10	8	4	5	9	7	6	4	7	9	12	10	8	8	2	6		115
	Alam.	Alex.	Alleg.	Anson	Ashe	Avery	Beau.	Bertie	Blade.	Bruns.	Bunc.	Burke	Cabar.	Caldw.	Cam.	Carte.		*Totals*

Grassroots Science Museums Collaborative Statistics FY03/04

NC counties served

Center	Cas.	Cata.	Chat.	Cher.	Chow.	Clay	Cleve.	Colom	Crave.	Cumb.	Curri.	Dare	David.	Davie	Duplin	Durh.		*Totals*
1 Aurora									1						1	1		3
2 CFM																		0
3 CRC								1	1	1					1	1		5
4 CSC		1					1						1	1	1	1		6
5 Iredell		1																1
6 CCM		1												1				2
7 Colburn								1										1
8 Discovery				1		1	1											3
9 Fascinate	1	1	1				1	1	1	1	1		1	1	1	1		12
10 Granville			1					1		1								3
11 GCM																		0
12 GNSC	1		1				1			1			1	1		1		7
13 Health	1		1										1	1		1		5
14 HNC							1											1
15 IS						1												1
16 KidS					1				1	1					1			4
17 Morehead																		0
18 NCMLS	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1		16
19 NCMNS	1		1					1	1	1						1		6
20 RMCM	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1		16
21 Schiele									1									1
22 SciWorks		1					1						1	1				4
24 WNCNC	1	1								1			1	1				5
23 WCM		1		1			1											3
								1										1
Totals	7	9	7	4	3	4	9	8	7	9	3	2	8	9	6	8		103
	Cas.	Cata.	Chat.	Cher.	Chow.	Clay	Cleve.	Colom	Crave.	Cumb.	Curri.	Dare	David.	Davie	Duplin	Durh.		*Totals*

Grassroots Science Museums Collaborative Statistics FY03/04

NC counties served

Center	Edge.	Forsy.	Frank.	Gast.	Gates	Grah.	Granv.	Green	Guilf.	Halif.	Harne.	Hayw.	Hend.	Hertf.	Hoke	Hyde		*Totals*
	1							1		1						1		4
1 Aurora																		0
2 CFM		1		1							1							3
3 CRC		1		1					1									3
4 CSC																		0
5 Iredell																		0
6 CCM																		0
7 Colburn						1						1	1					3
8 Discovery		1	1	1		1	1	1	1	1	1	1	1	1	1	1		14
9 Fascinate										1	1				1			3
10 Granville			1				1											2
11 GCM		1	1	1			1		1		1							6
12 GNSC		1	1						1	1								4
13 Health				1								1	1					3
14 HNC																		0
15 IS	1		1					1		1	1			1				6
16 KidS																		0
17 Morehead	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1		16
18 NCMLS	1	1	1	1			1	1	1	1	1		1		1			11
19 NCMNS	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1		16
20 RMCM	1		1					1		1				1				5
21 Schiele	1	1		1					1				1		1			6
22 SciWorks		1							1									2
23 WNCNC		1				1						1	1					4
24 WCM																		0
Totals	6	11	9	9	2	5	6	6	9	8	8	6	8	5	6	3		107
	Edge.	Forsy.	Frank.	Gast.	Gates	Grah.	Granv.	Green	Guilf.	Halif.	Harne.	Hayw.	Hend.	Hertf.	Hoke	Hyde		*Totals*

Grassroots Science Museums Collaborative Statistics FY03/04

NC counties served

Center	Irede.	Jacks.	Johns.	Jones	Lee	Lenoir	Linco.	Maco.	Madis.	Martin	McDo.	Meck.	Mitch.	Montg.	Moore	Nash		*Totals*
1 Aurora			1							1					1	1		4
2 CFM																		0
3 CRC			1									1	1					3
4 CSC	1						1					1			1			4
5 Iredell	1						1				1		1					4
6 CCM	1											1						2
7 Colburn																		0
8 Discovery		1						1	1		1		1					5
9 Fascinate	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1		16
10 Granville			1		1										1			3
11 GCM																		0
12 GNSC	1				1			1				1		1	1			6
13 Health	1				1							1		1	1			5
14 HNC		1						1	1		1							4
15 IS		1						1										2
16 KidS			1			1				1						1		4
17 Morehead																		0
18 NCMLS	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1		16
19 NCMNS			1	1	1	1				1		1			1	1		8
20 RMCM	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1		16
21 Schiele						1										1		2
22 SciWorks	1						1				1	1						4
23 WNCNC	1											1						2
24 WCM		1						1	1		1	1	1					6
																		0
Totals	10	7	7	4	7	6	6	8	6	5	8	12	7	5	8	6		112
	Irede.	Jacks.	Johns.	Jones	Lee	Lenoir	Linco.	Maco.	Madis.	Martin	McDo.	Meck.	Mitch.	Montg.	Moore	Nash		*Totals*

Grassroots Science Museums Collaborative Statistics FY03/04

NC counties served

Center	NewH.	North.	Onslo.	Orang.	Paml.	Pasq.	Pend.	Perq.	Perso.	Pitt	Polk	Rand.	Rich.	Robe.	Rock.	Rowa.		*Totals*
			1		1			1		1			1	1				6
1 Aurora																		0
2 CFM	1		1	1			1			1		1		1		1		8
3 CRC				1								1	1			1		4
4 CSC																1		1
5 Iredell																		0
6 CCM	1						1							1				3
7 Colburn											1							1
8 Discovery	1	1	1	1	1	1	1		1	1	1	1	1	1	1	1		15
9 Fascinate										1			1	1				3
10 Granville									1									1
11 GCM				1								1	1	1	1	1		6
12 GNSC				1					1			1	1		1	1		6
13 Health											1							1
14 HNC																		0
15 IS	1		1		1		1			1								5
16 KidS																		0
17 Morehead	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1		16
18 NCMLS	1		1	1						1		1	1	1	1			8
19 NCMNS	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1		16
20 RMCM										1								1
21 Schiele	1			1							1					1		4
22 SciWorks												1			1	1		3
23 WNCNC											1							1
24 WCM	1		1				1											3
Totals	9	3	7	9	4	3	7	2	5	8	7	9	8	8	7	10		106
	NewH.	North.	Onslo.	Orang.	Paml.	Pasq.	Pend.	Perq.	Perso.	Pitt	Polk	Rand.	Rich.	Robe.	Rock.	Rowa.		*Totals*

Grassroots Science Museums Collaborative Statistics FY03/04

NC counties served

Center	Ruth.	Samp.	Scotl.	Stanl.	Stok.	Surry	Swain	Trans.	Tyrrell	Union	Vance	Wake	Warre	Wash.	Wata.	Wayn.		*Totals*
1 Aurora																		0
2 CFM		1								1		1						3
3 CRC	1		1	1		1				1		1			1			7
4 CSC						1									1			2
5 Iredell																		0
6 CCM																		0
7 Colburn	1						1	1							1			4
8 Discovery	1	1	1	1	1	1	1	1		1	1	1			1			12
9 Fascinate		1	1													1		3
10 Granville												1						1
11 GCM				1	1	1				1	1	1						6
12 GNSC			1	1	1							1	1					5
13 Health	1						1	1							1			4
14 HNC							1	1										2
15 IS											1	1	1	1		1		5
16 KidS																		0
17 Morehead	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1		16
18 NCMLS		1																1
19 NCMNS	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1		16
20 RMCM												1		1		1		3
21 Schiele	1			1	1	1				1					1			6
22 SciWorks					1	1				1		1						4
23 WNCNC	1						1	1										3
24 WCM		1																1
Totals	8	7	6	7	7	8	7	7	2	8	5	11	4	4	8	5		104
	Ruth.	Samp.	Scotl.	Stanl.	Stok.	Surry	Swain	Trans.	Tyrrell	Union	Vance	Wake	Warre	Wash.	Wata.	Wayn.		*Totals*

Grassroots Science Museums Collaborative Statistics FY03/04

NC counties and other areas served

Center	Wilks.	Wilso.	Yadk.	Yanc.		Totals	G.Tot.	Notations
1 Aurora		1				1	29	43 other states, 11 foreign countries
2 CFM						0	0	
3 CRC						0	29	And other, 43 states and foreign countries
4 CSC			1			1	31	Aiken, Charlston,Darlington,Oconee,Richland, York, Spartenburg
5 Iredell	1					1	16	
6 CCM						0	5	
7 Colburn						0	6	Horry Co. (SC)
8 Discovery				1		1	22	
9 Fascinate	1	1	1			3	86	87% SC & 50% VA counties, All US states & Puerto Rico
10 Granville						0	16	
11 GCM						0	4	App. 15% from other counties. 4% out of state. 5 foreign visitors
12 GNSC						0	35	S. Virginia Counties
13 Health	1					1	30	Henry, Pittsylvania and Patrick counties of Virginia
14 HNC				1		1	16	
15 IS						0	5	Rabun Co. (Ga.), Oconee, Pickens and Anderson counties in SC
16 KidS	1					1	28	
17 Morehead						0	0	
18 NCMLS	1	1	1	1		4	100	
19 NCMNS						0	42	
20 RMCM	1	1	1	1		4	100	
21 Schiele		1				1	14	
22 SciWorks	1					1	31	Cherokee, York and Union counties in SC
23 WNCNC	1		1			2	24	Carroll, Grayson, Henry and Patrick counties in Vinginia
24 WCM				1		1	23	
						0	6	
Totals	8	4	5	5		22	669	
	Wilks.	Wilso.	Yadk.	Yanc.		*Totals*	*G.Tot.*	*Notations*

Appropriations to GSMC Centers

GSMC Museum Funding since 1991

	1991-92	1992-93	1993-94	1994-95	1995-96	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05
1 Aurora Fossil Museum	$0	$0	$0	$0	$0	$0	$0	$0	$64,046	$64,046	$57,535	$57,535	$56,690	$56,691.00
2 Cape Fear Museum	$0	$0	$0	$0	$50,000	$50,000	$188,500	$131,831	$203,944	$131,831	$187,205	$187,205	$185,470	$185,501.00
3 Carolina Raptor Center	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$50,000	$95,370.00
4 Catawba Science Center	$0	$50,000	$50,000	$100,000	$50,000	$50,000	$190,500	$115,614	$179,172	$115,614	$151,669	$151,669	$134,913	$134,932.00
5 Colburn Gem and Mineral	$0	$0	$0	$0	$0	$0	$0	$0	$63,942	$63,942	$68,409	$68,409	$66,858	$66,862.00
6 Discovery Place	$0	$50,000	$50,000	$100,000	$50,000	$50,000	$887,250	$584,070	$776,577	$776,577	$610,826	$610,826	$624,407	$624,536.00
7 Fascinate-U	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$50,000	$81,720.00
8 Granville County Mus.	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$59,968	$59,968	$55,885	$55,886.00
9 Greensboro Children's Mus.	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$131,105.00
10 Health Adventure	$0	$0	$35,000	$70,000	$35,000	$35,000	$162,500	$114,177	$210,860	$210,860	$142,585	$142,585	$121,115	$121,131.00
11 Highlands Nature Center	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$50,000	$73,536.00
12 Imagination Station	$0	$50,000	$50,000	$100,000	$50,000	$50,000	$111,000	$88,276	$108,202	$108,202	$88,668	$88,668	$85,308	$85,316.00
13 Iredell Cty. Child. Mus	$0	$0	$0	$0	$0	$0	$56,500	$53,935	$56,243	$56,243	$57,198	$57,198	$6,616	$56,618.00
14 KidSenses	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$50,000	$50,000.00
15 Mus. Coast. Carolina	$0	$0	$0	$0	$0	$0	$66,750	$59,513	$130,774	$318,274	$62,201	$62,201	$69,311	$69,315.00
16 Nat. Sci. Center Greens.	$0	$50,000	$50,000	$100,000	$50,000	$50,000	$333,000	$210,232	$321,802	$321,804	$223,299	$223,299	$183,416	$183,446.00
17 NC Mus. Life & Science	$0	$50,000	$50,000	$100,000	$50,000	$50,000	$398,750	$274,371	$465,240	$465,240	$391,545	$391,545	$388,283	$388,359.00
18 Rocky Mt Child. Mus	$0	$50,000	$50,000	$100,000	$50,000	$50,000	$109,750	$84,414	$98,007	$98,007	$83,525	$83,525	$72,810	$72,815.00
19 Schiele Museum	$0	$50,000	$50,000	$100,000	$50,000	$50,000	$383,750	$250,812	$381,489	$381,489	$307,496	$307,496	$234,524	$234,566.00
20 SciWorks	$0	$50,000	$50,000	$100,000	$50,000	$50,000	$231,000	$156,434	$247,501	$247,501	$161,259	$161,259	$147,578	$147,600.00
21 W. NC Nature Ctr.	$0	$50,000	$15,000	$30,000	$15,000	$15,000	$130,750	$136,321	$120,261	$120,261	$148,372	$148,372	$118,578	$118,594.00
22 Wilmington Child. Mus.	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$50,000	$63,864.00
GSMC Appropriation	$0	$450,000	$450,000	$900,000	$500,000	$500,000	$3,250,000	$2,260,000	$3,428,060	$3,479,891	$2,801,760	$2,801,760	$2,801,762	$3,097,763.00
	1991-92	1992-93	1993-94	1994-95	1995-96	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05

Joined the GSMC

NORTH CAROLINA AQUARIUMS
DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES

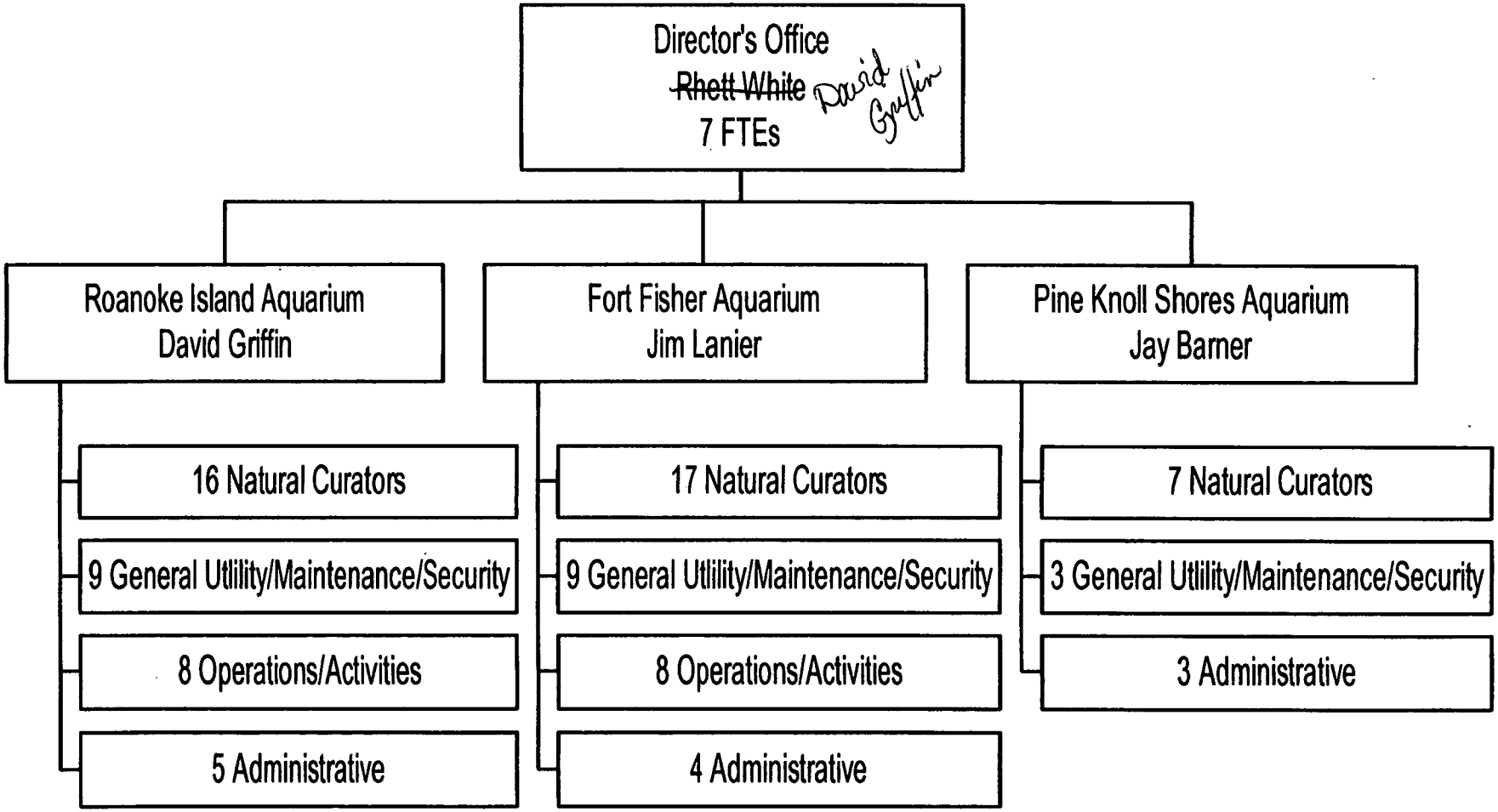
PROGRAM OVERVIEW

The North Carolina Aquariums are three state-supported facilities that provide a variety of educational opportunities including aquariums, exhibits, field experiences, lectures, films and school programs. Activities at the Aquariums are designed to create an awareness, understanding, and appreciation of North Carolina's diverse aquatic resources.

The Aquariums are located at Roanoke Island (Dare County), Fort Fisher (New Hanover County), and Pine Knoll Shores (Carteret County).

NORTH CAROLINA AQUARIUMS
DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES

ORGANIZATIONAL CHART



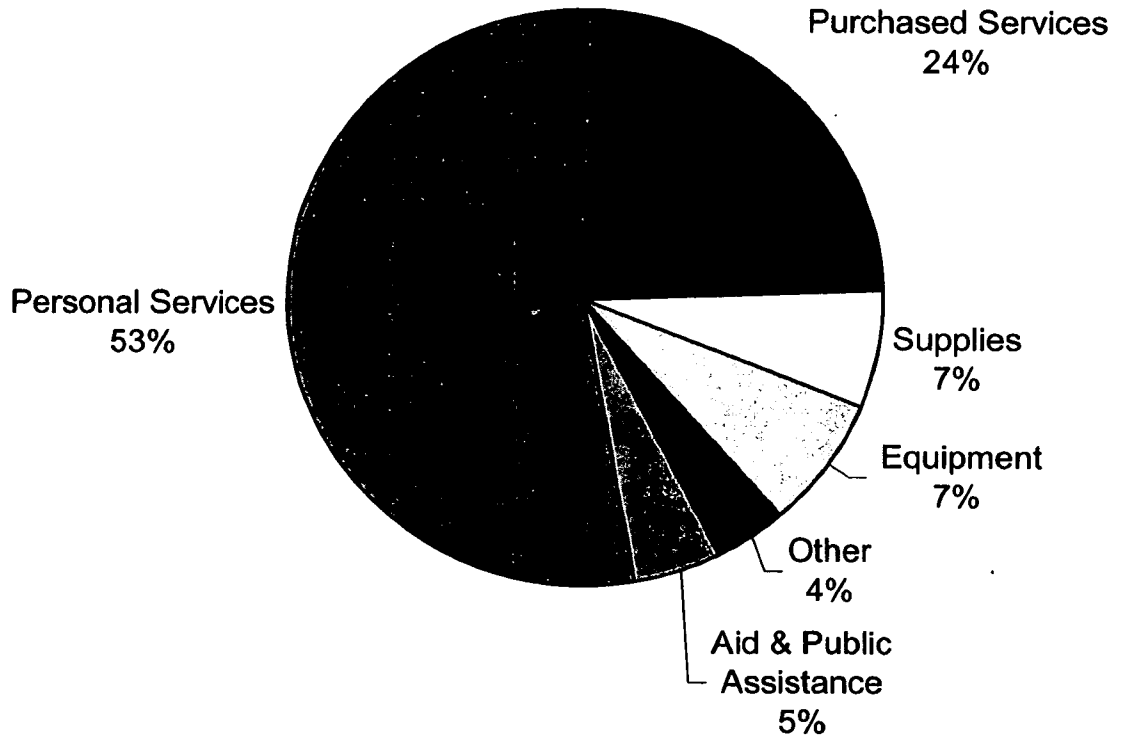
Department of Environment and Natural Resources

North Carolina Aquariums	2002-2003 Actual	2003-2004 Actual	2004-2005 Authorized	Governor's 2005-2006 Recommended Cont. Budget	Governor's 2006-2007 Recommended Cont. Budget
Expenditures	7,262,064	6,417,419	7,869,175	9,769,565	10,221,721
Less Receipts	(3,510,790)	(3,110,799)	(2,873,797)	(4,539,072)	(5,039,627)
Cash Balance +/-	572,789	1,298,519	0	0	0
State Appropriations	*4,324,062*	*4,605,138*	*4,995,378*	*5,230,493*	*5,182,094*
Positions	94.00	94.00	95.00	126.00	126.00

NORTH CAROLINA AQUARIUMS
DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES

FY 2004-05 AUTHORIZED BUDGET BY EXPENDITURE TYPE

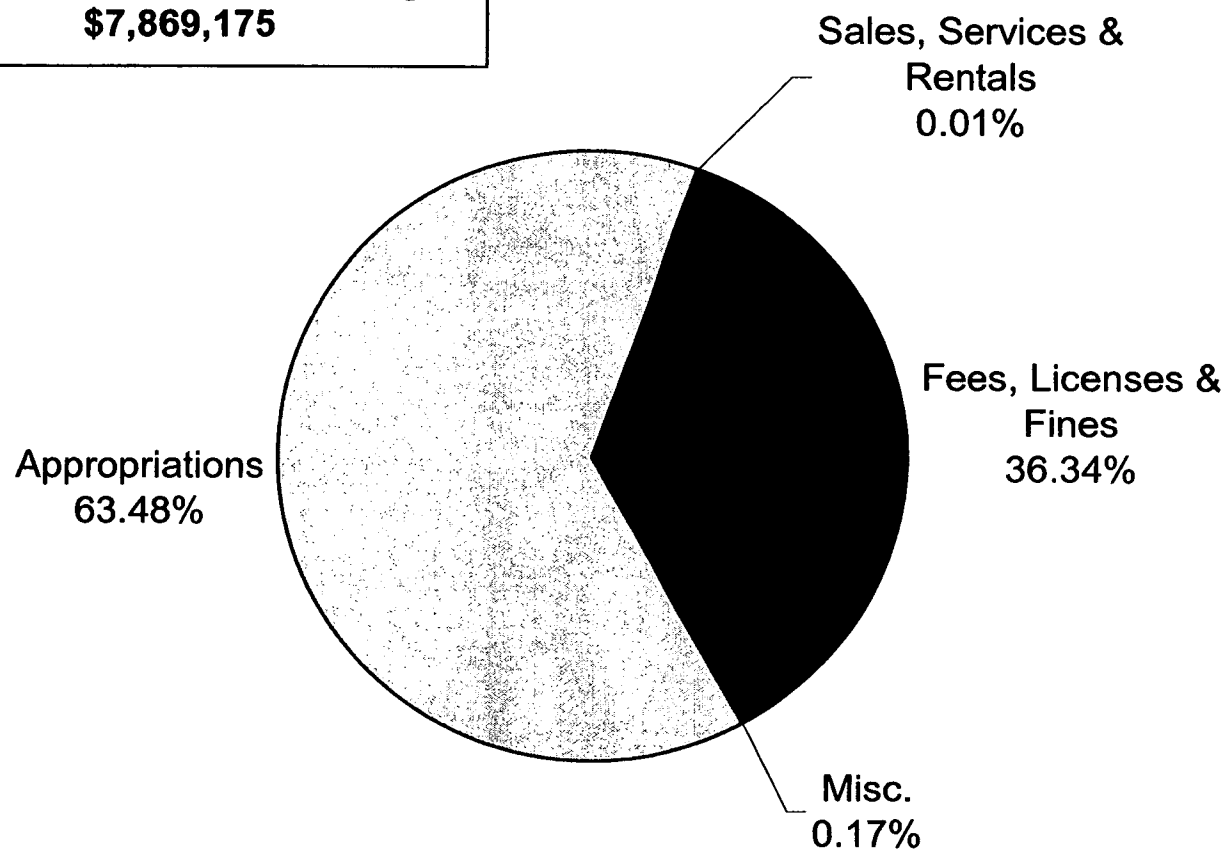
FY 2004-05 Authorized Budget
$7,869,175



NORTH CAROLINA AQUARIUMS
DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES

FY 2004-05 AUTHORIZED FUND SOURCES

FY 2004-05 Authorized Budget
$7,869,175



NORTH CAROLINA AQUARIUMS
DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES

SUMMARY OF BUDGET ACTIONS FOR THE 2003-05 BIENNIUM

EXPANSION AND/OR CAPITAL IMPROVEMENTS	2003-04	2004-05
1. Establish a receipt-supported position from admission receipts Computer Consultant I (1.0) $44,428		
REDUCTIONS		
1. Reduce operating support	($42,138) R	($42,138) R
2. Reduce operating support		($50,000) R

NORTH CAROLINA AQUARIUMS
DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES

PROPOSED RECOMMENDATIONS FOR THE 2005-07 BIENNIUM

CONTINUATION BUDGET ITEMS	2005-06	2006-07
Purchase and replace equipment at Fort Fisher and Roanoke Island Aquarium	$101,391	$37,391
Aquarium Operating Reserve Increase for Pine Knoll Shores	$1,665,275	$2,165,830
(supported by increase in receipts/admission fees)	(31.0)	(31.0)

EXPANSION AND/OR CAPITAL IMPROVEMENTS

None to Report

OFFICE OF ENVIRONMENTAL EDUCATION
DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES

PROGRAM OVERVIEW

Division Mission

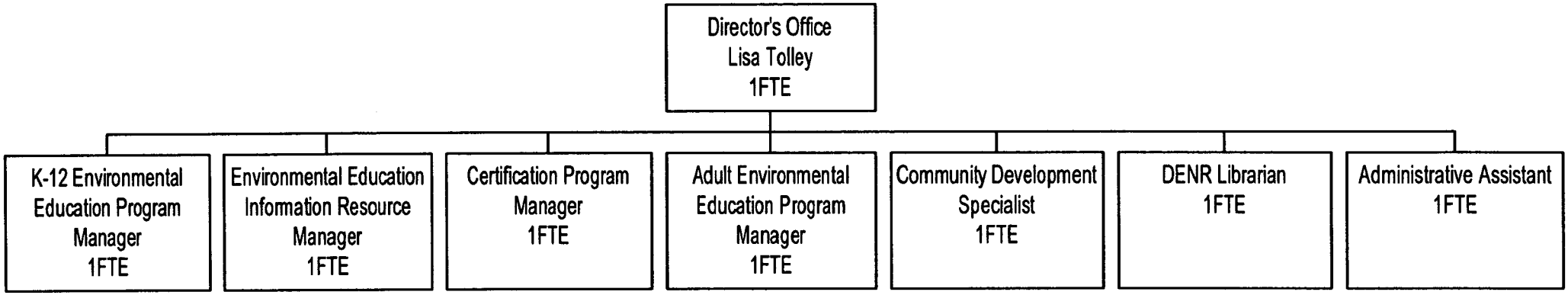
To encourage, promote and support programs, facilities, and the development of materials for the purpose of environmental education in North Carolina. To serve schools, colleges, government agencies, environmental education centers, citizen groups, business and industry, libraries and the general public in disseminating resources and increasing environmental literacy and natural resource stewardship.

Programs and Activities

- Serves as the NC Environmental Education Clearinghouse for promoting and disseminating environmental education materials, resources and facilities to educators and the public.
- Promotes education and awareness of NC's environment in each of the state's river basins.
- Maintains a model environmental education collection in the DENR Library, and provides Project Tomorrow grants to NC schools to develop environmental education library collections.
- Administers the North Carolina Environmental Education Certification Program.
- Provides quality professional development opportunities for teachers and non-formal educators.
- Promotes public use and supports the educational activities of more that 180 government, private and non-profit environmental education centers in North Carolina.

OFFICE OF ENVIRONMENTAL EDUCATION
DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES

ORGANIZATIONAL CHART



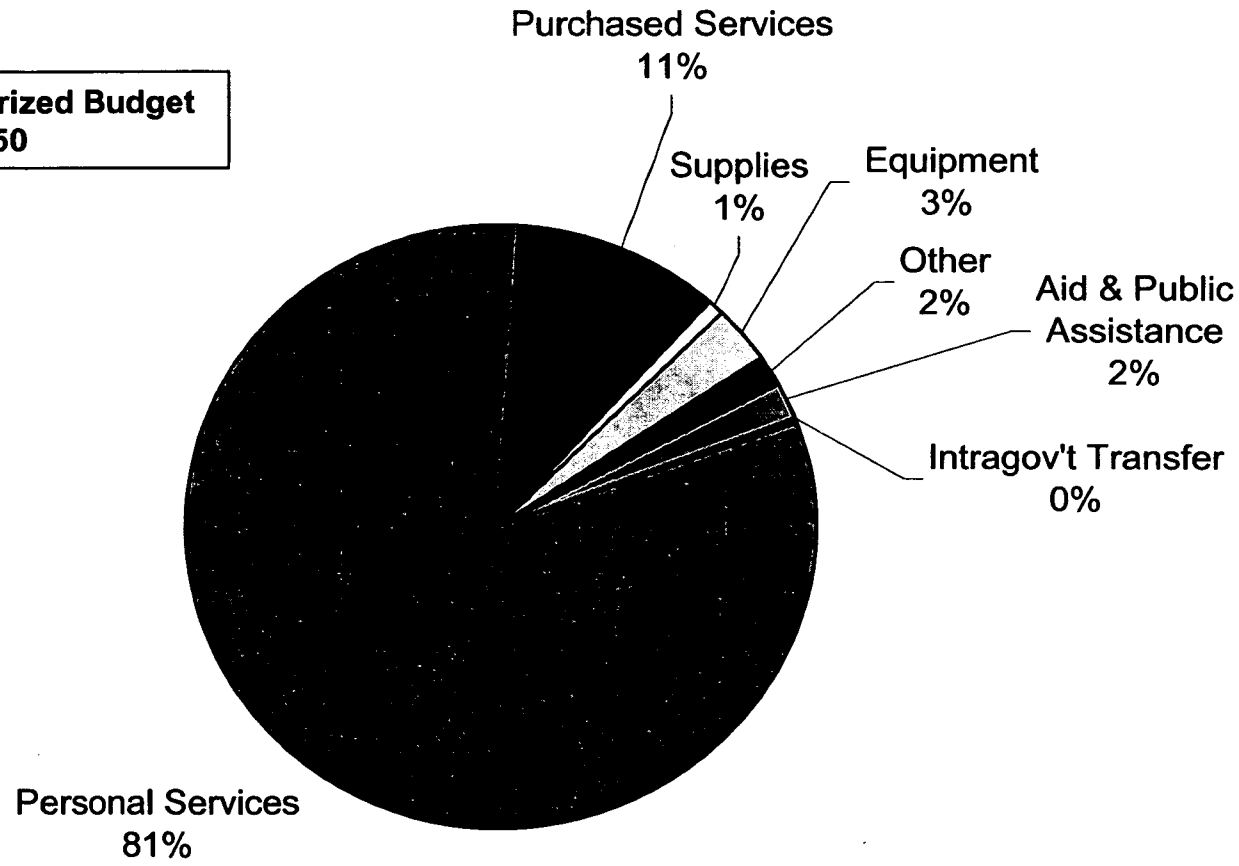
Department of Environment and Natural Resources

Office of Environmental Education					
	2002-2003 Actual	2003-2004 Actual	2004-2005 Authorized	Governor's 2005-2006 Recom'd Biennial Cont. Budget	Governor's 2006-2007 Recom'd Biennial Cont. Budget
Expenditures	460,687	516,119	532,450	532,889	533,716
Less Receipts	(33,176)	(55,912)	(10,000)	(10,000)	(10,000)
State Appropriations	*427,511*	*460,207*	*522,450*	*522,889*	*523,716*
Positions	9	8	8	8	8

OFFICE OF ENVIRONMENTAL EDUCATION
DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES

FY 2004-05 AUTHORIZED BUDGET BY EXPENDITURE TYPE

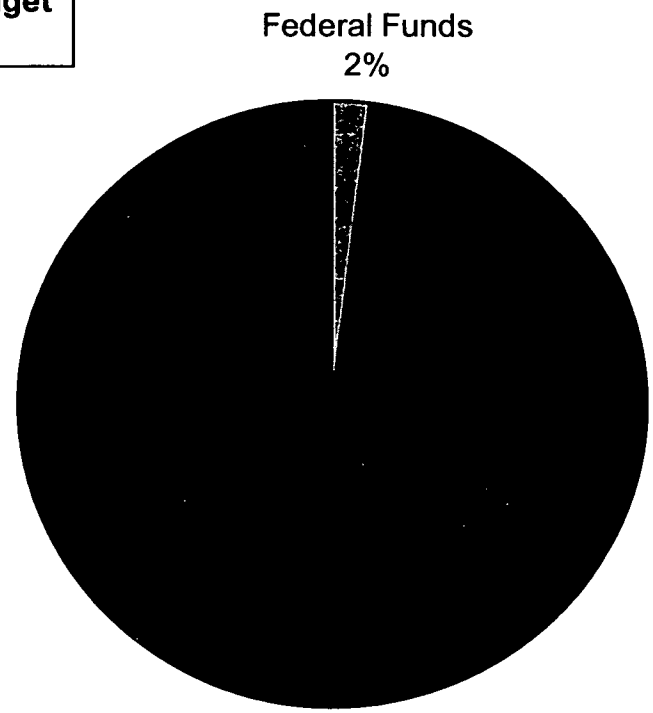
FY 2004-05 Authorized Budget
$532,450



OFFICE OF ENVIRONMENTAL EDUCATION
DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES

FY 2004-05 AUTHORIZED BUDGET BY FUND SOURCE

FY 2004-05 Authorized Budget
$532,450



OFFICE OF ENVIRONMENTAL EDUCATION
DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES

SUMMARY OF BUDGET ACTIONS FOR THE 2003-05 BIENNIUM

EXPANSION AND/OR CAPITAL IMPROVEMENTS	2003-04	2004-05

None to Report

GENERAL FUND REDUCTIONS

1. Reduce operating support	($16,882)	R

PROPOSED RECOMMENDATIONS FOR THE 2005-07 BIENNIUM

CONTINUATION BUDGET ITEMS	2005-06	2006-07

None to Report

EXPANSION AND/OR CAPITAL IMPROVEMENTS

None to Report

VISITOR REGISTRATION SHEET

Natural Resources Committee 3/17/05

Name of Committee Date

VISITORS: PLEASE SIGN BELOW AND RETURN TO COMMITTEE ASSISTANT

NAME	FIRM OR AGENCY
DAVID GRIFFIN	NC AQUARIUMS
Karl McKinnon	Imagination Station Science Museum
Mike Haag	Cape Fear Museum
Rich Haas	Cape Fear Museum / Grassroots Science
Elizabeth Baird	NC Museum of Natural Sciences
Walt Sturgeon	NC Museum Natural Sciences
Betsy Bennett	NC Museum Natural Sciences
Jane Smith	DENR
Johanna Reese	DENR
Lisa Tolley	Office of Environmental Education
Cathey Cottle	DENR
Nelle McEwen	NC River Center
Art Britt	NCDOL
Doug Coulter	NCSTA
Eric King	NCCN
Alice Ballenger	NC DOC
John Mullen	RFPS
Ben Brevard	NCAWM Ctr
John Bowden	NC Museum of Life & Science
David Broan	OSBM

House Pages

Name Of Committee: NER Date: 3/17/05

1. Name: Kevin Myers
   County: Johnston
   Sponsor: Senator Smith
2. Name: _____
   County: _____
   Sponsor: _____
3. Name: _____
   County: _____
   Sponsor: _____
4. Name: _____
   County: _____
   Sponsor: _____
5. Name: _____
   County: _____
   Sponsor: _____

Sgt-At-Arms

1. Name: RONALD SPANN
2. Name: ERNIE SHERRELL
3. Name: JAMES WORTH
4. Name: WILLIE DIXON
5. Name: _____

MINUTES

Joint Appropriations Subcommittee
on
Natural and Economic Resources
Tuesday, March 22, 2005, at 8:30 a.m.
423 Legislative Office Building

The Joint Appropriations Subcommittee on Natural and Economic Resources (NER) met at 8:30 a.m. on Tuesday, March 22, 2005, in Room 423 of the Legislative Office Building. Three members of the Senate Subcommittee attended (due to the funeral for Representative John D. Hall, no House Members were present). Senator David Weinstein presided.

The meeting was called to order and the Subcommittee members and interested parties were welcomed. The following served the meeting: Pages – Hunter Story and Morgan Skilton sponsored by Senator Marc Basnight; Sergeant at Arms - Ernie Sherrell and Ron Spann (Senate); and the Fiscal Research NER Team - Susan Morgan, Jennifer Haygood, and Joy Hicks. Senator Weinstein proceeded with the Agenda (Attachment 1).

Joy Hicks, Fiscal Research NER Team, gave a program overview of the Division of Forest Resources, Department of Environment and Natural Resources (Attachment 2). After her presentation Ms. Hicks entertained questions and/or comments of the Subcommittee.

Stan Adams, Director, Division of Forest Resources, was recognized to appear before the Subcommittee. He referred to a handout submitted to the members and explained that it would inform them of what the Division of Forest Resources is all about and how they spend the State's money (Attachment 3). Mr. Adams then made some brief remarks about the Division's continuation budget and expansion requests. After his comments Mr. Adams entertained questions and/or comments from the Subcommittee.

Joy Hicks, Fiscal Research NER Team, gave a program overview of the Division of Parks and Recreation, Department of Environment and Natural Resources (Attachment 4). After her presentation, Ms. Hicks entertained questions and/or comments from the Subcommittee.

Lewis Ledford, Director, Division of Parks and Recreation, spoke to the Subcommittee regarding the Division of Parks and Recreation's continuation budget. He presented a map that illustrated the State Parks' operating reserves that are included in the continuation budget for new facilities that are expected to begin operating in the near future and highlighted some of the new facilities and responsibilities. He spoke about the importance of the support received from the General Assembly and the increasing interest of the public in the park system, and emphasized that State Parks has tried to cut back as much as possible, however, greater demands are being put on the park system due to families looking for more economical, close to home recreation. In closing, Mr. Ledford

stated that while their goal is to create and manage a quality state park system that can serve all of the needs of the citizens and be a source of pleasure, learning, challenge, and inspiration; they are still lagging behind some of the states. Clearly that is a challenge but it also indicates that State Parks is doing a lot with the funds that are being provided to them. He then entertained questions and/or comments from the Subcommittee.

Dusty Wall, Managing Partner for Recruitment Classification and Salary Administration, Office of State Personnel, spoke to the Subcommittee about the Study of Sworn Law Enforcement Officers, Division of Parks and Recreation. He gave an overview of the process of the study and recommendations from the study (Attachment 5). After his remarks Mr. Wall entertained questions and/or comments from the Subcommittee.

Senator Weinstein announced that the next NER meeting would be at 2:00 p.m. (Tuesday, March 22, 2005). He asked if there were any further questions and/or comments from the Subcommittee. There were none and the meeting adjourned at 9:19 a.m.

Senator David Weinstein
Chairman

Jane M. "Dee" Bagley
Committee Assistant

Attachment 1

Joint Appropriations Subcommittee on Natural and Economic Resources

Tuesday, March 22, 2005
Senator David Weinstein, Presiding
8:30 a.m. Room 423

Chair's Comments

Division of Forest Resources

Overview	*Joy Hicks, Fiscal Research*
Presentation on Continuation Budget & Expansion Requests	*Stan Adams, Director Division of Forest Resources*

Division of Parks and Recreation

Overview	*Joy Hicks, Fiscal Research*
Presentation on Continuation Budget Items	*Lewis Ledford, Director Division of Parks and Recreation*
Study of Sworn Law Enforcement Officers Division of Parks and Recreation	*Dusty Wall, Managing Partner for Recruitment Classification and Salary Administration - OSP*

Closing Remarks – Senator Weinstein

Adjourn

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DIVISION OF FOREST RESOURCES
DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES

PROGRAM OVERVIEW

Division Mission

The Division of Forest Resources has the lead role in managing, protecting and developing the forest resources of the state.

Division Activities

Field Operations – The Division carries out its mission and programs through 3 regional offices, 13 district offices, and through county forest rangers. Each county shares in the cost of the county program, depending upon the county tax base.

Forest Management – The objectives of this program are to establish and perpetually maintain maximum productivity of the natural resources of all forestland in the state.

Fire Program – The Division provides direct fire suppression on 18.7 million acres of forestland. This program also includes forest fire prevention activities, training and support of fire departments and emergency response for all natural disasters.

Forestry Stewardship Program – This program provides landowners with "on-the-ground" assistance in planning activities to enhance and protect the timber, soil and water, wildlife, fish and recreational values of their land.

Attachment 2

Division Activities (Continued)

Educational State Forests - The Division operates a system of six Educational State Forests (ESFs) designed to teach the public - especially school children - about the forest environment.

Bladen Lakes State Forest – The Division operates this land as a commercial demonstration forest. The 32,000-acre area is used for planting, cultural practices, and forest stand development, as well as research and development of innovative forest management procedures.

Tree and Seedling Nurseries – The objectives of these programs are: 1) to produce and sell at cost to the state's landowners a wide variety of forest tree seedlings and Christmas tree species for forest regeneration, 2) wetlands mitigation and research, and 3) to administer the Division's forest tree genetics activities.

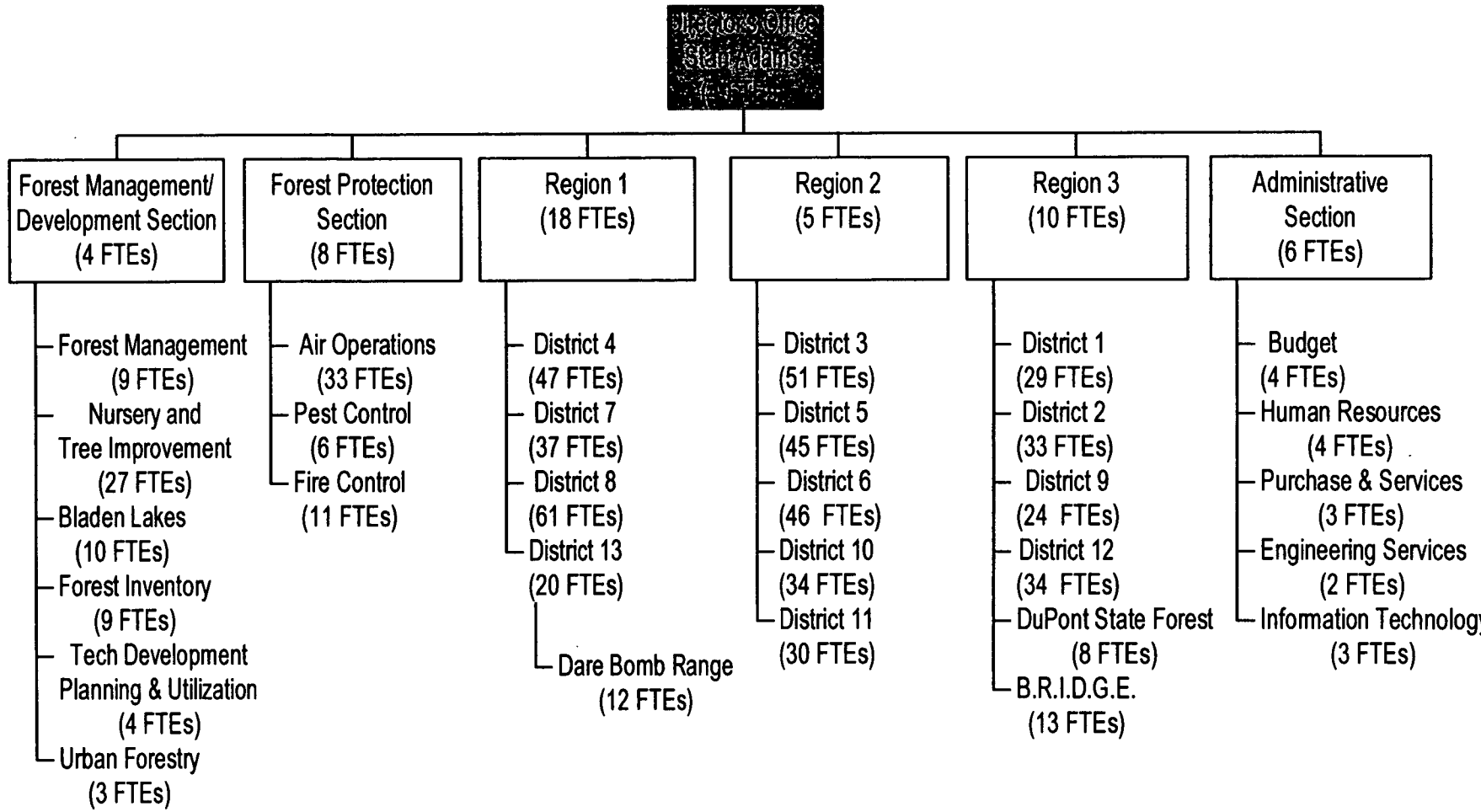
B.R.I.D.G.E. Program - The Young Offenders Forest Conservation Program is a cooperative effort with the Division of Prisons to train and utilize non-violent young inmates in protecting and managing the forest resources of the state.

Urban Forestry – The Urban and Community Forestry Program promotes optimum forest resource management in NC communities by offering technical assistance, educational opportunities and program support to municipalities, organizations, agencies and industries.

Insect and Disease Control – The Division has primary responsibility for monitoring and taking appropriate control action on outbreaks of pests and disease that are harmful to North Carolina forests.

DIVISION OF FOREST RESOURCES
DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES

ORGANIZATIONAL CHART



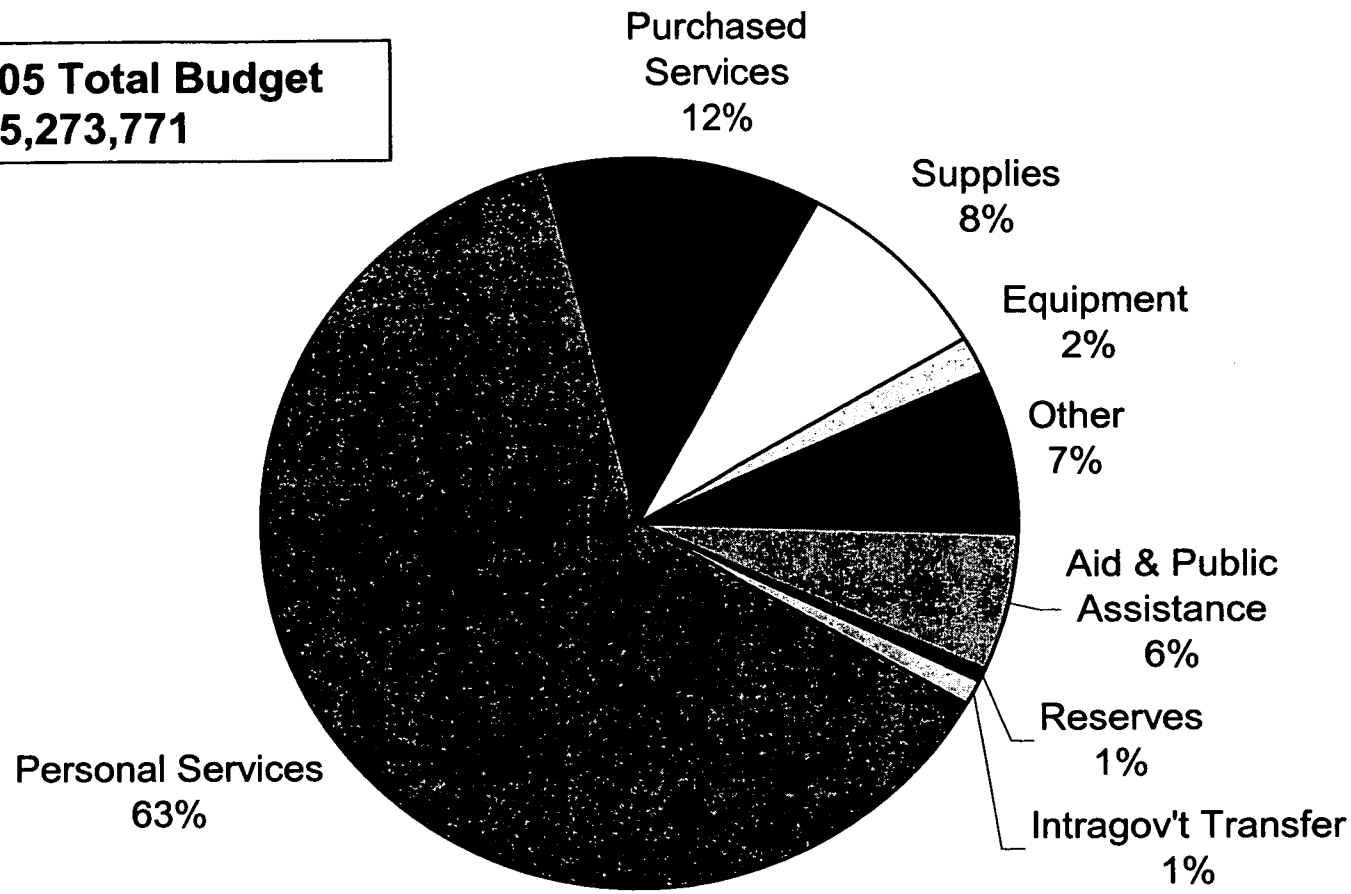
Department of Environment and Natural Resources

Division of Forest Resources					
	2002-2003 Actual	2003-2004 Actual	2004-2005 Authorized	Governor's 2005-2006 Recom'd Biennial Cont. Budget	Governor's 2006-2007 Recom'd Biennial Cont. Budget
Expenditures	47,754,813	63,134,644	55,273,771	59,029,740	59,441,939
Less Receipts	(21,820,574)	(32,200,289)	(20,066,015)	(20,625,270)	(20,615,835)
Cash Balance +/-	(148,818)	(245,976)	0	0	0
State Appropriations	*25,785,421*	*30,688,379*	*35,207,756*	*38,404,470*	*38,826,104*
Positions	690.9	707.9	707.9	707.9	707.9

DIVISION OF FOREST RESOURCES
DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES

FY 2004-05 AUTHORIZED BUDGET BY EXPENDITURE TYPE

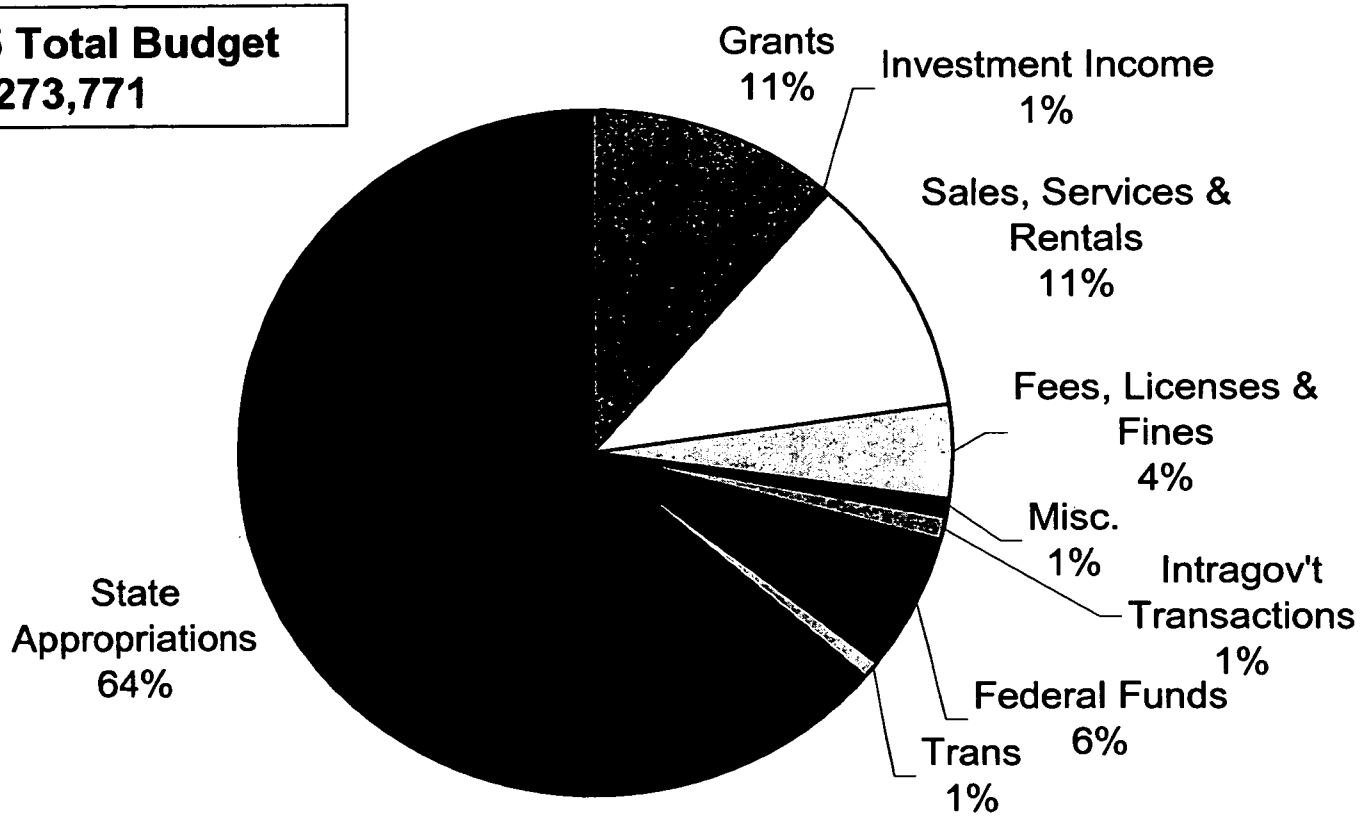
FY 2004-05 Total Budget
$55,273,771



DIVISION OF FOREST RESOURCES
DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES

FY 2004-05 AUTHORIZED FUND SOURCES

FY 2004-05 Total Budget
$55,273,771



DIVISION OF FOREST RESOURCES
DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES

SUMMARY OF BUDGET ACTIONS FOR THE 2003-05 BIENNIUM

EXPANSION AND/OR CAPITAL IMPROVEMENTS	2003-04	2004-05
Establish 4.0 new positions		$105,101 R
❖ Assistant County Ranger-- Greene $34,584		
❖ Assistant County Ranger-- Anson $31,924		
❖ Assistant County Ranger--Camden $13,136		
❖ Forest Fire Equip. Operator—Haywood $25,457		
Allows for the establishment of 7.0 time-limited receipt supported positions		
❖ Application Analyst Prog. II (1.0) $61,426		
❖ Computer Consultant II (2.0) $103,820		
❖ Forester III (4.0) $174,428		

REDUCTIONS				
1. Reduce operating support	($217,449)	R	($217,449)	R
2. Reduce funding for equipment and vehicles	($1,520,287)	NR		
3. Shift Bladen Lake operating support to receipts	($100,000)	NR		
4. Reduce holiday pay	($31,544)	NR		
5. Reduce funding for autos and tractors	($40,000)	R	($40,000)	R
6. Reduce operating support for equipment			($317,492)	R

DIVISION OF FOREST RESOURCES
DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES

PROPOSED RECOMMENDATIONS FOR THE 2005-07 BIENNIUM

CONTINUATION BUDGET ITEMS	2005-06		2006-07	
Increase for purchase of trucks, aircraft and tractors	$3,405,676		$3,645,783	
EXPANSION AND/OR CAPITAL IMPROVEMENTS				
Establish 3.0 new Forestry Pilot II positions for fire suppression	$248,257 (3.0)	R	$298,369 (3.0)	R
Establish 3.0 new Water Quality Forester positions	$99,659 (3.0)	R	$132,879 (3.0)	R

DIVISION OF PARKS AND RECREATION
DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES

PROGRAM OVERVIEW

Division Mission:

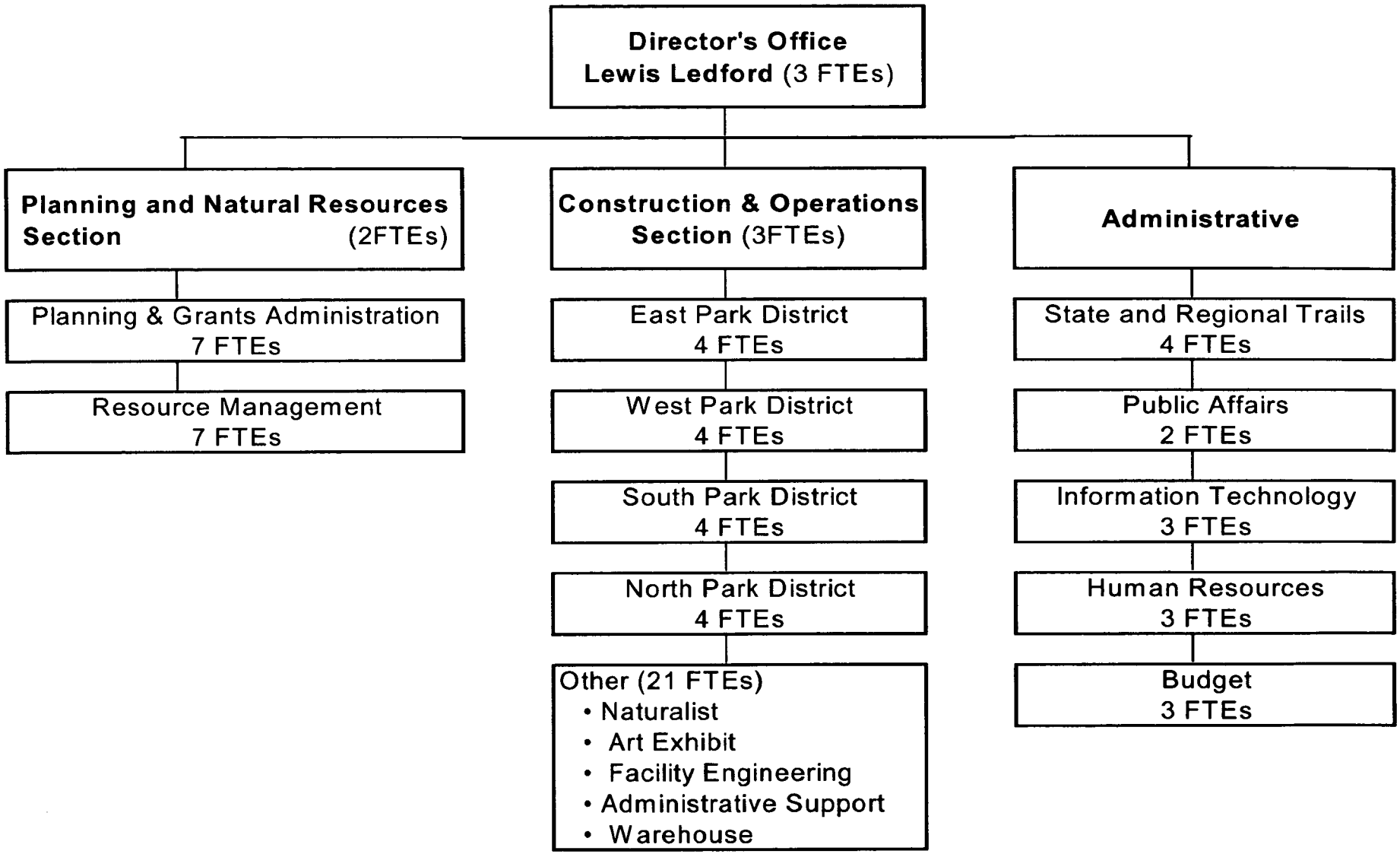
The Division of Parks and Recreation is responsible for protecting high quality examples of the state's natural resources and for promoting the outdoor recreational opportunities throughout the state.

Division Activities:

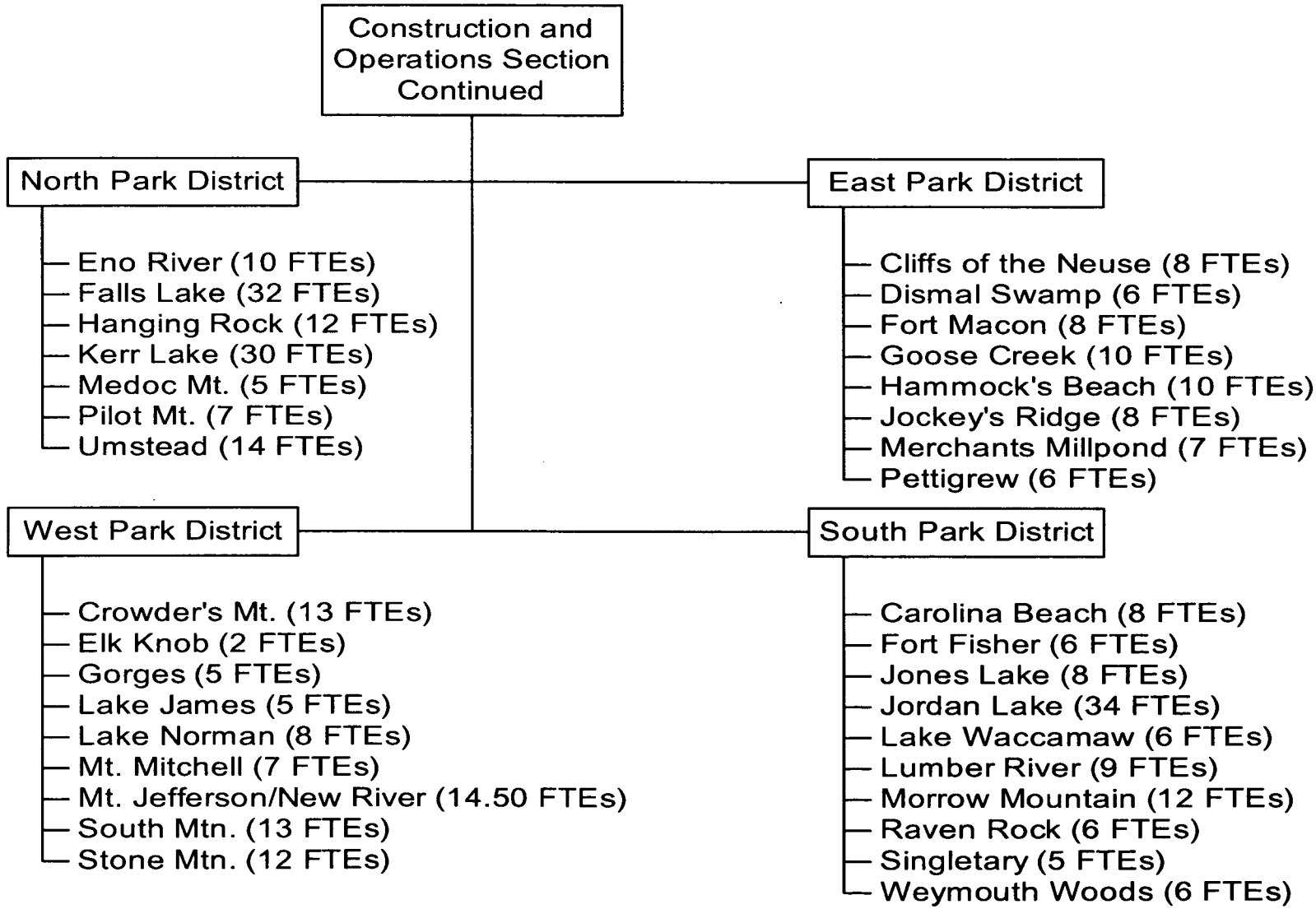
- Manages 61 statewide units in the State Parks System, 34 of which are operated by permanent staff.
- Provides regional and local parks and recreation providers with training, technical assistance, and support for planning and design.
- Provides staff support to the administering board of the Parks and Recreation Trust Fund.

DIVISION OF PARKS AND RECREATION

ORGANIZATIONAL CHART



ORGANIZATIONAL CHART CONTINUED



Department of Environment and Natural Resources

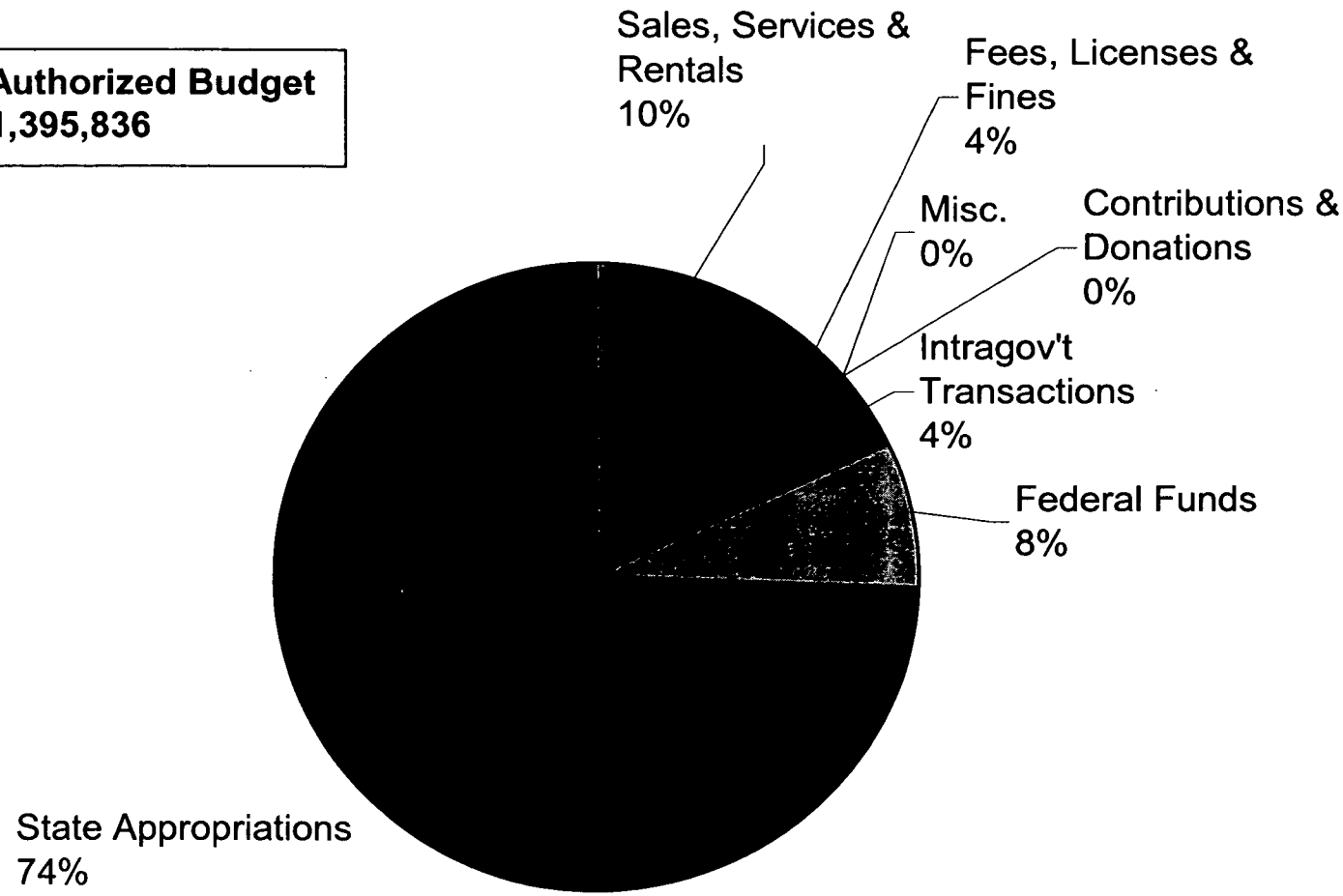
Division of Parks and Recreation

	2002-2003 Actual	2003-2004 Actual	2004-2005 Authorized	Governor's 2005-2006 Recommended Cont. Budget	Governor's 2006-2007 Recommended Cont. Budget
Expenditures	30,716,923	35,629,149	31,395,836	34,986,570	35,306,853
Less Receipts	(12,431,648)	(16,070,403)	(8,063,013)	(8,063,013)	(8,063,013)
State Appropriations	*18,285,275*	*19,558,746*	*23,332,823*	*26,923,557*	*27,243,840*
Positions	402.5	412.5	422.5	443.5	455.5

DIVISION OF PARKS AND RECREATION
DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES

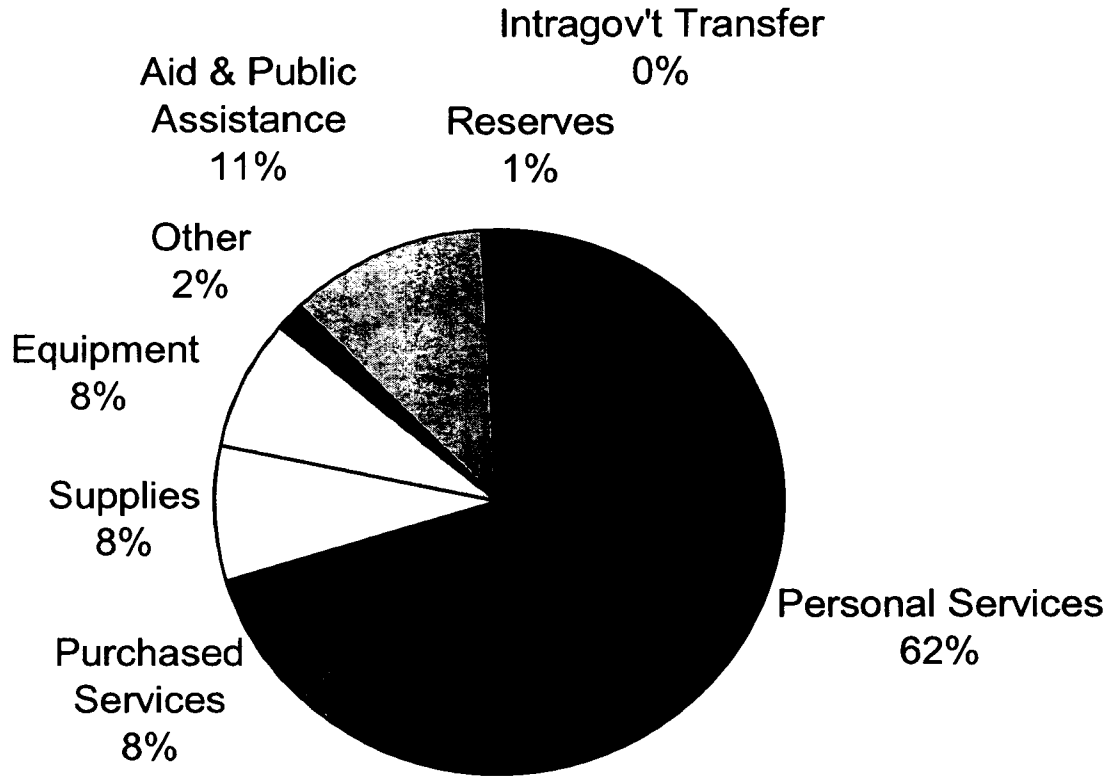
FY 2004-05 AUTHORIZED FUND SOURCES

FY 2004-05 Authorized Budget
$31,395,836



DIVISION OF PARKS AND RECREATION
DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES

FY 2004-05 AUTHORIZED BUDGET BY EXPENDITURE TYPE



FY 2004-05 Authorized Budget
$31,395,836

DIVISION OF PARKS AND RECREATION
DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES

SUMMARY OF BUDGET ACTIONS FOR THE 2003-05 BIENNIUM

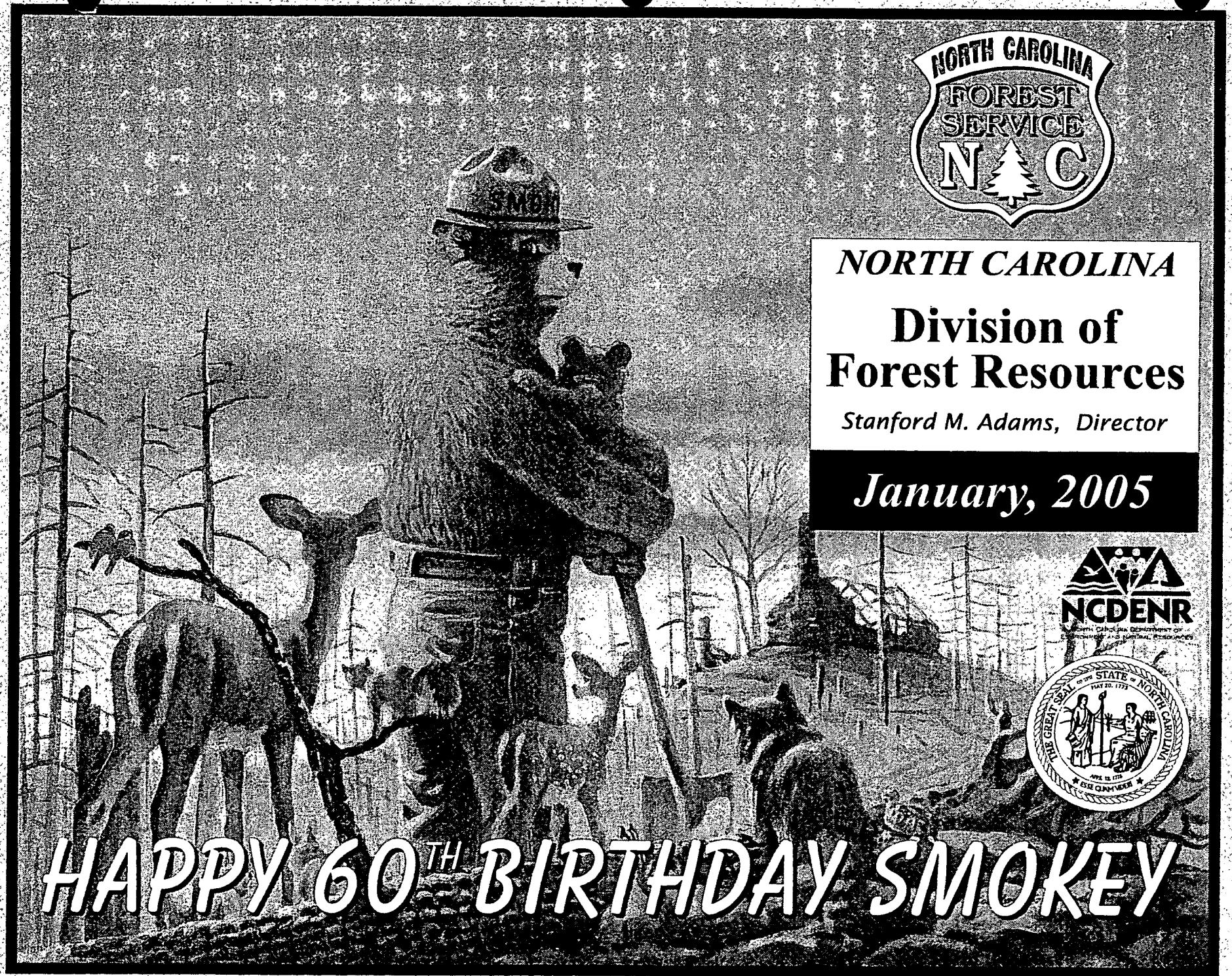
EXPANSION AND/OR CAPITAL IMPROVEMENTS	2003-04	2004-05
1. Appropriation to Action Greensboro for the design and construction of City Center Park		$500,000 R
REDUCTIONS		
1. Establish a vehicle access fee at Ft. Fisher	($36,857) R	($36,857) R
2. Increase State Park Fees effective January 1, 2004	($233,246) R	($438,177) R
3. Eliminate 1.0 vacant position Personnel Assistant ($31,305)	($31,305) R (1.0)	($31,305) R (1.0)
4. Reduce operating support	($86,462) NR	
6. Reduce seasonal staff	($144,000) R	($144,000) R
7. Reduce operating support for seasonal employees, excluding life guards		($246,203) R

DIVISION OF PARKS AND RECREATION
DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES
PROPOSED RECOMMENDATIONS FOR THE 2005-07 BIENNIUM

CONTINUATION BUDGET ITEMS	2005-06	2006-07
Increase for Operating Reserve for positions	$3,200,000 (21.0)	$3,500,000 (33.0)

EXPANSION AND/OR CAPITAL IMPROVEMENTS

None to Report

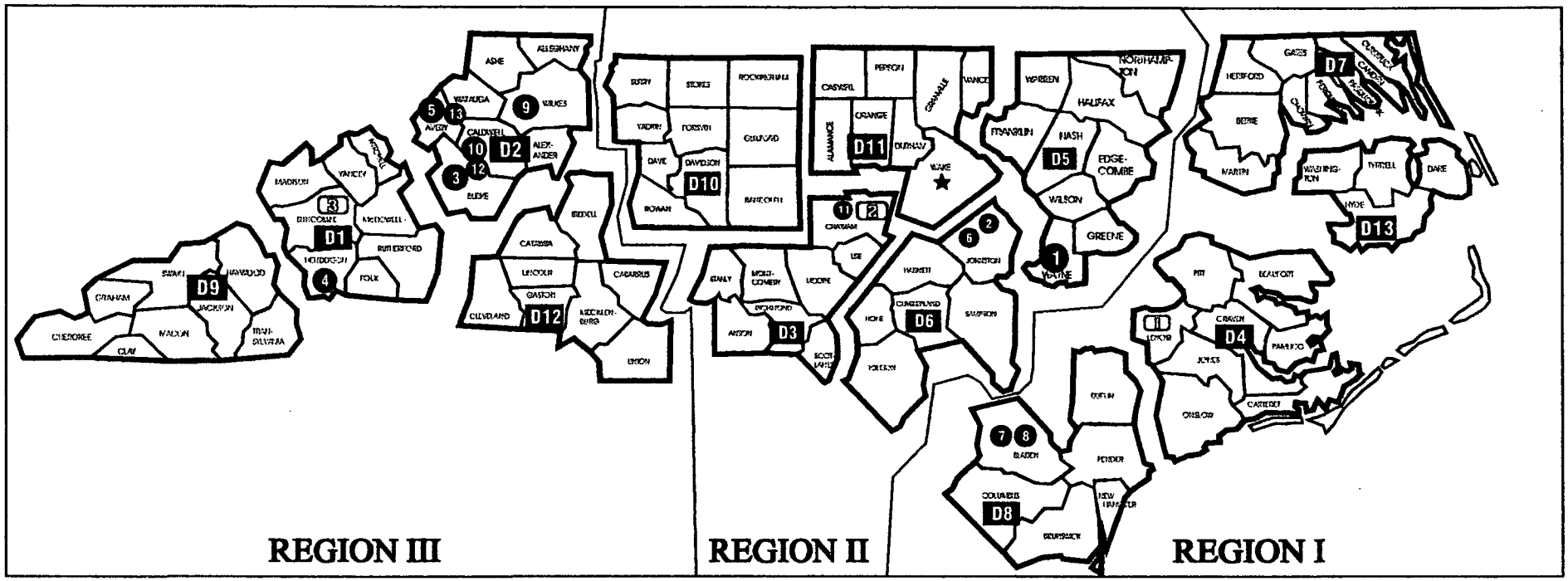


Attachment 3

North Carolina Division of Forest Resources

N. C. Department of Environment and Natural Resources

www.dfr.state.nc.us



Central Office

Raleigh N.C.

(919) 733-2162

Regional Offices

1	Kinston	(252) 520-2402
2	Jordan Lake	(919) 542-1515
3	Asheville	(828) 251-6509

District Offices

D1	Asheville	(828) 667-5211
D2	Lenoir	(828) 757-5611
D3	Rockingham	(910) 997-9220
D4	New Bern	(252) 514-4764
D5	Rocky Mount	(252) 442-1626
D6	Fayetteville	(910) 437-2620
D7	Elizabeth City	(252) 331-4781
D8	Whiteville	(910) 642-5093
D9	Sylva	(828) 586-4007
D10	Lexington	(336) 956-2111
D11	Hillsborough	(919) 732-8105
D12	Mt. Holly	(704) 827-7576
D13	Fairfield	(252) 926-3041

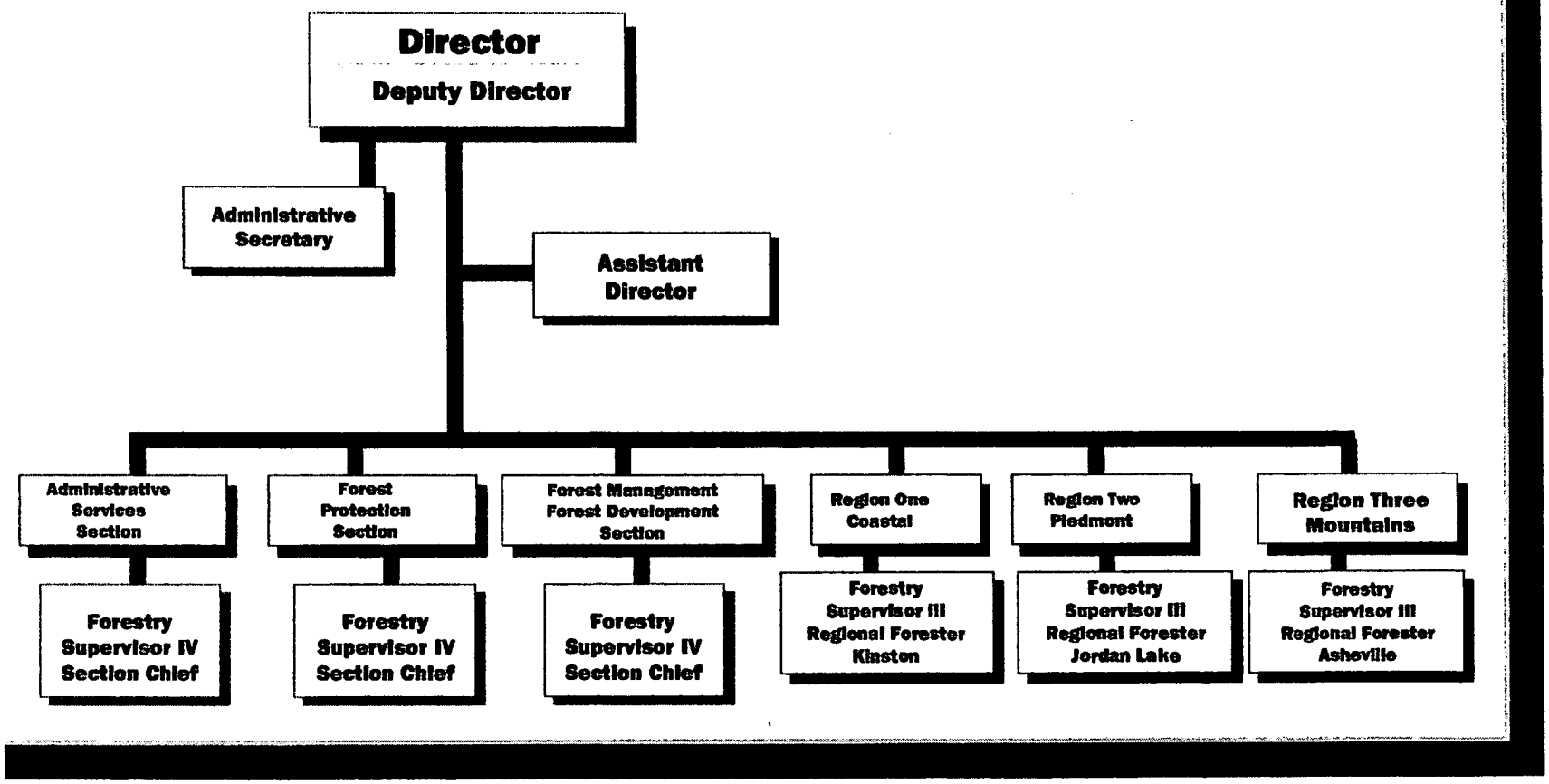
Other Offices

1	Goldsboro Forestry Center	(919) 731-7988
2	Griffiths Forestry Center	(919) 553-6178
3	Morganton Forestry Center	(828) 438-6270
4	Holmes Educational State Forest	(828) 692-0100
5	Gill State Forest- Crossnore	(828) 733-5236
	Mountain Training Facility	(828) 733-4242
6	Clemmons Educational State Forest	(919) 553-5651
7	Bladen Lakes State Forest	(910) 588-4964
8	Turnbull Creek Educational State Forest	(910) 588-4161
9	Rendezvous Mt. Educational State Forest	(336) 667-5072
10	Tuttle Educational State Forest	(704) 757-5608
11	Jordan Lake Educational State Forest	(919) 542-1154
12	BRIDGE I (Morganton)	(828) 438-6267
13	BRIDGE II (Crossnore)	(828) 765-5745

01-11/98

N.C. Division of Forest Resources

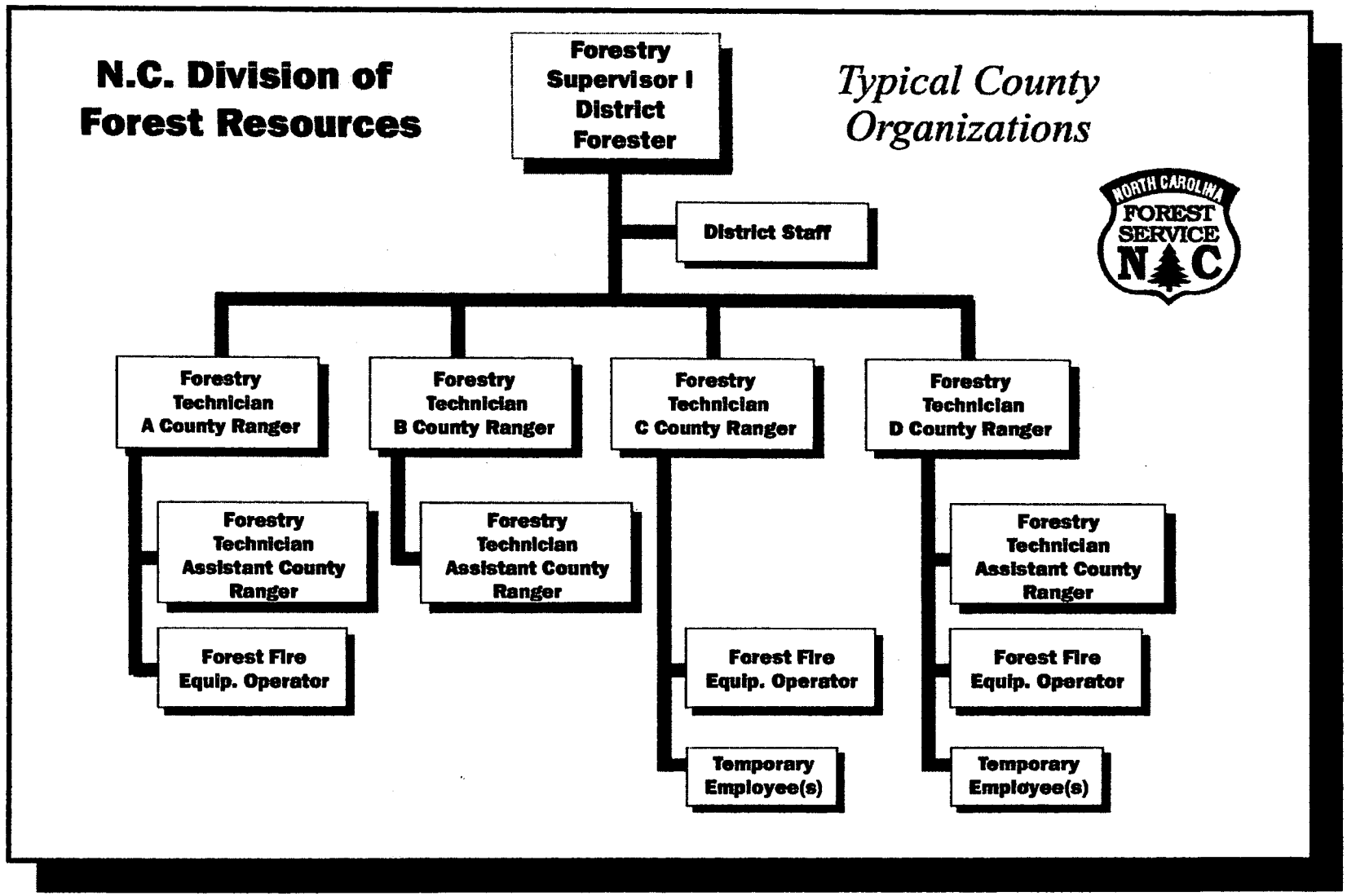
Director's Office



05 -8/98

N.C. Division of Forest Resources

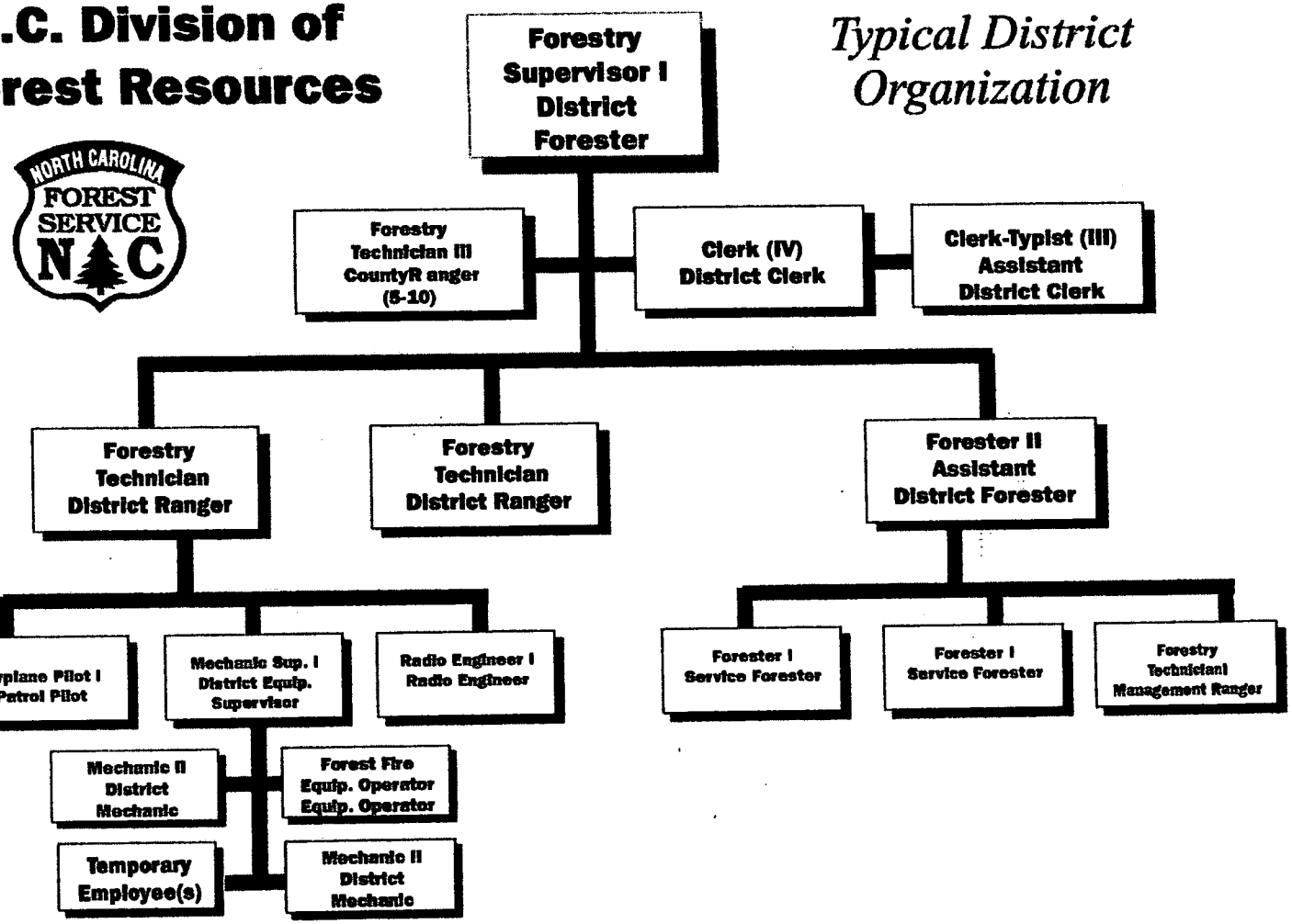
Typical County Organizations



22 -11/2000

N.C. Division of Forest Resources

Typical District Organization



Fiscal Year 2004-2005 - Authorized Budget

FUND	PROGRAM TITLE	APPROPRIATION	RECEIPTS	TOTAL
1210	Forestry Field Operations	33,880,144	20,640,235	54,520,379
1230	Dare Bomb Range	0	1,184,885	1,184,885
1235	Young Offenders Program	804,167	6,600	810,767
1255	Forest Stewardship	0	427,527	427,527
1260	Forest Tree Improvement	472,266	68,800	541,066
2221	Bladen Lakes State Forest	0	448,702	448,702
2222	Nursery	0	1,918,373	1,918,373
2251	Forest Development	0	3,304,059	3,304,059
2786	Hurricane Frances	0	116,286	116,286
2791	Hurricane Isabel	0	71,946	71,946
2797	Hurricane Ivan	0	159,698	159,6981
		$35,156,577	$28,347,111	$63,503,688
		55%	45%	100%

Receipt Breakdown

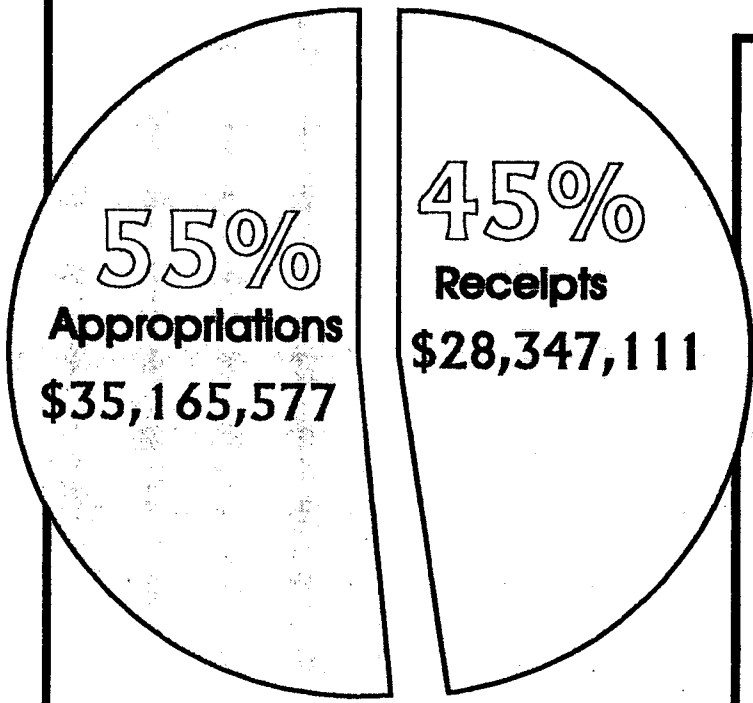
Federal-U.S. Forest Service	*$7,702,960*	*27%*
Federal-Military (DBR)	*$1,184,885*	*4%*
County Cooperatives	*$5,803,640*	*21%*
Grants: Clean Water Management Trust	*$4,340,100*	*15%*
Disaster Funds from Crime Control	*$347,930*	*1%*
Other: (Forest Dev., Sale of Forestry Prod., Cust. Services)	*$8,967,596*	*32%*
	$28,347,111= 100%	

NORTH CAROLINA FOREST SERVICE NC

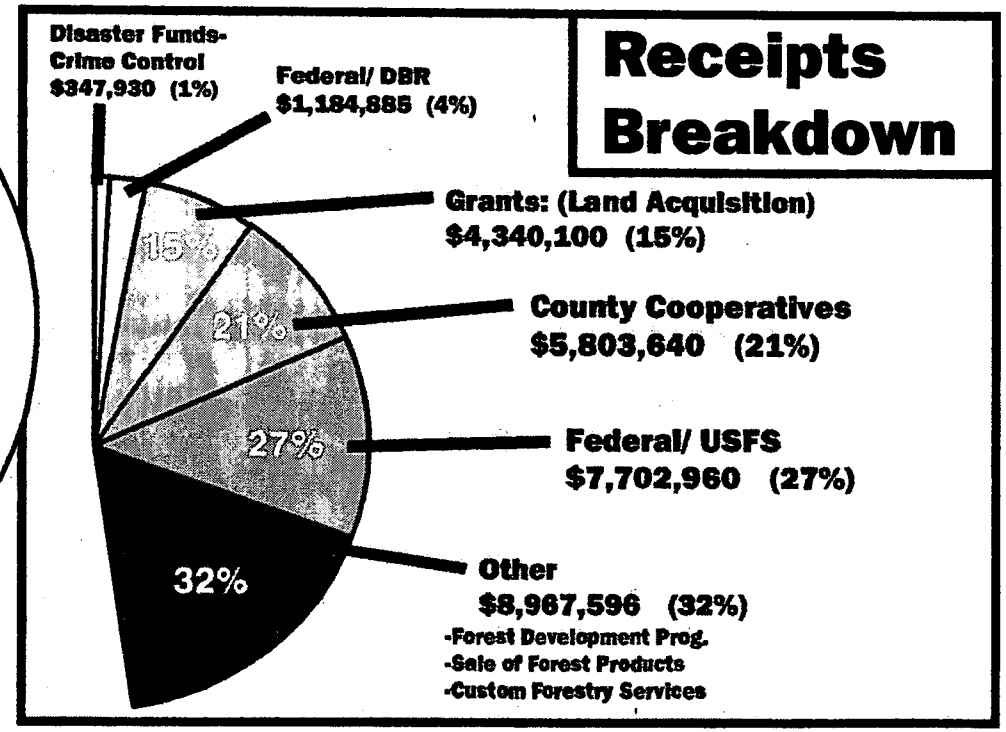
03-1/2005

N. C. Division of Forest Resources

BUDGET BY FUNDING SOURCES



Total=$63,503,688



Fiscal Year 2004-2005 • Authorized Budget

04-1/2003

NORTH CAROLINA DIVISION OF FOREST RESOURCES

MISSION STATEMENT

To develop, protect, and manage the multiple resources of North Carolina's forests through professional stewardship, enhancing the quality of life for our citizens while ensuring the continuity of these vital resources.

OVERVIEW

North Carolina's 18.3 million acres of forestland is one of the greatest influences on the state, providing great economic and environmental value and adding immeasurably to the quality of life for its citizens. The Division of Forest Resources' primary purpose is to ensure adequate and quality forest resources for the state to meet present and future needs.

Forestry is the second largest manufacturing industry in the State, contributing over $19 billion annually to the State's economy and providing 136,000 jobs for North Carolinians (Source: *Forests and the North Carolina Economy, Jahn, L.G., 2002, NC Cooperative Extension Service*). The Division of Forest Resources is mandated and directed by Chapters 77, 113 and 143 of the North Carolina General Statutes and by Title 15, Chapter 9 of the North Carolina Administrative Code to protect, manage and conserve the forest resources of the state. The processes used to accomplish this mandate involve management of existing resources, development and creation of new and better forests, and protection of these valuable resources.

The primary emphasis in conducting the programs under these objectives is directed at the 664,000 forest landowners who collectively own 11.4 million acres (75%) of the state's 15.3 million acres of privately owned forest land. Some 454,000 owners of less than 10 acres each control 1 million acres while 210,000 owners of 10 or more acres each control 10.54 million acres (Source: USDA Forest Service Resource Bulletin NE-138, by T. W. Birch, 1997 and USDA Forest Service Resource Bulletin SRS-88, by M.J. Brown, 2002).

The Division of Forest Resources is directly involved with forest management assistance to private landowners, reforestation services, forest fire prevention and suppression, and insect and disease control programs. The Division also is involved in the operation of tree seedling nurseries, long range forestry planning and technical development, water quality compliance inspections of forestry operations, urban forestry assistance, training, and support to volunteer fire departments and forestry education.

There are 707 full-time, permanent positions and approximately 200 seasonal positions in the Division. All but about 50 of these are located outside Raleigh to optimize service delivery.

The Division's annual operating budget exceeds $50 million dollars. It is quite complex and made up of over 300 individual budgets in 13 different funds.

The Division's mandate is to protect, manage and conserve North Carolina's forest resources efficiently and effectively The Division is organized as follows:

- Director's Office -- Deputy Director and Assistant Director (Raleigh);
- Three Sections -- Administrative Services, Forest Protection and Forest Management/ Forest Development (Raleigh);
- Three Regional Offices -- Coastal (Kinston), Piedmont (Jordan Lake) and Mountain (Asheville);
- 13 Districts headquartered at Asheville, Lenoir, Rockingham, New Bern, Rocky Mount, Fayetteville, Elizabeth City, Whiteville, Sylva, Lexington, Hillsborough, Mount Holly and Fairfield; and
- County Forest Ranger and staff (if any) in each county.

Each county signs an agreement with the Division and shares in the cost of the county program. The county share varies from 25 to 40% depending on the tax base of the county. All personnel employed in the counties are state employees; however, the county board of commissioners are consulted in the selection of the county ranger.

The county ranger is responsible for carrying out all Division programs within his or her county. The county ranger is a forest technician who has completed either a two-year forest technician course at a technical school and/or a comparable in-service training program administered by the Division.

Professional assistance in technical areas is provided by foresters and specialists on the district staff who are responsible for managing all programs administered by the counties within that district.

The purposes and responsibilities of the Division's various programs are described in the next section of this book.

Forestry Council

The Governor's Task Force on Forest Sustainability recommended that the Forestry Advisory Council be reconstituted, and this recommendation was enacted into law by the 1996 Short Session of the General Assembly.

The Forestry Council has 18 members and meets annually in October and at least three other times a year and may hold special meetings at any time and place within the state at the call of the chairperson or upon the written request of at least a majority of the members. The Governor designates one member of the Council to serve as chairperson at the pleasure of the Governor.

The Council has the following functions and duties:

(1) To advise the Secretary of Environment and Natural Resources with respect to all matters concerning the protection, management, and preservation of state-owned, privately-owned and municipal-owned forests in the State, including but not limited to:

  (a) profitable use of the State's forests consistent with the principles of sustained productivity;
  (b) Best Management Practices (BMPs) including those for protection of soil, water, wildlife and wildlife habitat, to be used in managing the State's forests and their resources, such recommendations to be developed with the assistance of appropriate technical committees; and
  (c) restoration of forest ecosystems and protection of rare and endangered species occurring in the State's private forests consistent with principles of private ownership of land.

(2) To maintain oversight of a continued monitoring and planning process, to provide a long-range, comprehensive plan for the use, management and sustainability of North Carolina's forest resources and report regularly on progress made toward meeting the objectives of the plan;

(3) To undertake such other studies and reports that the Secretary of Environment and Natural Resources may direct, and advise upon any matter the Secretary may refer to it; and

(4) To provide a forum for the identification, discussion, and development of recommendations for the resolution of conflicts in the management of North Carolina's forests.

Department of Environment and Natural Resources

Division of Forest Resources

NC FORESTRY COUNCIL

NAME & ADDRESS	REPRESENTS	TERM EXPIRES	APPOINTMENT
Mr. Bob Emory Weyerhaeuser Company PO Box 1391 New Bern, NC 28563	Category 1/ Registered Forester/ Forest Products Industry	June 30, 2005	House Speaker
Mr. Keith McCollum 704 Scotland Avenue Rockingham, NC 28379	Category 1/ Registered Forester/ Forest Products Industry	June 30, 2005	Governor
Mr. R. E. Newton 144 Nottingham Drive Forest City, NC 28043	Category 1/ Registered Forester/ Forest Products Industry	June 30, 2005	President Pro Tempore
Mr. J. Wilson Jones J.W. Jones Lumber Company, Inc. 1443 Northside Road Elizabeth City, NC 27909	Category 2/ Secondary Wood-using	June 30, 2007	President Pro Tempore
Michelle Cook 4325 Lake Boone Trail Raleigh, NC 27607	Category 3/ Logging Industry	June 30, 2007	House Speaker
Mr. Billy Mintz 6048 Kington Road NE Ashe, NC 28420	Category 4/ Non-Industrial Coastal Plain	June 30, 2005	President Pro Tempore

Mr. John F. Lentz P.O. Box 527 Ellerbe, N.C. 28338	Category 4/ Non-industrial Woodland Owner	June 30, 2005	Governor
Mr. Luther (Junior) Anderson Jr. PO Box 231 Jefferson, NC 28640	Category 4/ Non-industrial Woodland Owner	June 30, 2005	Governor
Dr. Larry A. Nielsen NCSU - Natural Resource Department 2028 Biltmore Hall, Box 8001 Raleigh, NC 27695	Category 4/ Non-industrial Woodland Owner	June 30, 2005	House Speaker
VACANT	Category 5/ Environmental/ Wildlife	June 30, 2005	President Pro Tempore
Dale Mosteller 878 Mountain Core Road Waynesville, NC 28786	Category 5/ Environmental/ Wildlife	June 30, 2005	Governor
Rep. Charles "Munroe" Buchanan 2919 Poplar Creek Road Green Mountain, NC 28740	Category 5/ Environmental/ Wildlife	June 30, 2005	House Speaker
Mr. Allen L. Plaster 2007 Williamson Drive New Bern, NC 28740	Category 6/ Consulting Forester	June 30, 2007	Governor
Dr. Frederick W. Cubbage NCSU Dept. of Forestry 1025 Kingsway Drive Apex, NC 27502	Category 7/ Forestry Scientist	June 30, 2006	Governor

Dr. Daniel Richter School of the Environment Duke University PO Box 90328 Durham, NC 27708-0328	Category 7/ Forestry Scientist	June 30, 2007	Governor
Mr. Dale Cable 68 Looking Glass Lane Murphy, NC 28906	Category 8/ Banking Institution	June 30, 2007	Governor
Mr. Donald B. McSween II 701 Tuckaseegee Road Charlotte, NC 28208	Category 9/ Urban Forestry	June 30, 2007	Governor
Mr. Paul D. Hughes Route 4 Box 836 Marion, NC 28752	Category 10/ City/Regional Planning	June 30, 2007	Governor

Division Staff to Council – 919/733-2162
Stan Adams, Director ext. 202
Dianne Beasley, Assistant Director ext. 203
Renee Hall, Secretary ext. 201

Forest Protection Program

- **Forest Fire Prevention and Suppression**
- **Educational State Forests**
- **Young Offenders Forest Conservation Program (BRIDGE)**
- **Smoke Management**
- **Training and Support to V.F.D.'s**
- **Forest Pest and Disease Control**
- **Information and Education**
- **Aviation**

Statutory Authority: General Statutes Chapter 77, 13, 143
N.C. Administration Code: Title 15, Chapter 9

Forest Fire Protection Program

NORTH CAROLINA FOREST SERVICE NC

Program Objective:

To protect the state's 18.3 million acres of commercial forest land from wildfire.

Fire Statistics

Year	No. of Fires	Acres Burned
1984	3,567	19,771
1985*	7,313	162,564
1986*	5,567	113,481
1987	3,844	17,814
1988	4,549	23,815
1989	2,642	14,442
1990	3,979	26,134
1991	5,000	24,668
1992	5,625	23,952
1993	4,701	25,304
1994	5,721	26,625
1995	5,286	21,253
1996	4,264	15,960
1997	4,539	16,274
1998	4,317	15,699
1999	6,244	28,298
2000	4,949	25,146
2001	8,128	28,691
2002	5,618	28,215
2003	1,994	5,841
2004	4,326	14,644

* severe spring droughts

07 -1/2005

Landowner Hazard Reduction Prescribed Burning Program

Program Objective:

To encourage forest landowners to prescribe burn their forest land in an effort to reduce the losses from forest fires.

Hazard Reduction Burning By DFR Personnel

Year	*Acres Burned*
1993	*107,968*
1994	*93,201*
1995	*98,948*
1996	*142,989*
1997	*128,344*
1998	*75,633*
1999	*69,864*
2000	*54,623*
2001	*58,614*
2002	*20,469*
2003	*11,996*
2004	*14,644*

08 -1/2005

Wildland/ Urban Interface Program

Program Objective:

To expand wildfire protection to include residential and other urban settings located within forested areas.

(No data before 1998)

Property Saved

Structures Threatened & Saved	Estimated Value
1,813	$107,800,961
2,896	$208,135,445
2,027	$232,296,210
5,145	$384,112,370
3,959	$289,062,220
1,195	$112,195,283
4,399	$411,886,104

Property Loss

Year	Homes	Other Structures
1988	3	56
1989	1	28
1990	8	126
1991	5	44
1992	20	73
1993	9	79
1994	8	119
1995	3	120
1996	13	131
1997	4	90
1998	31	328
1999	27	275
2000	33	311
2001	69	562
2002	22	322
2003	18	135
2004	36	286

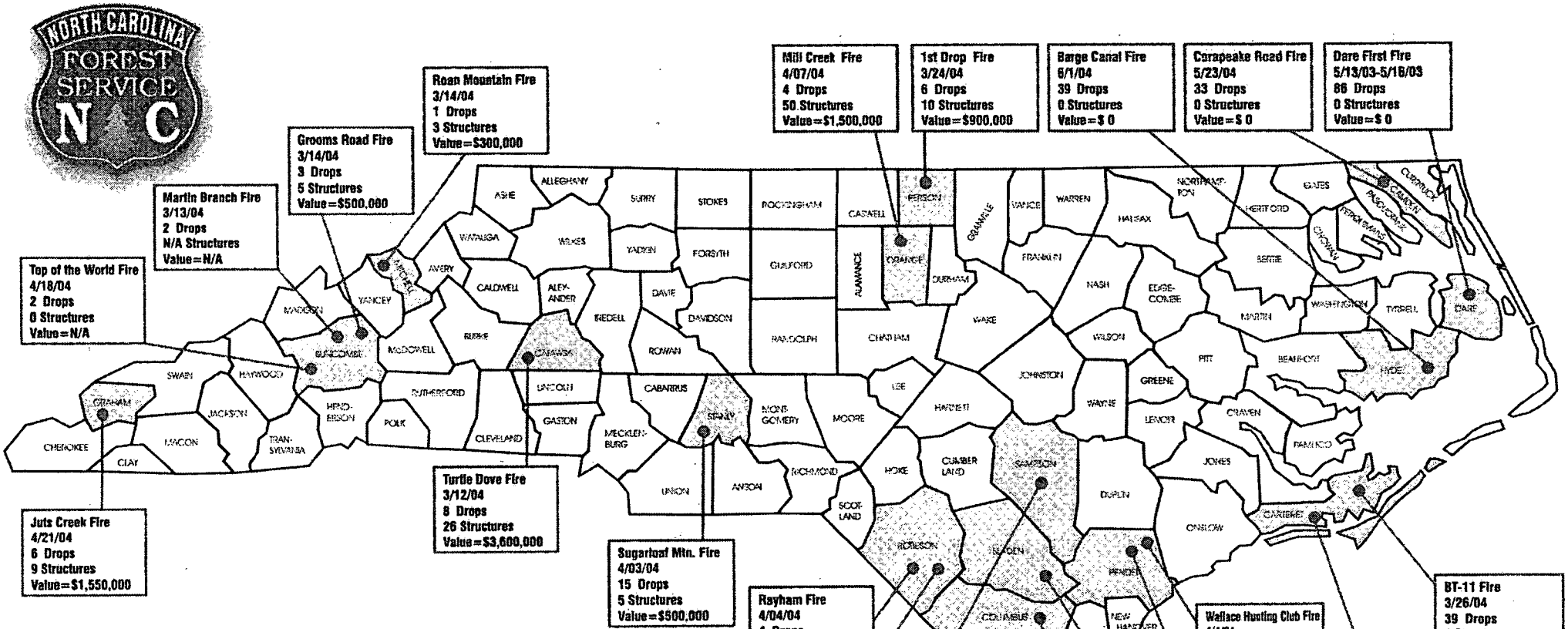
Law Enforcement Program

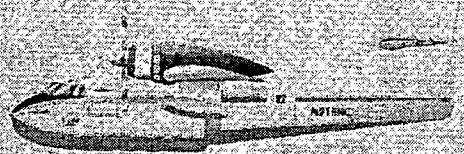
Program Objective:

To enforce the forest protection laws of the state with special emphasis on aggressive prosecution of woods arson.

Year	Warning Tickets	Court Cases	Total LE Actions
1990	1,028	116	1,144
1991	1,614	149	1,763
1992	2,069	147	2,216
1993	1,246	106	1,352
1994	1,751	208	1,959
1995	1,587	185	1,772
1996	1,529	121	1,650
1997	1,351	157	1,508
1998	2,591	177	2,768
1999	1,674	144	1,818
2000	1,747	137	1884
2001	2,057	126	2,183
2002	1,854	145	1,999
2003	772	39	811
2004	1798	98	1896

North Carolina Division of Forest Resources
North Carolina's Tanker 215 (Super Scooper) Actions in 2003-2004





Fire Name
Date
Number of Drops
Structures Involved
Value Threatened/Saved

Total Drops:	**194**
Total Structures Saved:	**146**
Value Saved:	**$11,755,000.00**

Educational State Forest Program

Program Objective:

To educate the public on the value and the importance of good forest management to North Carolina, with special emphasis on ranger conducted programs for school groups.

Educational State Forest Statistics

Fiscal Year	Attendance	Programs	Program Students
1993-94	138,421	3,246	103,392
1994-95	147,165	3,332	114,493
1995-96	154,466	3,034	41,693*
1996-97	121,366	2,152	33,850
1997-98	133,947	1,825	26,020
1998-99	151,636	1,884	26,977
1999-00	155,567	1,914	24,448
2000-01	162,786	2,171	29,502
2002-02	162,544	2,227	26,700
2002-03	160,667	2,091	29,744
2003-04	160,821	1,960	25,338

*Method of accumulating statistics changed

Forest Insect & Disease Control Program

Program Objective:

To minimize damage to North Carolina forests from insects and disease.

	Acres Surveyed	Acres Evaluated
1994	5,367,000	4,342,670
1995	2,094,918	19,407,860
1996	8,526,700	14,896,641
1997	1,440,000	23,301,240
1998	6,451,000	3,210,000
1999	1,817,000	2,777,000
2000	8,800,800	6,176,000
2001	9,109,600	6,562,000
2002	10,808,000	8,685,000
2003	17,300,000	7,900,000
2004	16,111,000	4,028,000

Young Offenders Forest Conservation Program

Program Objective:

To provide well-trained and equipped mountain firefighting crews and provide rehabilitation opportunities for minimum custody inmates.

FY	# of Crewmen	Man-Hours	$ Savings
1994-95	300	140,917	686,975 (1)
1995-96	300	135,546	660,789 (1)
1996-97	230	141,207	917,845 (2)
1997-98	214	143,263	931,209 (2)
1998-99	196	129,426	841,269 (2)
1999-00	177	122,425	994,091 (3)
2000-01	168	114,394	1,070,728 (4)
2001-02	182	103,283	999,770 (5)
2002-03	103	61,250	601,475 (5)
2003-04	134	86,783	864,435 (5)

Rate/hour use to calculate $ savings

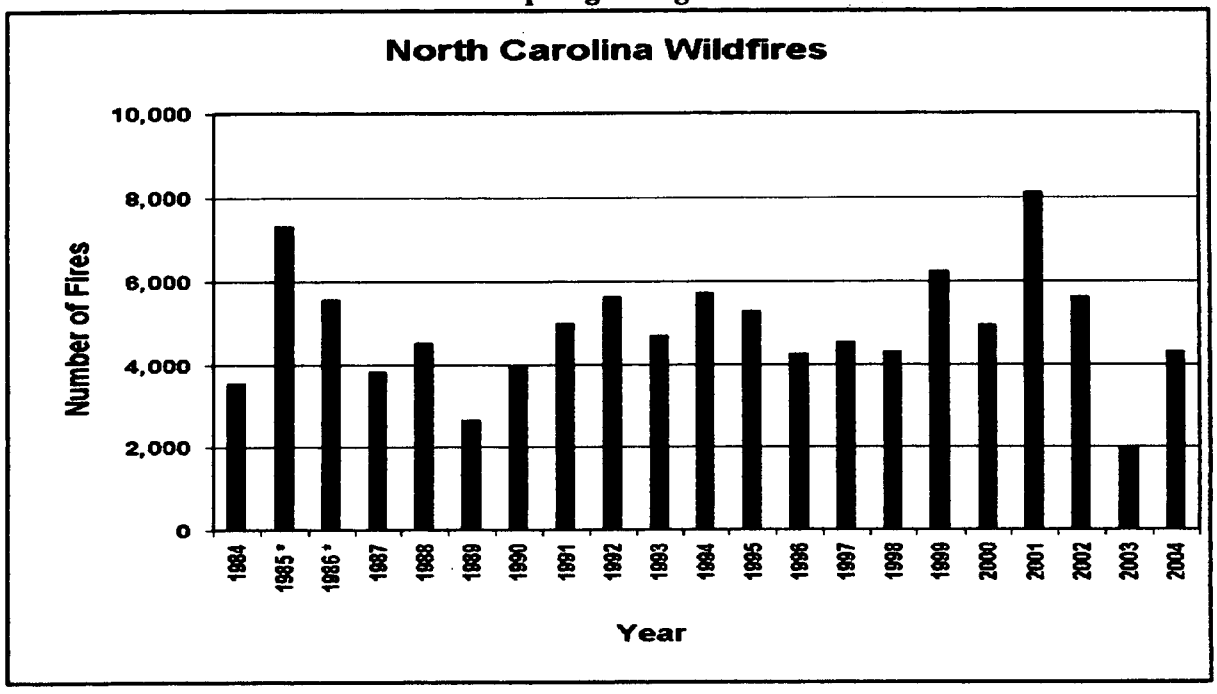
(1) $5.08/hour
(2) $6.50/hour
(3) $8.12/hour
(4) $9.36/hour
(5) $9.68/hour

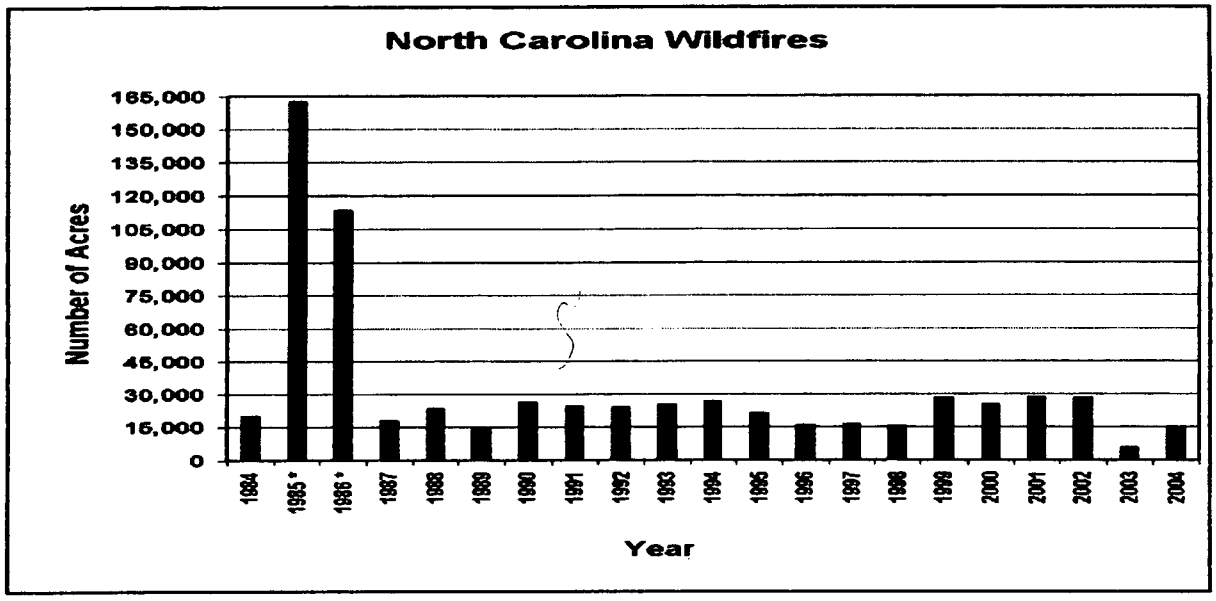
FOREST PROTECTION PROGRAMS

I. FOREST FIRE PROTECTION

The Division of Forest Resources has the responsibility for protecting 18.3 million acres of state and privately owned forestland in North Carolina from forest fires. The program is managed on a cooperative basis with the State's counties. All 100 counties participate in the forest fire protection program. Emphasis in the fire program include fire prevention efforts; presuppression activities (including extensive training of Division and non-Division personnel); aggressive suppression efforts on all wildfires; and law enforcement follow-up.

Wildfire Statistics -
10 year Average: Fires: 5,106 Acres: 21,200
*** Severe spring droughts**





Staff assistance in forest fire control is provided to the field units by the Forest Protection Section Fire Staff, consisting of a Program Head, Senior Staff Forester for Training, Staff Forester for Operations, Staff Forester for Research and Development and a Law Enforcement Staff of four investigators.

1. Training

The Division has a very extensive training program in forest fire protection. The National Interagency Incident Management System (NIIMS) training courses are used in all fire organization and fire behavior training. The Incident Command System (ICS) is used to organize and manage all forest fires and other disaster response. The ICS is an all risk organization designed to organize and manage all natural and man-caused disasters other than wars and civil disturbances. The Division utilizes NWCG (National Wildfire Coordinating Group) courses. NWCG is comprised of all Federal Land Management agencies as well as the states through NASF (National Association of State Foresters). Maintaining a well trained, proficient forest fire control organization is very similar to maintaining a well-trained Army. New personnel are constantly being trained to replace veterans that are retiring or leaving the program due to promotions, transfers, or disability. Veteran fire fighters periodically undergo refresher training in suppression tactics, strategy, organization, and management.

This training and utilization of an all risk incident organization enable the Division to be one of the primary respondents to natural disasters in the state, including hurricanes, tornadoes, blizzards and other emergencies.

2. Smoke Management

Smoke from forestry prescribed burns throughout the state is managed through a Voluntary Smoke Management Program. The volume of fuel that can be burned is determined by atmospheric conditions and by the distance the burn will take place from a smoke sensitive area, such as a major highway or a populated area. All major forest industries participate in the voluntary program by reporting location of proposed burns, size of area to be burned, and tons of fuel per acre. The Division informs cooperators when limits will be exceeded and asks that burns be reduced or postponed.

The Division has the responsibility for regulating the burning of piled debris resulting from land clearing activities in 19 coastal counties. These 19 counties are designated high hazard counties by G.S. 113-60.21

- Beaufort
- Bladen
- Brunswick
- Camden
- Carteret
- Chowan
- Craven
- Currituck
- Dare
- Duplin
- Gates
- Hyde
- Jones
- Onslow
- Pamlico
- Pasquotank
- Perquimans
- Tyrrell
- Washington

These counties contain large areas of organic soil that burns extensively on drained sites during periods of minor drought conditions and causes severe forest fires and intolerable smoke conditions during severe drought conditions.

The Division has also developed a system of organic soil burning cancellations in these 19 counties. If drought conditions become severe, burning is cancelled on organic soils to avoid the severe smoke problems that can result on these type soils during droughts.

In these counties burning is regulated through a special permit system. Smoke from burning operations is managed by varying the amount of material that can be burned depending on the ability of the atmosphere to disperse or transport smoke away from populated areas.

3. Certified Burner Law

In January 2000, North Carolina's Prescribed Burning Law took effect. This law requires landowners and others to receive training in prescribed burning to become a N.C. Certified Burner, and lessen their liability for smoke if they follow certain guidelines while conducting prescribed burns. To date 450+ personnel have been certified as prescribed burners in North Carolina.

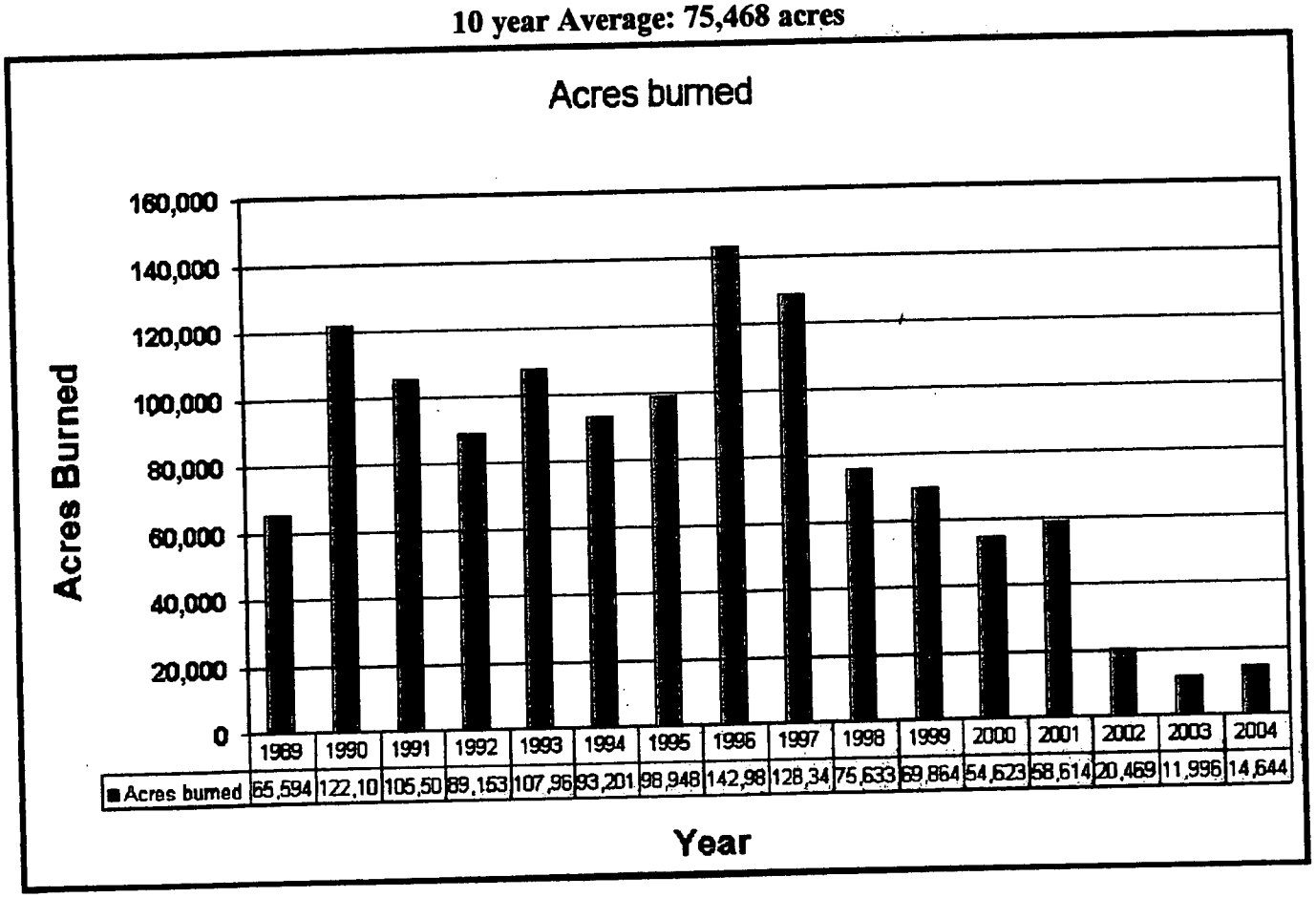
4. Landowner Hazard Reduction Prescribed Burning Program

The Division established a Landowner Hazard Reduction Prescribed Burning Program to train landowners to conduct prescribed burning on their forestland in an effort to reduce forest fires and property losses caused by forest fires. This is accomplished by reducing fuel buildup (litter, leaves, twigs, etc.) on their property through the use of prescribed burning.

The burning of brush, grass, and litter in forestland under controlled conditions has been an accepted practice to reduce or eliminate property losses from destructive forest fires in the South for generations. This type of prescribed fire (hazard reduction burning) is one of the most effective tools in fire prevention and in reducing fire hazards in the wildland fire urban interface where homes and other structures may be threatened.

Days suitable for conducting hazard reduction burns are very limited because of the weather conditions required to meet the goals outlined in the written burn plan to ensure a successful burn with minimal damage to the forest. The Division conducts training for landowners on how to burn, advises when weather conditions are suitable to burn, and encourage forest landowners to prescribe burn their forestland in an effort to reduce the property losses from forest fires. The Division also provides free control lines for landowners that participate in this program.

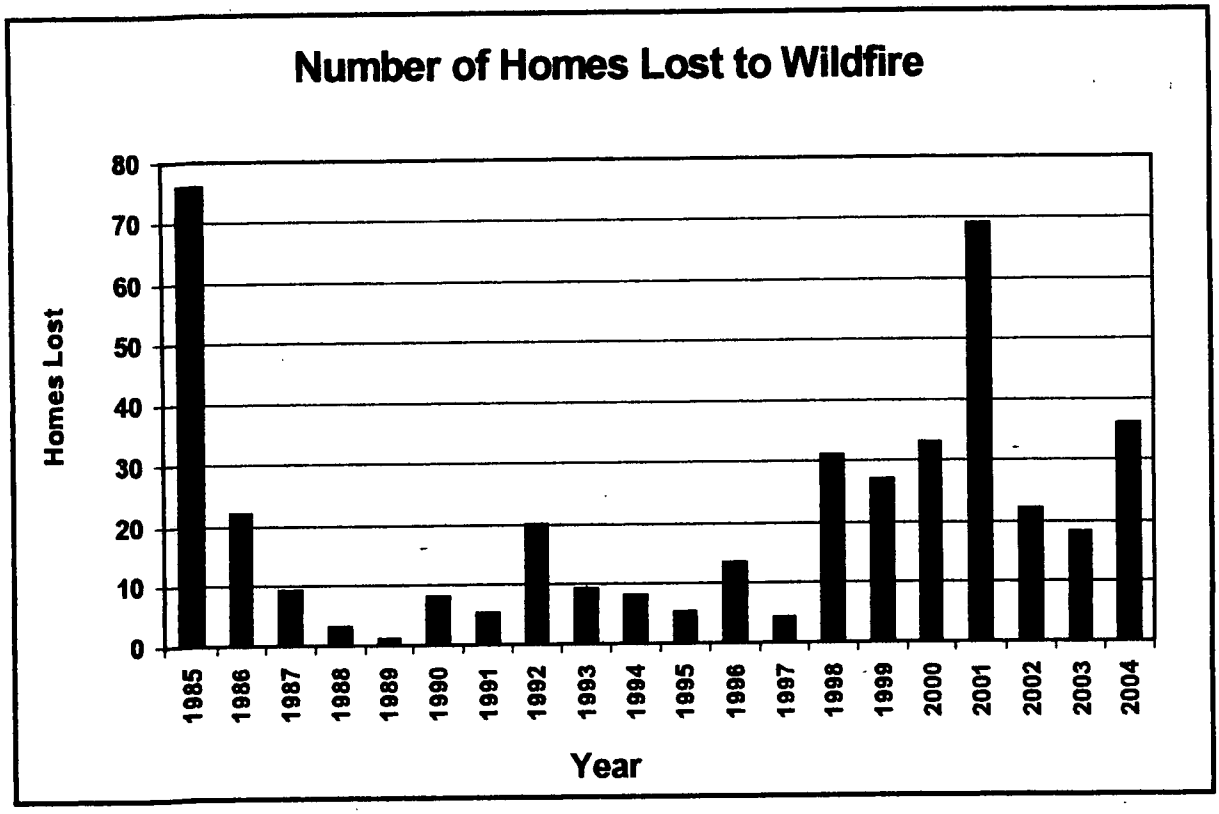
Hazard Reduction Burning
10 year Average: 75,468 acres



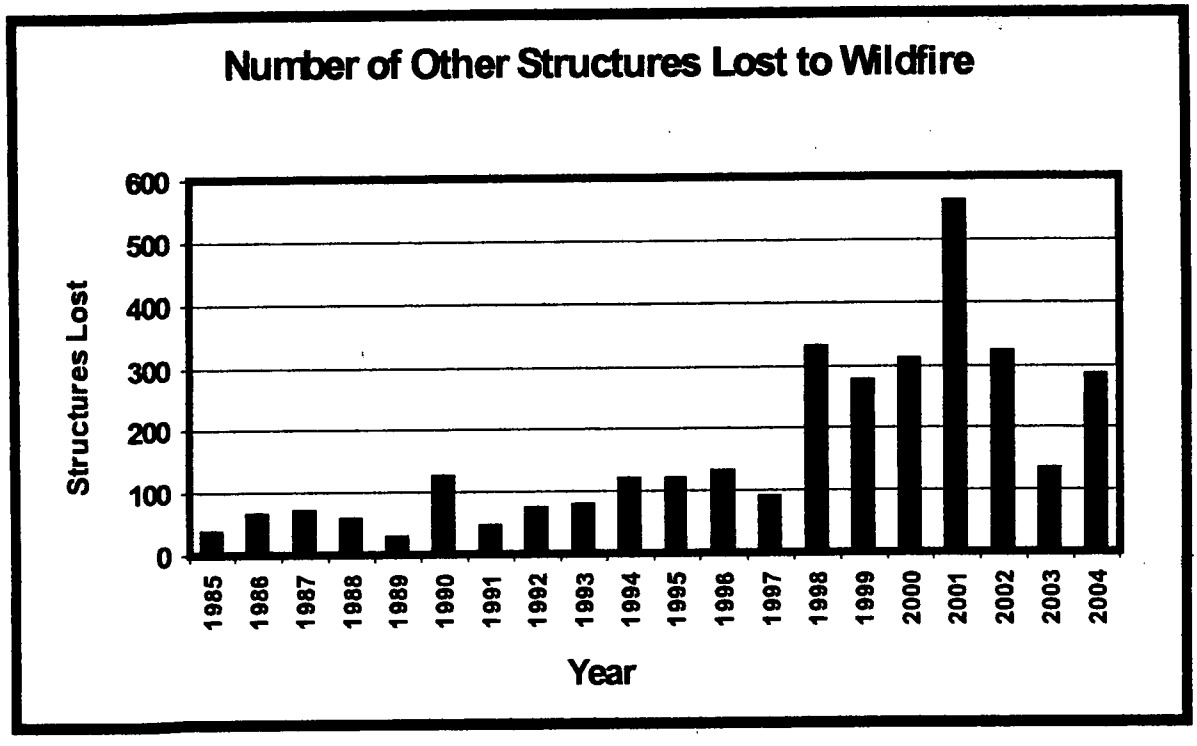
5. Wildland Urban/Interface

The Division's Wildland Urban/Interface program was established in January 1986 to focus on the problem of the destruction of homes and other structures by wildfires. The program began as a result of a drought during the winter and spring of 1985 that produced extremely dry weather and fuel conditions causing severe burning conditions statewide. Homes lost by wildfire statewide during spring of 1985 were the greatest ever experienced in North Carolina. Structural losses continue to increase, as does the threat for loss as many new woodland homes are established each year. Regrettably, structural and home losses to wildfire are increasing as urban development has sprawled quickly into formerly rural and forested areas. In effect, North Carolina now ranks first in the country for the number of acres classified as wildland/ urban interface and intermix. More than 1,400 communities are considered to be at risk from wildfire. As the graph below illustrates the number of homes and other structures have increased dramatically beginning in 1998 as compared to previous years, 1985 & 1986 saw severe spring drought conditions which increase property loss for those two years. During 2001, the State was in the midst of one of the worst droughts on record.

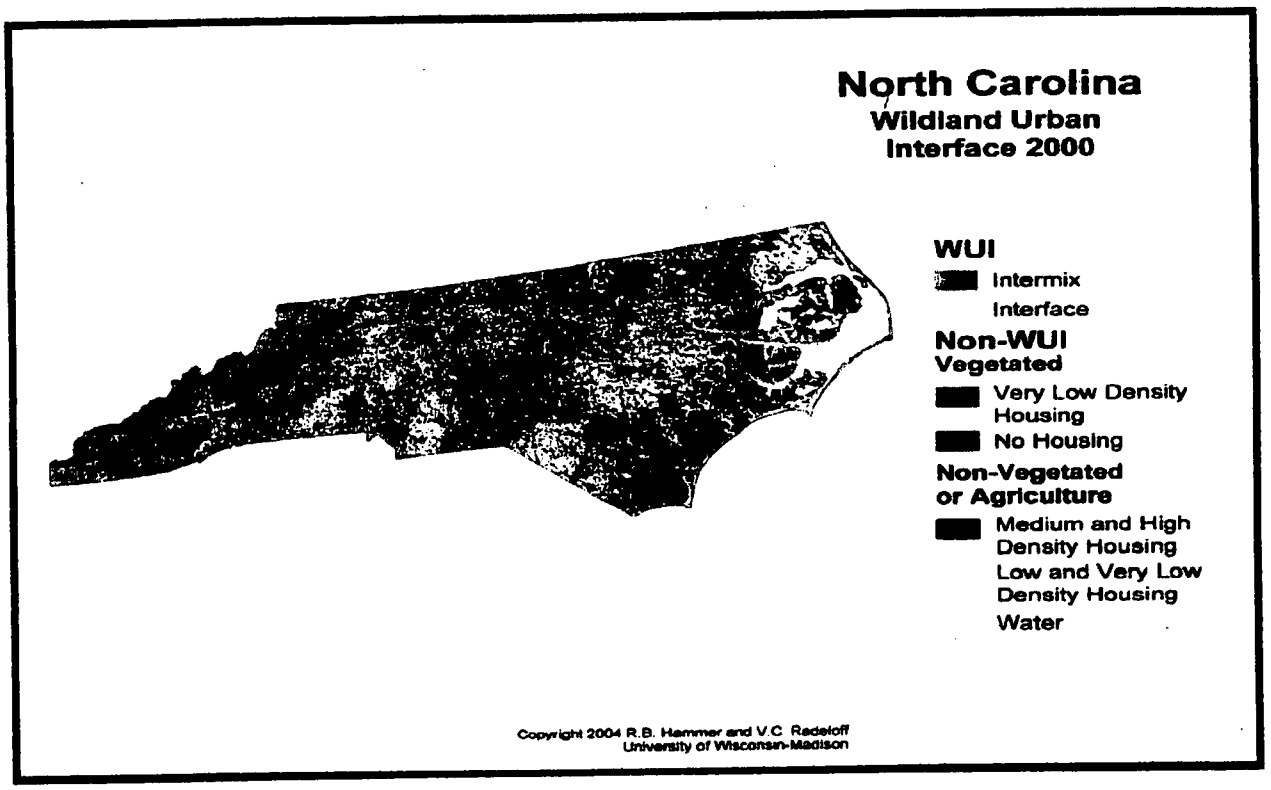
Property Loss Statistics
10 year Average: Homes: 23 Other Structures: 239



Division personnel are responding by continuously mapping critical areas, pre-planning attack on critical areas, coordinating response directives, training with local VFDs, preparing public awareness campaigns, and assisting with the establishment of local homeowner and landowner protection associations.



The Division is an active participant in the implementation of the National Fire Plan administered by the US Departments of Agriculture and Interior in cooperation with the National Association of State Foresters. Federal grants available through the National Fire Plan are being utilized to increase fire preparedness and mitigate hazards in North Carolina. Since 2001, the state has received more than $2,000,000 from the National Fire Plan through the USDA Forest Service and National Park Service.



The data above is from a study conducted by the US Forest Service and the University of Wisconsin-Madison. The study results indicate that North Carolina leads the nation in both the numbers of acres classified as wildland urban-intermix and WUI.

RANK	STATE	AREA (acres)	RANK	STATE	AREA (acres)	RANK	STATE	AREA (acres)
		INTERFACE			INTERMIX			WUI
1	PA	2,589,651	**1**	**NC**	**11,823,478**	**1**	**NC**	**12,772,756**
2	CA	1,843,495	2	GA	8,225,243	2	PA	10,719,818
3	NY	1,748,317	3	PA	8,130,167	3	GA	9,012,307
4	TN	1,470,047	4	VA	7,194,022	4	NY	8,830,594
5	VA	1,464,211	5	NY	7,082,276	5	VA	8,658,233

NC ranks # 1 in both the amount of area that is considered to be an intermix type and WUI type in the 48 continuous states.

RANK	STATE	# 0f HOMES	RANK	STATE	# 0f HOMES	RANK	STATE	# 0f HOMES
		INTERFACE			INTERMIX			WUI
1	CA	3,480,285	1	CA	1,607,624	1	CA	5,087,909
2	PA	1,394,977	2	GA	1,479,368	2	PA	2,541,343
3	FL	1,169,090	**3**	**NC**	**1,451,811**	3	TX	2,310,811
4	NY	996,583	4	PA	1,146,366	4	FL	1,947,409
5	MA	982,921	5	TX	1,141,721	**5**	**NC**	**1,776,212**

NC ranks # 3 and # 5 respectively for the total number of homes in the intermix and WUI. However, there are 324,401 homes in the INTERFACE - this is a significant number of homes that are threatened by fire due to the bordering forestland.

Interface - homes that border up against forestland
Intermix - homes that are intermingled with forestland
WUI - the combination of interface and intermix

6. Firewise

The North Carolina Firewise Program was established in January 2003. This program is based on the National Firewise Program that was developed by the National Wildfire Coordinating Group to protect homes from wildland fire without the assistance of fire services. The North Carolina Firewise program is supported by the USDA Forest Service, National Park Service, U.S. Fish and Wildlife Service, NC Division of Emergency Management, State Fire Chiefs Association, NC Wildlife Resources Commission, Office of State Fire Marshal, The Nature Conservancy and numerous other organizations. The Division and its cooperating agencies consider Firewise an essential resource to prepare the more than 1,400 communities at risk from wildfire and mitigate the hazards preemptively. Firewise was piloted at two eastern North Carolina communities. Both communities successfully completed the five program steps in 2004 to become nationally recognized as Firewise Communities/USA.

In February 2004, a state Firewise Conference was held in Winston-Salem to introduce the program statewide. This conference was pioneering in that it was the first statewide Firewise meeting held in the country to bring community leaders, government agencies, fire and emergency service personnel, community, county and state elected officials, conservation organizations, insurance industry representatives, homebuilders, realtors and homeowner association representatives together at one venue. As a result of this conference more than a dozen communities across the state are currently participating in the Firewise program. In addition, Mountain and Coastal Plain developers are currently working to integrate Firewise concepts into the planning of their new residential communities. The Division is currently planning regional Firewise cooperative agency and organization meetings in early 2005 to continue to expand the Firewise program across the state. The Division also plans to discuss with the NC Department of Insurance the possibility of reducing home insurance rates for Firewise Community/USA recognized communities and Firewise homes.

Five Steps to become a Firewise Community/USA recognized:

1. **Form a Firewise Board**
2. **Invest $2.00 per capita in Firewise projects**
3. **Complete a community assessment**
4. **Create a plan**
5. **Hold a Firewise Day**

7. National Crew and Specialists Dispatch

The Division provides the Federal Land Management agencies and other states with fire suppression resources through a mutual aid shared resource agreement. During periods of extreme fire occurrence, the Division provides trained personnel and equipment for dispatch to virtually any location within the United States. Crews and individual resource specialists have assisted in fire suppression in other states nearly every summer since 1970. States in which the

Division has sent fire fighting assistance are: Alaska, California, Oregon, Washington, Montana, Idaho, Nevada, Colorado, Arkansas, Arizona, Oklahoma, Virginia, Kentucky, Florida, Texas, South Carolina, Wyoming and Michigan. The recurring requests to North Carolina for assistance reflect the high level of training and overall fire control expertise Division personnel have obtained. It is because of the relentless efforts, hard work and dedication that the North Carolina Division of Forest Resources is recognized nationwide as being one of the most efficient and best-trained fire suppression agencies to call on for assistance.

- In 2004, the NC Division of Forest Resources sent 27 overhead personnel to western Fires. A Type II Incident Management Team (49 personnel) was assigned to a logistical support center in Florida to aid in the hurricane Frances recovery effort. Also, six overhead personnel assisted in the hurricane Frances and Ivan recovery effort in Florida.

- In February 2003 the NC Division of Forest Resources sent three crews (20 personnel per crew) and three Type II Incident Management teams (45 personnel per team) to Texas to assist with the Columbia Space Shuttle recovery.

- In March of 2003, Four 20 person crews assisted in critical wildfires in the western United States in the summer of 2003. In addition, a Type II Incident Management Team (50 personnel) was assigned to the Burnt Ridge-Sheep Camp Fire Complex in Montana.

- In 2002, the NC Division of Forest Resources sent 350 personnel west to assist with the critical fire situation in the Western US. Eight 20 person crews were included in this number as well as 45 personnel on a Type II Fire Team, which managed the Mule Fire in Wyoming.

- In 2001, NC Division of Forest Resources sent 201 personnel and 5 crews (20 person crews) west to assist with the critical fire situation in the Western US.

- In 1998 and 2000 North Carolina DFR sent an Incident Management Team to assist Florida with their fire season. In 2000 North Carolina DFR sent an Incident Management team to assist the USFS in Montana. Overall in 2000, the Division assisted by filling 150 positions for wildfire suppression in Florida and 350 positions in the western United States

- In 1998, the Division participated in forest fire compact activation by Texas and Florida and sent over 200 personnel plus tractor plows and aircraft to support these states through compact assistance. Additional resources were committed to assist the US Forest Service in these states also.

The State receives full compensation for **all** costs incurred for providing this assistance.

7. Law Enforcement

The Division of Forest Resources is a service organization charged by General Statutes with the responsibility of preventing and controlling forest fires and with enforcing forest laws. The Division of Forest Resources protects and enforces the forest laws on approximately 18.3 million acres of state and privately owned forestland. Law enforcement is an essential part of forest fire prevention. Forest landowners expect prompt, thorough fire investigation and vigorous law enforcement action to prevent fires that will reduce the loss of forest resources, homes and other personal property.

The Division of Forest Resources responds to 5,000+ forest fires annually on average. The amount of acreage burned varies greatly with weather conditions but the mean annual loss is 22,300 acres of woodland. Actual annual losses in recent years have ranged from 14,442 acres to 162,564 acres. Escaped fires from debris burning account for 40% of all forest fires while woods arson accounts for 24% of all forest fires. These arson fires are fires intentionally set to damage the property of others. Arson fires are targeted for special investigation; however, all fires are investigated and appropriate law enforcement action is taken. Most Division field personnel have been sworn as Forest Rangers and have limited law enforcement authority. These personnel are authorized to write citations and warning tickets for forest laws. They are <u>not</u> criminal justice officers and law enforcement is only a portion of their overall responsibility.

The Division's four full-time Law Enforcement Officers coordinate the enforcement activities of the 580 Forest Rangers in the state. They provide specialized training in arson investigation, fire cause and origin determination and forest laws to the forest rangers. They assist the rangers with court cases and handle the difficult cases themselves. These officers also provide a coordination function with other local, state and federal law enforcement agencies. Other co-lateral functions handled by the DFR Law Enforcement Section include: facility security, debt collection and safety. Law enforcement (warning tickets and court cases) is a very effective fire prevention tool. Statistics for the most recent years are listed below:

Calendar Year	Warning Tickets	Court Cases	Total LE Action
1990	1,028	116	1,114
1991	1,614	149	1,763
1992	1,902	162	2,064
1993	1,246	106	1,352
1994	1,751	208	1,959
1995	1,552	225	1,777
1996	1,529	121	1,650
1997	1,351	157	1,508
1998	2,591	177	2,768
1999	1,674	144	1,818
2000	1,747	137	1,884
2001	2,057	126	2,183
2002	1,854	145	1,999
2003	772	39	811
2004	1,798	98	1,896

8. <u>Natural Disaster Assistance</u>

The Division has a distinguished reputation in assisting the public during or following natural disasters within North Carolina. The training and equipping of personnel make us ready to assist with tornadoes, hurricanes, floods and other events. The previously mentioned Incident Command System allows us to quickly mobilize and organize large forces on the ground anywhere in North Carolina. Working with the State Division of Emergency Management, we are often the first called and last to leave many disasters. Here are the major recent incidents to which DFR personnel have responded.

- In September 2004, the Division was involved in the Hurricane Ivan and Frances flooding in the western and central parts of the state. NC Division of Emergency Management requested Forest Service Incident Management teams to support the emergency response/recovery effort. There were over 300 Division personnel involved with this request.

- In August/September/October 2004, the Division was involved in the emergency response/support efforts during Hurricane Frances through Jeanne in Florida. At the request of the Federal Emergency Management Agency (FEMA) the Division supplied logistic teams, resource specialists, and a Type II Incident Management team. This involved over 70 personnel.

- In September 2003, the Division was heavily involved in the hurricane Isabel disaster in the eastern part of the state. NC Division of Emergency Management requested Forest Service Incident Management teams to support the emergency response/recovery effort. There were over 300 Division personnel involved with this request.

- In December 2002, a major ice storm required Division assistance for debris clearing of primary roads for access.

- In October – December 2002, the Division delivered hay to drought-stricken farmers throughout the state to aid in relief efforts for livestock.

- In September 1999, the Division was heavily involved in the Hurricane Floyd flood disaster in the eastern part of the state.

- In August 1998, following Hurricane Bonnie a DFR ICS team was detailed to establish and coordinate a relief operation for forces from all state agencies.

- In 1996, hurricanes Bertha and Fran struck the coastal and piedmont counties in North Carolina. The combined effects of these storms required activation of Division personnel for major assistance in debris removal which included Raleigh. The massive timber loss resulting from Hurricane Fran will adversely impact North Carolina's timber resource for a number of years.

- In November 1995, a major ice storm required Division assistance for debris clearing of primary roads for access.

- In October 1995, Hurricane Opal struck 15 western counties in North Carolina. Immediate efforts were made to assist in removal of debris from main roads for emergency vehicle access. A detailed plan was prepared for forest fire mitigation and presented to FEMA for funding assistance. Minimal funding was identified by FEMA due to major modifications made in the rules governing the Stafford Act.

- In March, 1994, a surprise ice/wind storm devastated the facilities at Hanging Rock State Park and a Division incident management team was dispatched to begin cleanup of the popular recreation area. For two weeks, the team helped clear away downed trees and limbs in order to ready the park for the upcoming spring and summer season. In addition, over a six week period, crews from the Division's Young Offenders Forest

Conservation Program camped at Hanging Rock and continued to clean up both that facility and the nearby Pilot Mountain State Park.

- In September 1993, Hurricane Emily brushed the Outer Banks of North Carolina. In her aftermath, the Division mobilized one of its major incident teams to help with the cleanup. Nearly 100 Division employees were involved in tree and limb removal to make the area accessible to property owners and emergency vehicles.

- In 1992, 10 chainsaw teams made up of crewmen from the Young Offenders Forest Conservation Program went to work in Stokes County, when it was hard hit by tornadoes.

- In 1989 Hurricane Hugo damage prompted the call out of two Incident Command Teams to clean up immediate damage and begin preparations to reduce wildfire potential from heavy debris.

- In the wake of severe tornadoes in 1988 and 1984, hundreds of Division personnel pitched in with chainsaws and equipment to clear away debris.

II. AVIATION

The Division operates 27 fixed-wing aircraft and 6 helicopters. These aircraft are instrumental in forest fire detection and suppression programs throughout the State, including Federal forestlands in national parks and forests and military installations. DFR fixed-wing aircraft also operate in support of the Division's Forest Management, Pest Control, and Water Quality Programs. The aircraft may also be used for emergency management, coastal and land management activities. These aircraft support DFR by providing aerial survey platforms to insure that all established guidelines for all programs are adhered to across the state. Nineteen of the aircraft are Federal Excess Personal Property (FEPP) aircraft and are technically owned by the U.S. Forest Service. Federal law limits the use of these aircraft to 10% for non-fire use.

Single Engine Air Tankers (SEATS)

A fleet of state-owned single engine airtankers (S.E.A.T.) aircraft provides initial attack and support retardant drops on fires. The S.E.A.T. aircraft are capable of operating off remote grass airstrips near the fire scene. They each can deliver up to 500 gallons of fire retardant for initial attack or in support of ground fire-fighting forces. The aircraft consist of one Thrush and three M18 Dromader aircraft. The three Dromaders were purchased in 1994 and have been modified to improve safety and performance with vortex generators (to improve low speed flight control), new variable opening fire gates (for better retardant control), and engine cowlings (to improve engine warm-up and response time). With the ever increasing urban-interface in North Carolina the ability of these aircraft to respond quickly, deliver retardant with pinpoint accuracy and do it cost effectively makes the M18 Dromader a valuable asset to the Division's Forest Protection Section. Along with the four S.E.A.T. aircraft are several support aircraft. The DHC-2 Beaver, a high wing single engine aircraft with a large load carrying capability, delivers loading crews and pumps for retardant operations at remote airstrips and transports other fire crews and pilots as necessary for continued fire-fighting operations. Three Beechcraft T-34B aircraft are used as Lead Planes. A lead plane insures the safety of pilots and ground personnel during retardant drops. They act as the air traffic controller to coordinate aircraft support over an incident.

Helicopters

The Division has two types of helicopters, Bell UH-1H and the recently purchased AS350-B3. The Division is currently in a replacement program for the Bell UH-1H which are 35-40 years old and are Federal Excess Personal Property (FEPP). Helicopters are used to transport highly trained initial attack crews in the mountains, drop water or foam on fires with 240-gallon dip buckets, and the delivery of safety drops to protect firefighters. The helicopters are also used for reconnaissance and supply drops on fires, especially in very inaccessible areas. They are a critical resource when confronting a wildland fire in an urban interface where accuracy is crucial. Helicopters are available for search and rescue and disaster relief requests.

CL-215

In 1998, the Division purchased one refurbished CL-215. The aircraft is based at Hickory, North Carolina, but is used statewide for forest fire control. During periods of high fire danger the CL-215 has also been based at the following locations: Kinston, Lumberton, Wilmington, Manteo, and Elizabeth City.

This water-scooping aircraft is built as an aerial tanker in Canada and, being an amphibian, can be located on land or water. The specialty of this aircraft is its capability of using nearby water sources (Lake, Ocean or River) to fill the water tanks. With a water source close to a fire, drops can be made as often as every two minutes. This CL-215 has proven invaluable by holding/stopping potentially disastrous fires while in support of ground resources.

The CL-215 has not only been a key tool in combating fires in state, but has developed a reputation of being an effective fire fighting resource all over the country. Since N.C. purchased the aircraft, the CL-215 has been leased to both Florida in 1998 and Minnesota in 2002, 2003, and 2004 as a vital component of fire suppression tactics.

Service Year	Number of Fires	Structures threatened/saved	Value threatened/saved
* 1999-2000	30	546	$16,350,000
1999-2000	47	572	$37,385,000
2001-2002	36	218	$17,617,500
2002-2003	2	0	0
2003-2004	20	146	$11,755,000
Total	**135**	**1482**	**$83,107,500**

* Contract CL-215 numbers from both spring of 1999 & 2000

For five years after Hurricane Hugo, the Division contracted a CL-215 for 45 days each year during peak fire season, when downed timber was considered to be an extreme fire hazard in certain areas of the state. Two CL-215's were contracted again following Hurricane FRAN for the spring fire seasons in 1998-2000. These were used to prevent the loss of life and property due to the extreme accumulation of forest fuel that was blown down by the storm.

III. INFORMATION AND EDUCATION

The Information & Education Branch is responsible for the production and distribution of forestry educational materials used by the Division for public awareness. This branch produces fire prevention spots for radio, television and newspapers, promotional articles, and slide/tape programs for internal use and external distribution.

The Information and Education Branch is currently working on several statewide fire prevention projects funded by the National Fire Plan. These projects include a statewide fire prevention awareness campaign, hazard mitigation community block grants and fire prevention education materials.

The Information & Education Branch also provides staff support to the Educational State Forest System which is comprised of six Educational State Forests ranging in size from 150 to 5,000 acres. The primary purpose of the Educational State Forests is to educate the public about forest management practices, the forest resources of the state and the need to properly manage these resources. Forest environmental education programs are presented to schoolchildren, and workshops are conducted for teachers.

The six Educational State Forests are: Holmes located in Henderson County near Hendersonville; Tuttle in Caldwell County near Lenoir; Rendezvous Mountain in Wilkes County near Wilkesboro; Turnbull Creek in Bladen County near Elizabethtown; Clemmons located in Johnston County near Clayton; and Jordan Lake located on Jordan Lake in Chatham County.

A seventh Educational State Forest, Mountain Island is in the process of being developed. Straddling Lincoln and Gaston Counties, Mountain Island Educational State Forest is a picturesque slice of nature featuring abundant plant and animal life. Not yet open to the public, the Forest will feature classes and exhibits designed to educate schoolchildren, forestry professionals and the general public about the importance of North Carolina's Forest health.

Mountain Island Educational State Forest is operated by the North Carolina Division of Forest Resources but is currently funded by the Federal Clean Water Act Section 319(h) Grant. Additional financial support comes from the North Carolina Clean Water Management Trust Fund.

Educational State Forest Statistics

FY	Attendance	Av. Daily Attendance	Programs Presented	Students Receiving Programs
1989-90	86,516	506	1,740	52,753
1990-91	95,817	524	1,866	55,250
1991-92	99,631	491	2,304	67,702
1992-93	120,460	546	2,500	73,164
1993-94	138,421	644	3,246	103,392
1994-95	147,165	681	3,332	114,493
1995-96	154,466	685	3,024	*41,693
1996-97	121,366	511	2,152	33,850
1997-98	133,947	566	1,825	26,020
1998-99	151,636	640	1,884	26,977
1999-00	155,567	647	1,914	24,448
*2000-01	162,786	704	2,171	29,502
2001-02	162,544	445	2,227	26,700
2002-03	160,667	440	2,091	29,744
2003-04	160,821	441	1,960	25,338

***Method of accumulating statistics changed.**

IV. INSECT AND DISEASE CONTROL

The Division of Forest Resources is responsible for providing assistance to the forest landowners of the state in the detection and control of destructive forest insects and diseases. A staff of four pest control foresters and two forest technicians in the Forest Protection Section directs this responsibility. Services are provided to forest landowners through the District and County organizations with the staff pest control foresters providing professional and technical expertise in the control of destructive insect and disease epidemics. Three current priorities of the Pest Control Program are:

Southern Pine Beetle - The Southern Pine Beetle is the most destructive forest insect in NC. The population of Southern Pine Beetle (SPB) has decreased in North Carolina since the epidemic of '99-'03 in western NC. During this 4-year epidemic, the beetle killed $45 million of pine timber. The beetle kills all species and sizes of southern yellow pines. Statewide aerial surveys are done at least 2 times a year to monitor or detect the buildup of beetle populations. Federal grant dollars totaling $3.1 million were given to NC in 2003 and 2004 to carry out Prevention and Restoration activities to improve the condition and overall health of state and private lands to make them less susceptible to beetle attacks. Improvement activities include commercial thinning, precommercial thinning, understory burning and low density tree planting. Thirteen Southern Pine Beetle Foresters were hired to carry out these pine stand improvement activities and to assist forest landowners in managing their woodlands. A landowner cost share program will be implemented in 2005 to help fund the cost of timber stand improvement practices.

Gypsy Moth - The Gypsy Moth is an insect that defoliates many hardwood tree species. It is the responsibility of the North Carolina Department of Agriculture and Consumer Services (NCDA & CS) to prevent the insect from becoming established in the state. However, the insect is

moving steadily southward. The efforts of the NCDA&CS will slow, but not prevent the eventual entry of the Gypsy Moth into North Carolina. When it is established, responsibility will be passed from the NCDA&CS to the Division of Forest Resources, which does have a control plan in place in that eventuality.

The front of the infestation is approaching North Carolina at an angle, roughly parallel to the James River in Virginia. The Gypsy Moth already is established in the extreme northeastern portion of the state, where two counties, Currituck and part of Dare, are considered to be generally infested. During 1996, the first significant defoliation (several acres) by the Gypsy Moth was seen in the area. It is now established at very low but manageable population levels north of the Roanoke River. The insect is not expected to be a severe problem in northeastern North Carolina because its preferred tree species, the oaks, are not plentiful in that region. When the Gypsy Moth becomes established in the Piedmont and Mountain regions, where oak populations are heavier, it will be a serious biological and political problem. The DFR and other agencies are cooperating on two programs developed by the North Carolina Department of Agriculture. One of these is a comprehensive statewide trapping program in which traps are placed on a statewide 4-kilometer systematic grid. The purpose of this program is to detect and treat infestations while they are small. The second program is the "slow the spread" project administered by the US Forest Service. This project involves intensive trapping and integrated control along the approaching front of the infestation, which is currently located along the NC/VA border.

FOREST INSECT AND DISEASE CONTROL PROGRAM

BARK BEETLES

CY	Acres Surveyed	Acres Evaluated
1994	5,367,000	4,342,670
1995	2,094,918	19,407,610
1996	8,526,700	14,896,641
1997	1,440,000	23,301,240
1998	6,451,000	2,210,000
1999	1,817,000	2,777,000
2000	8,800,800	6,176,000
2001	9,109,600	6,562,000
2002	10,808,000	8,685,000
2003	17,300,000	7,900,000
2004	16,111,000	4,028,000

Forest Health Monitoring - Forest Health Monitoring (FHM) is a cooperative, multi-agency program with a mission to develop and implement a cooperative program to monitor, make assessments, and to report on the long-term status, changes, and trends in the health of the Nation's forest ecosystems. Its purpose is to provide scientifically sound information that meets policy and program management needs of State and Federal agencies and nonprofit organizations. The FHM program uses data from ground plots and surveys, aerial surveys, and other biotic and abiotic data sources and develops analytical approaches to address forest health issues that affect the sustainability of forest ecosystems. In 1998, 198 original FHM permanent plots established across the state were surveyed to provide baseline data on the status of our forest's health by Division of Forest Resources FHM crews. In 2000, the Forest Health Monitoring Program combined with the Forest Inventory and Analysis Program. Since then, DFR Inventory Foresters and summer interns have re-visited these plots, and established new plots (at an average of 68 plots per year) to collect data relevant to monitoring indicators of forest health. By the end of the summer of 2003, all 339 permanent FHM plots were installed and monitored.

Forest health information is the main product of FHM activities. All too often, natural resource policy- and decision-makers, managers, and the public get conflicting, incomplete reports about forest health status and trends. FHM is designed to provide more complete, accurate, and unbiased information on which to base decisions and responses. This information is provided in a variety of ways useful to all participants and various clients and constituents.

In addition to data collected on these fixed plots, Forest Health Monitoring program activities include:

- Developing procedures for standardizing aerial and ground surveys of forest pests and disturbances. Aerial survey training was conducted for Southern Pine Beetle Foresters and Pest Control personnel to teach proper pre-flight planning, tracking, sketch-mapping and processing relevant information. In addition, an introduction to digital aerial sketch-mapping (using computers and Global Positioning System units to accurately map pest occurrences) training for Pest Control personnel was completed.
- Coordinating surveys of insect and disease pests (southern pine beetle, dogwood anthracnose, and other forest pests) that affect North Carolina's forest resources.
- Continued coordination of surveys and monitoring of the effects of natural disturbances such as Hurricane Isabel and recent ice storms on the health of our forests. An aerial and ground survey of areas affected by Hurricane Isabel found a total of 833,192 acres of timber sustained some level of damage. Total timber damage in the state was estimated to be $ 565,943,042. In 2004 an ice storm affected 249,704 acres of timber and caused an estimated $97,838,997 worth of timber damage in the southeastern portion of the state.
- Working cooperatively with NC Department of Agriculture, US Department of Agriculture, and North Carolina State University to monitor and control invasive exotic insect pests that threaten our native forests.
- A network of 46 ozone bioindicator plots has been established across the state as part of the Forest Health Monitoring Program. After completing FHM plots, inventory crews visit ozone bioindicator plots to document damage to certain ozone sensitive species to determine the extent of plant/forest damage caused by atmospheric ozone. This information is shared with the National Ozone Bioindicator Project database.

V. YOUNG OFFENDERS FOREST CONSERVATION PROGRAM (B.R.I.D.G.E.)

The Young Offenders Forest Conservation Program (also knows as B.R.I.D.G.E. – Building, Rehabilitating, Instructing, Developing, Growing, Employing) is a cooperative effort with the Division of Prisons to train and utilize non-violent young inmates. The program offers rehabilitation and education opportunities to inmates while at the same time providing important services in the protection and management of the state's natural resources.

The program started in 1985, primarily as a result of the serious mountain fires North Carolina experienced that year. The Young Offenders Forest Conservation Program (B.R.I.D.G.E.) was first established in Burke County with 18 minimum-security inmates ranging from 18 to 21 years in age. This group began an intensive training program in mountain fire control in January 1986. The Burke County program was designed to be temporary, until a permanent home could be found for the program. However, the Burke County program is still operating. County commissioners there found it to be so useful; they requested its continuance. This also better serves the Division's needs because fires occur more frequently in that area. The Western Youth Institution houses 64 crewmen.

In 1987, the Avery County Board of Commissioners invited the first permanent camp to be built in their county. Construction on the camp began with money appropriated by the General Assembly. The inmates, called crewmen, were used to construct the camp, with guidance from the Division and contractors. The camp was opened in November 1990. A second dorm was added to the facility, bringing its maximum capacity to 49. Due to budget reductions the General Assembly closed this facility July 2002. However, five Department of Correction Officer positions were transferred to Morganton, by the legislatures, to continue working in the BRIDGE Program.

The program's primary goal is to provide a well-trained and equipped fire fighting force ready for deployment at a moment's notice. A secondary goal is to help the young men who participate develop a work ethic, skills, and self-esteem such that they are able to find jobs when they are released. Nationally, about 35 percent of inmates in this age group return to prison. Early statistics show that only 12 percent of Young Offenders Forest Conservation Program "graduates" are likely to return.

Today, over 3,064 crewmen have gone through the program. They are paid the standard rate of $1.00 per day. This results in a $77 to $1 benefit for the Division over hiring fire crewmen from the general population. In its last ten years of operation, $8,277,816 worth of work was performed at a cost of approximately $158,940.

The Division of Prison currently supplies seven officers for work projects and fire control supervision. Close contact with Division of Prisons' management is critical to keeping the program alive, until the budget picture brightens and the Division of Forest Resources can add needed support staff for those positions.

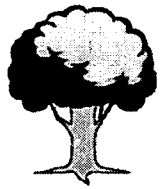
In summary, the Young Offenders Forest Conservation Program has proven to be a success in supplying the fire-fighting forces, rehabilitating inmates, and saving the Division thousands of dollars each year.

FY	# Of Crewmen	Man-Hours	$ Savings
1992 – 93	250	121,623	$592,910 1)
1993 – 94	300	119,432	582,230 1)
1994 – 95	300	140,917	686,975 1)
1995 – 96	300	135,546	660,789 1)
1996 – 97	230	141,207	917,845 2)
1997 – 98	214	143,263	931,209 2)
1998 – 99	196	129,426	841,269 2)
1999 – 00	177	122,425	994,091 3)
2000 – 01	168	114,394	1,070,728 4)
2001 – 02	182	103,283	999,770 5)
2002 – 03	103	61,250	601,475 5)
2003 – 04	134	86,783	868,435 5)
TOTAL S	2,554	1,419,549	8,743,726

Note:

Rate/hour used to calculate $ savings is based on U.S. Forest Service Firefighter AD 1 pay rate.

1) $5.08/hour
2) $6.50/hour
3) $8.12/hour
4) $9.36/hour
5) $9.68/hour



Forest Management Programs

- **Forest Management Plans for Private Landowners**
- **Forestation Services**
- **Forest Development Cost Share Program**
- **Forest Stewardship Program**
- **Forest Legacy Program**
- **Urban and Community Forestry**
- **Forest Tree Seedling Nurseries**
- **Tree Improvement**
- **Management of State Forests**
- **Forest Research and Technology Development**
- **Resource Data Collection and Analysis**
- **Forest Practice Guidelines for Water Quality** ***(F.P.G.'s)***

Statutory Authority: General Statutes Chapter 77, 13, 143
N.C. Administration Code: Title 15, Chapter 9

NORTH CAROLINA FOREST SERVICE N C

06 -10/2005

Forest Management Program

Program Objective:

To assist the forest landowners of the state in the establishing and maintaining productivity of all the natural resources within the forests of North Carolina.

	FY 2003-2004
Landowners Assisted	8,991
FM Plans, No.	7,704
FM Plans, Acres	402,135
Wildlife Habitat Improvement Acres	13,848
FPG Site Evaluations, No.	5,759
Forest Establishment, Acres	97,474

Forest Tree Nursery Program

Program Objective:

To produce and sell at cost a wide variety of species of seedlings of forest trees, Christmas trees and shrubs for forest regeneration, wetlands mitigation and research; to administer the forest tree genetic activities of the Division of Forest Resources.

	FY2003-2004
Species Produced, No.	45
Seedlings Produced, Softwood, No.	26,902,000
Seedlings Produced, Hardwood, No.	3,072,000
Seedlings Sales, Dollars	$1,400,000

Forest Technology, Resource Data & Planning Program

Program Objective:

To develop and adopt innovative and timely technology for the management of North Carolina forest types and conditions; to maintain data bases on the forest and forest industries of the state; to partner with the USDA, Forest Service in collection of Forest Inventory and Analysis field plot data; to coordinate long range planning; to review pertinent environmental documents; to administer Rural Community Assistance Programs.

Research Studies, Projects, and Tech. Transfer	FY2003-04
Programs In Progress	23
New Projects and Studies	6
Projects and Studies Completed	12

Urban Forestry Program

Urban and Community Forestry Accomplishments

	FY 01-02	FY 02-03	FY 03-04
Total Federal U&CF Dollars allocated to NC	$476,937	$585,406	$644,890
Total U&CF Grants Funded	45	54	47
Urban trees planted (not including SBA)	1,982	2,987	1,216
Communities with on-going U&CF Programs	155	148	152
Communities provided substantial technical assistance	97	75	110
Number of Tree City USA's	52	49	56
Demonstrated Projects	19	14	10
Training / Continuing Education (no. of programs)	149	132	112
Training / Continuing Education (no. of participants)	8,043	8,518	5,852

Forest Development Program

Program Objective:

To administer the state cost share program funded by appropriations and forest industry; to encourage the regeneration of harvested forest land.

	FY 2003-04
Landowners Assisted, No.	2,195
Payments to Landowners	$2,512,166
Acres Planted	48,487

15-10/2005

Forest Stewardship Program

The Forest Stewardship Program provides citizens with on-the-ground assistance in planning activities to enhance and protect the timber, soil and water, wildlife and fish and recreation and aesthetic values of their land.

Stewardship	FY2000-01	FY 2001-02	FY 2002-03	FY 2003-04
Plans Approved	**459**	**396**	**421**	**356**
Acres in Plans	**45,138**	**47,928**	**52,083**	**35,465**

BMP Compliance

Fiscal Year	Number of Sites Inspected	Number of Sites in Non-compliance and Requiring Remediation:
1999-00	3,662	209
2000-01	4,700	274
2001-02	4,287	205
2002-03	3,609	215
2003-04	4,129	181

FOREST MANAGEMENT/FOREST DEVELOPMENT PROGRAMS

I. FOREST MANAGEMENT

The objectives of the Forest Management Program are to assist private, non-industrial forest landowners in establishing and perpetually maintaining a high level of productivity of the natural resources within the State's forests. The major resources involved include timber, wildlife, watersheds, soils and the environment for outdoor recreation and aesthetic values.

The Division of Forest Resources is responsible for assuring those recommendations proposed for private lands are technically sound, practical and in the long term best interest of the public. State law designates the Division responsible for the following forest management activities:

1. Advising and assisting private landowners in all phases of forest land management to insure forest sustainability. The private landowner is the instrument the Division works through in carrying out the above objectives, because the vast majority of forestland in the State is owned by private landowners.

2. Cooperating with consulting foresters, private contractors, private forestry organizations (NCFA, NCFLA, etc.), forest industry (through its landowner assistance programs), Federal, State and other public agencies in carrying out the Division's objectives.

3. Preparing and distributing informational materials and conducting educational activities and demonstrations in cooperation with the Extension Service that will help our citizens understand the principles of wise use of our forest resources.

4. Cooperating with and assisting forest products operations in locating wood markets and in the manufacture of quality wood products.

The Division's forest management activities provide a wide range of assistance to the public, including forest establishment assistance; intermediate stand management practices and proper harvesting methods. This also includes managing for non-timber benefits, as well as, water quality protection and improvement during forestry operations through the use of forestry Best Management Practices (BMPs) and insuring compliance with Forest Practice Guidelines (FPGs) Related to Water Quality, which is part of the Sedimentation Pollution Control Act. The Division also provides the public with information on forest taxation, threatened and endangered species, forestry herbicides, prescribed fire, forest fertilization, and other common and unique forestry practices. DFR also coordinates Federal cost-share programs, as well as the State's Forest Development Program (FDP) which provides cost-share funds for reforestation. Other responsibilities include providing technical expertise for the Forest Stewardship Program; administering the Forest Legacy Program, coordinating forest management training for forest technicians and foresters; and serving as liaison with Federal agencies, forest industry, consulting foresters and other groups or entities with an interest in forestry.

The Forest Management Branch staff provides specialized assistance to forest industry, independent loggers and others by conducting training on FPGs and BMPs to improve water

quality. These staff foresters serve as specialists for reforestation and stand management practices, and also provide professional forestry assistance to other state agencies that own or control State forestlands.

DFR's water quality related programs were enhanced in 2002 with the establishment of the Forestry Non-Point Source (NPS) Unit. This Unit is primarily accountable for:

- Administration of water quality research, training, and technology transfer
- Coordination of Federal and State NPS Water Quality grants at all Division facilities
- Special projects related to water resource protection

FOREST MANAGEMENT ACCOMPLISHMENTS

	FY98-99	FY99-00	FY00-01	FY01-02	FY02-03	FY03-04
Forest Management Plans Prepared	6,293	6,381	6,734	6,763	6,513	7,704
Acres in Management Plans	326,038	304,919	312,285	326,288	353,597	402,135
Forest Establishment (Acres)	113,461	98,722	121,810	103,354	85,691	97,474
Number of Landowners Assisted	6,845	7,371	8,262	7,914	7,700	8,991
Wildlife Habitat Improvement (Acres)	10,588	17,028	15,569	10,705	8,789	13,848
Landowners Referred to Private Consultants	660	856	887	1,155	1,297	1,939
FDP Payments to Landowners (No.)	2,874	2,915	3,269	3,536	2,709	2,656
FDP Payments to Landowners (Dollars)	2,252,545	2,263,875	2,975,520	3,385,584	2,634,076	2,512,166

FPG COMPLIANCE

	FY97-98	FY98-99	FY99-00	FY00-01	FY01-02	FY02-03	FY03-04
Number of Sites Inspected	3,782	3,904	3,662	4,700	4,287	3,609	4,129
Number of Sites in Non-compliance and Requiring Remediation:	175	176	209	274	205	215	181

ACRES PLANTED STATEWIDE BY COST-SHARE PROGRAMS

YEAR	FIP	ACP/EQIP	CRP	FDP	FRRP	FLEP	NCA	CREP	WRP	SIP	TOTAL
1970*	N/A	*	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	12,357
1971*	N/A	*	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	15,795
1972*	N/A	*	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	20,114
1973*	N/A	*	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	15,779
1974*	N/A	*	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	12,781
1975	26,875	1,336	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	28,211
1976	15,396	488	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	15,884
1977	24,062	2,002	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	26,064
1978	21,258	1,485	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	22,743
1979	22,872	1,622	N/A	7,172	N/A	N/A	N/A	N/A	N/A	N/A	31,666
1980	23,365	1,302	N/A	17,544	N/A	N/A	N/A	N/A	N/A	N/A	42,211
1981	21,709	1,963	N/A	18,124	N/A	N/A	N/A	N/A	N/A	N/A	41,796
1982	14,447	2,731	N/A	15,669	N/A	N/A	N/A	N/A	N/A	N/A	32,847
1983	13,033	3,172	N/A	14,731	N/A	N/A	N/A	N/A	N/A	N/A	30,936
1984	10,895	1,898	N/A	22,710	N/A	N/A	N/A	N/A	N/A	N/A	35,503
1985	13,163	2,900	N/A	25,510	N/A	N/A	N/A	N/A	N/A	N/A	41,573
1986	17,446	3,025	N/A	23,796	N/A	N/A	N/A	N/A	N/A	N/A	44,267
1987	12,828	3,113	14,807	29,307	N/A	N/A	N/A	N/A	N/A	N/A	60,055
1988	17,397	3,823	29,474	38,723	N/A	N/A	N/A	N/A	N/A	N/A	89,417
1989	17,976	2,738	20,762	37,926	N/A	N/A	343	N/A	N/A	N/A	79,745
1990	13,934	2,653	12,554	33,510	N/A	N/A	694	N/A	N/A	N/A	63,345
1991	17,702	2,272	1,714	40,551	N/A	N/A	785	N/A	N/A	N/A	63,024
1992	20,038	1,281	4,756	40,985	N/A	N/A	482	N/A	N/A	N/A	67,542
1993	19,218	911	3,130	40,240	N/A	N/A	820	N/A	N/A	N/A	64,319
1994	22,701	1,496	143	43,971	N/A	N/A	516	N/A	46	N/A	68,873
1995	9,938	526	57	56,292	N/A	N/A	580	N/A	54	N/A	67,447
1996	9,255	750	1,165	67,868	N/A	N/A	772	N/A	N/A	N/A	79,810
1997	5,963	531	168	54,106	N/A	N/A	454	N/A	185	N/A	61,407
1998	6,489	63	1,561	42,421	15,263	N/A	463	N/A	N/A	452	66,712
1999	4,193	36	1,005	45,802	25,805	N/A	676	N/A	389	344	78,250
2000	5,248	20	4,669	48,331	12,373	N/A	646	N/A	656	62	72,005
2001	5,005	N/A	13,399	61,798	4,759	N/A	1,323	1,777	N/A	N/A	88,061
2002	2,990	N/A	2,209	58,626	864	N/A	505	4,146	218	N/A	69,558
2003	450	15	774	47,129	N/A	N/A	339	3,065	392	N/A	52,164
2004	169	N/A	3,253	48,487	N/A	912	311	4,091	N/A	N/A	57,223
TOTAL	416,015	44,152	115,600	981,329	59,064	912	9,709	13,079	1,940	858	1,719,484

N/A – Represents no program that year

*Prior to cost share..may include small amount of ACP

II. TECHNICAL DEVELOPMENT, PLANNING AND UTILIZATION

This program has responsibility for six major areas:

1. Development and transfer of new technology and concepts useful to the Division and the forestry community.

2. Collection, evaluation, and management of data on wood utilization and forest resource status, which is provided to the general public in the form of general and customized information.

3. Analysis of Forest Inventory data in collaboration with the USDA Forest Service, Southern Research Station.

4. Coordination of strategic long-range planning within the Division.

5. The review, the response to, or the initiation of, all environmental documents which require Division involvement.

6. Administration of the Federally funded Rural Community Assistance Program.

The overall dual purpose of the program is to develop cost effective and environmentally sound technology for managing the State's forests and to collect and manage vital forest resource data. These efforts are designed to provide the latest developments and knowledge to landowners and other users of forest data.

The program provides information on new concepts, procedures and methods to Division field personnel through reports, demonstrations, workshops and personal contact. Studies and technology transfer are ongoing in many areas, including pine and hardwood silviculture, wetland ecology, nursery culture, genetic improvement, and computer applications. Utilization data are collected at different levels including mill production output, and primary processors listing. Pressure on the forest resources of North Carolina continues to intensify for various reasons and requests for current resource information have likewise increased. Division comprehensive planning is being coordinated and the program has addressed a wide variety of environmental issues in recent years, given the increase in environmental impact statements, assessments and scoping documents generated by projects and activities that involve or impact the forestry community or the various resources of the forest.

Summary of Technical Development Unit Accomplishments

- 23 applied silviculture research and demonstration projects are ongoing
- Over $479,000 in Federal Economic Action funds were distributed among rural communities across the state to address economic, social and environmental problems through forestry and natural resource solutions. Two successful outcomes of note have been the installation of numerous non-pressurized fire hydrants in key communities in several southeastern counties, and the development of markets for Southern Pine Beetle salvaged wood from mountain counties.

- A comprehensive "Dual Certification Project" was completed in cooperation with Duke University, NC State University, under the *Southern Center for Sustainable Forests*, using two certification programs; the Sustainable Forestry Initiative (SFI) and the Forestry Stewardship Council (FSC).
- Partnership between DFR and U.S. Forest Service (USFS) to complete the seventh periodic forest survey of NC's forest resources.
- Partnership between DFR and the USFS to complete a survey and analysis of the primary wood-using industries in North Carolina to determine timber product output and residue use.

III. FOREST TREE SEEDLING NURSERY AND TREE IMPROVEMENT PROGRAMS

The objectives of the Nursery Program are two-fold: 1) to produce and sell at cost to the State's landowners, a wide variety of high quality forest tree seedlings, Christmas tree species and shrubs for forest regeneration, wetlands mitigation and research, and; 2) to administer the Division's forest tree genetics activities.

To meet these objectives, the Nursery Program operates bare-root nurseries in Goldsboro and Crossnore. It also operates a containerized production facility at Goldsboro. The Goldsboro nursery has been modernized, fields renovated and expanded to replace production capability that was lost by the closing of Ralph Edwards Nursery at Morganton on July 31, 2002. The total number of seedlings produced by the Division was slightly reduced for the 2003-2004 season, anticipating less demand for seedlings due to the decrease of Federal cost-share funds available to landowners for tree planting. The major portion of this sales decrease was felt in 2002-03. A total of 45 species were produced during the 2003-2004 season. Statewide demand for hardwood species for wetland mitigation and wildlife purposes, as well as timber production, increases annually. The 2003-2004 season demand for Longleaf pine seedlings decreased in response to reduced Federal cost-share funding. The "Longleaf Pine Initiative" will increase acreage of this valuable species in its natural range and restore this ecosystem, which is a priority of the Division. Emphasis is being placed on locating and developing hardwood seed production areas on public and private land to ensure an adequate supply of hardwood seed.

The forest tree genetics program has created seed orchards for Coastal Plain Loblolly Pine, Piedmont Loblolly Pine, Longleaf Pine, Shortleaf Pine, Virginia Pine, Pitch Pine, Pond Pine (the world's only), Coastal Plain Sycamore, Piedmont Sycamore, Sweetgum, and Fraser Fir. Seedlings from seed produced in these orchards grow faster and develop into higher quality trees than those grown from wild seed. Third cycle orchards are being established for coastal loblolly pine and piedmont loblolly pine, which will further increase tree growth and quality.

	FY 03-04	FY 02-03	FY 01-02	FY 00-01	FY 99-00
# of Species Produced	45	46	53	52	46
Softwood Seedlings Produced	26,902,000	26,966,000	29,176,000	30,100,000 [1]	34,157,000 [2]
Hardwood Seedlings Produced	3,072,000	2,457,000	2,376,000	2,771,000	2,388,000
Seedling Sales in Dollars	$1,400,000	$1,274,000	$1,931,000	$1,970,000	$1,975,000

1 Includes 2,000,000 produced under contract due to nursery renovation.
2 Includes 3,900,000 produced under contract due to nursery renovation.

IV. URBAN AND COMMUNITY FORESTRY PROGRAM

The Division's Urban and Community Forestry program promotes optimum forest resource management in and around North Carolina cities, towns and communities by offering technical assistance, education opportunities and program support to municipalities, organizations, agencies, industries and private landowners. The program strives to help communities realize the importance of the urban forest in environmental protection, economic development, and landscape and aesthetic values.

The five main elements of the Division's Urban and Community Forestry Program are:

1. Administer the Urban and Community Forestry Grant Program, which encourages citizen involvement in creating and supporting long-term urban and community forestry programs.

2. Manage the Tree City USA program, which promotes and recognizes cities and towns that have shown a commitment to the management of their urban forest.

3. Develop and facilitate partnerships that support urban and community forestry at the local, regional, and state level.

4. Provide technical assistance to communities for activities such as establishing tree boards and responsible tree ordinances, grant procurement, tree planting and maintenance, tree inventories, strategic planning, and systematic management of urban forest resources.

5. Enhance the skill levels of practitioners and volunteers in all aspects of urban tree management and planning through cooperative training and educational efforts.

Urban and Community Forestry Accomplishments

			FY01-02	FY02-03	FY03-04
A. Total Federal U&CF Dollars Allocated to NC		a. Dollars	$476,937	$585,460	$644,890
B. U&CF Grants	1. Grant Applications Received	a. Applications	45	54	47
		b. Dollars	$329,745	$479,826	$596,541
	2. Total Grants Funded	a. Grants	38	44	41
		b. Dollars	$274,908	$483,064	$468,258
		c. Leveraged funds	$521,162	$518,674	$689,410
	3. Grants to Volunteer Groups	a. Grants	8	9	12
		b. Dollars	72,020	$122,632	$ 159,827
C. Urban Trees Planted (Not Including SBA)		a. Trees	1,982	2,987	1,216
D. Communities With On-going U&CF programs		a. UC&F Programs	155	148	152
E. Substantial Assists to Communities		a. Assists & plans	97	75	110
F. Number of Tree City USA's		a. Cities	52	49	56
G. Volunteer Activities	1. Volunteer Groups With On-going Care/Planting Focus	a. Vol. Groups	90	92	92
	2. Volunteer Groups Provided Support During the Year	a. Supported	45	43	46
H. Demonstration Projects		a. Projects		14	10
I. Training/Continuing Ed.	1. Number of Programs	a. Programs	149	132	112
	2. Number of Participants	b. Participants	8,043	8,518	5,852

V. BLADEN LAKES STATE FOREST

Bladen Lakes State Forest is a 33,014-acre forest operated by the Division as a commercial demonstration forest. It is located just northeast of Elizabethtown in Bladen County. Because the land was poor for farming, it was acquired by the Federal government during the period 1936 to 1942. Families were then relocated to other areas where farming was more profitable. The land was deeded to the State on October 19, 1954, but the Federal government has the reversionary right to retake the property if it ceases to be used for public purposes. Since that time, forest stand development, tree planting, cultural practices and harvesting have taken place on the Forest, as well as considerable amounts of forestry research and development of innovative silvicultural management procedures. Nearly 5,000 acres of rare ecosystems have been set aside from any management activities.

Bladen Lakes has undergone a dual forest certification audit and has received full certification from both programs. The programs were two internationally recognized audit programs, one controlled by the Forest Stewardship Council (FSC) and the other by the Sustainable Forestry Initiative (SFI) Program. The audits entailed an intensive evaluation of all aspects of forest management and environment issues to insure and recognize that the forest was being managed in a sustainable manner.

The purpose and objectives of the Forest are regularly evaluated and updated. The current objectives of Bladen Lakes State Forest are:

1. To use renewable resources and to increase the Forest value while protecting and maintaining special resources such as Natural Heritage areas, endangered species, habitat diversity, cultural sites, historical sites, High Conservation Value Forest areas, soil productivity, water quality and aesthetics.

2. To regenerate harvested forest resources through natural or artificial (planting) silvicultural practices.

3. To maintain a sound game management program through cooperation with the NC Wildlife Resources Commission.

4. To serve as a model for sound and innovative management practices and operations that are appropriate for the site and its productivity.

5. To provide research sites and to test the results of research conducted by the Division, universities and other scientific agencies to further the science of multiple-use and sustainable forestry.

6. To utilize the forest to the extent possible as a training area for Division personnel, for forestry schools and for other groups interested in studying the many aspects of southern Sandhills and Coastal Plains forestry.

VI. FOREST DEVELOPMENT PROGRAM --- (Cost-Share Assistance for Landowners)

The Forest Development Program (FDP) was designed to encourage private woodland owners to reforest their land after harvest, and to put idle or unproductive land into trees, thus ensuring future timber supplies while providing environmental protection to the State's woodland. This program offers cost-share assistance to private landowners as an incentive to encourage reforestation, and thereby ease the financial burden of their long-term investment. These landowners typically will not realize any return on this investment for 25 years or longer.

Legislation was passed in 1977 creating the State's cost-share program and the companion Primary Forest Product Assessment Act. The assessment levied on primary forest products processed from North Carolina timber provides the major source of funds for the FDP program. The General Assembly also appropriates funds to supplement the funds from the assessment, which is paid by forest industry. The program guidelines were creatively designed to allow all legitimate means of regeneration or establishment. This includes techniques such as traditional site prep and tree planting, as well as, site preparation for natural seeding, planting without site preparation, and mixed species plantings.

From the program's beginning in 1978 through 1982, the cost share rate was 60% State funds and 40% from the landowner. The demand for funds rapidly drained the available money, and a waiting list was quickly created during the early years of program operation. This list continued to grow until landowners were waiting 18-24 months to receive cost share funds. In an effort to reduce this long waiting period, and to spread available dollars to more landowners, the cost share rate was changed to 50/50 on July 1, 1983 and subsequently to 40/60 on July 1, 1984.

To further insure that funds are used efficiently, a "prevailing rate" schedule for each practice is utilized. No payment may exceed these rates even if the cost to the landowner is higher. These rates are reviewed annually and revised as needed to reflect actual rates charged by private contractors.

In the 83-84 fiscal year, the "Plant Only" practice was initiated on a trial basis. Initially, for the "Plant Only" practice, funds were derived from money released from canceled projects or from projects not using all the funds allotted to them. Landowners received priority funds on acres which just needed planting or on acres that the landowner had paid in full for the site preparation, reducing the per acre cost of the program.

Due to the success of "Plant Only", on July 1, 1986 a special allocation was established whereby a specific portion of the existing funds were set aside to be used for "Plant Only". To date, over 608,957 acres have been funded under "Plant Only".

At the same time the "Plant Only" program was started a special designation was established for the "Mountain Region", with an emphasis on hardwood regeneration, to encourage reforestation in that area and to insure that a portion of the program was dedicated to western North Carolina counties.

In July 1993, prompted by recent forest surveys indicating a steady decline in longleaf pine acreage, a "Longleaf Initiative" was undertaken to increase this species in it's natural range and to restore this important ecosystem. Additional attention was also focused on hardwood

production and the planting of desirable species in wetland areas. The higher cost to landowners to undertake these practices is prohibitive in many cases. To make restoration of longleaf, hardwood and wetland species more equitable and attractive, the cost-share rate for these practices was raised to 60% State, 40% landowner. Results to date are 2,289 acres of hardwood/wetland planting and 39,993 acres of longleaf during the eleven years since implementing the higher cost share rate.

In August 1997, legislation was passed which provides for (1) the recovery of funds paid as FDP cost-share payments when trees are not maintained at least ten years, and (2) the conversion of the FDP fund to an interest bearing account. Interest earned during fiscal year 03-04 generated enough additional revenue to fund 2,190 acres of tree planting.

Streamlining efforts reduced the waiting list for several years, in most cases landowners were receiving approval for cost-share the same month they applied. However, an increase in the waiting period has been experienced over the last few years due to program demand and the loss or reductions in alternative, usually Federal, cost-share programs.

During the late 1990s, there was a substantial increase in timber harvests due to salvage efforts following significant acreage of timber damage caused by hurricanes and ice storms. Although this produced more assessment dollars for cost share purposes, it increased demand for reforestation. The actual assessment being paid by the primary processors has not changed since the original rate was established in 1977.

Since 1979, $42,650,390 has been collected through forest industry assessment and $15,396,500 State funds has been appropriated by the Legislature to finance the program. All the efforts to manage FDP program funds and objectives for optimum benefit along with a healthy forest products industry have been extremely successful. During the history of FDP, some 981,329 acres have been planted through the program, growing from 17,500 acres the first year to almost 68,000 acres for 1996. 48,487 acres were planted with FDP funds in 2004.

The projected increased value of these reforested acres to the State (at current timber values), upon harvest of the planted trees established by these funds, is over one billion dollars.

FDP Funding History

State Appropriation:

$500,000 annually	1978 - 1984
$800,000 annually	1985 - 1986
$700,000 annually	1987 - 1990
$ -0-	1991 - 1992
$700,000 annually	1993 – 1997
$689,500	1998
$509,500	1999
$439,500	2000
$589,500	2001
$589,500	2002
$589,500	2003
$589,500	2004

Primary Processors Assessment Rates:

50 cents per thousand board foot for softwood sawtimber
40 cents per thousand board foot for hardwood and baldcypress sawtimber
20 cents per cord for softwood pulpwood
12 cents per cord for hardwood pulpwood and baldcypress

VII. FOREST STEWARDSHIP PROGRAM

Two-thirds of North Carolina forests are owned by private citizens – 210,000 people own 10 or more acres of forestland. These individuals have differing values, levels of knowledge and goals for their woodlands. The Stewardship Program recognizes private landowners for the concrete efforts they make to protect and enhance the many values associated with their woodlands. The Forest Stewardship Program is a Federally funded effort which provides coordinated assistance and enables landowners to enhance their property's productivity for future generations while remaining profitable today.

The Forest Stewardship Program provides landowners with on-the-ground assistance and planning. A working partnership of agencies and organizations delivers the program to enhance and protect the timber, soil and water, wildlife and fish, and recreational and aesthetic values of the ownership. Forest Stewardship is organized under the direction of the Division of Forest Resources, the North Carolina Wildlife Resources Commission, United States Forest Service, Natural Resources Conservation Service, Farm Services Agency, Cooperative Extension Service and two universities offering professional instruction in forestry and natural resources management. Additional input, perspectives and review are provided by 35 other organizations, environmental concerns, landowner groups and agencies, who serve in an advisory capacity to direct the program during major and minor policy changes. To date, over 250 natural resource professionals have been trained as Forest Stewardship Contractors. Presently 100 of these individuals are available to contract the plan writing for private landowners.

The Stewardship Program has been well received by citizens and recent efforts to streamline the program have increased program impact and efficiency. The assignment of forester training responsibility to the Stewardship Coordinator position has helped solidify Stewardship planning within the total forest management / resource effort for the Division.

Stewardship Accomplishments

	97-98	98-99	99-00	00-01	01-02	02-03	03-04
# of Plans	138	162	354	459	396	421	356
Acres in Plans	17,831	28,092	43,570	45,138	47,928	52,083	35,465
Tracts Certified	27	25	33	19	57	32	36
Acres Certified	4,077	5,259	7,329	3,927	7,493	4,809	5,515

VIII. FOREST LEGACY

The Forest Legacy Program helps landowners, state and local governments, and private land trusts identify and protect environmentally important forestlands threatened by conversion to non-forest uses. Forest Legacy is a partnership wherein each State develops its own assessment guidelines which should conform to Federal requirements. Forest Legacy Program costs are shared between the Federal government (75%) and the State (25%) in cash or in-kind. The responsibility of easement monitoring rests with the State or local governments.

The Forest Legacy Program helps protect "environmentally important" forestlands – which include:

- Sustainably managed working forest landscapes
- Forest buffers that stabilize soil and filter potential pollutants
- Recreational and cultural resources
- Fish and wildlife habitat
- Beautiful scenery and other ecological values such as clean air and water

The State of North Carolina opted to enter the program in May of 1999 and was officially approved on February 29th, 2000. Since that time over 35 applications have been received/reviewed from willing owners who offered to sell development rights at fair market value. Successful candidates keep any remaining property rights to work and manage their property. Property taxes are paid by the owner on any retained rights as determined by local assessors. Program accomplishments and future acquisitions are listed below.

Tract Location	Year	Acreage	Legacy Funding	Total Project Value
Coastal Plain	2001	1,088	$1,400,000	$2,183,024
Coastal Plain	2002	1,259	$2,650,000	$3,121,976
Mountain I	2003	(2,500)	($1,500,000)	($2,200,000)
Coastal Plain	2003	846	1,500,000	($5,232,500)
Mountain II	2004	(2,500)	($1,500.00)	($2,200,000)
Coastal Plain	2004	(1,710)	($1,500,000)	($3,000,000)
Mountain	2006	600	**	3,000,000
Mountain	2006	2600	**	8,554,000
Mountain	2006	2200	**	6,000,000

* Note: Items in parenthesis are in process or proposed

**Note: To be considered for funding 2006

2005 projects did not make the national priority list for funding

DIVISION OF PARKS AND RECREATION
DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES

PROGRAM OVERVIEW

Division Mission:

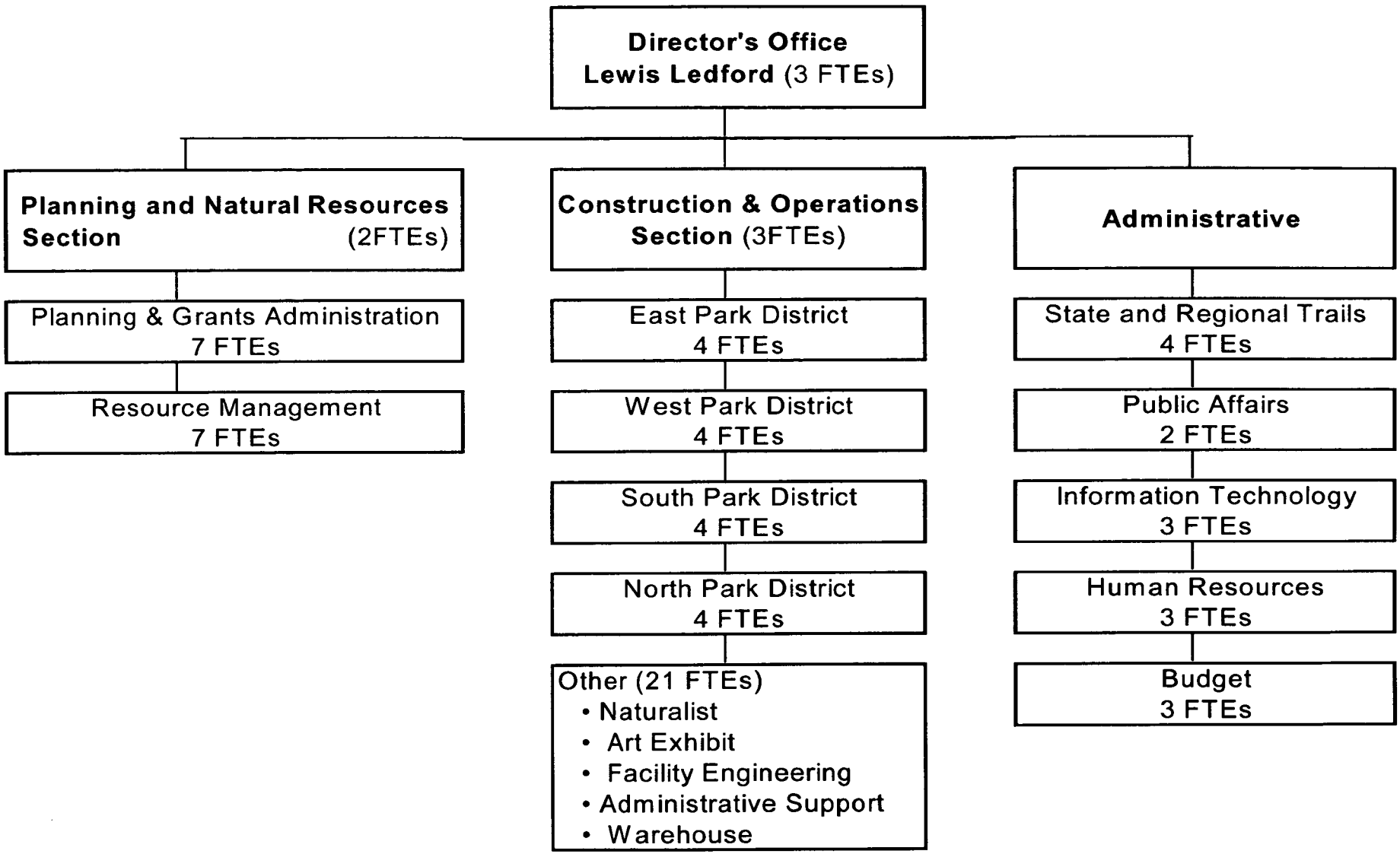
The Division of Parks and Recreation is responsible for protecting high quality examples of the state's natural resources and for promoting the outdoor recreational opportunities throughout the state.

Division Activities:

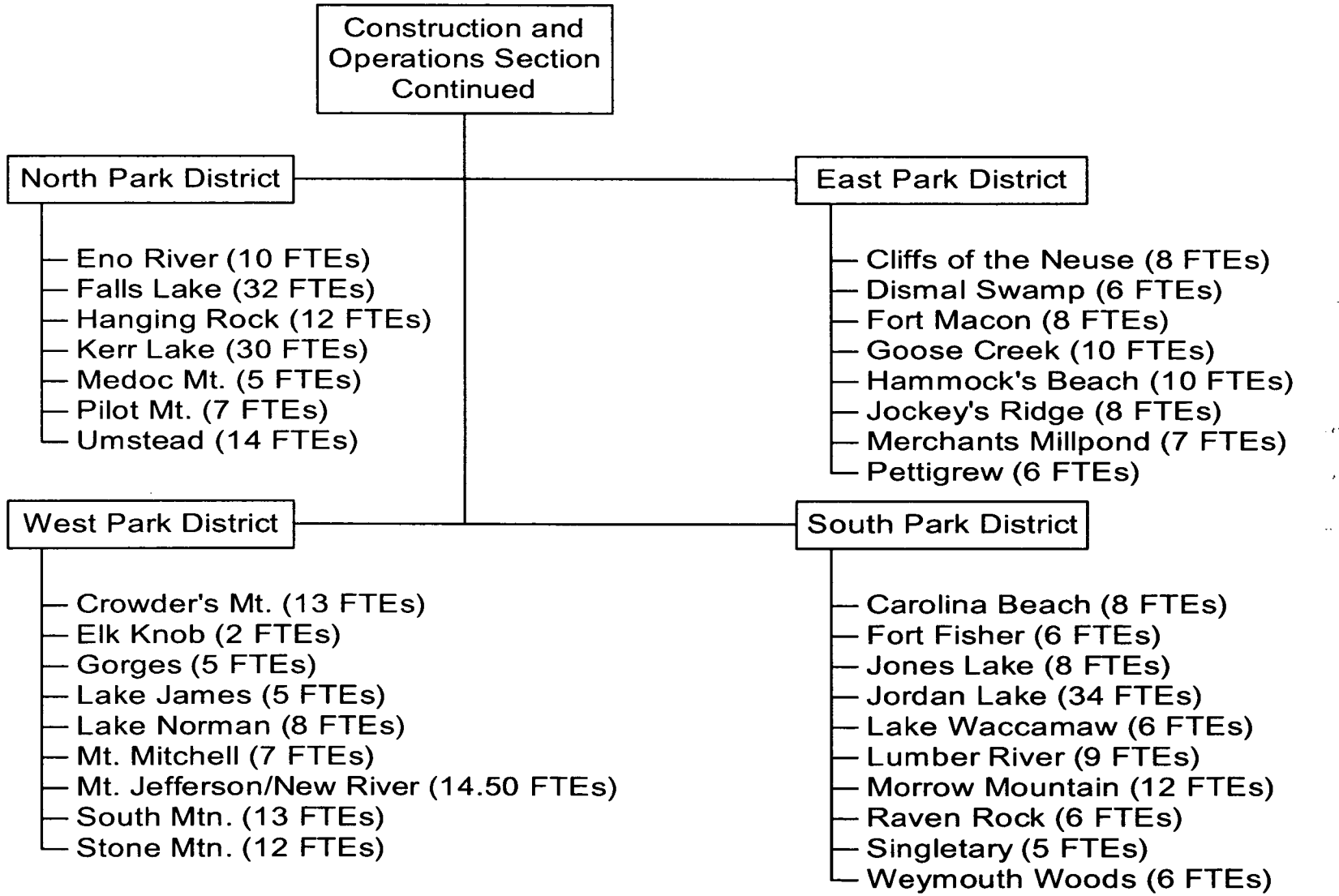
- Manages 61 statewide units in the State Parks System, 34 of which are operated by permanent staff.
- Provides regional and local parks and recreation providers with training, technical assistance, and support for planning and design.
- Provides staff support to the administering board of the Parks and Recreation Trust Fund.

DIVISION OF PARKS AND RECREATION

ORGANIZATIONAL CHART



ORGANIZATIONAL CHART CONTINUED



Department of Environment and Natural Resources

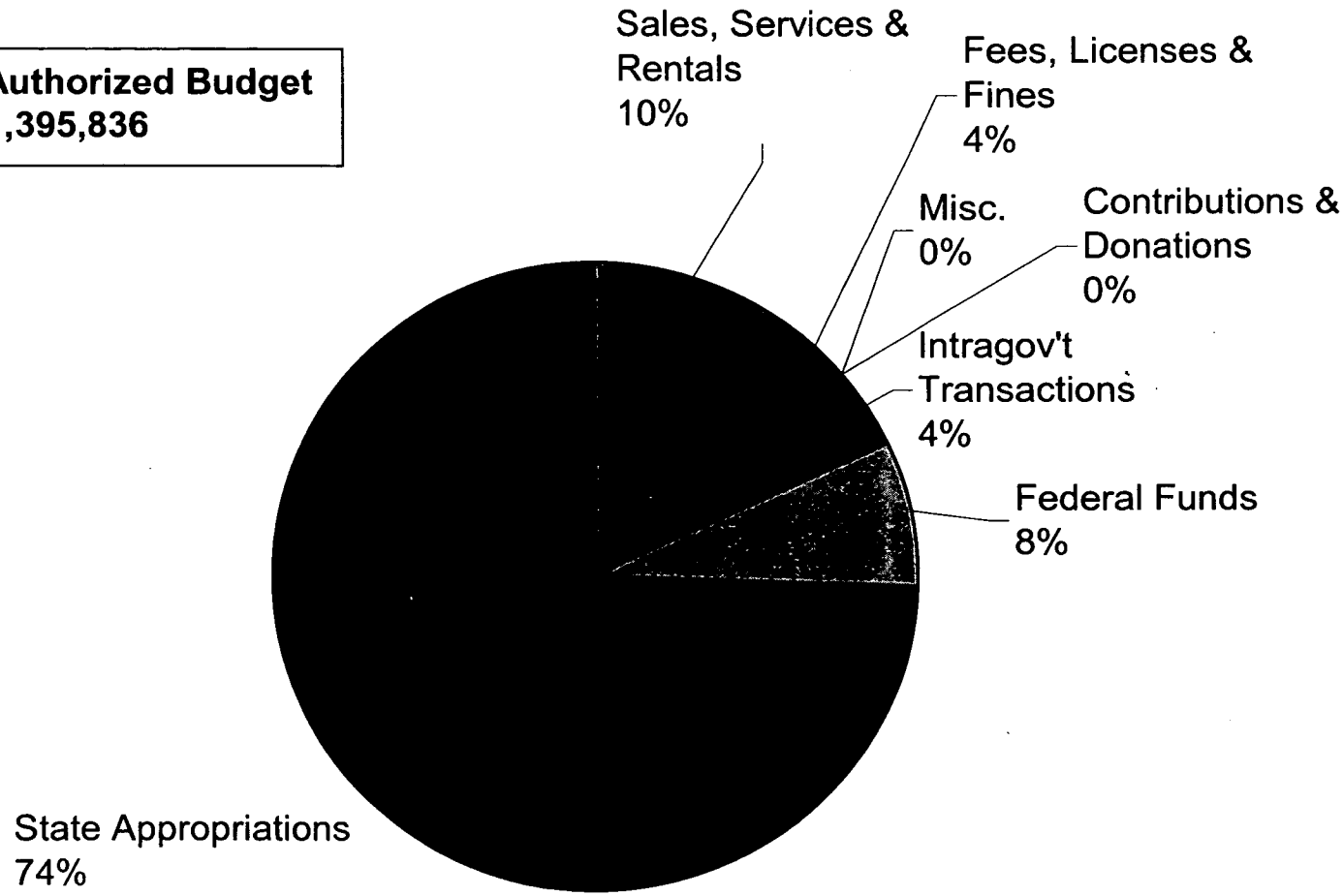
Division of Parks and Recreation

	2002-2003 Actual	2003-2004 Actual	2004-2005 Authorized	Governor's 2005-2006 Recommended Cont. Budget	Governor's 2006-2007 Recommended Cont. Budget
Expenditures	30,716,923	35,629,149	31,395,836	34,986,570	35,306,853
Less Receipts	(12,431,648)	(16,070,403)	(8,063,013)	(8,063,013)	(8,063,013)
State Appropriations	*18,285,275*	*19,558,746*	*23,332,823*	*26,923,557*	*27,243,840*
Positions	402.5	412.5	422.5	443.5	455.5

DIVISION OF PARKS AND RECREATION
DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES

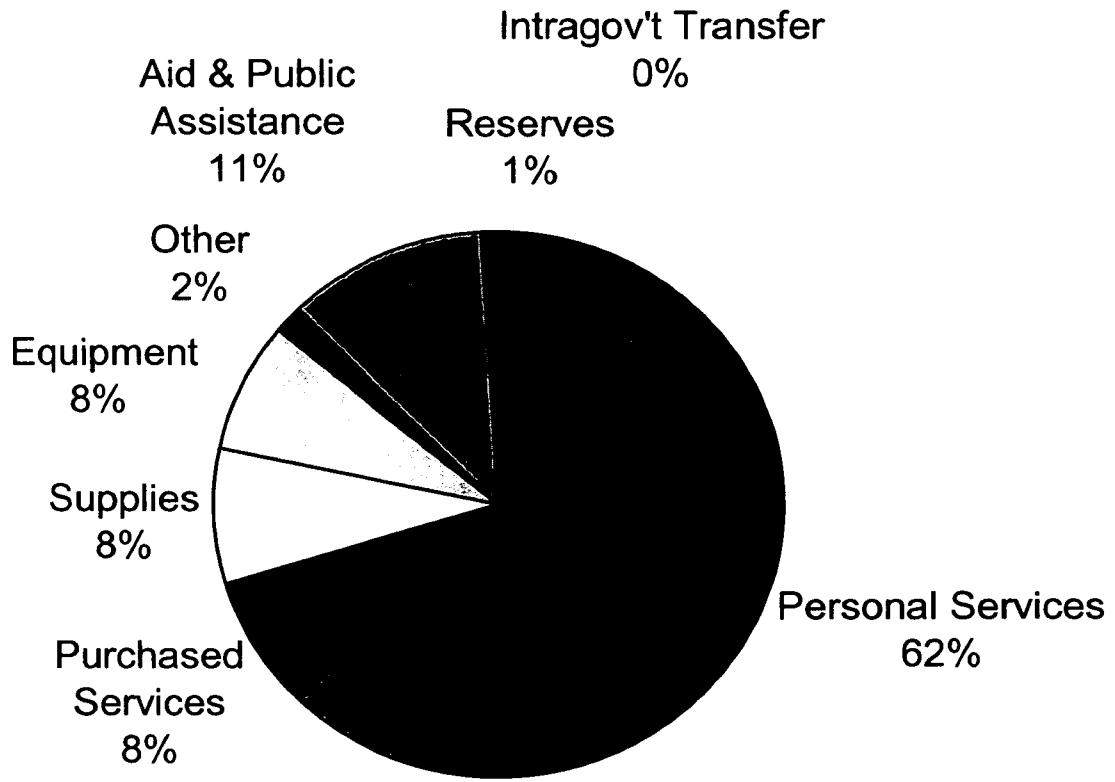
FY 2004-05 AUTHORIZED FUND SOURCES

FY 2004-05 Authorized Budget
$31,395,836



DIVISION OF PARKS AND RECREATION
DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES

FY 2004-05 AUTHORIZED BUDGET BY EXPENDITURE TYPE



FY 2004-05 Authorized Budget
$31,395,836

DIVISION OF PARKS AND RECREATION
DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES

SUMMARY OF BUDGET ACTIONS FOR THE 2003-05 BIENNIUM

EXPANSION AND/OR CAPITAL IMPROVEMENTS	2003-04	2004-05
1. Appropriation to Action Greensboro for the design and construction of City Center Park		$500,000 R
REDUCTIONS		
1. Establish a vehicle access fee at Ft. Fisher	($36,857) R	($36,857) R
2. Increase State Park Fees effective January 1, 2004	($233,246) R	($438,177) R
3. Eliminate 1.0 vacant position Personnel Assistant ($31,305)	($31,305) R (1.0)	($31,305) R (1.0)
4. Reduce operating support	($86,462) NR	
6. Reduce seasonal staff	($144,000) R	($144,000) R
7. Reduce operating support for seasonal employees, excluding life guards		($246,203) R

DIVISION OF PARKS AND RECREATION
DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES
PROPOSED RECOMMENDATIONS FOR THE 2005-07 BIENNIUM

CONTINUATION BUDGET ITEMS	2005-06	2006-07
Increase for Operating Reserve for positions	$3,200,000 (21.0)	$3,500,000 (33.0)

EXPANSION AND/OR CAPITAL IMPROVEMENTS

None to Report

NER Team

Attachment 5

STATE OF NORTH CAROLINA
OFFICE OF STATE PERSONNEL
1331 MAIL SERVICE CENTER
116 WEST JONES STREET
RALEIGH, NC 27699-1331

MICHAEL F. EASLEY
GOVERNOR

THOMAS H. WRIGHT
STATE PERSONNEL DIRECTOR

MEMORANDUM

TO: Ms. Michelle Nelson
Fiscal Research Analyst
Fiscal Research Division
North Carolina General Assembly

FROM: Thomas H. Wright
State Personnel Director
Office of State Personnel

DATE: January 3, 2005

SUBJECT: **Study of Sworn Law Enforcement Officers**
Division of Parks and Recreation
Department of Environment and Natural Resources

Part XLII, Section 42.1 of Senate Bill #1152 enacted by the 2004 Session of the General Assembly directed the Office of State Personnel to conduct a "reclassification study of all sworn law enforcement officers in the Division of Parks and Recreation." This legislation required that this Office report the results of this study by January 3, 2005.

Enclosed is a copy of the study report including recommendations.

THW:dw

Enclosure

Study of Sworn Law Enforcement Officers
Division of Parks and Recreation
Department of Environment and Natural Resources

Prepared by
The Office of State Personnel
December 2004

Introduction

Part XLII, Section 42.1 of Senate Bill #1152 enacted by the 2004 Session of the General Assembly directed the Office of State Personnel to conduct a "reclassification study of all sworn law enforcement officers in the Division of Parks and Recreation." This legislation required that this Office report the results of this study by January 3, 2005.

Planning

Office of State Personnel representatives met with Department of Environment and Natural Resources Human Resources staff and Division of Parks and Recreation management to discuss the "reclassification study." It was agreed that the classifications requiring law enforcement certification included the classes of Park Ranger I-III, Park Superintendent I-IV, Parks and Recreation Law Enforcement Officer, Parks Chief Ranger, Parks District Superintendent, and Superintendent of State Parks.

The Office of State Personnel conducts comprehensive classification studies when there have been significant changes in the nature of work performed due to organization changes, new program initiatives, new legislative mandates, or a combination of these factors. This process is labor intensive requiring the preparation of new position descriptions and extensive information collection through employee interviews. Discussions with Division management indicate that, except for the Park Ranger I, the existing classification concepts, developed in 1999, continue to represent the work performed and structure of the organization.

The Office of State Personnel conducts compensation studies to ensure that the pay structure supports effective employee recruitment and retention efforts. This involves surveying competitor employers to establish an appropriate market position for the State. Discussions with management indicate that the major concern is the level of compensation for Division law enforcement staff, including its relationship to the pay structure for the Wildlife Enforcement Officers and the Marine Fisheries Enforcement Officers in the North Carolina system.

Park Ranger I

Since the classification structure was implemented in 1999, management observed erosion in the distinctions between the Park Ranger I and Park Ranger II concepts. Division management indicated that the expansion of the park system without significant increases in staff resources raised internal expectations and job requirements for the entry-level ranger. As a result, the major differences between positions classified at the I and II levels diminished. Division management feels it is more appropriate to now combine these two levels of rangers and manage these distinctions through salary administration rather than classification, and the Office of State Personnel agrees. Division management has developed criteria for managing salaries in a new combined classification concept.

External Compensation Study Process

The State of North Carolina normally surveys other southeastern states and local governments within North Carolina to establish external market position for jobs typically found in the public sector. For this survey, the local governments selected included Charlotte/Mecklenburg, the City of Raleigh, and Wake County. The process also includes surveying other organizations identified by management as competitors or with similar operational characteristics.

The Division Director identified the states of Maryland, Missouri, New Jersey, and California as being most similar in terms of job requirements and operations. The salary survey included all of these states except California.

The Office of State developed a capsule summary for the Park Ranger II, considered to be the journey level, and sent it to survey participants. The survey requested that participants match the nature of work described, including law enforcement certification, with jobs in their organization and provide existing salary ranges and average salaries.

The Office of State Personnel compiled the information contained in the responses. Charlotte/Mecklenburg, the City of Raleigh, Wake County, and several states reported no match. The survey indicated that North Carolina was 10.13% behind the market at the salary range minimum and 14.15% behind the market at the maximum.

This finding supports a two salary grade range revision for the affected classifications.

Internal Compensation Analysis

Division management supports leveling the Park Ranger classification series at the same salary grade levels as those assigned to the Wildlife Enforcement Officer series and the Marine Fisheries Enforcement Officer series based upon the viewpoint that comparable work is being performed.

The State of North Carolina maintains a range of classifications requiring sworn law enforcement officers from Security Officer I (salary grade 60), to Police Officer I (salary grade 63), to Highway Patrol Trooper (salary grade 66), to SBI Agent I (salary grade 70). This spectrum reflects that law enforcement work ranges from prevention, observation, and intervention, to investigations of violations, to investigations of potential or suspected violations. In addition, many roles require program enforcement with associated statutory requirements affecting private sector business and the general public in addition to the law enforcement role. The higher graded classes in our system perform both the program and the law enforcement roles with the focus on an investigatory role.

The roles of Wildlife Enforcement Officer and Marine Fisheries Enforcement Officer include both program and law enforcement. Functions include ensuring that the general public and businesses comply with program regulations designed to manage and protect natural resources. The Division of Parks and Recreation staff is responsible for conservation and education activities in addition to the law enforcement role at the State parks. However, these functions do not represent a program enforcement role. Therefore, the classifications of Wildlife Enforcement Officer and Marine Fisheries Enforcement Officer are not appropriate comparisons for the Park Ranger series.

A more appropriate comparison for the Park Ranger II, from a law enforcement perspective, is the Police Officer I, salary grade 63. Positions in this classification are found in the Capital Police department, the various University police departments, and the police departments at the larger mental health facilities. These positions are responsible for a full range of general law enforcement activities including initial investigation of incidents. This conclusion does not ignore that Park Rangers provide other valuable educational and conservation services, but these functions represent a different and lower level labor market than that recognized for law enforcement.

Recommendations

The Office of State Personnel recommends, and management agrees, that the classifications of Park Ranger I and II be combined.

Additionally, based on the results of the labor market survey and the internal comparisons, the Office of State Personnel recommends a two grade range revision for the affected classifications (see following chart). This office is prepared to implement these recommendations effective January 1, 2005, or later contingent upon funding availability. Cost projections, for salaries only, are $38,509 for minimum (mandatory) costs and $762,130 for maximum (permissive) costs. The figures do not include any necessary adjustments for social security taxes, retirement contributions, and related costs. Minimum (or mandatory) costs are those that are necessary to bring an employee's salary up to the minimum of the new salary range for their classification. Maximum (or permissive) costs are those allowed, but not required, by state policy to allow an increase for an employee whose salary is already within the salary range of their classification.

Salary Grade Recommendations

Schematic Code	Classification Title	Current Salary Grade	Recommended Salary Grade
09580	Park Ranger I	60	Abolish
09577	New Park Ranger I (combines the existing Park Ranger I and II)	62	64
09575	New Park Ranger II (the existing Park Ranger III)	64	66
09584	Park Superintendent I	65	67
09586	Park Superintendent II	67	69
09590	Park Superintendent III	69	71
09591	Park Superintendent IV	71	73
09583	Parks District Superintendent	73	75
35090	Parks and Recreation Law Enforcement Officer	71-T	73
33211	Parks Chief Ranger	73-T	75
34344	Superintendent of State Parks	77-T	79

Cost Projections

For combining the Park Ranger I and II levels and implementing a two grade range revision for all classes in the series. This includes only salary increase costs, not associated increases in Social Security tax, retirement, etc.

	General Fund	Receipts	Total
Minimum Cost	$ 38,509	0	$ 38,509
Maximum Cost	$753,359	$8,771	$762,130

VISITOR REGISTRATION SHEET

APPROPRIATIONS SUBCOMMITTEE ON NATURAL AND ECONOMIC RESOURCES — March 22, 2005

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Cameron Bailey	NCPOL
Beverly Brown	NCDOC
Thomas Cheek	OSBM
LEWIS LEDFORD	NCDENR, DFR
Erin McGinley	NC Conservation Network
Bill McNeal	NC Rural Center
Alice Garland	NC DOC
Sheryl Stephens	OSBM
Johanna Reese	DENR
Kathy Lagana	DFR
Dianne Beasley	Forestry
Stan Adams	Forestry

VISITOR REGISTRATION SHEET

APPROPRIATIONS SUBCOMMITTEE ON NATURAL AND ECONOMIC RESOURCES
Name of Committee

March 22, 2005
Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Jane Smith	DENR
Dusty Wall	OSP
Gary Wiggins	OSP
Cathey Cottle	DENR
Jeremy Hardesty	NCPC
David Brown	OSBM
Nancy Thompson	NCIC

MINUTES

Joint Appropriations Subcommittee
on
Natural and Economic Resources
Tuesday, March 22, 2005 at 2:00 p.m.
423 Legislative Office Building

The Joint Appropriations Subcommittee on Natural and Economic Resources (NER) met at 2:00 p.m. on Tuesday, March 22, 2005, in Room 423 of the Legislative Office Building. Four members of the Senate Subcommittee attended along with Representative Langdon (due to the funeral for Representative John D. Hall, only one House Member was present). Senator David Weinstein presided.

The meeting was called to order and the Subcommittee members and interested parties were welcomed. The following served the meeting: Pages – Elliott Tomlinson sponsored by Senator Ham Horton, Jamie Keener sponsored by Senator Richard Stevens, Joel Rubin sponsored by Senator Katie Dorsett, Matt Southern sponsored by Senator Don East, Scott Gunn sponsored by Senator Hugh Webster, and Darius Dawson sponsored by Senator Tony Rand; Sergeant at Arms - Ernie Sherrell and Ron Spann (Senate), and James Worth and Willie Dixon (House); and the Fiscal Research NER Team - Susan Morgan, Jennifer Haygood, and Joy Hicks. Senator Weinstein proceeded with the Agenda (Attachment 1).

Joy Hicks, Fiscal Research NER Team, gave a program overview of the Division of Soil and Water Conservation, Department of Environment and Natural Resources (Attachment 2). After her presentation Ms. Hicks entertained questions and/or comments from the Subcommittee.

David Vogel, Director, Division of Soil and Water Conservation, gave an overview of the Agriculture Cost Share Program (Attachment 3). After his presentation Mr. Vogel and David Williams, Program Manager, entertained questions and/or comments from the Subcommittee.

Talmage Layton, Durham County Local District Supervisor and Chairman and, as a farmer, representative for farmers across the state as Chairman of the Legislative Committee for Soil and Water, spoke briefly regarding several of the district situations that are causing the need for additional Agriculture Cost Share Program funding (i.e. BMP Aid Capos, cropland conversion, technical assistance, and travel expenses). After his comments Mr. Layton entertained questions and/or comments from the Subcommittee.

Joy Hicks, Fiscal Research NER Team, gave a program overview of the North Carolina Zoological Park, Department of Environment and Natural Resources (Attachment 4). After her presentation Ms. Hicks entertained questions and/or comments from the Subcommittee.

Dr. David Jones, Director, Division of NC Zoological Park, spoke to the Subcommittee mainly about the new elephant and rhino exhibit and the additional cost necessary for that exhibit (Attachment 5), and briefly about the running of the Wildlife Rehab Center. After his comments Dr. Jones entertained questions and/or comments from the Subcommittee.

Joy Hicks, Fiscal Research NER Team, gave a program overview of the Partnerships for the Sounds, Inc., Department of Environment and Natural Resources (Attachment 6). After her presentation Ms. Hicks entertained questions and/or comments from the Subcommittee. Senator Horton commented that of the total budget only 12% is from sales and admissions at all the center locations and everything else is coming from the State. He asked if there was a number of visitors? Ms. Hicks responded that she would find out information regarding visitation and provide that information to Senator Horton.

Senator Weinstein announced the cancellation of the Subcommittee meetings scheduled for Wednesday, March 23, 2005, and Thursday, March 24, 2005, and asked if there was any further business that needed to come before the Subcommittee. There was none and the meeting adjourned at 2:50 p.m.

Senator David Weinstein
Chairman

Jane M. "Dee" Bagley
Committee Assistant

Attachment 1

Joint Appropriations Subcommittee on Natural and Economic Resources

Tuesday, March 22, 2005
Senator David Weinstein, Presiding
2:00 p.m. Room 423

Chair's Comments

Division of Soil & Water Conservation

Overview	*Joy Hicks, Fiscal Research*
Presentation on Programs & Continuation Budget	*David Vogel, Director* *Division of Soil & Water Conservation*

Division of NC Zoological Park

Overview	*Joy Hicks, Fiscal Research*
Presentation on Continuation Budget Items	*Dr. David Jones, Director* *Division of NC Zoological Park*

Partnership for the Sounds – Overview	*Joy Hicks, Fiscal Research*

Closing Remarks – Senator Weinstein

Adjourn

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DIVISION OF SOIL AND WATER CONSERVATION
DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES

PROGRAM OVERVIEW

Division Mission

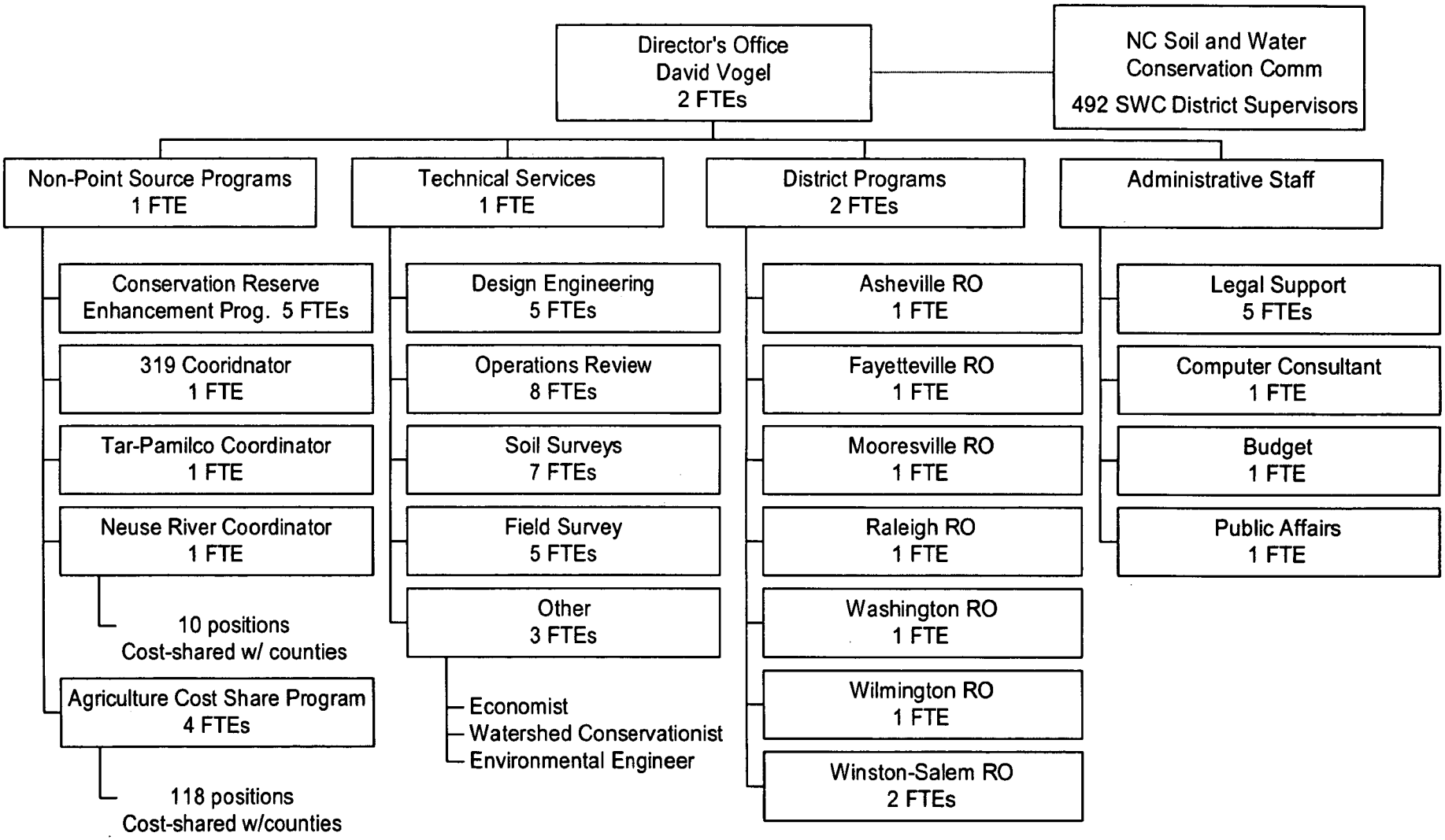
To administer a comprehensive statewide program to protect and conserve soil and water resources and provide leadership and assistance to the Soil and Water Conservation Districts in locally-led conservation.

Division Activities

- Administers the Agriculture Cost Share Program – A program that provides financial and technical assistance to landowners to encourage the adoption of Best Management Practices (BMPs) to reduce agricultural nonpoint source pollution.
- Administers the Conservation Reserve Enhancement Program (CREP) - A state-federal partnership to enroll 100,000 acres of agricultural croplands adjacent to the State's waters and wetlands in long-term conservation agreements and to install BMPs.
- Conducts annual operation reviews of animal waste facilities.
- Provides technical and/or financial assistance to reduce non-point source pollution and to assist local units of government in flood control, water supply, water conservation, working lands conservation and open spaces, basinwide planning process, floodplain conservation easements, public information and conservation education.
- Provides support to local Soil and Water Conservation District programs to implement local comprehensive conservation programs.
- Administers the Cooperative Soil Survey Program and partners with the federal and local governments to inventory, document, interpret and disseminate information about soils.

DIVISION OF SOIL AND WATER CONSERVATION
DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES

ORGANIZATIONAL CHART



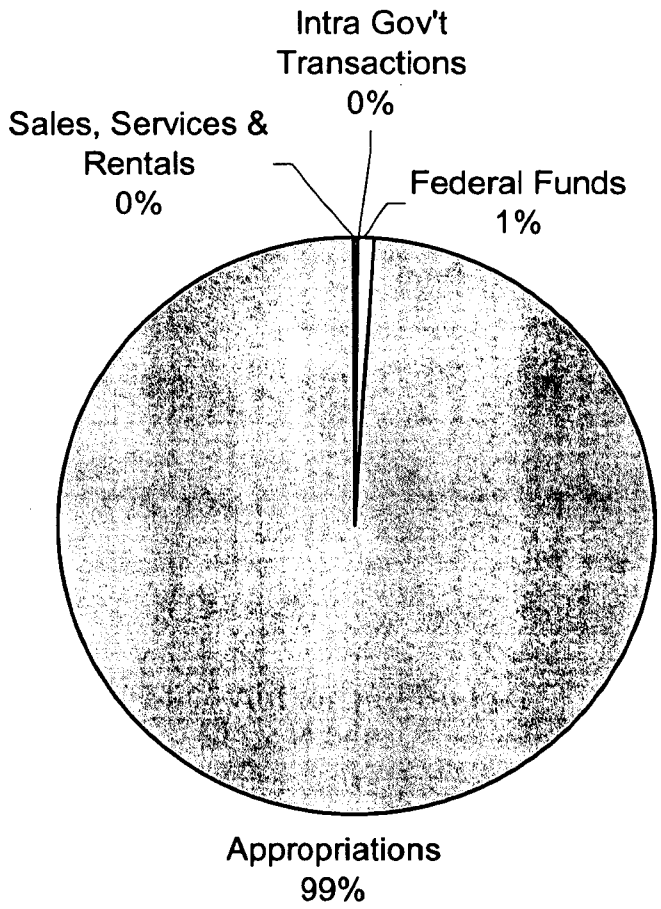
Department of Environment and Natural Resources

Division of Soil and Water Conservation

	2002-2003 Actual	2003-2004 Actual	2004-2005 Authorized	Governor's 2005-2006 Recommended Cont. Budget	Governor's 2006-2007 Recommended Cont. Budget
Expenditures	10,933,070	11,219,418	11,244,546	11,269,541	11,272,439
Less Receipts	(232,714)	(501,749)	(137,605)	(138,605)	(138,605)
State Appropriations	*10,700,356*	*10,717,669*	*11,106,941*	*11,130,936*	*11,133,834*
Less State NR					
Adjusted Appropriation	*10,700,356*	*10,717,669*	*11,106,941*	*11,130,936*	*11,133,834*
Positions	53.00	52.00	52.00	52.00	52.00

DIVISION OF SOIL AND WATER CONSERVATION
DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES

FY 2004-05 AUTHORIZED FUND SOURCES

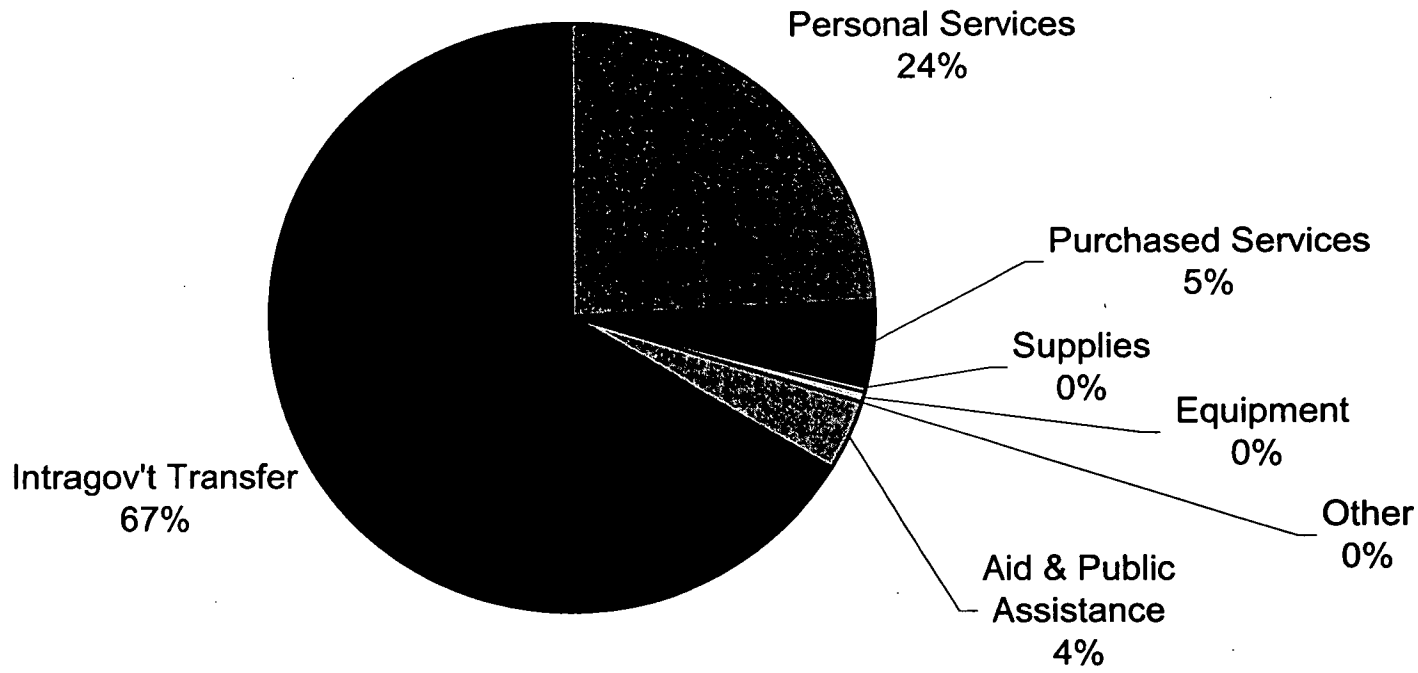


FY 2004-05 Authorized Budget
$11,244,546

DIVISION OF SOIL AND WATER CONSERVATION
DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES

FY 2004-05 AUTHORIZED BUDGET BY EXPENDITURE TYPE

FY 2004-05 Authorized Budget
$11,244,546



DIVISION OF SOIL AND WATER CONSERVATION
DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES

SUMMARY OF BUDGET ACTIONS FOR THE 2003-05 BIENNIUM

EXPANSION AND/OR CAPITAL IMPROVEMENTS	2003-04	2004-05
None to Report		

REDUCTIONS	2003-04	2004-05
1. Eliminate funding for Animal Waste Control Program	($117,500) NR	
2. Eliminate 2.0 vacant positions	($91,371) R (2.00)	($91,371) R (2.00)
3. Reduce operating support	($57,788) R	($157,788) R
4. Restore the District 7 Soil & Water Conservation Regional Coordinator position		$41,749 R 1.00

DIVISION OF SOIL AND WATER CONSERVATION
DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES
PROPOSED RECOMMENDATIONS FOR THE 2005-07 BIENNIUM

CONTINUATION BUDGET ITEMS	2005-06	2006-07
Vehicle Replacement	$18,000	$18,000

EXPANSION AND/OR CAPITAL IMPROVEMENTS

None to Report

Agriculture Cost Share Program

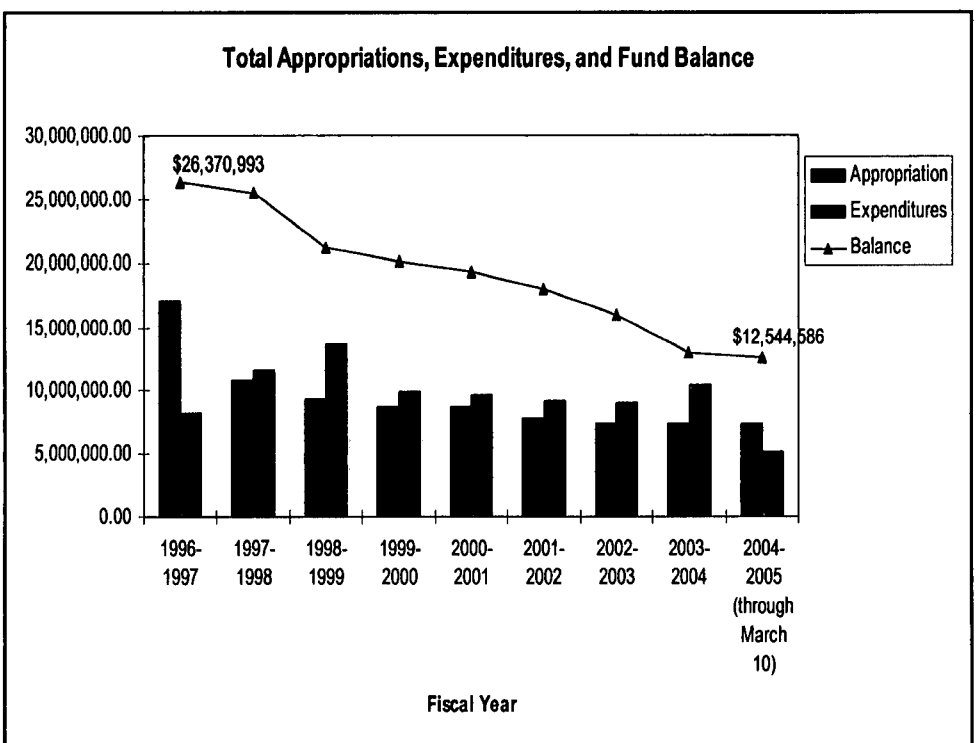
Presentation to the NER
Appropriations Subcommittee
March 22, 2005

2005 Appropriation

- $7,359,897 total
- $5,484,897 appropriated for BMPs
  - Less $240,000 transferred for TA
  - $24,713,695 requested by districts
- $1,875,000 appropriated for TA
  - Plus $240,000 transferred from BMPs

Program History

- Initiated in 1984 to address water quality concerns for Jordan Lake, Falls Lake, and the Chowan River
- Expanded Statewide in 1990
- Purpose: Reduce the input of agricultural non-point source pollution into watercourses of the state. Assist agricultural producers and landowners to install best management practices to protect water quality and to comply with regulatory requirements



Program Implementation

- Annually 2,000+ contracts on agricultural lands
- Contracts prioritized to benefit water quality
- Cost share rate:
  - 75% of predetermined average cost
  - Up to 90% for new/limited resource farmer
- Most practices must be maintained for 10 years (some agronomic practices less than 10).

Program Implementation

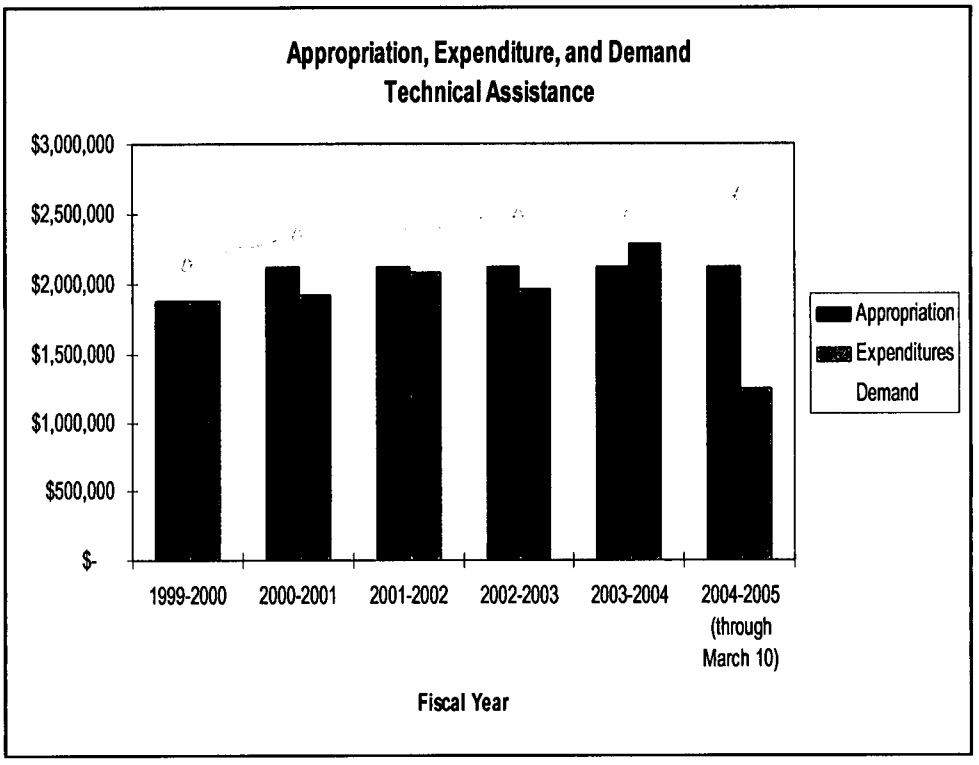
- Soil and Water Conservation Commission:
  - Establishes program rules
  - Sets eligible practices and predetermined costs
  - Allocates BMP and TA funds to conservation districts in accordance with its rules
- Local Soil and Water Conservation Districts
  - Establish local priorities
  - Solicit and rank applications for contracts
  - Develop conservation plans with farmers
  - Assist and certify BMP implementation
  - Conduct maintenance spot checks and respond

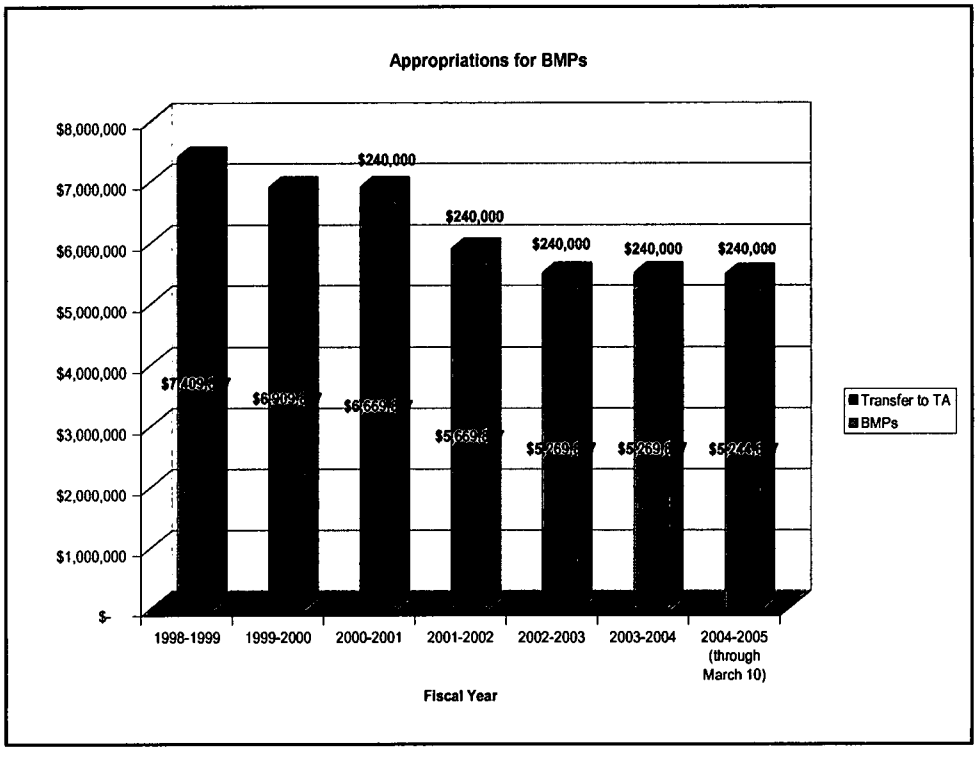
Program Implementation

- Division of Soil and Water Conservation
  - Supports Commission actions
  - Approves contracts
  - Process payments to farmers
  - Manages program budget (multi-year)
  - Prepares annual report to General Assembly

Technical Assistance

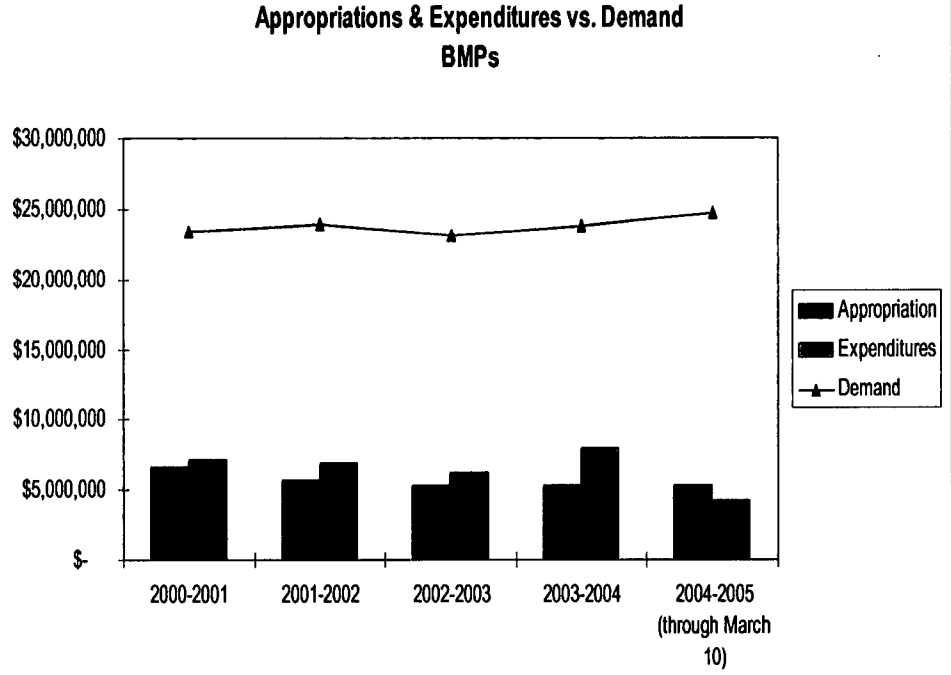
- $1,875,000 appropriated + $240,000 diverted from BMP funds
- 122 technical positions cost shared up to 50% in 92 districts (presently at 45% on average)
- No regular increases in appropriation to match local cost of living increases (last increase a *transfer* in FY 2000-01)
- Commission allocation for 4 local positions will be eliminated in FY-2006 without added funds


Appropriation, Expenditure, and Demand
Technical Assistance
$3,000,000
$2,500,000
$2,000,000
$1,500,000
$1,000,000
$500,000
$-
1999-2000
2000-2001
2001-2002
2002-2003
2003-2004
2004-2005 (through March 10)
Fiscal Year
Appropriation
Expenditures
Demand

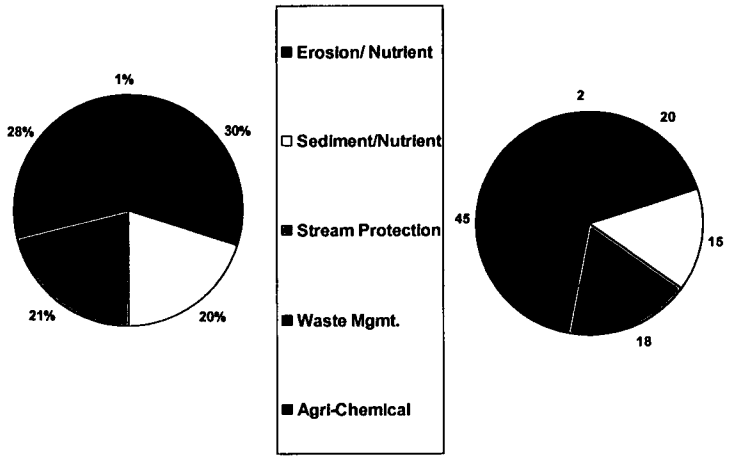

Appropriations for BMPs
$8,000,000
$7,000,000
$6,000,000
$5,000,000
$4,000,000
$3,000,000
$2,000,000
$1,000,000
$-
$240,000
$240,000
$240,000
$240,000
$240,000
1998-1999
1999-2000
2000-2001
2001-2002
2002-2003
2003-2004
2004-2005 (through March 10)
Fiscal Year
Transfer to TA
BMPs

Recent SWCC Actions to Improve Efficiency

- Require cooperator to initiate work in first 12 months following contract approval
  - District can approve a six-month extension if conditions merit
  - Contract length remains 3-years
- Leftover funds from completed/ cancelled contracts reallocated to other districts with excess demand
- Proposed rule change to revise allocation formula based to a greater extent on water quality need and district performance
- Improved efficiencies have helped to mitigate, *temporarily*, the impact of recent cuts to the ACSP appropriation (24% since 2000).



ACSP Funds by BMP Type
2004 vs 1999



Frequently Used Practices - 2004

- Conservation Tillage/ Long-Term No-Till
- Poultry Litter Storage Structures
- Livestock Mortality Management
- Livestock Exclusion/ Alternative Watering
- Cropland Conversion to Grass
- Grassed Waterway
- Field Border
- Riparian Buffer
- Water Control Structure
- Lagoon Closure

2004 ACSP Measures of Success Summary

	2004
Number of Contracts	2,053
Acres Affected	77,892 acres
Soil Saved	1,023,832 tons
Nitrogen Saved	1,814,503 lbs.
Phosphorus Saved	697,849 lbs.

Targeting

- Approximately 30% of funds spent in 303(d) listed (impaired) watersheds
- Over 28% of funds used in Neuse and Tar-Pamlico Basins to help achieve 30% nutrient reduction
- PY-2005 SWCC earmarks
  - $350,000 for repairs and BMPs associated with 2004 floods in Western NC
  - $160,270 for addressing waters impaired due to sediment from agricultural sources
  - $ 119,003 for installing buffers under CREP

Cumulative Benefits (1984-present)

- 7.1 million tons of soil saved
- 16,864,410 pounds of nitrogen reduced
- 5,191,469 pounds of phosphorus reduced
- 44,000 contracts implemented
- 595,000 acres of conservation tillage
- 3,789 water control structures affecting 302,000 acres
- 2,340 waste management structures
- 909 miles of livestock exclusion fencing
- 330 miles of forested riparian buffer

NORTH CAROLINA ZOOLOGICAL PARK
DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES

PROGRAM OVERVIEW

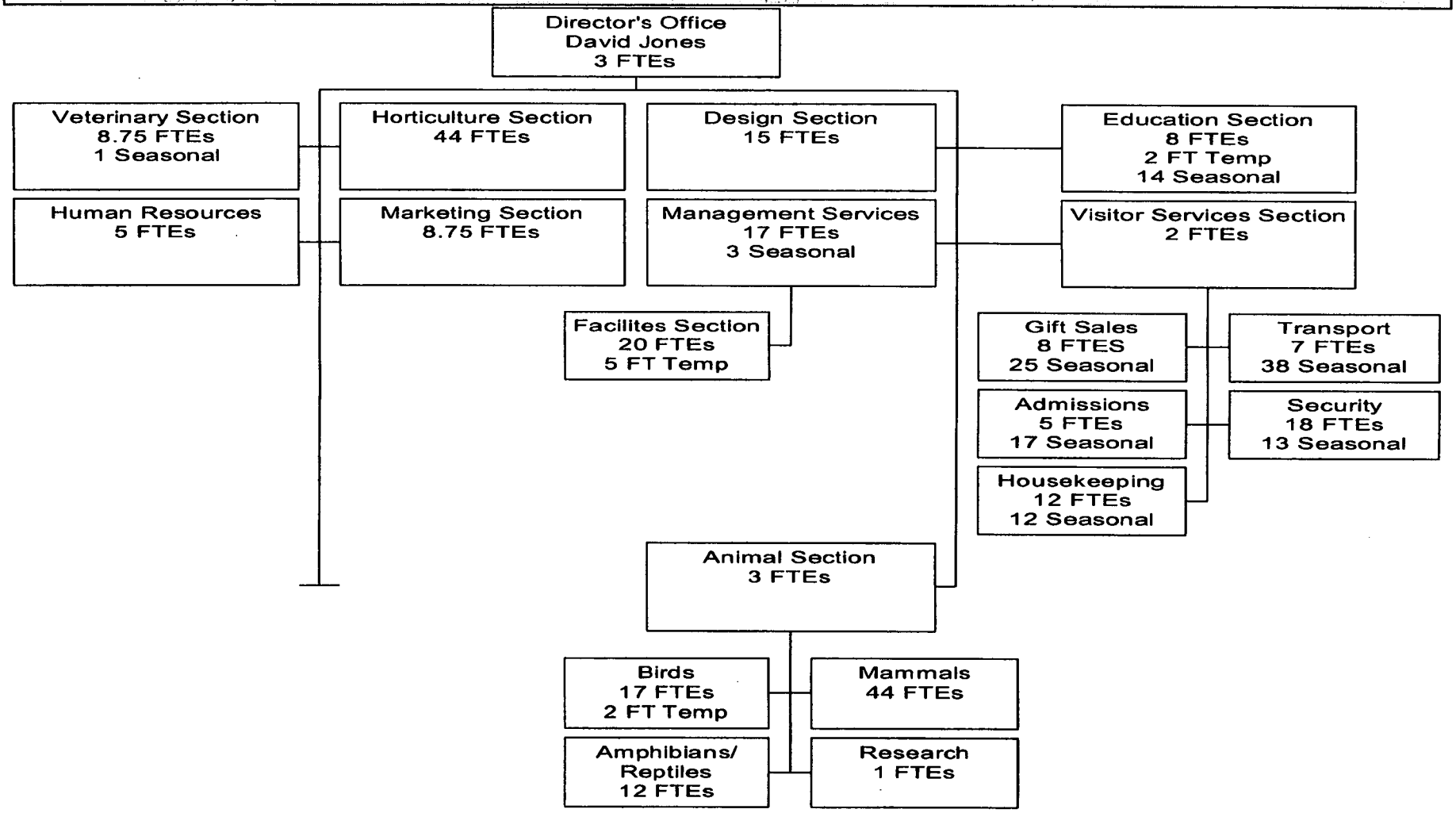
The purpose of the North Carolina Zoo is to develop, maintain and operate a major natural habitat zoological park that provides a meaningful and accessible recreational and educational outlet for citizens and tourists. Located in Asheboro, the Zoo provides unique educational opportunities for the state's teachers, school groups and the general public, participates in local and international conservation projects, and conducts research concerning plant, animal and biological communities in conjunction with the scientific community.

Division Activities:

- Host 700,000 visitors per year including over 100,000 school groups
- Design, construct and interpret natural habitat exhibits
- Develop and provide environmental educational programs as the State's largest educational facility
- Develop and conduct conservation and research programs
- Develop and maintain diverse and healthy live animal and plant collections
- Operate the Zoo to high standards of customer service

NORTH CAROLINA ZOOLOGICAL PARK
DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES

ORGANIZATIONAL CHART



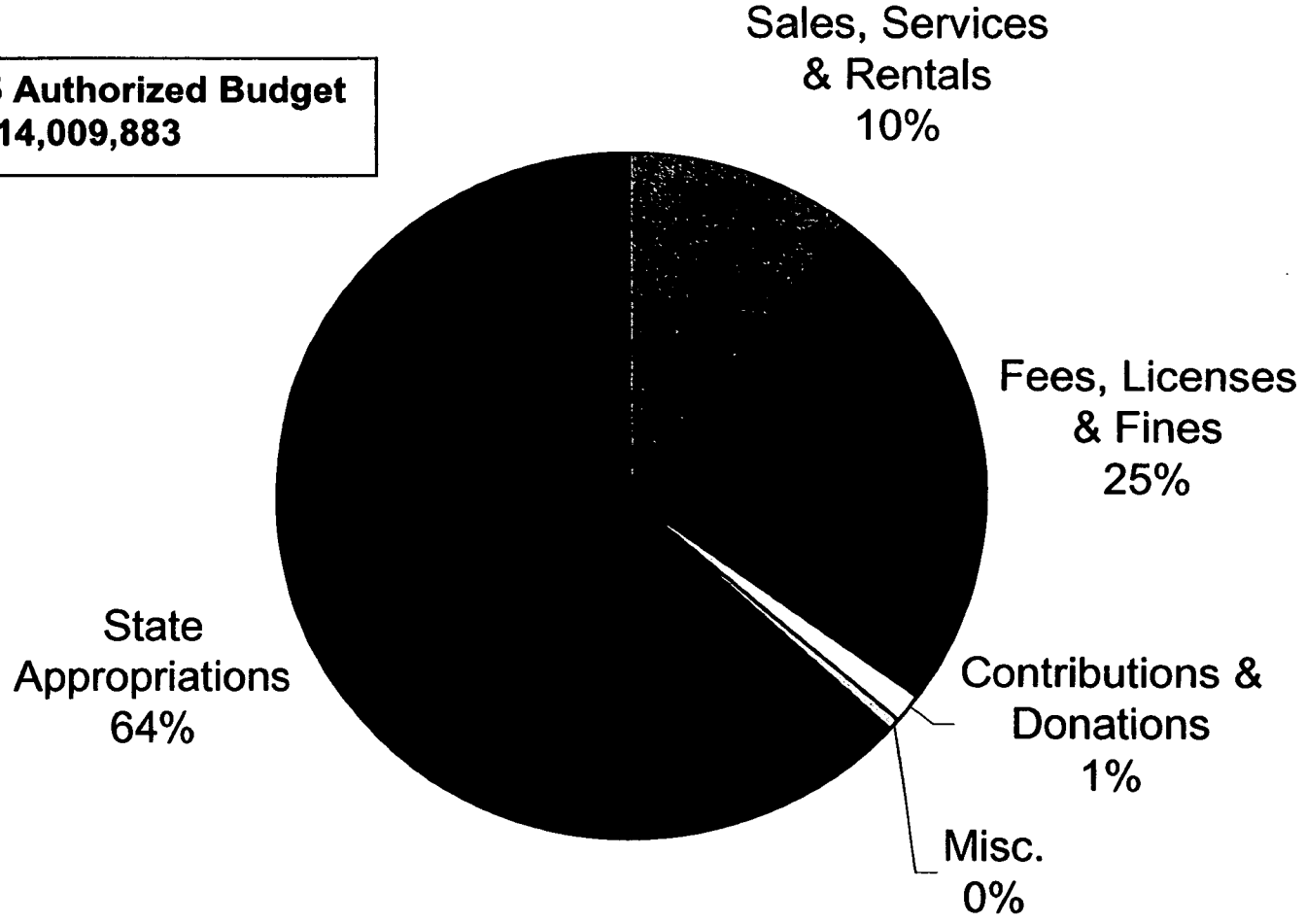
Department of Environment and Natural Resources

North Carolina Zoological Park	2002-2003 Actual	2003-2004 Actual	2004-2005 Authorized	Governor's 2005-2006 Recommended Cont. Budget	Governor's 2006-2007 Recommended Cont. Budget
Expenditures	12,714,147	13,214,270	14,009,883	14,610,157	15,406,980
Less Receipts	(4,502,430)	(5,562,203)	(5,160,983)	(5,197,733)	(5,183,983)
State Appropriations	*8,211,717*	*7,652,067*	*8,848,900*	*9,412,424*	*10,222,997*
Positions	256.00	255.50	255.50	258.00	259.00

NORTH CAROLINA ZOOLOGICAL PARK
DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES

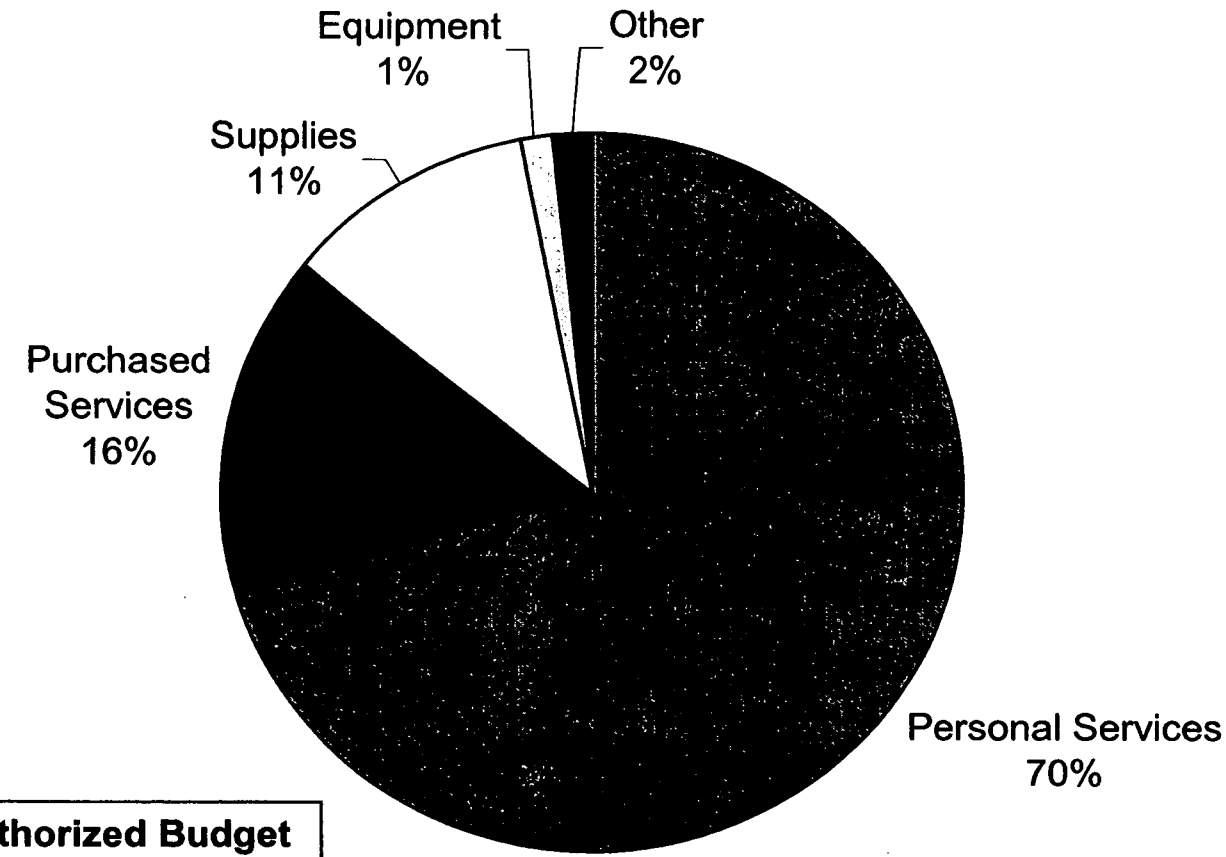
FY 2004-05 AUTHORIZED BUDGET BY FUND SOURCE

FY 2004-05 Authorized Budget
$14,009,883



NORTH CAROLINA ZOOLOGICAL PARK
DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES

FY 2004-05 AUTHORIZED BUDGET BY EXPENDITURE TYPE



FY 2004-05 Authorized Budget
$14,009,883

NORTH CAROLINA ZOOLOGICAL PARK
DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES

SUMMARY OF BUDGET ACTIONS FOR THE 2003-05 BIENNIUM

EXPANSION AND/OR CAPITAL IMPROVEMENTS	2003-04		2004-05	
Establish Receipt-Supported 10-Month Positions				
VEHICLE OPERATOR II (1.0) $19,940				
CASHIER I (1.0) $21,100				
PROCESSING ASST III (1.0) $21,100				
REDUCTIONS				
1. Eliminate Facility Maintenance Manager II	($50,768) (1.0)	R	($50,768) (1.0)	R
2. Shift 6.50 positions to receipt support	($196,730) (6.50)	R	($196,730) (6.50)	R
3. Reduce operating support	($400,000)	R	($400,000)	R
4. Reduce Workers' Compensation	($400,000)	R	($400,000)	R
5. Reduce operating support			($86,847)	R

PROPOSED RECOMMENDATIONS FOR THE 2005-07 BIENNIUM

CONTINUATION BUDGET ITEMS	2005-06	2006-07
Operating Reserve for Capital Projects		
❖ Elephant/Rhino Exhibit	$60,000	$219,271
❖ Wildlife Rehab Center	$32,539	$32,539

EXPANSION AND/OR CAPITAL IMPROVEMENTS

None to Report

The New Elephant and Rhino Exhibits – NC Zoological Park

Bullet Points

- Elephants and Rhinos, largely because of their unique size, shape and place in our childhood stories are important species for our Zoo to keep, not only in drawing visitors in the first place, but also explaining some of the critical conditions for survival of animals on Earth.

- Experience has shown that in the case of both African Elephants and White Rhinos, they do not reproduce well unless kept in sizable family groups.

- The U.S. will not have Elephants/Rhinos to exhibit in the future if zoos like ours do not take action to breed them regularly.

- Public pressure, particularly driven by the animal welfare and animal rights movement, will insist in the future that such animals are given much more space and we agree with that view.

- Although the NC Zoo elephant and rhino exhibits are reasonably sized, the handling facilities behind the scenes are inadequate and we know that if we do not improve them, we will fall short of American Zoo and Aquarium Association standards. We need to stay well ahead of those criteria.

- In the long-term, only a relatively small number of the larger Zoos will be able to exhibit such animals. That means that we at the NC Zoo will probably be the only Zoo within 500 miles which will have such animals and that has a beneficial value to attendance and income.

- In addition to that, the regular production of elephant and rhino calves, so producing animals of all ages on exhibition will in itself be a major attraction.

- The elephants will go into a greatly expanded exhibit of about eight acres and the rhinos will go out on the larger Africa Plains exhibit to be mixed in with antelope species in about 30 acres.

- Apart from a modest amount of State Repair & Renovation money ($0.75 Million) all the capital funds for this development are being raised privately ($6 million). In fact the Zoo has had no monies for capital development from the State in the last 12 years and everything that it has done in the way of enhancement and new exhibits has come out of privately raised funds enhanced in a few cases with "Repair & Renovation" money. Expected increases in attendance and the increased attraction of these greatly enhanced exhibits should ultimately more than pay additional running costs.

- The Zoo is very dependent on being able to introduce new exhibits at regular intervals to keep up attendance at the 700,000 visitors a year mark. All of this is part of a long-term plan to try to insure that visitation is maintained and ultimately increased.

PARTNERSHIPS FOR THE SOUNDS, INC.
DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES

PROGRAM OVERVIEW

Mission:

The mission for the Partnership for the Sounds, Inc. (PFS) is to promote sustainable, community-driven economic well-being and stewardship in the Albemarle-Pamlico region through environmental education, and nature-based and cultural tourism.

Programmatic Activities: Operates tourism-based centers that interpret aspects of the regional ecosystem and/or promote visitation to natural areas and other points of interest.

- Sites owned and/or operated entirely by PFS:
  - The North Carolina Estuarium, located in Washington
  - The Columbia Theatre Cultural Resources Center, located in Columbia
  - The Roanoke/Cashie River Center, located in Windsor
  - The Tyrell County Visitor's Center, located in Columbia

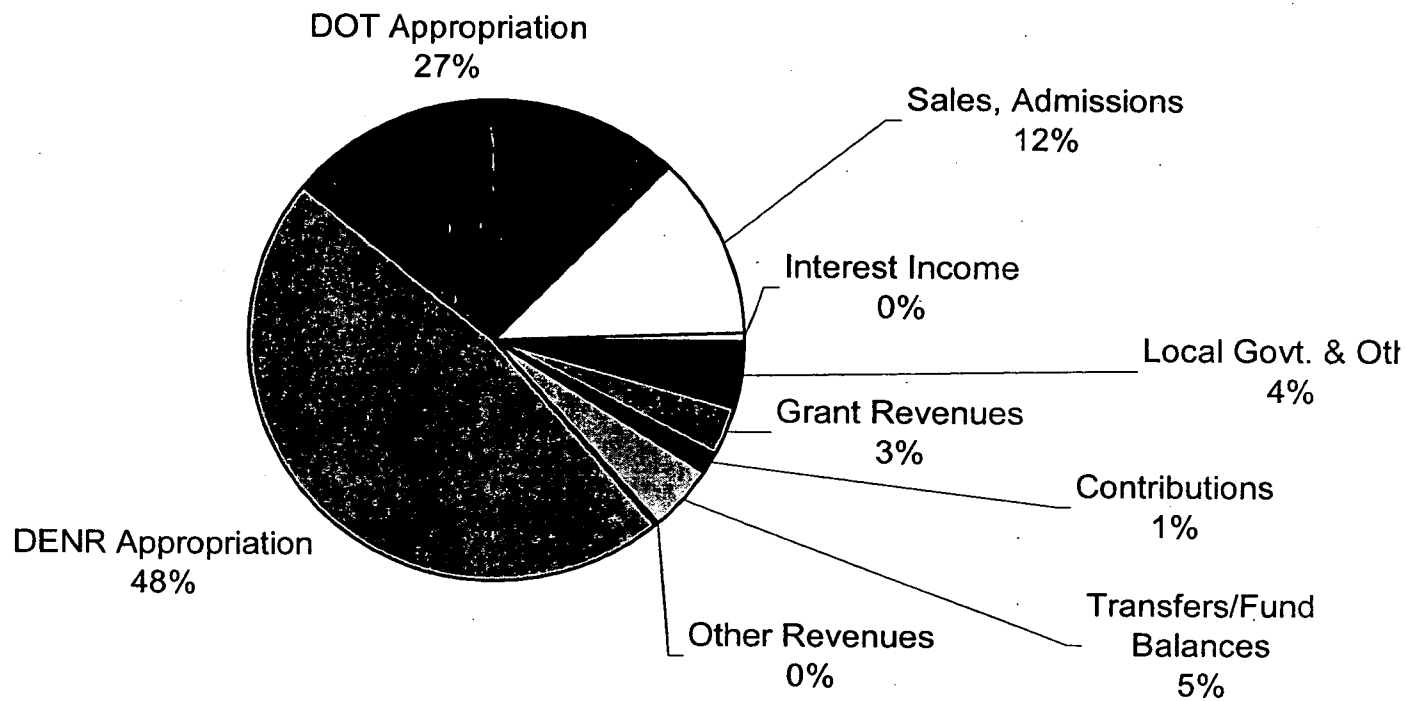
- Sites associated with PFS
  - The Walter B. Jones Sr. Center for the Sounds, located in Columbia
  - Mattamuskeet Lodge, located in Hyde County
  - The Octagon House, located near Engelhard

Attachment 6

Department of Environment and Natural Resources

Partnership for the Sounds	2002-2003 Actual	2003-2004 Actual	2004-2005 Authorized	Governor's 2005-2006 Recommended Cont. Budget	Governor's 2006-2007 Recommended Cont. Budget
State Appropriations	*448,232*	*456,825*	*434,250*	*517,250*	*517,250*

PFS FY 2004-05 Authorized Budget



VISITOR REGISTRATION SHEET

APPROPRIATIONS SUBCOMMITTEE ON NATURAL AND ECONOMIC RESOURCES
Name of Committee

March 22, 2005
Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Sherril Stephens	OSBM
David Lloyd	NC DENR Soil + Water Conservation
David Williams	"
Paul Gupton	NCFB
Talmage Layton	Soil + Water
Erik Kinney	NC Conservation Network
Cathey Cottle	DENR
Cameron Bailey	NCDOL
Becky Brown	NCDOL
Art Burt	NCDOL
Don Hobart	NC DOC
Alice Garland	NC DOC

VISITOR REGISTRATION SHEET

APPROPRIATIONS SUBCOMMITTEE ON NATURAL AND ECONOMIC RESOURCES — March 22, 2005

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Johanna Reese	DENR
David Toms	DENR. Zoo
Jane Smith	DENR
Thomas Cheek	OSBM
Bill Holmes	CWMTF
Dana Williamson	student - NCSU
David Brown	OSBM

MINUTES

Joint Appropriations Subcommittee
on
Natural and Economic Resources
Thursday, March 31, 2005, at 8:30 a.m.
423 Legislative Office Building

The Joint Appropriations Subcommittee on Natural and Economic Resources (NER) met at 8:30 a.m. on Thursday, March 31, 2005, in Room 423 of the Legislative Office Building. Five members of the Senate Subcommittee attended along with Representatives Hunter, Warren, Allen, Walker, Culp, Harrison, Langdon, Setzer, Wilkins and Wray. Senator David Weinstein presided.

The meeting was called to order and the Subcommittee members and interested parties were welcomed. The following served the meeting: Pages – Alice Dees sponsored by Representative Thomas Wright, Ashley Emory sponsored by Representative Jim Crawford, Scott Boone sponsored by Senator Tony Rand, Justin Sutton sponsored by Senator Robert Holloman, and Jordan Parker sponsored by Senator Bill Purcell; Sergeant at Arms - Ernie Sherrell and Ron Spann (Senate), and James Worth (House); and the Fiscal Research NER Team - Susan Morgan, Jennifer Haygood, and Joy Hicks. Senator Weinstein proceeded with the Agenda (Attachment 1).

Jennifer Haygood, Fiscal Research NER Team, presented a program overview for the Department of Labor (Attachment 2) with special remarks regarding the Apprenticeship Program (Attachment 3), which this fiscal year is facing being discontinued or reducing its capacity by half. After her presentation Ms. Haygood entertained questions and/or comments from the Subcommittee. In some instances representatives from the Department of Labor were called upon for input. Representative Wilkins requested that Ms. Haygood provide him with information on whether or not tax credits could be a possible way to get Apprenticeship Program money. Senator Clodfelter requested that the Department of Labor provide him with information on transferring the Apprenticeship Program to Community Colleges and integrating it with some of the existing training programs. Jennifer Haygood explained to Senator Clodfelter that the Apprenticeship Program is authorized by the Federal Department of Labor and the State would have to apply to transfer the Program to Community Colleges. The Federal Government has not been supportive of that in the past but they would certainly get that information to him.

Becky Brown, Budget Officer with the Department of Labor, gave an overview of the Department's budget reduction options (Attachment 4). After her remarks Ms. Brown entertained questions and/or comments from the Subcommittee. In some instances other representatives from the Department of Labor were recognized for input. Senator Albertson requested that Ms. Brown provide him with information on how the Hispanic population as far as injuries are concerned compare to our Native population; and Senator Clodfelter requested that he be provided with detailed information on the shortfall of receipts to cost of function for the Mining and Quarry Program.

Senator Horton reminded the Subcommittee of a request made during a previous meeting that the Division of Land Resources, DENR, provide the Subcommittee with copies of the letters to the public they were using that the Subcommittee thought were heavy handed and threatening. He asked if any of the Subcommittee members had received copies of the letters? No one had received copies of the letters and Senator Weinstein instructed staff to look into that issue.

Susan Morgan, Fiscal Research NER Team, gave a brief overview of the budget for the Department of Agriculture and Consumer Services (Attachment 5). After her presentation Ms. Morgan entertained questions and/or comments from the Subcommittee.

David Smith, Deputy Commissioner, Department of Agriculture and Consumer Services, spoke to the Subcommittee regarding the Department's budget cuts. He addressed the cuts that the Department has already made and acknowledged the fact that the Department was requested to make a further 5% reduction but has made a 2.5% reduction. He expressed the dissatisfaction of Commissioner Troxler in regard to proposing new fees, fee increases, and budget cuts; and noted that if their fee suggestions are not accepted and they are requested to come forth with the entire 5% reduction, they will have to identify facility closures and the elimination of some popular and valuable programs. In closing Commissioner Smith stated that the Department sincerely hoped that more cuts would not be needed but if so they would solicit General Assembly input and would do less with less.

Clara Gay, Budget Officer, Department of Agriculture and Consumer Services, gave an overview of the Department's options identified for reduction (Attachment 6). After her presentation Ms. Gay entertained questions and/or comments from the Subcommittee. In some instances Commissioner Smith was recognized for input.

Senator Weinstein was temporarily called away from the meeting therefore Representative Warren, House NER Co-Chair, announced that the next Joint NER meeting would be on Tuesday, April 5, 2005, at 8:30 a.m. She asked if there were any further questions and/or comments from the Subcommittee. There were none and the meeting adjourned at 9:42 a.m.

Senator David Weinstein
Chairman

Jane M. "Dee" Bagley
Committee Assistant

Joint Appropriations Subcommittee on Natural and Economic Resources

Thursday, March 31, 2005
Representative Edith Warren, Presiding
8:30 a.m. Room 423

Chair's Comments

Department of Labor

- *Overview* — *Jennifer Haygood, Fiscal Research*
- *Budget Reduction Options* — *Becky Brown, Budget Officer, Department of Labor*

Department of Agriculture and Consumer Services

- *Overview* — *Susan Morgan, Fiscal Research*
- *Department of Agriculture and Consumer Services* — *David Smith, Deputy Commissioner*
- *Budget Reduction Options* — *Clara Gay, Budget Officer, Department of Agriculture*

Closing Remarks – Representative Warren

Adjourn

Created on 3/30/2005 5:10 PM

DEPARTMENT OF LABOR
DEPARTMENT OVERVIEW

SUMMARY OF LEGISLATIVE ACTIONS IN 2003-2005 BIENNIUM

ACTION FY 03-04	2003-04	2004-05
Total Legislative Changes	($671,141) R	($671,141) R
Total Position Changes	(4.0)	(4.0)
ACTION FY 04-05		
Total Legislative Changes		$355,226 NR $8,990 R
Total Position Changes		(0.0)

PROPOSED RECOMMENDATIONS FOR THE 2005-07 BIENNIUM

	FY 05-06			FY 06-07		
	Continuation Adjustments	Governor's Recommended Adjustments	Net Impact	Continuation Adjustments	Governor's Recommended Adjustments	Net Impact
Requirements	(850,714)	787,368	(63,346)	(823,950)	787,368	(36,582)
Less Receipts	651,206	0	651,206	639,814	0	639,814
Appropriation	(199,508)	787,368	**587,860**	(184,136)	787,368	**603,232**
Positions	-12.0	12.0	**0.0**	-12.0	12.0	**0.0**

Attachment 2

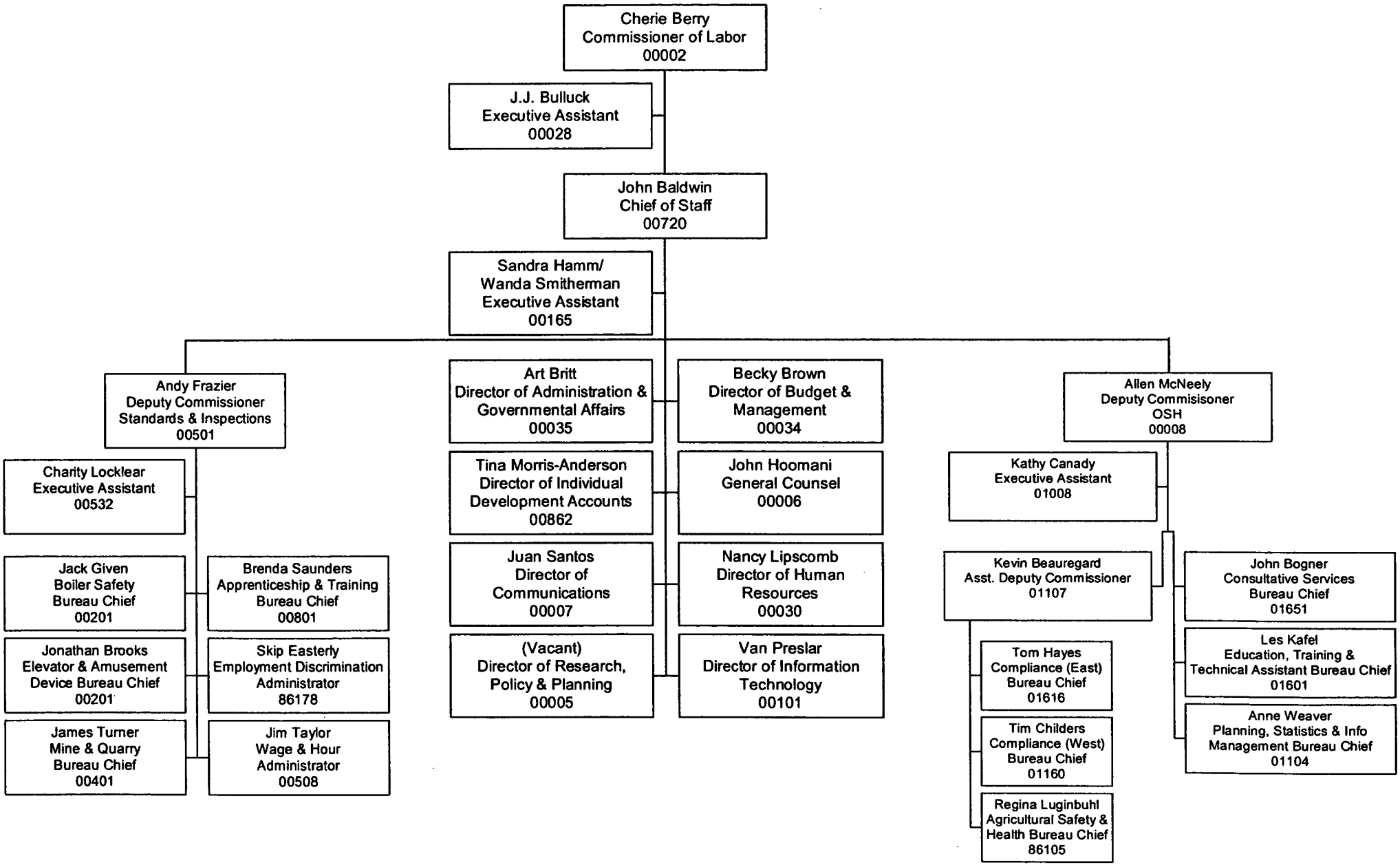
DEPARTMENT OF LABOR
DEPARTMENT OVERVIEW

PROGRAM OVERVIEW

The Department of Labor is charged by general statute (G.S. 95-1) to promote the health, safety, and well-being of the State's workforce. The head of this Department is the Commissioner of Labor who is elected every four years and is a member of the Council of State.

The Department's responsibilities include administering and enforcing federal and state laws that affect people in the workplace, including administering the Occupational Safety and Health Act, wage and hour issues pertaining to maximum work hours and minimum wage laws, regulatory and consultative services to the mining industry, enforcing safety regulations for elevators, amusement rides, and boilers. Other responsibilities include promoting and supervising apprenticeship programs, and establishing license requirements for private employment agencies.

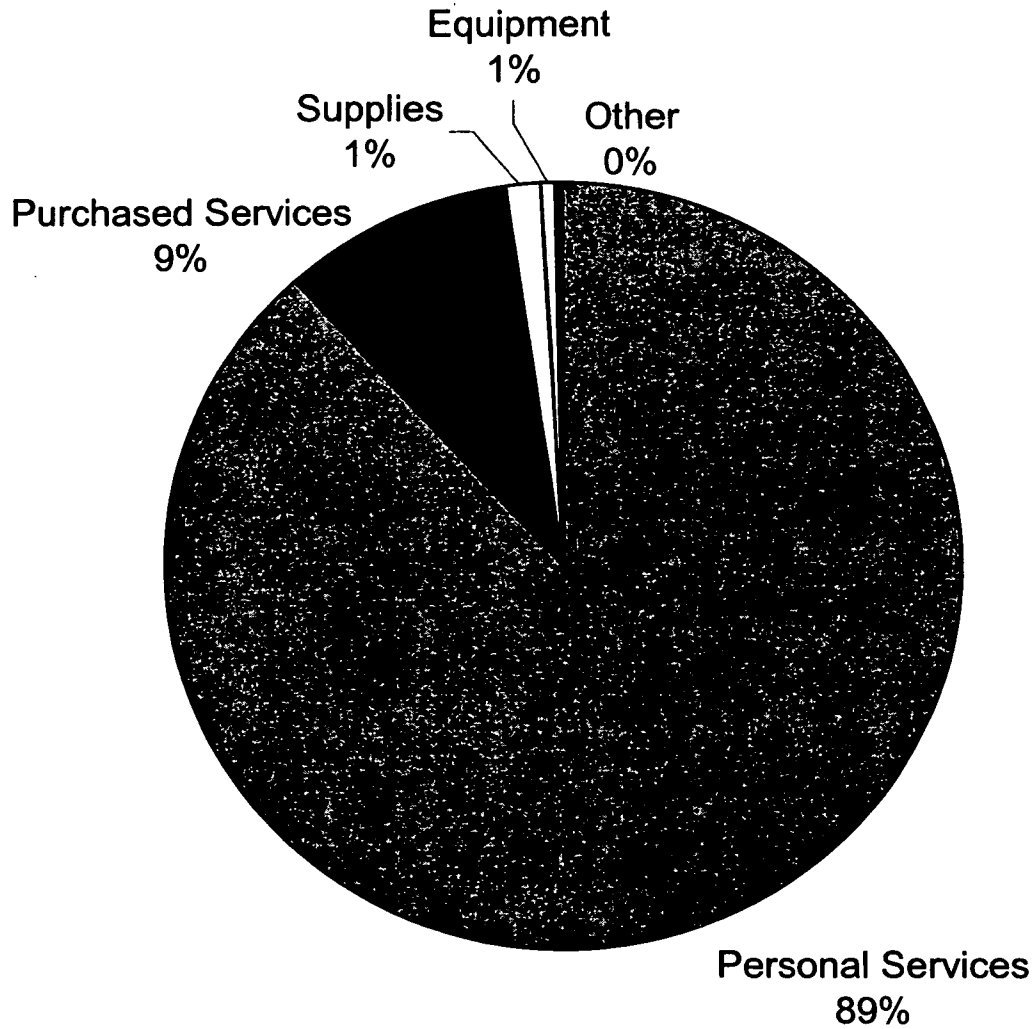
DEPARTMENT OF LABOR



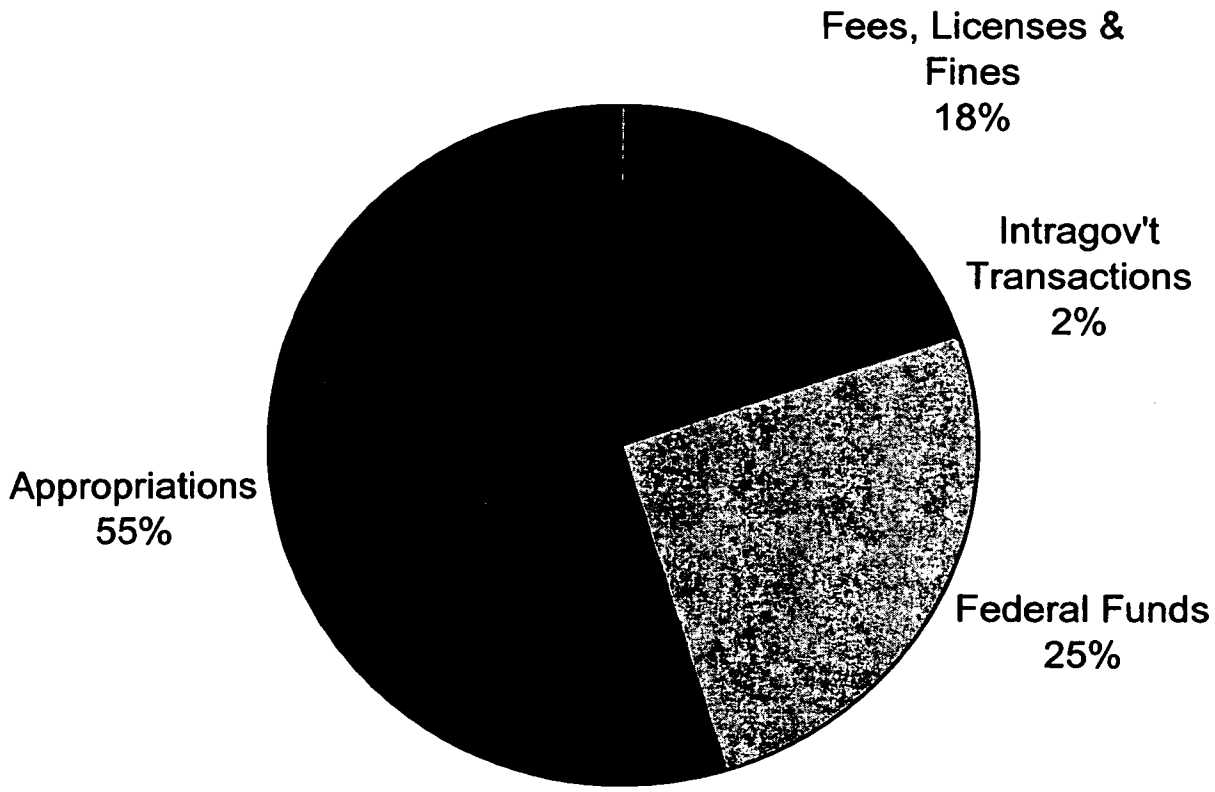
DEPARTMENT OF LABOR
DEPARTMENT OVERVIEW

Budget History					
	2002-2003 Actual	2003-2004 Actual	2004-2005 Authorized	2005-2006 Governor's Recommended	2006-2007 Governor's Recommended
Expenditures	27,183,318	27,324,838	27,643,141	27,579,795	27,606,559
Less Receipts	(13,772,397)	(14,112,460)	(13,245,137)	(12,593,931)	(12,605,323)
Cash Balance (+/-)	(331,425)	135,184	0	0	0
State Appropriations	*$13,079,497*	*$13,347,562*	*$14,398,004*	*$14,985,864*	*$15,001,236*
Positions	441.75	436.00	436.00	436.00	436.00

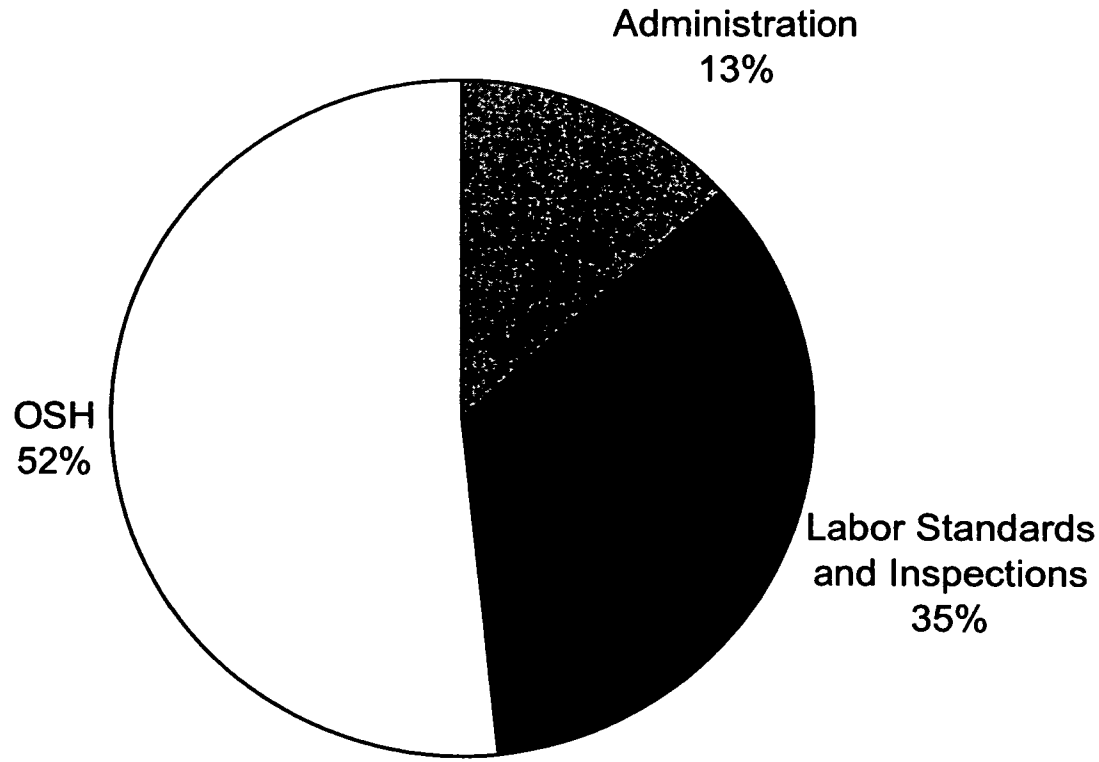
FY 2004-05 AUTHORIZED BUDGET BY EXPENDITURE TYPE



FY 2004-05 AUTHORIZED FUND SOURCES



FY 2004-05 AUTHORIZED BUDGET BY PROGRAM



The Work of an Apprenticeship Consultant

Registered apprenticeship is a voluntary system in North Carolina, and as a consequence, apprenticeship consultants have to promote apprenticeship to prospective employers. This requires consultants to be knowledgeable regarding all occupations and the training required for those occupations. Once the employer agrees to train employees through a registered apprenticeship program, the consultant does a detailed task analysis to determine the on-the-job skill competencies required for the apprentice to become a skilled craftsman. Once the task analysis is complete then the consultant assists the employer to develop a customized and formalized structured training plan. The consultant also works with the employer to develop a progressive wage rate so that as apprentices master skill competencies they earn higher wages and that the program is in compliance with applicable wage and hour laws. In addition, the consultant insures that the apprentice receives occupational health and safety training on-the-job and in classroom instruction. The consultant then assists the employer to determine the best provider of related instruction classes that meet the employer's needs. After a program is established and apprentices are registered, the consultant will service the program to continuously update individual apprentice records, including registrations, completions and cancellations, as well as the changing needs of the program such as, wage scale, new technology, new equipment, new products and new occupations. As apprentices complete their training, the consultant then certifies that the apprentice has actually mastered the competencies required to become a nationally certified journeyman.

Apprenticeship Expansion Request

Governor's Budget

Personal Services (12.0 positions)	$630,551
Purchased Services	123,667
Supplies	23,000
Other	10,150
Total Request	**$787,368**

Options

1. Fund entire expansion request. Cost = $787,368.

2. Provide funds for only 10 positions (2 positions currently vacant). Cost = $663,374.

3. Do not fund any expansion and reduce Apprenticeship program capacity by roughly half.

4. Institute an annual fee per apprentice to offset amount of GF appropriations needed.

	Total Cost	Fee Revenue	GF Appropriation
Support 12 positions and operating	787,368	(471,990)	315,378
Support 10 postisions and operating	663,374	(471,990)	191,384

Number of Registered Apprentices

FY 2001-2002	12,002	x	$30	=	$360,060
FY 2002-2003	17,828	x	$30	=	$534,840
FY 2003-2004	17,369	x	$30	=	$521,070
3-year average	15,733	x	$30	=	$471,990

NORTH CAROLINA DEPARTMENT OF LABOR
PROPOSED APPROPRIATION REDUCTIONS - 2005-06

Priority	Division/ Bureau	Fund	Description	Proposed Reduction	Total	Positions	Vacant? Y/N
1	Commissioner' Off.	1110	Eliminate inflationary increases allowed	$ 1,532			
	Admin. Services	1120	in the preparation of the continuation	$ 124			
	Information Office	1130	budget by OSBM.	$ 99			
	Mine & Quarry	1330		$ 121			
	Wage & Hour	1340		$ 4,092			
	Employ. Discrim	1345		$ 1,296			
	OSH (50/50)	1350		$ 21,668			
	OSH (100% State)	1352		$ 25,756			
	Apprenticeship	1420		$ 2,206			
					$ 56,894		
2	Admin. Services (HR)	1120	Reduce various operating line items such	$ 3,512			
	Information Office	1130	as travel, equipment, maintenance, etc.	$ 1,399			
	Infor. Technology	1210		$ 17,550			
	Mine & Quarry	1330		$ 5,400			
	Wage & Hour	1340		$ 1,000			
	Employ. Discrim.	1345		$ 5,000			
	OSH (100% State)	1352		$ 5,000			
	BLS	1360		$ 2,000			
	Apprenticeship	1420		$ 11,400			
					$ 52,261		
3	OSH (100% State)	1352	Eliminate Hispanic Outreach position	$ 43,906			
			granted by the 2004 General Assembly		$ 43,906	1.00	Y
4	Admin. Services	1120	Convert accounting clerk position from	$ 36,030		1.00	N
	(Budget & Mgmt.)		state appropriation to elevator receipts.		$ 36,030		
5	Commissioner's Off.	1110	Eliminate office assistant position	$ 31,878		1.00	Y
					$ 31,878		
			TOTAL APPROPRIATION REDUCTION		$ 220,969		

Prepared By: Becky Brown
March 28, 2005

Attachment 4

Department of Agriculture and Consumer Services
Department Overview

General Fund Departmental Overview					
	2002-03 Actual	2003-04 Actual	Current Fiscal Year 2004-05 Authorized	Governor's Budget 2005-06 Recommended	Governor's Budget 2006-07 Recommended
Requirements	$ 75,158,286	$ 75,894,197	$ 73,614,735	$ 74,609,626	$ 74,450,425
Less Receipts	(26,612,409)	(29,581,370)	(22,350,551)	(22,365,854)	(22,484,615)
State Appropriations	*48,545,877*	*$ 46,312,827*	*$ 51,264,184*	*$ 52,243,772*	*$ 51,965,810*
Positions		1,173.00	1,164.75	1,171.75	1,171.75

Attachment 5

Department of Agriculture and Consumer Services

Department Overview

Total Requirements				
Fund Code	2003-04 Actual	2004-05 Authorized	2005-06 Recommended	2006-07 Recommended
General Administration	1,070,012.00	1,122,135.00	1,125,275.00	1,124,755.00
Administrative Services	2,439,359.00	2,841,146.00	2,847,923.00	2,848,896.00
Public Affairs	414,298.00	501,555.00	424,424.00	424,909.00
Human Resources	799,963.00	579,240.00	589,312.00	591,551.00
Aquaculture Development	560,186.00	0.00	0.00	0.00
Emergency Programs	1,634,848.00	990,105.00	962,224.00	961,780.00
Markets	7,905,497.00	7,844,467.00	8,009,497.00	7,993,552.00
Livestock	427,668.00	437,691.00	435,083.00	432,238.00
Grape Growers Council	450,000.00	350,000.00	350,000.00	350,000.00
Property and Construction	393,794.00	416,460.00	414,506.00	412,301.00
Agronomic Services	3,747,669.00	3,797,067.00	3,926,172.00	3,931,331.00
Agriculture Statistics	1,395,395.00	1,448,364.00	1,483,176.00	1,484,458.00
Analytical Administration	1,057,471.00	1,201,626.00	1,219,193.00	1,236,920.00
Commercial Feed and Pet Food.	1,248,677.00	1,317,675.00	1,387,927.00	1,282,486.00
Commercial Fertilizer Analysis	1,168,437.00	901,454.00	1,039,400.00	1,043,994.00
Pesticide Control	3,949,504.00	3,883,877.00	4,092,019.00	4,019,175.00
Food, Drug and Cosmetic Analysis	3,437,674.00	3,759,793.00	3,795,747.00	3,655,233.00
Structural Pest Control	1,130,520.00	1,135,939.00	1,120,090.00	1,131,923.00
Veterinary Services	9,381,714.00	9,463,358.00	9,565,672.00	9,539,221.00
Meat and Poultry Inspection	5,720,348.00	6,190,321.00	6,198,642.00	6,207,187.00
Weights and Measures	1,028,212.00	1,141,432.00	1,173,484.00	1,153,440.00
Gasoline and Oil Inspection	3,607,060.00	4,129,020.00	4,232,430.00	4,346,921.00
Seed Testing	880,184.00	935,735.00	1,011,178.00	991,311.00
Plant Protection	5,501,332.00	4,465,031.00	4,491,123.00	4,527,512.00
Research Stations	10,048,204.00	10,676,111.00	10,586,944.00	10,617,785.00
Food Distribution	5,236,144.00	3,120,257.00	3,163,309.00	3,176,670.00
Rehabilitation Loan Fund	122,510.00	171,669.00	171,669.00	171,669.00
Agriculture Finance Authority	512,674.00	372,306.00	372,306.00	372,306.00
Reserves and Transfers	444,761.00	153,285.00	153,285.00	153,285.00
Indirect Cost Reserve	180,082.00	267,616.00	267,616.00	267,616.00
TOTAL	**75,894,197.00**	**73,614,735.00**	**74,609,626.00**	**74,450,425.00**

Department of Agriculture and Consumer Services

Department Overview

General Fund Appropriation		
Fund Code	2004-05 Authorized	% Total
General Administration	1,122,135.00	2%
Administrative Services	2,211,404.00	4%
Public Affairs	471,316.00	1%
Human Resources	520,311.00	1%
Aquaculture Development	0.00	0%
Emergency Programs	978,574.00	2%
Markets	6,050,331.00	12%
Livestock	437,691.00	1%
Grape Growers Council	0.00	0%
Property and Construction	307,920.00	1%
Agronomic Services	3,438,897.00	7%
Agriculture Statistics	1,156,494.00	2%
Analytical Administration	1,197,979.00	2%
Commercial Feed and Pet Food.	773,398.00	2%
Commercial Fertilizer Analysis	494,774.00	1%
Pesticide Control	1,740,481.00	3%
Food, Drug and Cosmetic Analysis	3,326,215.00	6%
Structural Pest Control	641,313.00	1%
Veterinary Services	8,445,788.00	16%
Meat and Poultry Inspection	3,129,764.00	6%
Weights and Measures	978,632.00	2%
Gasoline and Oil Inspection	0.00	0%
Seed Testing	756,444.00	1%
Plant Protection	2,945,693.00	6%
Research Stations	7,898,502.00	15%
Food Distribution	2,086,843.00	4%
Rehabilitation Loan Fund	0.00	0%
Agriculture Finance Authority	0.00	0%
Reserves and Transfers	153,285.00	0%
Indirect Cost Reserve	0.00	0%
TOTAL	**51,264,184.00**	**100%**

Department of Agriculture and Consumer Services

Department Overview

Positions		
Fund Code	2004-05 Authorized	% Total
General Administration	15.50	1.33%
Administrative Services	42.00	3.61%
Public Affairs	6.00	0.52%
Human Resources	9.00	0.77%
Aquaculture Development	0.00	0.00%
Emergency Programs	13.00	1.12%
Markets	107.75	9.25%
Livestock	6.00	0.52%
Grape Growers Council	1.00	0.09%
Property and Construction	6.00	0.52%
Agronomic Services	58.00	4.98%
Agriculture Statistics	24.00	2.06%
Analytical Administration	12.00	1.03%
Commercial Feed and Pet Food.	24.00	2.06%
Commercial Fertilizer Analysis	19.00	1.63%
Pesticide Control	65.00	5.58%
Food, Drug and Cosmetic Analysis	62.00	5.32%
Structural Pest Control	22.00	1.89%
Veterinary Services	149.75	12.86%
Meat and Poultry Inspection	117.00	10.05%
Weights and Measures	20.00	1.72%
Gasoline and Oil Inspection	75.00	6.44%
Seed Testing	20.00	1.72%
Plant Protection	67.00	5.75%
Research Stations	164.75	14.14%
Food Distribution	48.00	4.12%
Rehabilitation Loan Fund	3.00	0.26%
Agriculture Finance Authority	6.00	0.52%
Reserves and Transfers	2.00	0.17%
TOTAL	1,164.75	100%

Department Options Identified for Reduction

Priority Item Number*	Item Description	2005/2006 Reduction Amount	2006/2007 Reduction Amount	FTE Reduction	Comments
	Structural Pest				
	Adjust Budgeted Receipts	**18,000**	**18,000**	0	Increase budgeted receipts due to past over-collections
	Agronomic Services				
	Proposed Fee Increase	20,000	20,000	0	Increase fees for routine waste samples by $1
	Proposed Fee Increase	25,000	25,000	0	Increase fees for routine Nematode samples by $1
	Proposed New Fee	38,500	38,500	0	Special Service Samples-Currently no Charge
	Proposed New Fee	7,000	7,000	0	Out of State Nematode Samples-$10/Sample
	Proposed New Fee	25,000	25,000	0	Out of State Plant, Waste, Solution Samples-$25/Sample
	Proposed Fee Increase	33,600	33,600	0	Increase fees for Res. Plt, Waste, Sol. Samples by $8
	Proposed Fee Increase	10,000	10,000	0	Incease fees for Res. Soil & Nematode Samples by $10
		159,100	**159,100**		
	Seed Testing				
	Proposed Fee Increase	**124,587**	**124,587**	0	Increase seed inspection fees from $.02 to $.04
					per 10 pound container
	Veterinary Services				
	Proposed Fee Increase	113,233	113,233	0	Increase histopath fee from $15 to $30
	Proposed Fee Increase	39,082	39,082	0	Increase EIA fee from $4 to $6
	Proposed New Fee	50,000	50,000	0	Blood Pour off Fee $1
	Proposed New Fee	6,000	6,000	0	Vacuum Tube Handling $.04
		208,315	**208,315**		
	Weights and Measures				
	Proposed Fee Increase	32,200	32,200	0	Increase Public Weighmaster Fee (License & Stamp)
	Proposed Fee Increase	35,000	35,000	0	Increase Fees for Standards Lab
	Proposed New Fee	12,000	12,000	0	Propose fee for Scale Technician License-$20
		79,200	**79,200**		
	Commercial Feed & Pet Food				
	Proposed Fee Increase	**57,000**	**57,000**	0	Increase fees for Non Canned Pet Food Registration
					The current $3 fee would increase to $5, the $30 fee
					would increase to $40, and the $33 fee would increase
					to $45. (Fee was last changed in 1989)

Attachment 6

Priority Item Number*	Item Description	2005/2006 Reduction Amount	2006/2007 Reduction Amount	FTE Reduction	Comments
	Proposed Fee Increase	3,200	3,200	0	Increase fees for Canned Pet Food Registration from
					$10 to $12. (Fee was last changed in 1989)
	Weights and Measures				
	Fund Shift Position	28,394	28,394	1	Transfer the funding of 1 appropriated position to
					receipts.
	Marketing				
	Fund Shift Position	35,685	35,685	1	Fund shift an appropriated position to receipts. This
					employee works with the Cooperative Inspection
					Service. (code 63704)
	Decrease the longevity increases	61,790	61,790	0	OSBM allowed some increases in the continuation
	and associated benefits allowed				budget based on PM739 Position Schedule dated
	in the continuation budget by 1/2.				6/30/2004.
	Decrease the inflation increases	84,511	84,511	0	OSBM allowed some inflation increases in the
	allowed in the continuation budget				continuation budget for items such as water and sewer,
	by 1/2.				electricity, natural gas, gasoline and fuel oil.
	Decrease the increases allowed	56,400	56,400	0	OSBM allowed some increases in workers compensation
	in the continuation budget for				line items based on past expenditures.
	workers compensation by 1/2.				
	Budget & Finance				
	Decrease expenditures	3,000	3,000	0	Decrease expenditures in various line items
	Meat & Poultry Inspection				Expenditures will actually be decreased by $40,000
	Decrease Expenditures	20,000	20,000	0	with a decrease in receipts of $20,000 and a decrease
					in appropriation of $20,000. This program is supported
					1/2 from federal receipts and 1/2 from appropriation.
	Marketing				
	Reduce Appropriation-10%	10,501	10,501	0	Reduce appropriation by 10% either through cuts in
	Charlotte Farmers Market				requirements or increases in receipts.

Priority Item Number*	Item Description	2005/2006 Reduction Amount	2006/2007 Reduction Amount	FTE Reduction	Comments
	Reduce Appropriation-10%	32,124	32,124	0	Reduce appropriation by 10% either through cuts in
	Triad Farmers Market				requirements or increases in receipts.
	Reduce Appropriation-10%	41,412	41,412	0	Reduce appropriation by 10% either through cuts in
	Western Farmers Market				requirements or increases in receipts.
	Reduce Appropriation-10%	37,711	37,711	0	Reduce appropriation by 10% either through cuts in
	SE Ag Center/Farmers Market				requirements or increases in receipts.
	Reduce Maintenance on	6,500	6,500	0	Duplicate equipment will be eliminated-steamlining
	Equipment				
	Pesticide				
	Eliminate the Pesticide Disposal	222,407	222,407	1	Eliminate the pesticide disposal program. This would
	Program				abolish one filled position and this employee is eligible
					for retirement.
	Total	1,289,837	1,289,837	3	
	Percent Reduction	2.468%	2.482%		

**Please prioritize the items based on the overall impact to the State's citizen and your individual agency, from minimum impact to maximum impact.*

*** Please break out by funding source, if not applicable please explain.*

All of the cuts are to state funds. The actual cut to expenditures in the Meat and Poultry program is $40,000.
There will be a cut in federal receipts of $20,000 and the cut to appropriation will be $20,000.

VISITOR REGISTRATION SHEET

APPROPRIATIONS SUBCOMMITTEE ON NATURAL AND ECONOMIC RESOURCES
Name of Committee

March 31, 2005
Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Sheryl Stephens	OSBM
Johanna Reese	DENR
Lenwood V. Long	NCMSC
Erin Kinney	NCCN
Thomas Cheek	OSBM
William Upchurch	TTFC
Don Hibbert	NC DOC
Alice Garland	NCDOC
PGP	NCFB
Brenda Saunders	NCDOL
Art Britt	UCDOL
Becky Brown	UCDOL

VISITOR REGISTRATION SHEET

APPROPRIATIONS SUBCOMMITTEE ON NATURAL AND ECONOMIC RESOURCES
Name of Committee

March 31, 2005
Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Clara Ray	NCDA & CS
N. David Smith	NCDA&CS
LINDA Gunn	NCIMED
Helen McGinn	NC Rural Center
SUSAN PERRY	NCMCC
LORI Ann HARRIS	CAHA

House Pages

Name Of Committee: NER Date: 3/31/05

1. Name: Alice Dees
   County: Pender
   Sponsor: Rep. Wright
2. Name: Ashley Emory
   County: Durham
   Sponsor: Rep. Crawford
3. Name: Scott Boone
   County: Alamance
   Sponsor: Rand
4. Name: Justin Sutton
   County: Wake
   Sponsor: Holloman
5. Name: Jordan Parker
   County: Alamance
   Sponsor: Purcell

Sgt-At-Arms

1. Name: RON SPANN
2. Name: ERNEST SHERRELL
3. Name: JAMES WORTH
4. Name:
5. Name:

MINUTES

Joint Appropriations Subcommittee
on
Natural and Economic Resources
Tuesday, April 5, 2005, at 8:30 a.m.
423 Legislative Office Building

The Joint Appropriations Subcommittee on Natural and Economic Resources (NER) met at 8:30 a.m. on Tuesday, April 5, 2005, in Room 423 of the Legislative Office Building. Four members of the Senate Subcommittee attended along with Representatives Hunter, Warren, Allen, Walker, Culp, Langdon and Setzer. Senator David Weinstein presided.

The meeting was called to order and the Subcommittee members and interested parties were welcomed. The following served the meeting: Pages – Le-Keisha Griffin sponsored by Senator Ed Nye, Justin Gerringer sponsored by Representative Arlie Culp, Sarah Brown and Elizabeth Riddick sponsored by Senator Marc Basnight, and Kelli Gurley sponsored by Senator Fred Smith; Sergeant at Arms - Ernie Sherrell and Ron Spann (Senate), and Toussaint L. Avent and James Worth (House); and the Fiscal Research NER Team - Susan Morgan, Jennifer Haygood, and Joy Hicks. Senator Weinstein proceeded with the Agenda (Attachment 1).

Susan Morgan, Fiscal Research NER Team Leader, was the first to present the staff identified budget reduction options. She began with the Department of Agriculture and Consumer Services (Attachment 2). At the end of her presentation Ms. Morgan entertained questions and/or comments from the Subcommittee. Comments were also received from members of the Department.

Jennifer Haygood, Fiscal Research NER Team, presented the budget cut options for the Department of Environment and Natural Resources, Administration through Division of Marine Fisheries (Attachment 3, Pages 1 - 2). After her presentation Ms. Haygood entertained questions and/or comments from the Subcommittee.

Joy Hicks, Fiscal Research NER Team, presented the DENR budget cut options for Aquariums through the Wildlife Resources Commission (Attachment 3, Pages 2 - 3). After her presentation Ms. Hicks entertained questions and/or comments from the Subcommittee.

Jennifer Haygood finished the DENR presentation by giving an overview of the list of non-recurring cuts to various special funds and the list of expansion items (Attachment 3, Page 4). After her presentation Ms. Haygood entertained questions and/or comments from the Subcommittee.

Susan Morgan informed the Subcommittee that any input they might have on the budget reduction options brought before them today and/or the options identified by the agencies

during previous meetings should be provided directly to the chairs by 5:00 p.m. on Wednesday, April 6, 2005.

Jennifer Haygood reminded the Subcommittee that in a previous meeting they requested the Division of Land Resources, DENR, to provide copies of the letters they were sending to the public that were thought to be heavy handed and threatening. She informed the members that she had a large stack of those letters, which she would pass around for them to review and provide additional copies for anyone who desired them. After a great deal of discussion regarding the letters, Senator Weinstein stated that any input the Subcommittee might have concerning the letters should be submitted to the chairs by 5:00 p.m. on Wednesday, April 6, 2005.

Susan Morgan presented the budget reduction options and expansion items for the Department of Commerce (Attachment 4). She noted that it is recommended that the non-profits that are not listed be funded at last year's continuation budget level. After her remarks Ms. Morgan entertained questions and/or comments from the Subcommittee.

Senator Weinstein again announced that any Subcommittee input concerning the budget be submitted to the chairs by 5:00 p.m. on Wednesday, April 6, 2005. He asked if there were any further questions and/or comments from the Subcommittee. There were none and the meeting adjourned at 9:21 a.m.

Senator David Weinstein
Chairman

Jane M. "Dee" Bagley
Committee Assistant

Attachment 1

Joint Appropriations Subcommittee on Natural and Economic Resources

Tuesday, April 5, 2005
Senator David Weinstein, Presiding
8:30 a.m. Room 423

Chairman's Comments

Budget Options

Susan Morgan, Fiscal Research
Jennifer Haygood, Fiscal Research
Joy Hicks, Fiscal Research

Closing Remarks – Senator Weinstein

Adjourn

Created on 3/30/2005 5:10 PM

Attachment 2

NER Joint Appropriations Subcommittee Options

Agriculture and Consumer Services	JOINT OPTIONS					
	FY 05-06			FY 06-07		
Description	R	NR	Pos	R	NR	Pos
Reductions						
Agronomic Services						
Reduce Budget for Supplies and Equipment Based on Historical Reversions	(50,000)			(50,000)		
Commercial Feed and Pet Food						
Reduce Budget for Purchased Services, Supplies and Equipment Based on Historical Reversions	(90,000)			(90,000)		
Pesticide Control and Analysis						
Reduce Budget for Purchased Services, Supplies and Equipment Based on Historical Reversions	(91,000)			(91,000)		
Food Drug and Cosmetic						
Reduce Budget for Purchased Services, Supplies and Equipment Based on Historical Reversions	(100,000)			(100,000)		
Eliminate one vacant position - Agriculture Microbiologist I position - vacant since 7/15/04	(39,983)		(1.0)	(39,983)		(1.0)
Veterinary Services						
Reduce Budget for Purchased Services, Supplies and Equipment Based on Historical Reversions	(100,000)			(100,000)		
Meat and Poultry Inspections						
Reduce Budget for Purchased Services, Supplies and Equipment Based on Historical Reversions	(80,000)			(80,000)		
Plant Protection						
Reduce Budget for Purchased Services, Supplies and Equipment Based on Historical Reversions	(200,000)			(200,000)		
Research Stations						
Reduce Budget for Purchased Services, Supplies and Equipment Based on Historical Reversions	(75,000)			(75,000)		
Eliminate one vacant position - Agriculture Research Assistant III - vacant since 3/31/04	(30,945)		(1.0)	(30,945)		(1.0)
Food Distribution						
Reduce Budget for Purchased Services, Supplies and Equipment Based on Historical Reversions	(100,000)			(100,000)		
Markets						
Close Southeast Ag. Center/Farmer's Market	(282,750)		(7.0)	(377,000)		(7.0)
Eliminate one vacant position - Agriculture Marketing Specialist I - vacant since 10/19/2001	(44,431)		(1.0)	(44,431)		(1.0)
Expansion						
Expand Emergency Programs Division (Governor's Item - Funded at $242,12 and $323,309)	0	0	0.0	0	0	0.0

Attachment 3

DENR	JOINT OPTIONS					
	FY 05-06			FY 06-07		
Description	R	NR	Total Pos	R	NR	Total Pos
Reductions						
Administration						
Position #4350-0000-0050-033 Federal Leg. Programs Coord. 78T, vacated on 03/24/2005.	(74,070)		(1.0)	(74,070)		(1.0)
Position #4354-0000-0054-001, Accounting Manager I, 78, vacated on 06/13/2004	(87,150)		(1.0)	(87,150)		(1.0)
Regional Office Rent	(50,000)			(50,000)		
Fund shift rest of Natural Heritage Program to NHTF support	(250,851)		(4.5)	(250,851)		(4.5)
Fund shift rest of EEP to receipt support	(235,439)		(5.0)	(235,439)		(5.0)
Eliminate funding for Water Quality Workgroup	(87,300)			(87,300)		
Division of Coastal Management						
Increase CAMA permit fees	(193,300)			(193,300)		
Position #4303-0000-0003-076, COASTAL MNGMT REP (Pasquotank, General Fund) vacated on 07/23/04	(44,992)		(1.0)	(44,992)		(1.0)
Reduce supplies	(3,200)			(3,200)		
Reduce equipment	(3,000)			(3,000)		
Reduce purchased services	(10,000)			(10,000)		
Division of Environmental Health						
#4320-0000-0020-404 Environmental Spec. III, vacant 9/1/2004	(61,040)		(1.0)	(61,040)		(1.0)
Reduce purchased services	(26,500)			(26,500)		
Reduce supplies	(10,000)			(10,000)		
Reduce other expenses	(3,000)			(3,000)		
Reduce equipment	(2,000)			(2,000)		
Division of Land Resources						
#4307-0000-0007-328, Env. Tech V, vacated on 08/20/2004	(40,659)		(1.0)	(40,659)		(1.0)
Eliminate inflationary increases for utilities and travel	(10,407)			(10,407)		
Eliminate Sediment Education funds	(177,675)			(177,675)		
Eliminate Mining Education funds	(15,450)			(15,450)		
Reduce operating	(20,000)			(20,000)		
Reduce contracted services for county boundary program	(50,000)			(50,000)		
DPPEA						
Reduce purchased services	(5,000)			(5,000)		
Reduce equipment	(5,000)			(5,000)		
Reduce supplies	(8,000)			(8,000)		
Eliminate funding for other contracts/grants	(38,951)			(38,951)		
Division of Waste Management						
#4324-0000-0024-113, Info/Comm Spec III, vacated on 8/18/2004	(48,673)		(1.0)	(48,673)		(1.0)

DENR	JOINT OPTIONS					
	FY 05-06			FY 06-07		
Description	R	NR	Total Pos	R	NR	Total Pos
Reduce purchased services	(94,000)			(94,000)		
Reduce supplies	(20,000)			(20,000)		
Reduce aid and public assistance	(24,235)			(24,235)		
Fund shift one position to septage fee support	(47,734)		(1.0)	(47,734)		(1.0)
Division of Water Quality						
#4330-0000-0031-081, Env. Spec. II, vacated on 4/30/04	(40,807)		(1.0)	(40,807)		(1.0)
#4330-0000-0031-728 Proc. Asst. V, vacated on 11/01/02	(34,869)		(1.0)	(34,869)		(1.0)
#4330-0000-0031-728 Env. Supv. I, vacated on 06/25/04	(49,455)		(1.0)	(49,455)		(1.0)
#4330-0000-0031-740 Soil Scientist II, vacated on 2/17/02	(47,362)		(1.0)	(47,362)		(1.0)
#4330-0000-0031-783 Env. Eng. II, vacated on 3/8/04	(54,070)		(1.0)	(54,070)		(1.0)
Reduce inflationary increase for electricity	(23,908)			(23,908)		
Reduce purchased services	(65,000)			(65,000)		
Reduce equipment	(3,000)			(3,000)		
Reduce supplies	(60,000)			(60,000)		
Reduce other various operating line items (Offered over $400,000 in operating cuts in 2003)	(250,000)			(250,000)		
Division of Water Resources						
Reduce continuation increase in contractual services	(50,000)			(50,000)		
Reduce purchased services	(10,000)			(10,000)		
Reduce supplies	(5,000)			(5,000)		
Division of Marine Fisheries						
#4308-0000-0008-174 Research Vessel Engineer, vacated 9/1/03, GF	(31,839)		(1.0)	(31,839)		(1.0)
Reduce transfer to NC State for Sea Grant program by 50%	(500,000)			(500,000)		
Reduce continuation increase for boat replacement and maintain current replacement schedule.	(14,693)	(92,000)		(14,693)		
Reduce board transportation and subsistence	(30,000)			(30,000)		
Reduce operating	(100,000)			(100,000)		
Fund shift 5.0 positions to receipt support (offered up in 2003)	(203,152)		(5.0)	(203,152)		(5.0)
Aquariums						
Purchase/replace equipment at Fort Fisher and Roanoke Island Aquarium	(37,391)	(64,000)		(37,391)		
Inflationary increase of electrical services	(78,927)			(78,927)		
Inflationary increase of water and sewer	(25,910)			(25,910)		
Inflationary increase of Energy Services/Fuel Oil	(21,894)			(21,894)		
Environmental Education						

DENR	JOINT OPTIONS					
	FY 05-06			FY 06-07		
Description	R	NR	Total Pos	R	NR	Total Pos
Forest Resources						
Increase for purchase of trucks, aircraft and tractors - principal	(836,692)			(836,692)		
Increase for purchase of trucks, aircraft and tractors - interest payments	(200,229)			(200,229)		
Museum of Natural Sciences						
Position #4328-0000-0028-523 Processing Assistant V, 61 vacated on 6/1/04	(31,824)		(1.0)	(31,824)		(1.0)
Position #4328-0000-0028-525 Environmental Technician I 61, vacated on 9/1/03	(29,814)		(1.0)	(29,814)		(1.0)
Position #4328-0000-0028-151 Nat Sci Research Curator II 72, vacated on 7/16/04.	(51,702)		(1.0)	(51,702)		(1.0)
Position #4328-0000-0028-169 Natural Science Curator 68T, vacated on 7/30/04.	(50,290)		(1.0)	(50,290)		(1.0)
Position #4328-0000-0028 Office Assistant IV 59, vacated on 7/16/04.	(32,339)		(1.0)	(32,339)		(1.0)
Position #4328-0000-0028-526 Museum Technician 63, vacated on 8/13/04.	(31,839)		(1.0)	(31,839)		(1.0)
Position #4328-0000-0028-527 Natural Science Curator I 65, vacated on 8/31/04.	(40,341)		(1.0)	(40,341)		(1.0)
Parks and Recreation						
Position #4309-0000-0009-173 Office Assistant III 57, vacated on6/11/04.	(32,261)		(1.0)	(32,261)		(1.0)
Position #4309-0000-0009-254 Park Ranger II 62, vacated on 6/1/04.	(33,522)		(1.0)	(33,522)		(1.0)
Position #4309-0000-0009-492 Park Ranger II 62, vacated on 6/21/04.	(32,516)		(1.0)	(32,516)		(1.0)
Position #4309-0000-0009-653 Park Ranger II 62, vacated on 9/21/04.	(34,540)		(1.0)	(34,540)		(1.0)
Decrease in Operating Reserve Request for Parks	(1,000,000)			(1,000,000)		
Soil & Water Conservation						
Position #4306-000-0006-019 Soils Specialist 68, vacated on 3/30/01.	(40,718)		(1.0)	(40,718)		(1.0)
Position #4306-000-0006-019 Soils Specialist 69, vacated on 6/1/04.	(45,171)		(1.0)	(45,171)		(1.0)
NC Zoological Park						
Position #4310-0000-0010-111 Marketing Director 74T, vacated on 1/31/01.	(60,165)		(1.0)	(60,165)		(1.0)
Position #4310-0000-0010-208 Sales Manager II 58, vacated on 6/1/04.	(45,171)		(1.0)	(45,171)		(1.0)
Increase to Motor Vehicle Purchase Schedule	(18,000)			(18,000)		
Increase to Other Vehicle Purchase Schedule	(18,750)			(18,750)		
Increase for Equipment Purchase Schedule -principal	(33,584)	(198,028)		(33,584)		
Increase for Equipment Purchase Schedule -interest	(6,487)	(38,253)		(6,487)		
Wildlife Resources Commission						
Transfer funding for Beaver Program and LEO adjustments from GF to WRC other funds	(905,481)			(905,481)		

DENR	JOINT OPTIONS					
	FY 05-06			FY 06-07		
Description	R	NR	Total Pos	R	NR	Total Pos
Special Funds						
Fund 2238 I& M fund. Cash balance = $2,016,888		(300,000)				
Fund 2106 Sleep Products fund. Cash balance = $557,736		(200,000)				
Fund 2735 Sedimentation fees. Cash balance = $1,460,979		(200,000)				
Fund 2127 Dry Cleaning Solvent. Cash balance = $19,057,113		(2,000,000)				
Fund 2310 Well Construction Fund. Cash balance = $460,110		(100,000)				
Fund 2235 Lab Certification fees. Cash balance = $754,635		(100,000)				
Fund 2341 Water Permit fees. Cash balance = $2,038,855		(500,000)				
Fund 6341 Wastewater Treatment Maintenance and Repair = $397,863		(100,000)				
Fund 2982 Riparian Buffer Restoration. Cash balance = $12,318,551		(2,000,000)				
Expansion						
Expand Express Permitting Statewide (Governor: FY 05-06: $575,977 NR)		575,977				
Forest Resources: Fire Suppression Capability (Governor: FY 05-06 $248,257; FY 06-07: $298,369)	0			0		
Forest Resources: Water Quality Foresters (Governor: FY 05-06: $99,659; FY 06-07: $132,879)	0			0		
Marine Fisheries: Oyster Rehabilitation	690,341		4.0	842,121		4.0
Environmental Health: West Nile Virus Control	54,113		1.0	54,113		1.0
Water Resources: Ground Water Monitoring (Governor: FY 05-06: $125,000; FY 06-07: $150,000)	0			0		
Coastal Habitat Protection Plan Reserve (Governor: FY 05-06: $210,000; FY 06-07: $275,000)	0			0		
Superfund Match Funds (Governor: recurring)		1,000,000				
Clean Water SRF Match Funds (Governor: recurring)		3,889,571				
Drinking Water SRF Match Funds (Governor: recurring)		1,415,980				
NC One Map (Governor: FY 05-06: $60,000 R, $500,000 NR; FY 06-07: $60,000 R)	0			0		
Grassroots Museums: Expand collaboration to include two new museums: Eastern and Elizabeth City	100,000			100,000		

Attachment 4

NER Joint Appropriations Subcommittee Options

COMMERCE	JOINT OPTIONS					
	FY 05-06			FY 06-07		
Description	R	NR	Total Pos	R	NR	Total Pos
Reductions						
Administrative Services						
Reduce Inflationary Increase for Office Equipment and Legal Services	(104,287)			(104,287)		
Eliminate Vacant Community Development Specialist Position - Wanchese	(48,287)		(1.0)	(48,287)		(1.0)
Science and Technology						
Reduce Operating Budget based on Historical Reversions	(20,000)			(20,000)		
Reduce Inflationary increase for misc. services contract		(41,929)				
MIS						
Reduce Inflationary increase for Computer Equipment	(75,000)			(75,000)		
Business and Industry						
Reduce Operating Budget Based on Historical Reversions	(67,000)			(67,000)		
Executive Aircraft						
Reduce Operating Budget Based on Historical Reversions	(100,000)			(100,000)		
Eliminate Vacant Executive Pilot II Position	(64,634)		(1.0)	(64,634)		(1.0)
Reduce Inflationary Increases for Purchased Services	(43,150)			(43,150)		
Tourism, Film and Sports Development						
Budget Registration Fees	(90,000)			(90,000)		
Eliminate vacant Travel Relation Specialist position	(44,064)		(1.0)	(44,064)		(1.0)
Eliminate vacant Development Officer Position	(49,021)		(1.0)	(49,021)		(1.0)
Eliminate Inflationary Increase for Legal Services	(41,369)			(41,369)		
Reduce Operating Budget Based on Historical Reversions	(200,000)			(200,000)		
Policy and Research						
Eliminate Vacant Processing Assistant III Position	(26,244)		(1.0)	(26,244)		(1.0)
International Trade						
Budget Trade Show Fees	(250,000)			(250,000)		
Reduce Inflationary Increase for Purchased Services	(38,144)			(38,144)		
Community Assistance						
Eliminate 2 Vacant Commun. Development Planner Positions	(106,755)		(2.0)	(106,755)		(2.0)
Reduce Operating Budget based on Historical Reversions	(35,000)			(35,000)		
Industrial Commission						
Eliminate Vacant Program Assistant Position	(31,798)		(1.0)	(31,798)		(1.0)
Eliminate Vacant Office Assistant Position	(30,805)		(1.0)	(30,805)		(1.0)
Budget Over collected Receipts	(200,000)			(200,000)		
Welcome Centers						
Reduce Operating Budget based on Historical Reversions	(45,000)			(45,000)		
Finance Center						
Reduce Fund Balance of the Industrial Development Fund		(1,500,000)				
Reduce One NC Fund		(1,000,000)				

Expansion Items		
Film Incentives	0	0
Board of Science and Technology: Deputy Director/Chief Policy Analyst	0	0
Policy and Research: NC EDIS	0	0
Auditor for Non-Profit Reporting Requirements	44,266	44,266

COMMERCE STATE AID	JOINT OPTIONS					
	FY 05-06			FY 06-07		
Description	R	NR	Pos	R	NR	Pos
NC Biotechnology Center						
Increase funding	1,500,000	1,500,000		1,500,000		

NER Joint Appropriations Subcommittee Options

COMMERCE	JOINT OPTIONS					
	FY 05-06			FY 06-07		
Description	R	NR	Total Pos	R	NR	Total Pos
Reductions						
Administrative Services						
Reduce Inflationary Increase for Office Equipment and Legal Services	(104,287)			(104,287)		
Eliminate Vacant Community Development Specialist Position - Wanchese	(48,287)		(1.0)	(48,287)		(1.0)
Science and Technology						
Reduce Operating Budget based on Historical Reversions	(20,000)			(20,000)		
Reduce Inflationary increase for misc. services contract		(41,929)				
MIS						
Reduce Inflationary increase for Computer Equipment	(75,000)			(75,000)		
Business and Industry						
Reduce Operating Budget Based on Historical Reversions	(67,000)			(67,000)		
Executive Aircraft						
Reduce Operating Budget Based on Historical Reversions	(100,000)			(100,000)		
Eliminate Vacant Executive Pilot II Position	(64,634)		(1.0)	(64,634)		(1.0)
Reduce Inflationary Increases for Purchased Services	(43,150)			(43,150)		
Tourism, Film and Sports Development						
Budget Registration Fees	(90,000)			(90,000)		
Eliminate vacant Travel Relation Specialist position	(44,064)		(1.0)	(44,064)		(1.0)
Eliminate vacant Development Officer Position	(49,021)		(1.0)	(49,021)		(1.0)
Eliminate Inflationary Increase for Legal Services	(41,369)			(41,369)		
Reduce Operating Budget Based on Historical Reversions	(200,000)			(200,000)		
Policy and Research						
Eliminate Vacant Processing Assistant III Position	(26,244)		(1.0)	(26,244)		(1.0)
International Trade						
Budget Trade Show Fees	(250,000)			(250,000)		
Reduce Inflationary Increase for Purchased Services	(38,144)			(38,144)		
Community Assistance						
Eliminate 2 Vacant Commun. Development Planner Positions	(106,755)		(2.0)	(106,755)		(2.0)
Reduce Operating Budget based on Historical Reversions	(35,000)			(35,000)		
Industrial Commission						
Eliminate Vacant Program Assistant Position	(31,798)		(1.0)	(31,798)		(1.0)
Eliminate Vacant Office Assistant Position	(30,805)		(1.0)	(30,805)		(1.0)
Budget Over collected Receipts	(200,000)			(200,000)		
Welcome Centers						
Reduce Operating Budget based on Historical Reversions	(45,000)			(45,000)		
Finance Center						
Reduce Fund Balance of the Industrial Development Fund		(1,500,000)				
Reduce One NC Fund		(1,000,000)				

Expansion Items						
Film Incentives	0			0		
Board of Science and Technology: Deputy Director/Chief Policy Analyst	0			0		
Policy and Research: NC EDIS	0			0		
Auditor for Non-Profit Reporting Requirements	44,266			44,266		

COMMERCE STATE AID	JOINT OPTIONS					
	FY 05-06			FY 06-07		
Description	R	NR	Pos	R	NR	Pos
NC Biotechnology Center						
Increase funding	1,500,000	1,500,000		1,500,000		

VISITOR REGISTRATION SHEET

APPROPRIATIONS SUBCOMMITTEE ON NATURAL AND ECONOMIC RESOURCES — 4/5/05

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
MARIANNE FREDERICK	DIVISION OF COMMUNITY ASSISTANCE
Dempsey Benton	D.P.V. of Sw. & Nat. Res.
Lenwood V. Long	NCMSC
N. David Smith	Agriculture
Eleanor Hendon	NC REAL
Shannon Hobby	Commerce
Robin Diehl	Commerce
Clara Gay	Agriculture
Cathey Cottle	DENR
Cary Handy	DENR
Sarah Councilman	DENR

VISITOR REGISTRATION SHEET

APPROPRIATIONS SUBCOMMITTEE ON NATURAL AND ECONOMIC RESOURCES — 4.5.05

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Johanna Reese	DENR
John Bowdish	Museum of Life & Sci
Doug Lassiter	NCSTA
Bill McNeil	NC Rural Center
Sheryl Stephens	OSBM
Erin Kinsey	NC Conservation Network
Dianne Beasley	Forestry
Tim Dodge	Research Division
Dave Brown	OSBM
Rebecca Troutman	NCACC
Nancy Thompson	NCIC

VISITOR REGISTRATION SHEET

APPROPRIATIONS SUBCOMMITTEE ON NATURAL AND ECONOMIC RESOURCES — 4.5.05

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Helen McInnis	NC Rural Center

House Pages

Name Of Committee: NER Date: 4/5/05

1. Name: Le-Keisha Griffin
   County: Wake
   Sponsor: Ed Nye
2. Name: Justin Gerringer
   County: Randolph
   Sponsor: Arlie Culp
3. Name: Sarah Brown
   County: Wake
   Sponsor: Basnight
4. Name: Kelli Gurley
   County: Johnston
   Sponsor: Smith
5. Name: Elizabeth Riddick
   County: Heertford
   Sponsor: Basnight

Sgt-At-Arms

1. Name: Toussaint L. Avent
2. Name: JAMES WORTH
3. Name: RONALD SPANN
4. Name: ERNEST SHERRELL
5. Name:

MINUTES

Senate Appropriations Subcommittee
on
Natural and Economic Resources
Thursday, May 3, 2005, at 10:30 a.m.
423 Legislative Office Building

The Senate Appropriations Subcommittee on Natural and Economic Resources (NER) met at 10:30 a.m. on Thursday, May 3, 2005, in Room 423 of the Legislative Office Building. Five members of the Senate Subcommittee attended. Senator David Weinstein presided.

The meeting was called to order and the Subcommittee members and interested parties were welcomed. The following served the meeting: Pages – Savannah Phillips sponsored by Senator John Snow; Senate Sergeant at Arms - Ernie Sherrell and Ron Spann; and the Fiscal Research NER Team - Susan Morgan, Jennifer Haygood, and Joy Hicks. Senator Weinstein proceeded with the Agenda (Attachment 1).

The Fiscal Research NER Team presented the Proposed Senate NER Money Report (Attachment 2) to the Subcommittee in the following order:

- Susan Morgan – Department of Agriculture and Consumer Services (Pages H 1 – H 3).
- Jennifer Haygood – Department of Labor and part of the Department of Environment and Natural Resources (Pages H 4 – H 9).
- Joy Hicks – Natural Resources part of the Department of Environment and Natural Resources (Pages H 10 – H 13).
- Susan Morgan – Department of Commerce (Pages H 14 – H 17).
- Joy Hicks - N. C. Biotechnology Center and Rural Economic Development Center (Pages H 14 – H 19).

The Fiscal Research NER Team presented the Proposed Senate NER Special Provisions (Attachment 3) to the Subcommittee in the following order:

- Joy Hicks – NER Block Grants - Pages 26 and 27
- Susan Morgan – Department of Agriculture and Consumer Protection - Pages 176 and 177, Line 31
- Jennifer Haygood – Department of Environment and Natural Resources - Page 177, Line 33, - Page 180, Line 33.
- Joy Hicks – Department of Environment and Natural Resources – Page 180, Line 36, - Page 183, Line 17.
- Susan Morgan – Department of Commerce – Page 183, Line 19, - Page 187, Line 3.
- Joy Hicks – Non-Profits – Page 187, Line 5, - Page 196.

Senator Weinstein asked the Subcommittee if there were any questions and/or comments regarding the Money Report or Special Provisions. There were none and upon a motion

duly seconded the Proposed Senate NER Money Report and the Senate NER Special Provisions were adopted. The meeting adjourned at 11:40 a.m.

Senator David Weinstein
Chairman

Jane M. "Dee" Bagley
Committee Assistant

Attachment 1

Senate Appropriations Subcommittee on Natural and Economic Resources

Tuesday, May 03, 2005
Senator David Weinstein, Presiding
10:30 a.m. Room 423

Chair's Comments	*Senator Weinstein*
Proposed Senate Money Report	*Fiscal Research Staff*
Proposed Senate Special Provisions	*Fiscal Research Staff*
Closing Remarks	*Senator Weinstein*
Adjourn	

Created on 5/3/2005 9:02 AM

NER Senate Subcommittee

Proposed Senate Money Report

Agriculture and Consumer Services

GENERAL FUND

	FY 05-06		FY 06-07	
Adjusted Continuation Budget	**$52,243,772**		**$51,965,810**	
Legislative Changes				
Administration				
1 Reduce Funds for Purchased Services Reduce funds department-wide for purchased services based on historical reversions.	($443,080)	R	($443,080)	R
2 Reduce Funds for Supplies Reduce funds for supplies department-wide based on historical reversions.	($242,440)	R	($242,440)	R
3 Reduce Funds for Equipment Reduce funds for property, plant and equipment department-wide based on historical reversions.	($173,480)	R	($173,480)	R
4 Reduce Inflationary Increases Reduce increases in the continuation budget for workers compensation, longevity and other expenses.	($202,701)	R	($202,701)	R
Agronomic Services				
5 Replace General Funds with Receipts Replace General Funds for operations with revenue generated by increasing fees for Agronomic Sampling services as follows: Increase fees for routine nematode samples from $2.00 to $3.00 generating $25,000 in additional revenue. Increase fees for routine waste samples from $4.00 to $5.00 generating $20,000 in additional revenue. Increase research fees for soil and nematode samples from $2.00 to $12.00 generating $10,000 in additional revenue. Increase research fees for plant, waste and solution samples from $4.00 to $12.00 generating $33,600 in additional revenue.	($88,600)	R	($88,600)	R
6 Replace General Funds with Receipts Replace General Funds for operations with revenue generated by implementing new fees for Agronomic Sampling services. Establish a $14.00 fee for out-of-state nematode samples; $26.00 fee for out-of-state plant, waste and solution samples; and a various fees for other out-of-state services.	($74,300)	R	($74,300)	R

	FY 05-06		FY 06-07	
Commercial Feed and Pet Food				
7 Replace General Funds with Receipts Increase registration fees for non-canned pet food registration as follows: Increase existing registration fees from $3.00 to $5.00; Increase existing registration fees from $30.00 to $40.00; and Increase existing registration fees from $33.00 to $45.00. Increases the registration fee for canned pet food from $10.00 to $12.00.	($60,200)	R	($60,200)	R
Food and Drug				
8 Eliminate Vacant Position Eliminate one Agriculture Microbiologist I position that has been vacant since 7/15/04.	($39,983) -1.00	R	($39,983) -1.00	R
Marketing				
9 Reduce Funds for Farmer's Markets Reduce the appropriation for farmer's markets by 10%.	($90,537)	R	($90,537)	R
10 Close Farmer's Market Close the Southeast Agriculture Center.	($282,750) -7.00	R	($377,000) -7.00	R
11 Fund-Shift One Position Fund shift one position with the Cooperative Inspection Service to receipts.	($35,685) -1.00	R	($35,685) -1.00	R
Pesticide Section				
12 Pesticide Disposal Program Replace General Funds with funds from the Environmental Trust Fund for the pesticide disposal program.	($222,407) -1.00	R	($222,407) -1.00	R
Seed Testing				
13 Replace General Funds with Receipts Increase seed inspection fees from $.02 to $.04 per 10 lb container.	($124,587)	R	($124,587)	R
State Fair				
14 Establish Receipt-Supported Positions Establish twenty (20) receipt-supported general utility workers and eight (8) building custodians at the North Carolina State Fair. General Utility Workers 20.0 $522,500 Building Custodians 8.0 $170,080				

Senate Subcommittee on Natural and Economic Resources	FY 05-06		FY 06-07	
Structural Pest Control				
15 Adjust Budgeted Receipts Reduce General Funds based on an increase in receipts.	($18,000)	R	($18,000)	R
Veterinary Services				
16 Replace General Funds with Receipts Increase histopath fee from $15.00 to $30.00 generating $113,233 in additional revenue. Increases EIA fee from $4.00 to $6.00 generating $39,082 in additional revenue.	($152,315)	R	($152,315)	R
17 Replace General Funds with Receipts Establish a $1.00 blood pour off fee and a $.04 vacuum tube handling fee.	($56,000)	R	($56,000)	R
Weights and Measures				
18 Replace General Funds with Receipts Increase public weighmaster fees from $12.00 to $19.00, generating $32,200 in additional revenue. Increases various calibration fees at the Standards Lab generating $35,000 in additional revenue.	($67,200)	R	($67,200)	R
19 Replace General Funds with Receipts Establish a $20 fee for a Scale Technician License.	($12,000)	R	($12,000)	R
20 Fund Shift One Position Fund existing position with Highway Funds transferred to the Department.	($28,394) -1.00	R	($28,394) -1.00	R
Total Legislative Changes	**($2,414,659)**	R	**($2,508,909)**	R
Total Position Changes	-11.00		-11.00	
Revised Budget	**$49,829,113**		**$49,456,901**	

Labor

	GENERAL FUND			
	FY 05-06		FY 06-07	
Adjusted Continuation Budget	**$14,198,496**		**$14,213,868**	
Legislative Changes				
Administration				
21 Eliminate 1.0 Vacant Position Eliminate Office Assistant position in Commissioner's Office.	($31,878) -1.00	R	($31,878) -1.00	R
22 Fund Shift 1.0 Position to Receipt Support Fund shift Accounting Clerk position in Administrative Services to elevator receipt support.	($36,030) -1.00	R	($36,030) -1.00	R
23 Eliminate Inflationary Increases Eliminate inflationary increases allowed in the continuation budget for Administrative Services, Information Technology, and the Commissioner's Office.	($1,755)	R	($1,755)	R
24 Reduce Operating Reduce various operating line items in Administrative Services, Labor Statistics, Information Technology, and the Information Office.	($24,461)	R	($24,461)	R
Labor Standards and Inspections				
25 Shift Mine and Quarry Bureau to Receipt Support Make the Mine and Quarry Bureau fully receipt-supported by instituting an annual fee and eliminating General Fund support.	($539,514) -9.00	R	($540,160) -9.00	R
26 Eliminate Inflationary Increases Eliminate inflationary increases allowed in the continuation budget for Apprenticeship, Employment Discrimination, and Wage and Hour.	($3,623)	R	($3,623)	R
27 Reduce Operating Support Reduce various operating line items in Apprenticeship, Employment Discrimination, and Wage and Hour.	($17,400)	R	($17,400)	R
28 Continue to Fund Apprenticeship Program General Fund dollars will partly restore funding for the Apprenticeship Program that is no longer available through the Worker Training Trust Fund.	$663,374 10.00	R	$663,374 10.00	R

Senate Subcommittee on Natural and Economic Resources	FY 05-06		FY 06-07	
OSH				
29 Eliminate Inflationary Increases Eliminate inflationary increases allowed in continuation budget for Occupational Safety and Health.	($47,424)	R	($47,424)	R
30 Reduce Operating Reduce various operating line items in Occupational Safety and Health.	($5,000)	R	($5,000)	R
Total Legislative Changes	**($43,711)**	R	**($44,357)**	R
Total Position Changes	-1.00		-1.00	
Revised Budget	**$14,154,785**		**$14,169,511**	

Environment & Natural Resources

	GENERAL FUND			
	FY 05-06		FY 06-07	
Adjusted Continuation Budget	**$167,189,338**		**$168,187,593**	
Legislative Changes				
(1.0) Administration				
31 Eliminate 1.0 Vacant Position	($74,070)	R	($74,070)	R
Eliminate vacant Federal Legislative Programs Coordinator position.	-1.00		-1.00	
32 Reduce Rent	($50,000)	R	($50,000)	R
Reduce Regional Office rent line item.				
33 Fund One-Stop Permitting Program Positions	$113,168	R	$113,168	R
Provide General Fund support for 2.0 One-Stop Permitting Program positions that have previously been supported through available funds.	2.00		2.00	
34 Expand Express Permitting Program Statewide				
Expand the Express Permitting Program statewide by establishing and supporting 12.0 positions using existing receipts in the Express Review Fund.				
(1.0) Ecosystem Enhancement Program				
35 Fund Shift Ecosystem Enhancement Program	($235,439)	R	($235,439)	R
Fund shift remainder of Ecosystem Enhancement Program to receipt support.	-5.00		-5.00	
(1.0) Office of Conservation and Community Affairs				
36 Fund Shift Natural Heritage Program	($250,851)	R	($250,851)	R
Fund shift remainder of Natural Heritage Program to Natural Heritage Trust Fund support.	-4.50		-4.50	
(2.0) Coastal Management				
37 Reduce Purchased Services	($10,000)	R	($10,000)	R
Reduce various purchased services line items.				
38 Reduce Supplies	($3,200)	R	($3,200)	R
Reduce various supply line items.				
39 Reduce Equipment	($3,000)	R	($3,000)	R
Reduce various equipment line items.				

	FY 05-06		FY 06-07	
(2.0) Environmental Health				
40 Eliminate 1.0 Vacant Position Eliminate Environmental Specialist III position in the On-Site Wastewater Section.	($61,040) -1.00	R	($61,040) -1.00	R
41 Reduce Purchased Services Reduce various purchased services line items.	($26,500)	R	($26,500)	R
42 Reduce Supplies Reduce various supply line items.	($10,000)	R	($10,000)	R
43 Reduce Equipment Reduce various equipment line items.	($2,000)	R	($2,000)	R
44 Reduce Other Expenses Reduce expenditures in the "Other Expenses" line item.	($3,000)	R	($3,000)	R
45 Fund Shift Position to General Fund Support Fund shift West Nile Virus Control position previously supported through federal CDC grant funds to General Fund support.	$54,113 1.00	R	$54,113 1.00	R
(2.0) Land Resources				
46 Reduce Sediment Education Funds Reduce funding for sediment education projects.	($100,000)	R	($100,000)	R
47 Eliminate Mining Education Funds Eliminate funding for mining education programs.	($15,450)	R	($15,450)	R
48 Eliminate Inflationary Increases Eliminate inflationary increases allowed in the continuation budget for utilities and travel.	($10,407)	R	($10,407)	R
49 Reduce Contractual Services Reduce contractual services for county boundary program.	($50,000)	R	($50,000)	R
50 Reduce Operating Reduce various operating line items.	($20,000)	R	($20,000)	R
(2.0) Marine Fisheries				
51 Eliminate 1.0 Vacant Position Eliminate Research Vessel Engineer position.	($31,839) -1.00	R	($31,839) -1.00	R

	FY 05-06		FY 06-07	
52 Reduce Boat Replacement Continuation Increase Reduce continuation increase for boat replacement and maintain current replacement schedule.	($14,693) ($92,000)	R NR	($14,693)	R
53 Reduce Board Support Reduce transportation and subsistence line items for the Marine Fisheries Commission.	($30,000)	R	($30,000)	R
54 Reduce Operating Reduce various operating line items.	($100,000)	R	($100,000)	R
55 Receipt-Supported Position Establish 1.0 time-limited, permanent position supported by Atlantic Coastal Cooperative Statistics Program Grant funds. This position will collaborate with the National Marine Fisheries Service and help fulfill federal fishery data requirements. Computer Consultant II (1.0) $49,217				
(2.0) Pollution Prevention and Env. Assistance				
56 Reduce Purchased Services Reduce various purchased services line items.	($5,000)	R	($5,000)	R
57 Reduce Supplies Reduce various supply line items.	($8,000)	R	($8,000)	R
58 Reduce Equipment Reduce various equipment line items.	($5,000)	R	($5,000)	R
59 Eliminate Other Contracts/Grants Funds Eliminate funding in the "Other Contracts/Grants" line item.	($35,976)	R	($35,976)	R
(2.0) Waste Management				
60 Eliminate 1.0 Position Eliminate Information/Communication Specialist III position.	($48,673) -1.00	R	($48,673) -1.00	R
61 Fund Shift 1.0 Position Fund shift Waste Management Specialist position to septage management fee support.	($47,734) -1.00	R	($47,734) -1.00	R
62 Reduce Purchased Services Reduce various purchased services line items.	($94,000)	R	($94,000)	R
63 Reduce Supplies Reduce various supply line items.	($20,000)	R	($20,000)	R

	FY 05-06		FY 06-07	
64 Reduce Aid and Public Assistance Reduce the aid and public assistance line items.	($24,235)	R	($24,235)	R
(2.0) Water Quality				
65 Eliminate 5.0 Vacant Positions Eliminate 5.0 vacant positions. Environmental Specialist II (1.0) ($40,807) Processing Assistant V (1.0) ($34,869) Environmental Supervisor I (1.0) ($49,455) Soil Scientist II (1.0) ($47,362) Environmental Engineer II (1.0) ($54,070)	($226,563) -5.00	R	($226,563) -5.00	R
66 Reduce Inflationary Increases Reduce inflationary increases allowed in the continuation budget for electrical services.	($23,908)	R	($23,908)	R
67 Reduce Purchased Services Reduce various purchased services line items.	($65,000)	R	($65,000)	R
68 Reduce Supplies Reduce various supply line items.	($60,000)	R	($60,000)	R
69 Reduce Equipment Reduce various equipment line items.	($3,000)	R	($3,000)	R
70 Reduce Operating Reduce various operating line items.	($250,000)	R	($250,000)	R
71 Receipt-Supported Position Establish 1.0 permanent position supported by federal EPA 106 grant funds. This position will plan, coordinate, and support the NPDES Discharge Monitoring Coalition program. Environmental Specialist III (1.0) $47,189				
(2.0) Water Resources				
72 Reduce Contractual Services Reduce the contractual services line item.	($50,000)	R	($50,000)	R
73 Reduce Purchased Services Reduce various purchased services line items.	($10,000)	R	($10,000)	R
74 Reduce Supplies Reduce various supply line items.	($5,000)	R	($5,000)	R

	FY 05-06		FY 06-07	
(3.0) Aquariums				
75 Oyster Hatchery Research Provide funding to the Division of North Carolina Aquariums to plan for the development of an oyster hatchery and public education program regarding the hatcheries at each of the three North Carolina aquariums.	$600,000	R	$600,000	R
(3.0) Forest Resources				
76 Reduce Funding for Equipment and Vehicles Reduce funding increases allowed in the continuation budget for equipment and vehicles within the Division of Forest Resources. With the reduction, the Division would still receive a $1,809,500 increase to these line items in the continuation budget.	($1,036,921)	R	($1,036,921)	R
77 Reduce Operating Support Reduce operating support to the Division of Forest Resources.	($25,000)	R	($25,000)	R
78 Forest Resources Receipt Supported Position Allows for the establishment of 1.0 full-time permanent position with the Division of Forest Resources from aircraft deployment receipts. This position will be responsible for the Division's fixed wing and rotary wing fleet parts program. Program Assistant V 1.0 $31,941				
79 Forest Resources Receipt Supported Positions Establish 3.0 time-limited positions in the Division of Forest Resources upon receipt of federal grant funds. No state funds will be expended on these positions. Fire & Rescue Training Instructor 1.0 $45,605 Extension Education & Training Specialist I 1.0 $37,892 Forester III 1.0 $44,755				
(3.0) Museum of Natural Sciences				
80 Eliminate Vacant Positions Eliminate 4.0 vacant positions in the Division of Museum of Natural Sciences. Processing Assistant V (1.0) ($31,284) Environmental Technician I (1.0) ($29,814) Office Assistant IV (1.0) ($32,339) Natural Science Curator I (1.0) ($40,341)	($134,318) -4.00	R	($134,318) -4.00	R
81 NC Museum of Natural Science Continuation of UNC-TV Show Provide funds to continue production with UNC-TV of season two of Exploring NC.	$250,000	NR		

	FY 05-06		FY 06-07	
(3.0) NC Zoological Park				
82 NC Zoological Park Receipt Supported Positions Establish 4.0 two-year time-limited, full-time positions in the Division of the NC Zoological Park from non-capital gift revenue. These positions are involved in the construction of a new Elephant/Rhino exhibit and holding facilities. Maintenance Mechanic II 4.0 $136,500				
(3.0) Parks and Recreation				
83 Reduce Operating Support Reduce operating support for the Division of Parks and Recreation.	($25,000)	R	($25,000)	R
84 Reduce Operating Reserve Reduce the increase in operating reserve support allowed in the continuation budget for the Division of Parks and Recreation. With this reduction, the Division would receive a $2.2 million increase in operating reserve support in FY 2005-06.	($1,000,000)	R	($1,000,000)	R
85 Parks and Recreation Receipt Supported Position Establish 1.0 permanent, full-time position in the Division of Parks and Recreation. This position will plan, supervise and monitor design and construction contracts for park facilities funded by the Parks and Recreation Trust Fund. Facility Engineering Specialist 1.0 $43,907				
(3.0) Soil and Water Conservation				
86 Eliminate Vacant Position Eliminate a vacant Soil Specialist position.	($45,171) -1.00	R	($45,171) -1.00	R
87 Reduce Operating Support Reduce various operating line items within the Division of Soil and Water Conservation	($40,000)	R	($40,000)	R
88 Establish 1.0 Position Establish 1.0 permanent position in the Division of Soil and Water Conservation for the expansion of a pilot program that inspects animal waste management systems. Environmental Specialist II 1.0	$40,000 1.00	R	$40,000 1.00	R
(4.0) Reserves and Transfers				
89 Eliminate Water Quality Workgroup Funds Eliminate funding for Water Quality Workgroup research grants.	($87,300)	R	($87,300)	R

	FY 05-06		FY 06-07	
90 Shift Beaver Management Assistance Program funding to receipt support Fund shift the Beaver Management Assistance Program from General Fund support in the Wildlife Resources Commission to available receipt support in the Department of Transportation.	($449,000)	R	($449,000)	R
91 Shift LEO Salary Adjustment Support to Receipts Shift funding for a LEO salary adjustment that has been historically funded with General Fund monies to existing Wildlife Resources Commission receipts.	($456,481)	R	($456,481)	R
92 Partnership for the Sounds Increase funding to enhance tourism marketing and economic development in the region.	$2,000,000	NR		
93 Superfund State Match Funds Provides funds to meet the 10% state match requirement for drawing down the maximum available federal funds for the clean up of National Priority List sites.	$1,000,000	NR		
94 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.	$3,889,571	NR		
95 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.	$1,415,980	NR		
96 Funds for Global Warming Initiatives, Inc. Provides funds for Global Warming Initiatives, Inc., a non-profit that promotes awareness and reporting of greenhouse gas emissions.	$10,000	NR		
97 Increase Grassroots Funding Increase funding to the Grassroots Science Museums for two additional museums: Eastern and Elizabeth City.	$100,000	R	$100,000	R

98 Wildlife Resources Commission Receipt Supported Positions

Allows for the establishment of the following 8.0 positions.

Wildlife Technician II	3.0	$107,886	75% Federal/25% Wildlife
Wildlife Technician III	1.0	$ 32,662	NMFS and FWS Section 6
Wildlife Technician III	1.0	$ 32,662	Waterfowl Fund
Processing Assistant V	1.0	$ 29,814	Wildlife Fund
Applications Analyst	1.0	$ 69,806	Wildlife Fund
Applications Specialist	1.0	$ 91,250	Wildlife Fund

Senate Subcommittee on Natural and Economic Resources	FY 05-06		FY 06-07	
Total Legislative Changes	**($4,475,488)**	**R**	**($4,475,488)**	**R**
	$8,473,551	**NR**		
Total Position Changes	-20.50		-20.50	
Revised Budget	**$171,187,401**		**$163,712,105**	

Commerce

	GENERAL FUND			
	FY 05-06		FY 06-07	
Adjusted Continuation Budget	**$35,532,306**		**$35,583,572**	
Legislative Changes				
Administrative Services				
99 Reduce Inflationary Increases	($24,287)	R	($24,287)	R
Reduce increases for office equipment and legal services.	($80,000)	NR		
100 Eliminate Vacant Position	($48,287)	R	($48,287)	R
Eliminate one Community Development Specialist position for the Wanchese Seafood Industrial Park that has not been filled since 3/31/2000.	-1.00		-1.00	
101 Wanchese Seafood Industrial Park	$48,287	R	$48,287	R
Provide operating funds for security at the Park.				
Business and Industry				
102 Reduce Funds for Purchased Services and Equipment	($67,000)	R	($67,000)	R
Reduce expenditures for operations based on historical reversions.				
Community Assistance				
103 Eliminate Vacant Position	($53,377)	R	($53,377)	R
Eliminate one Community Development Planner I position that has not been filled since 7/1/04.	-1.00		-1.00	
104 Reduce Funds for Purchased Services and Equipment	($35,000)	R	($35,000)	R
Reduce expenditures for operations based on historical reversions.				
Executive Aircraft				
105 Reduce Funds for Purchased Services, Supplies and Equipment	($100,000)	R	($100,000)	R
Reduce expenditures for operations based on historical reversions.				
106 Reduce Inflationary Increases	($43,150)	R	($123,150)	R
Reduce increases for purchased services for FY 05/06 and reduces funds for purchased services and repairs for FY 06/07.				
107 Eliminate Vacant Position	($64,634)	R	($64,634)	R
Eliminate vacant Executive Pilot II position that has not been filled since 7/1/2004.	-1.00		-1.00	

Finance Center

108 Funds for One North Carolina Fund

Provide funds for the One North Carolina Fund for FY 05/06. $5,000,000 NR

Industrial Commission

109 Establish Receipt-Supported Positions

Establish four (4) receipt-supported positions with the Industrial Commission.

Legal Specialist I	1.0	$45,280
Program Assistant V	1.0	$29,516
Special Deputy Commissioners	2.0	$113,438

110 Establish Receipt-Supported Positions

Establish thirteen (13) receipt-supported positions in the Industrial Commission with revenue generated by implementing a fee for the required review of Form 21 Agreements.

Administrative Officer II Positions (Workers' Comp. Fraud Investigators)	2.0	
Administrative Officer II Positions (Ombudsman)	2.0	
Program Assistant V	2.0	
Receptionist III	1.0	
Industrial Safety Representative II	4.0	
Special Deputy Commissioners	2.0	
Total Receipts Required		$628,099

International Trade

111 Budget Over-Collected Receipts

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

Require the Department to budget receipts that have been consistently collected during the previous three fiscal years for trade shows.

112 Eliminate Inflationary Increase for Purchased Services

($38,144) R ($38,144) R

Eliminate an increase for purchased services for the biennium.

Marketing

113 Furniture Market Advertising

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

Provide funds to promote the North Carolina furniture industry, including the International Home Furnishings Market.

Policy and Research

114 Eliminate Vacant Position

($26,244) R ($26,244) R

Eliminate a vacant Processing Assistant III position that has not been filled since 1/1/04. -1.00 -1.00

	FY 05-06		FY 06-07	
115 North Carolina Economic Development Information System	$297,898	R	$297,898	R
Establish one (1.0) Data Base Administrator position and provide operating support for the NC EDIS.	$1,000,000	NR		
	1.00		1.00	
Reserves and Transfers				
116 Duplin Agribusiness Center				
Provide funds to Duplin County to match federal and local funds to construct the Duplin Commons Agribusiness Center.	$1,000,000	NR		
117 Gaston Chamber of Commerce				
Provide funds for marketing and economic development initiatives in the region to assist in the recovery from lost textile and manufacturing jobs.	$500,000	NR		
Science and Technology				
118 Establish Position	$80,000	R	$80,000	R
Provide funds for the Deputy Director/Chief Policy Analyst position for the N.C. Board of Science and Technology. This position has historically been funded through the University of North Carolina.	1.00		1.00	
Travel and Tourism				
119 Budget Over-Collected Receipts	($90,000)	R	($90,000)	R
Require the Department to budget receipts that have been consistently collected during the previous three fiscal years.				
120 Eliminate Vacant Position	($44,064)	R	($44,064)	R
Eliminate vacant Travel Relation Specialist position that has not been filled since 8/13/2004.	-1.00		-1.00	
121 Eliminate Inflationary Increase	($41,369)	R	($41,369)	R
Eliminate increase for legal services for both years of the biennium.				
122 Reduce Funds for Purchased Services, Supplies and Equipment	($200,000)	R	($200,000)	R
Reduce expenditures for operations based on historical reversions.				
123 Tourism Development				
Provide funds to the Forsyth Development Tourism Authority for the Winston Salem Convention and Visitors Bureau to advertise and promote travel and tourism in the Forsyth County area.	$200,000	NR		
124 Statewide Marketing Reserve	$1,000,000	R	$1,000,000	R
Provide funds for promoting travel and tourism statewide.				
Utilities Commission				
125 Establish Receipt-Supported Position				
Establish one (1.0) Attorney IV position at $94,204 for the Utilities Commission Public Staff.				

Senate Subcommittee on Natural and Economic Resources	FY 05-06		FY 06-07	
Welcome Centers				
126 Reduce Funds for Purchased Services, Supplies and Equipment Reduce expenditures for operations based on historical reversions.	($45,000)	R	($45,000)	R
Total Legislative Changes	**$1,255,629** **$7,620,000**	R NR	**$1,175,629**	R
Total Position Changes	-3.00		-3.00	
Revised Budget	**$44,407,935**		**$36,759,201**	

N.C. Biotechnology Center

	GENERAL FUND			
	FY 05-06		FY 06-07	
Adjusted Continuation Budget	**$9,083,395**		**$9,083,395**	
Legislative Changes				
NC Biotechnology Center				
127 Increase funding for the NC Biotechnology Center	$1,500,000	R	$1,500,000	R
Increase support for New Jobs Across North Carolina: A Strategic Plan for Growing the Economy Statewide through Biotechnology.	$1,500,000	NR		
Total Legislative Changes	**$1,500,000**	**R**	**$1,500,000**	**R**
	$1,500,000	**NR**		
Total Position Changes				
Revised Budget	**$12,083,395**		**$10,583,395**	

Rural Economic Development Center

	GENERAL FUND			
	FY 05-06		FY 06-07	
Adjusted Continuation Budget	**$4,802,607**		**$4,802,607**	
Legislative Changes				
Rural Economic Development Center				
128 Rural Economic Infrastructure Provide funding to continue the North Carolina Infrastructure Program and provide matching grants to local governments. $500,000 shall be allocated to the e-NC Authority.	$20,000,000	R	$20,000,000	R
Total Legislative Changes	**$20,000,000**	R	**$20,000,000**	R
Total Position Changes				
Revised Budget	**$24,802,607**		**$24,802,607**	

Senate

NER Subcommittee

Special Provisions

May 2, 2005

Requested by: Senators Weinstein, Garrou, Dalton, Hagan

NER BLOCK GRANTS

SECTION 5.2.(a) Appropriations from federal block grant funds are made for fiscal year ending June 30, 2006, 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 – 2006 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) Department of Commerce Demonstration Grants in Partnership with Rural Economic Development Center, Inc. – The Department of Commerce, in partnership with the Rural Economic Development Center, Inc., shall award up to two million two hundred fifty thousand dollars ($2,250,000) in demonstration grants to local governments in very distressed rural areas of the State. These grants shall be used to address critical infrastructure and entrepreneurial needs and to provide small business assistance.

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 XI. DEPARTMENT OF AGRICULTURE AND CONSUMER SERVICES

Requested by: Senators Weinstein, Garrou, Dalton, Hagan

PESTICIDE DISPOSAL PROGRAM

SECTION 11.1. G.S. 143-468(b) reads as rewritten:

"(b) The Pesticide Environmental Trust Fund is established as a nonreverting account within the Department of Agriculture and Consumer Services. The Department of Agriculture and Consumer Services shall administer the Fund. The additional assessment imposed by G.S. 143-442(b) on the registration of a brand or grade of pesticide shall be credited to the Fund. The Department shall distribute money in the Fund as follows:

(1) Two and one-half percent (2.5%) to North Carolina State University Cooperative Extension Service to enhance its agromedicine efforts in cooperation with East Carolina University School of Medicine.

(2) Two and one-half percent (2.5%) to East Carolina University School of Medicine to enhance its agromedicine efforts in cooperation with North Carolina State University Cooperative Extension Service.

(3) Twenty percent (20%) to North Carolina State University, Department of Toxicology, to establish and maintain an extension agromedicine specialist position.

(4) Seventy-five percent (75%) to the Department of Agriculture and Consumer Services <u>for the costs of administering its pesticide disposal program, including the salaries and support of staff for the pesticide disposal program, and</u> for its environmental programs, as directed by the Board, including establishing a pesticide container management program to enhance its pesticide disposal program and its water quality initiatives."

Requested by: Senators Weinstein, Garrou, Dalton, Hagan

TIMBER SALES RECEIPTS FOR CAPITAL IMPROVEMENTS AT AGRICULTURAL RESEARCH STATIONS AND FARMS

SECTION 11.2. The sum of one million thirty-three thousand one hundred dollars ($1,033,100) 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, 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.

Requested by: Senators Weinstein, Garrou, Dalton, Hagan

PLANT CONSERVATION PROGRAM FUNDS

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) shall be transferred to the Department of Agriculture and Consumer Services to be used 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.

Requested by: Senators Kerr, Garrou, Dalton, Hagan

INCREASE FUNDS FOR NORTH CAROLINA GRAPE GROWERS COUNCIL

SECTION 11.4. G.S. 105-113.81A reads as rewritten:

"**§ 105-113.81A. Distribution of part of wine taxes attributable to North Carolina wine.**

The Secretary shall on a quarterly basis credit to the Department of Agriculture and Consumer Services the net proceeds of the excise tax collected on unfortified wine bottled in North Carolina during the previous quarter and the net proceeds of the excise tax collected on fortified wine bottled in North Carolina during the previous quarter, except that the amount credited to the Department of Agriculture and Consumer Services under this section shall not exceed ~~three hundred fifty thousand dollars ($350,000)~~ five hundred thousand dollars ($500,000) per fiscal year. The Department of Agriculture and Consumer Services shall allocate the funds received under this section to the North Carolina Grape Growers Council to be used to promote the North Carolina grape and wine industry and to contract for research and development services to improve viticultural and enological practices in North Carolina. Any funds credited to the Department of Agriculture and Consumer Services under this section that are not expended by June 30 of any fiscal year may not revert to the General Fund, but shall remain available to the Department for the uses set forth in this section."

PART XII. DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES

Requested by: Senators Weinstein, Garrou, Dalton, Hagan

STATE MATCH FOR FEDERAL SAFE DRINKING WATER ACT FUNDS

SECTION 12.1. Notwithstanding the provisions of Chapter 159G of the General Statutes, the Department of Environment and Natural Resources may transfer from the General Water Supply Revolving Loan Account up to one million five hundred thousand dollars ($1,500,000) to the Department of Environment and Natural Resources to be used to match the federal grant moneys authorized by section 1452 of the federal Safe Drinking Water Act amendments of 1996 for the 2005-2006 fiscal year. The General Water Supply Revolving Loan Account is an account under the Clean Water

Revolving Loan and Grant Fund and is established under G.S. 159G-4. The Clean Water Revolving Loan and Grant Fund is established by G.S. 159G-5.

Requested by: Senators Weinstein, Garrou, Dalton, Hagan

EXPAND EXPRESS REVIEW PROGRAM STATEWIDE

SECTION 12.2.(a) Part 1 of Article 7 of Chapter 143B of the General Statutes is amended by adding two new sections to read:

"**§ 143B-279.13. Express permit and certification reviews.**

(a) The Department of Environment and Natural Resources shall develop an express review program to provide express permit and certification reviews in all of its regional offices. Participation in the express review program is voluntary, and the program is to become supported by the fees determined pursuant to subsection (b) of this section. The Department of Environment and Natural Resources shall determine the project applications to review under the express review program from those who request to participate in the program. The express review program may be applied to any one or all of the permits, approvals, or certifications in the following programs: the erosion and sedimentation control program, the coastal management program, and the water quality programs, including water quality certifications and stormwater management. The express review program shall focus on the following permits or certifications:

(1) Stormwater permits under Part 1 of Article 21 of Chapter 143 of the General Statutes.

(2) Stream origination certifications under Article 21 of Chapter 143 of the General Statutes.

(3) Water quality certification under Article 21 of Chapter 143 of the General Statutes.

(4) Erosion and sedimentation control permits under Article 4 of Chapter 113A of the General Statutes.

(5) Permits under the Coastal Area Management Act (CAMA), Part 4 of Article 7 of Chapter 113A of the General Statutes.

(b) The Department of Environment and Natural Resources may determine the fees for express application review under the express review program. Notwithstanding G.S. 143-215.3D, the maximum permit application fee to be charged under subsection (a) of this section for the express review of a project application requiring all of the permits under subdivisions (1) through (5) of subsection (a) of this section shall not exceed five thousand five hundred dollars ($5,500). Notwithstanding G.S. 143-215.3D, the maximum permit application fee to be charged for the express review of a project application requiring all of the permits under subdivisions (1) through (4) of subsection (a) of this section shall not exceed four thousand five hundred dollars ($4,500). Notwithstanding G.S. 143-215.3D, the maximum permit application fee charged for the express review of a project application for any other combination of permits under subdivisions (1) through (5) of subsection (a) of this section shall not exceed four thousand dollars ($4,000). Express review of a project application involving additional permits or certifications issued by the Department of Environment and Natural Resources other than those under subdivisions (1) through (5) of subsection (a) of this

section may be allowed by the Department, and, notwithstanding G.S. 143-215.3D or any other statute or rule that sets a permit fee, the maximum permit application fee charged for the express review of a project application shall not exceed four thousand dollars ($4,000), plus one hundred fifty percent (150%) of the fee that would otherwise apply by statute or rule for that particular permit or certification. Additional fees, not to exceed fifty percent (50%) of the original permit application fee under this section, may be charged for subsequent reviews due to the insufficiency of the permit applications. The Department of Environment and Natural Resources may establish the procedure by which the amount of the fees under this subsection is determined, and the fees and procedures are not rules under G.S. 150B-2(8a) for the express review program under this section.

(c) No later than March 1 of each year, the Department of Environment and Natural Resources shall report to the Fiscal Research Division and the Environmental Review Commission its findings on the success of the program under this section and any other findings or recommendations, including any legislative proposals that it deems pertinent.

"**§ 143B-279.14. Express Review Fund.**

The Express Review Fund is created as a special nonreverting fund. All fees collected under G.S. 143B-279.13 shall be credited to the Express Review Fund. The Express Review Fund shall be used for the costs of implementing the express review program under G.S. 143B-279.13 and the costs of administering the program, including the salaries and support of the program's staff. If the express review program is abolished, the funds in the Express Review Fund shall be credited to the General Fund."

SECTION 12.2.(b) The Department of Environment and Natural Resources shall expand to a statewide program that operates in each regional office of the Department the Express Review Pilot Program established by Section 11.4A of S.L. 2003-284 and expanded by Section 12.9 of S.L. 2004-124, and the provisions of G.S. 143B-279.13, as enacted by subsection (a) of this section, shall apply to this statewide program.

SECTION 12.2.(c) The Department of Environment and Natural Resources shall establish and support 12 additional positions to administer the statewide express review program under G.S. 143B-279.13, as enacted by subsection (a) of this section. Up to seven hundred thirty-six thousand six hundred twenty-nine dollars ($736,629) for the 2005-2006 fiscal year and up to six hundred seventy-one thousand four hundred nine dollars ($671,409) for the 2006-2007 fiscal year shall be allocated from the Express Review Fund created in G.S. 143B-279.14, as enacted by subsection (a) of this section, to establish and support these 12 positions.

SECTION 12.2.(d) The Department of Environment and Natural Resources shall continue and support the four positions established under Section 12.9(c) of S.L. 2004-124 to administer the statewide express review program under G.S. 143B-279.13, as enacted by subsection (a) of this section. Up to two hundred twenty-three thousand eight hundred three dollars ($223,803) for the 2005-2006 fiscal year and up to two hundred twenty-three thousand eight hundred three dollars ($223,803) for the 2006-2007 fiscal year shall be allocated from the Express Review Fund created in

G.S. 143B-279.14, as enacted by subsection (a) of this section, to continue and support these four positions.

Requested by: Senators Weinstein, Garrou, Dalton, Hagan

SEDIMENTATION EDUCATION FUNDS

SECTION 12.3. The Department of Environment and Natural Resources shall use the funds appropriated in this act to the Department of Environment and Natural Resources for the 2005-2006 fiscal year and for the 2006-2007 fiscal year for sedimentation education for only the following:

(1) Sedimentation education activities that provide technical assistance to local erosion and sedimentation control programs under G.S. 113A-60; or

(2) Sedimentation education to professionals involved in developing erosion and sedimentation control plans for which prior approval is required under Article 4 of Chapter 113A of the General Statutes.

Requested by: Senators Weinstein, Garrou, Dalton, Hagan

FUNDS TO IMPLEMENT FISHING LICENSE REQUIREMENTS LEGISLATION/CONTINGENT REPEAL OF SALTWATER FISHING LICENSE REQUIREMENT

SECTION 12.4.(a) The Wildlife Resources Commission may disburse up to one million dollars ($1,000,000) from the Wildlife Resources Fund to implement Senate Bill 1126 (Amend Fishing License Requirements-2) or House Bill 1092 (Amend Fishing License Requirements) if either bill becomes law prior to 30 days after adjournment of the 2005 Regular Session.

SECTION 12.4.(b) The State Treasurer shall transfer a sum equal to the sum of funds disbursed pursuant to subsection (a) of this section from the Marine Resources Fund to the Wildlife Resources Fund on July 1, 2010.

SECTION 12.4.(c) Sections 1 through 4 and Sections 6 through 12 of S.L. 2004-187 and Section 12.16 of S.L. 2004-124 are repealed unless Senate Bill 1126 (Amend Fishing License Requirements-2) or House Bill 1092 (Amend Fishing License Requirements) becomes law prior to 30 days after the adjournment of the 2005 Regular Session.

Requested by: Senators Weinstein, Garrou, Dalton, Hagan

GRASSROOTS SCIENCE PROGRAM

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 is allocated as grants-in-aid for each fiscal year as follows:

	2005-2006
Aurora Fossil Museum	$59,057

Jim, Corrections needs to be made

Cape Fear Museum	$161,007
Carolina Raptor Center	$112,174
Catawba Science Center	$133,429
Colburn Gem and Mineral Museum, Inc.	$74,545
Discovery Place	$662,865
Eastern NC Regional Science Center	$50,000
Elizabeth City Science Center	$50,000
Fascinate-U	$80,742
Granville County Museum Commission, Inc.–Harris Gallery	$56,422
Greensboro Children's Museum	$135,076
The Health Adventure Museum of Pack Place Education, Arts and Science Center, Inc.	$134,499
Highlands Nature Center	$79,268
Imagination Station	$86,034
Kidsenses	$50,000
Museum of Coastal Carolina	$186,354
Natural Science Center of Greensboro	$74,192
North Carolina Museum of Life and Science	$379,826
Rocky Mount Children's Museum	$72,254
Schiele Museum of Natural History	$229,547
Sci Works Science Center and Environmental Park of Forsyth County	$146,499
Western North Carolina Nature Center	$112,879
Wilmington Children's Museum	$71,093
Total	$3,197,762

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.

Requested by: Senators Weinstein, Garrou, Dalton, Hagan

MORATORIUM ON NEW LEASE PURCHASE CONTRACTS FOR FORESTRY EQUIPMENT FOR DIVISION OF FOREST RESOURCES

SECTION 12.6. The Division of Forest Resources of the Department of Environment and Natural Resources shall not enter into any new lease purchase contracts for the purchase of forestry equipment. The Department of Administration shall not enter into any new lease purchase contracts for the purchase of forestry

equipment on behalf of the Division of Forest Resources. This section does not apply to existing lease purchase contracts entered into by, or on behalf of, the Division.

Requested by: Senators Weinstein, Garrou, Dalton, Hagan

EXTEND AND EXPAND PILOT PROGRAM FOR INSPECTION OF ANIMAL WASTE MANAGEMENT SYSTEMS

SECTION 12.7.(a) Section 15.4(a) of S.L. 1997-443, as amended by Section 3.1 of S.L. 1999-329, Section 5 of S.L. 2001-254, Section 1.1 of S.L. 2002-176, and Section 6.1 of S.L. 2003-340, reads as rewritten:

"(a) The Department of Environment and Natural Resources shall develop and implement a pilot program to begin no later than 1 November 1997, and to terminate 1 September ~~2005,~~ 2007, regarding the annual inspections of animal operations that are subject to a permit under Article 21 of Chapter 143 of the General Statutes. The Department shall select two counties located in a part of the State that has a high concentration of swine farms to participate in this pilot program. In addition, Brunswick County and Pender County shall be added to the program. Notwithstanding G.S. 143-215.10F, the Division of Soil and Water Conservation of the Department of Environment and Natural Resources shall conduct inspections of all animal operations that are subject to a permit under Article 21 of Chapter 143 of the General Statutes in these ~~three~~ four counties at least once a year to determine whether any animal waste management system is causing a violation of water quality standards and whether the system is in compliance with its animal waste management plan or any other condition of the permit. The personnel of the Division of Soil and Water Conservation who are to conduct these inspections in each of these ~~three~~ four counties shall be located in an office in the county in which that person will be conducting inspections. As part of this pilot program, the Department of Environment and Natural Resources shall establish procedures whereby resources within the local Soil and Water Conservation Districts serving the ~~three~~ four counties are used for the quick response to complaints and reported problems previously referred only to the Division of Water Quality of the Department of Environment and Natural Resources."

SECTION 12.7.(b) Section 3.3 of S.L. 1999-329, as amended by Section 6 of S.L. 2001-254, Section 1.2 of S.L. 2002-176, and Section 6.2 of S.L. 2003-340, reads as rewritten:

"Section 3.3. The Department of Environment and Natural Resources, in consultation with both the Division of Water Quality and the Division of Soil and Water Conservation, shall submit semiannual interim reports no later than 15 April and 15 October of each year beginning 15 October 1999 ~~and shall submit a final report no later than 15 October 2005~~ to the Environmental Review ~~Commission and to~~Commission, the Fiscal Research ~~Division.~~Division, and the Appropriations Subcommittees on Natural and Economic Resources in both the Senate and the House of Representatives. These reports shall indicate whether the pilot program has increased the effectiveness of the annual inspections program or the response to complaints and reported problems, specifically whether the pilot program had resulted in identifying violations earlier, taking corrective actions earlier, increasing compliance with the animal waste

management plans and permit conditions, improving the time to respond to discharges, complaints, and reported problems, improving communications between farmers and Department employees, and any other consequences deemed pertinent by the Department. These reports shall also compare the costs of conducting operations reviews and inspections under the pilot program with the costs of conducting operations reviews and inspections pursuant to G.S. 143-215.10D and G.S. 143-215.10F and the resources that would be required to expand the pilot program to all counties. ~~The final report shall include a recommendation as to whether to continue or expand the pilot program under this act. The Environmental Review Commission may recommend to the General Assembly whether to continue or expand the pilot program under this act and may make any related legislative proposals.~~"

SECTION 12.7.(c) No later than October 15, 2005, the Department of Environment and Natural Resources shall recommend to the Environmental Review Commission and the General Assembly whether to continue or expand the pilot program under this section. The Environmental Review Commission shall recommend to the 2006 Session of the General Assembly whether to continue or expand the pilot program under this section and may make any related legislative proposals.

PART XIII. DEPARTMENT OF COMMERCE

Requested by: Senators Weinstein, Garrou, Dalton, Hagan

WANCHESE SEAFOOD INDUSTRIAL PARK/OREGON INLET FUNDS

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

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

Requested by: Senators Weinstein, Garrou, Dalton, Hagan

COUNCIL OF GOVERNMENT FUNDS

SECTION 13.2.(a) Of the funds appropriated in this act to the Department of Commerce, eight hundred thirty-two thousand one hundred fifty dollars ($832,150) for the 2005-2006 fiscal year and eight hundred thirty-two thousand one hundred fifty dollars ($832,150) for the 2006-2007 fiscal year shall only be used as provided by this section. Each regional council of government or lead regional organization is allocated up to forty-eight thousand nine hundred fifty dollars ($48,950) for the 2005-2006 and the 2006-2007 fiscal years.

SECTION 13.2.(b) A regional council of government may use funds appropriated by this section only to assist local governments in grant applications, economic development, community development, support of local industrial development activities, and other activities as deemed appropriate by the member governments.

SECTION 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, 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, as specified in subdivision (e)(2) of this section.

SECTION 13.2.(d) Funds appropriated by this section shall not be used for payment of dues or assessments by the member governments and shall not supplant funds appropriated by the member governments.

SECTION 13.2.(e) Each council of government or lead regional organization shall do the following:

(1) By January 15, 2006, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division the following information:
   a. State fiscal year 2004-2005 program activities, objectives, and accomplishments;
   b. State fiscal year 2004-2005 itemized expenditures and fund sources;
   c. State fiscal year 2005-2006 planned activities, objectives, and accomplishments, including actual results through December 31, 2005; and
   d. State fiscal year 2005-2006 estimated itemized expenditures and fund sources, including actual expenditures and fund sources through December 31, 2005.

(2) By January 15, 2007, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division the following information:
   a. State fiscal year 2005-2006 program activities, objectives, and accomplishments;
   b. State fiscal year 2005-2006 itemized expenditures and fund sources;
   c. State fiscal year 2006-2007 planned activities, objectives, and accomplishments, including actual results through December 31, 2006; and
   d. State fiscal year 2006-2007 estimated itemized expenditures and fund sources, including actual expenditures and fund sources through December 31, 2006.

(3) Provide to the Fiscal Research Division a copy of the organization's annual audited financial statement within 30 days of issuance of the statement.

Requested by: Senators Weinstein, Garrou, Dalton, Hagan

TOURISM PROMOTION FUNDS

SECTION 13.3. Funds appropriated in this act to the Department of Commerce for tourism promotion grants shall be allocated to counties in an effort to direct funds to counties most in need. Determinations of which counties are most in need shall focus on those with the lowest per capita income, highest unemployment, and slowest population growth in the following manner:

(1) Counties 1 through 20 are each eligible to receive a maximum grant of seven thousand five hundred dollars ($7,500) for each fiscal year, provided these funds are matched on the basis of one non-State dollar ($1.00) for every four State dollars ($4.00).

(2) Counties 21 through 50 are each eligible to receive a maximum grant of three thousand five hundred dollars ($3,500) for two of the next three fiscal years, provided these funds are matched on the basis of one non-State dollar ($1.00) for every three State dollars ($3.00).

(3) Counties 51 through 100 are each eligible to receive a maximum grant of three thousand five hundred dollars ($3,500) for alternating fiscal years, beginning with the 1991-1992 fiscal year, provided these funds are matched on the basis of four non-State dollars ($4.00) for every one State dollar ($1.00).

Requested by: Senators Weinstein, Garrou, Dalton, Hagan

EMPLOYMENT SECURITY FUNDS

SECTION 13.4.(a) There is appropriated from the Special Employment Security Administration 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 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.

SECTION 13.4.(b) This section becomes effective July 1, 2005.

Requested by: Senators Weinstein, Garrou, Dalton, Hagan

INDUSTRIAL DEVELOPMENT FUND

SECTION 13.5. 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, ~~or~~ electrical utility distribution lines or ~~equipment~~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, ~~or~~ electrical utility lines or ~~facilities~~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.

...

(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, in creating jobs in eligible industries. The Department of Commerce shall adopt rules providing for the administration of the program. Except as otherwise provided in this subsection, those rules shall be consistent with the rules adopted with respect to the Industrial Development Fund. The rules shall provide that the funds in the Utility Account may be used only for construction of or improvements to new or existing water, sewer, gas, telecommunications, high-speed broadband, ~~or~~ electrical utility distribution lines or ~~equipment~~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, ~~or~~ electrical utility lines or ~~facilities~~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.

...."

Requested by: Senators Weinstein, Garrou, Dalton, Hagan

ONE NORTH CAROLINA FUND

SECTION 13.6. Of the funds appropriated in Section 1(a) of S.L. 2004-88 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 fiscal year.

Requested by: Senators Weinstein, Garrou, Dalton, Hagan

REGIONAL ECONOMIC DEVELOPMENT COMMISSION ALLOCATIONS

SECTION 13.7.(a) Funds appropriated in this act to the Department of Commerce for regional economic development commissions shall be allocated to the following Commissions in accordance with subsection (b) of this section: Western North Carolina Regional Economic Development Commission, Research Triangle Regional Commission, Southeastern North Carolina Regional Economic Development Commission, Piedmont Triad Partnership, Northeastern North Carolina Regional Economic Development Commission, Global TransPark Development Commission, and Carolinas Partnership, Inc.

SECTION 13.7.(b) Funds appropriated pursuant to subsection (a) of this section shall be allocated to each Regional Economic Development Commission as follows:

(1) First, the Department shall establish each Commission's allocation by determining the sum of allocations to each county that is a member of that Commission. Each county's allocation shall be determined by dividing the county's enterprise factor by the sum of the enterprise factors for eligible counties and multiplying the resulting percentage by the amount of the appropriation. As used in this subdivision, the term "enterprise factor" means a county's enterprise factor as calculated under G.S. 105-129.3; and

(2) Next, the Department shall subtract from funds allocated to the Global TransPark Development Commission the sum of one hundred eighteen thousand one hundred twenty-nine dollars ($118,129) in the 2005-2006 fiscal year and one hundred eighteen thousand four hundred seventy-seven dollars ($118,477) in the 2006-2007 fiscal year, which sum represents the interest earnings in each fiscal year on the estimated balance of seven million five hundred thousand dollars ($7,500,000) appropriated to the Global TransPark Development Zone in Section 6 of Chapter 561 of the 1993 Session Laws; and

(3) Next, the Department shall redistribute the sum of one hundred eighteen thousand one hundred twenty-nine dollars ($118,129) in the 2005-2006 fiscal year and one hundred eighteen thousand four hundred seventy-seven dollars ($118,477) in the 2006-2007 fiscal year to the seven Regional Economic Development Commissions named in subsection (a) of this section. Each Commission's share of this redistribution shall be determined according to the enterprise factor formula set out in subdivision (1) of this subsection. This redistribution shall be in addition to each Commission's allocation determined under subdivision (1) of this subsection.

Requested by: Senators Weinstein, Garrou, Dalton, Hagan

REGIONAL ECONOMIC DEVELOPMENT COMMISSION REPORTS

SECTION 13.8.(a) By February 15 of each fiscal year, the seven regional economic development commissions shall report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division the following information:

(1) The preceding fiscal year's program activities, objectives, and accomplishments.

(2) The preceding fiscal year's itemized expenditures and fund sources.

(3) Demonstration of how the commission's regional economic development and marketing strategy aligns with the State's overall economic development and marketing strategies.

(4) To the extent they are involved in promotion activities such as trade shows, visits to prospects and consultants, advertising and media placement, the commissions shall demonstrate how they have generated qualified leads.

SECTION 13.8.(b) Each of the commissions shall provide to the Fiscal Research Division a copy of their annual audited financial statement within 30 days of issuance of the statement.

SECTION 13.8.(c) The reporting requirements for regional economic development commissions, as provided in subsection (a) of this section, shall be reviewed annually by the North Carolina Partnership for Economic Development, and recommendations for changes to the reporting requirements shall be made to the Fiscal Research Division, the President Pro Tempore of the Senate, and the Speaker of the House of Representatives.

SECTION 13.8.(d) Regional economic development commissions shall receive quarterly allocations of the funds appropriated in this act to the Department of Commerce for regional economic development commissions.

SECTION 13.8.(e) Regional economic development commissions shall remain in the Department of Commerce's Budget Code 14601 with other State-aided nonprofit entities.

Requested by: Senators Weinstein, Garrou, Dalton, Hagan

NONPROFIT REPORTING REQUIREMENTS

SECTION 13.9.(a) The N.C. Institute for Minority Economic Development, Inc., Land Loss Prevention Project, North Carolina Minority Support Center, North Carolina Community Development Initiative, Inc., North Carolina Association of Community Development Corporations, Inc., Coalition of Farm and Rural Families, and Partnership for the Sounds, Inc., shall do the following:

(1) By January 15, 2006, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division the following information:

a. State fiscal year 2004-2005 program activities, objectives, and accomplishments;
b. State fiscal year 2004-2005 itemized expenditures and fund sources;
c. State fiscal year 2005-2006 planned activities, objectives, and accomplishments including actual results through December 31, 2005; and
d. State fiscal year 2005-2006 estimated itemized expenditures and fund sources including actual expenditures and fund sources through December 31, 2005.

(2) By January 15, 2007, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division the following information:
a. State fiscal year 2005-2006 program activities, objectives, and accomplishments;
b. State fiscal year 2005-2006 itemized expenditures and fund sources;
c. State fiscal year 2006-2007 planned activities, objectives, and accomplishments including actual results through December 31, 2006; and
d. State fiscal year 2006-2007 estimated itemized expenditures and fund sources including actual expenditures and fund sources through December 31, 2006.

(3) Provide to the Fiscal Research Division a copy of the organization's annual audited financial statement within 30 days of issuance of the statement.

SECTION 13.9.(b) No funds appropriated under this act shall be released to a nonprofit organization listed in subsection (a) of this section until the organization has satisfied the reporting requirement for January 15, 2005. Fourth quarter allotments shall not be released to any nonprofit organization that does not satisfy the reporting requirements by January 15, 2006, or January 15, 2007.

Requested by: Senators Weinstein, Garrou, Dalton, Hagan

BIOTECHNOLOGY CENTER

SECTION 13.10.(a) The North Carolina Biotechnology Center shall recapture funds spent in support of successful research and development efforts in the for-profit private sector.

SECTION 13.10.(b) The North Carolina Biotechnology Center shall provide funding for biotechnology, biomedical, and related bioscience applications under its Business and Science Technology Programs.

SECTION 13.10.(c) The North Carolina Biotechnology Center shall:

(1) By January 15, 2006, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division the following information:

a. State fiscal year 2004-2005 program activities, objectives, and accomplishments;
b. State fiscal year 2004-2005 itemized expenditures and fund sources;
c. State fiscal year 2005-2006 planned activities, objectives, and accomplishments, including actual results through December 31, 2005; and
d. State fiscal year 2005-2006 estimated itemized expenditures and fund sources, including actual expenditures and fund sources through December 31, 2005.

(2) By January 15, 2007, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division the following information:
a. State fiscal year 2005-2006 program activities, objectives, and accomplishments;
b. State fiscal year 2005-2006 itemized expenditures and fund sources;
c. State fiscal year 2006-2007 planned activities, objectives, and accomplishments, including actual results through December 31, 2006; and
d. State fiscal year 2006-2007 estimated itemized expenditures and fund sources, including actual expenditures and fund sources through December 31, 2006.

(3) Provide to the Fiscal Research Division a copy of the organization's annual audited financial statement within 30 days of issuance of the statement.

SECTION 13.10.(d) The North Carolina Biotechnology Center shall provide a report containing detailed budget, personnel, and salary information to the Office of State Budget and Management and to the Fiscal Research Division in the same manner as State departments and agencies in preparation for biennium budget requests.

Requested by: Senators Weinstein, Garrou, Dalton, Hagan

RURAL ECONOMIC DEVELOPMENT CENTER

SECTION 13.11.(a) Of the funds appropriated in this act to the Rural Economic Development Center, Inc., the sum of two million twenty-five thousand six hundred ninety-seven dollars ($2,025,697) for the 2005-2006 fiscal year and the sum of two million twenty-five thousand six hundred ninety-seven dollars ($2,025,697) for the 2006-2007 fiscal year shall be allocated as follows:

	2005-2006	2006-2007
Research and Demonstration Grants	$370,000	$370,000
Technical Assistance and Center Administration of Research and Demonstration Grants	444,399	444,399
Center Administration, Oversight,		

and Other Programs	604,298	604,298
Administration of Clean Water/ Natural Gas Critical Needs Bond Act of 1998	199,722	199,722
Additional Administration of Supplemental Funding Program	138,278	138,278
Administration of Capacity Building Assistance Program (1998 Bond Act)	125,000	125,000
Institute for Rural Entrepreneurship	144,000	144,000.

SECTION 13.11.(b) The Rural Economic Development Center, Inc., shall provide a report containing detailed budget, personnel, and salary information to the Office of State Budget and Management in the same manner as State departments and agencies in preparation for biennium budget requests.

SECTION 13.11.(c) For purposes of this section, the term "community development corporation" means a nonprofit corporation:

(1) Chartered pursuant to Chapter 55A of the General Statutes;

(2) Tax-exempt pursuant to section 501(c)(3) of the Internal Revenue Code of 1986;

(3) Whose primary mission is to develop and improve low-income communities and neighborhoods through economic and related development;

(4) Whose activities and decisions are initiated, managed, and controlled by the constituents of those local communities; and

(5) Whose primary function is to act as deal-maker and packager of projects and activities that will increase their constituencies' opportunities to become owners, managers, and producers of small businesses, affordable housing, and jobs designed to produce positive cash flow and curb blight in the targeted community.

SECTION 13.11.(d) Of the funds appropriated in this act to the Rural Economic Development Center, Inc., the sum of two million four hundred fifteen thousand nine hundred ten dollars ($2,415,910) for the 2005-2006 fiscal year and the sum of two million four hundred fifteen thousand nine hundred ten dollars ($2,415,910) for the 2006-2007 fiscal year shall be allocated as follows:

(1) $1,047,410 in each fiscal year for community development grants to support development projects and activities within the State's minority communities. Any community development corporation as defined in this section is eligible to apply for funds. The Rural Economic Development Center, Inc., shall establish performance-based criteria for determining which community development corporation will receive a grant and the grant amount. The Rural Economic Development Center, Inc., shall allocate these funds as follows:

a. $997,410 for direct grants to local community development corporations to support operations and project activities.

b. $50,000 in each fiscal year to the Rural Economic Development Center, Inc., to be used to cover expenses in administering this section.

(2) $195,000 in each fiscal year to the Microenterprise Loan Program to support the loan fund and operations of the Program; and

(3) $983,000 in each fiscal year shall be used for a program to provide supplemental funding for matching requirements for projects and activities authorized under this subsection. The Center shall allocate these funds as follows:

a. $675,000 in each fiscal year to make grants to local governments and nonprofit corporations to provide funds necessary to match federal grants or other grants for:

1. Necessary economic development projects and activities in economically distressed areas;

2. Necessary water and sewer projects and activities in economically distressed communities to address health or environmental quality problems except that funds shall not be expended for the repair or replacement of low-pressure pipe wastewater systems. If a grant is awarded under this sub-subdivision, then the grant shall be matched on a dollar-for-dollar basis in the amount of the grant awarded; or

3. Projects that demonstrate alternative water and waste management processes for local governments. Special consideration should be given to cost-effectiveness, efficacy, management efficiency, and the ability of the demonstration project to be replicated.

b. $208,000 in each fiscal year to make grants to local governments and nonprofit corporations to provide funds necessary to match federal grants or other grants related to water, sewer, or business development projects.

c. $100,000 in each fiscal year to support the update of the statewide water and sewer database and to support the development of a statewide water management plan.

(4) $190,500 in each fiscal year for the Agricultural Advancement Consortium. These funds shall be placed in a reserve and allocated as follows:

a. $75,000 in each fiscal year for operating expenses associated with the Consortium; and

b. $115,500 in each fiscal year for research initiatives funded by the Consortium.

The Consortium shall facilitate discussions among interested parties and shall develop recommendations to improve the State's economic development through farming and agricultural interests.

The grant recipients in this subsection shall be selected on the basis of need.

SECTION 13.11.(e) The Rural Economic Development Center, Inc., shall:

(1) By January 15, 2006, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division the following information:
   a. State fiscal year 2004-2005 program activities, objectives, and accomplishments;
   b. State fiscal year 2004-2005 itemized expenditures and fund sources;
   c. State fiscal year 2005-2006 planned activities, objectives, and accomplishments, including actual results through December 31, 2005; and
   d. State fiscal year 2005-2006 estimated itemized expenditures and fund sources, including actual expenditures and fund sources through December 31, 2005.

(2) By January 15, 2007, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division the following information:
   a. State fiscal year 2005-2006 program activities, objectives, and accomplishments;
   b. State fiscal year 2005-2006 itemized expenditures and fund sources;
   c. State fiscal year 2006-2007 planned activities, objectives, and accomplishments, including actual results through December 31, 2006; and
   d. State fiscal year 2006-2007 estimated itemized expenditures and fund sources, including actual expenditures and fund sources through December 31, 2006.

(3) Provide to the Fiscal Research Division a copy of each grant recipient's annual audited financial statement within 30 days of issuance of the statement.

SECTION 13.11.(f) No funds appropriated under this act shall be released to a community development corporation, as defined in this section, unless the corporation can demonstrate that there are no outstanding or proposed assessments or other collection actions against the corporation for any State or federal taxes, including related penalties, interest, and fees.

Requested by: Senators Weinstein, Garrou, Dalton, Hagan

RURAL ECONOMIC DEVELOPMENT CENTER

SECTION 13.12.(a) Of the funds appropriated in this act to the Rural Economic Development Center, Inc., the sum of twenty million dollars ($20,000,000) for the 2005-2006 fiscal year and the sum of twenty million dollars ($20,000,000) for the 2006-2007 fiscal year shall be allocated as follows:

(1) To continue the North Carolina Infrastructure Program. The purpose of the Program is to provide grants to local governments to construct critical water and wastewater facilities and to provide other infrastructure needs, including technology needs, to sites where these facilities will generate private job-creating investment. At least fifteen million dollars ($15,000,000) of the funds appropriated in this act for each year of the biennium must be used to provide grants under this Program.

(2) To provide matching grants to local governments in distressed areas and equity investments in public-private ventures that will productively reuse vacant buildings and properties, with priority given to towns or communities with populations of less than 5,000.

(3) To provide economic development research and demonstration grants.

SECTION 13.12.(b) The funds appropriated in this act to the Rural Economic Development Center, Inc., shall be recurring funds.

SECTION 13.12.(c) The Rural Economic Development Center, Inc., may contract with other State agencies, constituent institutions of The University of North Carolina, and colleges within the North Carolina Community College System for certain aspects of the North Carolina Infrastructure Program, including design of Program guidelines and evaluation of Program results.

SECTION 13.12.(d) During each year of the 2005-2007 biennium, the Rural Economic Development Center, Inc., may use up to two percent (2%) of the funds appropriated in this act to cover its expenses in administering the North Carolina Economic Infrastructure Program.

SECTION 13.12.(e) No later than January 15 each year, the Rural Economic Development Center, Inc., shall submit an annual report to the Joint Legislative Commission on Governmental Operations concerning the progress of the North Carolina Economic Infrastructure Program.

SECTION 13.12.(f) Of the funds appropriated in this act to the Rural Economic Development Center, Inc., the sum of five hundred thousand dollars ($500,000) for the 2005-2006 fiscal year and the sum of five hundred thousand dollars ($500,000) for the 2006-2007 fiscal year shall be allocated to the e-NC Authority.

The e-NC Authority may:

(1) Contract with other State agencies, The University of North Carolina, the North Carolina Community College System, and nonprofit organizations to assist with program development and the evaluation of program activities.

(2) Use up to five percent (5%) of the funds allocated in this section to cover its expenses in program development and implementation of activity areas.

The e-NC Authority shall report to the 2006 General Assembly on the following:

(1) The activities necessary to be undertaken in distressed urban areas of the State to enhance the capability of citizens and businesses residing in these areas to access the high-speed Internet.

(2) An implementation plan for the training of citizens and businesses in distressed urban areas.

(3) The technology and digital literacy training necessary to assist citizens and existing businesses to create new technology-based enterprises in these communities and to use the Internet to enhance the productivity of their businesses.

The e-NC Authority shall, by January 31, 2006, and quarterly thereafter, report to the Joint Legislative Commission on Governmental Operations on program development and the evaluation of program activities.

Requested by: Senators Weinstein, Garrou, Dalton, Hagan

Earlier Platform lang. for Rural center changes

OPPORTUNITIES INDUSTRIALIZATION CENTER FUNDS

SECTION 13.13.(a) Of the funds appropriated in this act to the Rural Economic Development Center, Inc., the sum of three hundred sixty-one thousand dollars ($361,000) for the 2005-2006 fiscal year and the sum of three hundred sixty-one thousand dollars ($361,000) for the 2006-2007 fiscal year shall be equally distributed among the certified Opportunities Industrialization Centers for ongoing job training programs.

SECTION 13.13.(b) For each of the Opportunities Industrialization Centers receiving funds pursuant to subsection (a) of this section, the Rural Economic Development Center, Inc., shall:

(1) By January 15, 2006, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division the following information:

a. State fiscal year 2004-2005 program activities, objectives, and accomplishments;

b. State fiscal year 2004-2005 itemized expenditures and fund sources;

c. State fiscal year 2005-2006 planned activities, objectives, and accomplishments, including actual results through December 31, 2005; and

d. State fiscal year 2005-2006 estimated itemized expenditures and fund sources, including actual expenditures and fund sources through December 31, 2005.

(2) By January 15, 2007, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division the following information:

a. State fiscal year 2005-2006 program activities, objectives, and accomplishments;

b. State fiscal year 2005-2006 itemized expenditures and fund sources;

c. State fiscal year 2006-2007 planned activities, objectives, and accomplishments, including actual results through December 31, 2006; and

d. State fiscal year 2006-2007 estimated itemized expenditures and fund sources, including actual expenditures and fund sources through December 31, 2006.

(3) Notwithstanding G.S. 143-6.1(d), file annually with the State Auditor a financial statement in the form and on the schedule prescribed by the State Auditor. The financial statements must be audited in accordance with standards prescribed by the State Auditor to assure that State funds are used for the purposes provided by law.

(4) Provide to the Fiscal Research Division a copy of the annual audited financial statement required in subdivision (3) of this subsection within 30 days of issuance of the statement.

SECTION 13.13.(c) No funds appropriated under this act shall be released to an Opportunities Industrialization Center (hereinafter Center) listed in subsection (a) of this section unless the Center can demonstrate that there are no outstanding or proposed assessments or other collection actions against the Center for any State or federal taxes, including related penalties, interest, and fees.

VISITOR REGISTRATION SHEET

APPROPRIATIONS SUBCOMMITTEE ON NATURAL AND ECONOMIC RESOURCES — 5-3-05

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Johanna Reese	DENR
Becky Brown	NC DOL
Art Britt	NC DOL
Bill McNeil	NC Rural Center
Helen McLean	NC Rural Center
MARIANNE FREDRICK	NC DOC - DCA
Olivia Hill	NC DOC - DCA
Gloria Lance-Sims	NC DOC - DCA
Glenda Thompson	NC Dept of Commerce
Vickie Miller	NC Dept of Commerce
Anita McNeal	NC DENR

VISITOR REGISTRATION SHEET

APPROPRIATIONS SUBCOMMITTEE ON NATURAL AND ECONOMIC RESOURCES — 5-3-05

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Buck Lattimore	NC Industrial Commission
Alice Garland	NCDOC
Lockhart Taylor	NC-ESC
Andy Romanet	NCLM
Gary Brown	Northampton County EDC
Sheryl Stephens	OSBM
Thomas Chack	OSBM
[illegible]	NC MSC
A Rashrassd	NCCDI
Lori Ann Harris	CAFA
Erin Kinney	NC Conservation Network

VISITOR REGISTRATION SHEET

APPROPRIATIONS SUBCOMMITTEE ON NATURAL AND ECONOMIC RESOURCES — 5-3-05

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Cathey Cottle	DENR
Cathy Hardy	DENR
FRAN NOCAN	GRASSROOTS SCIENCE M. C.
Jane Smith	DENR
Clara Gay	NCDA&CS
N. David Smith	Agriculture
PGP	NCFB
Talmage Layton	FARMER
Robin Dietz	Commerce
Shannan Hobby	Commerce
Deanlotte Landrum	Industrial Commission

VISITOR REGISTRATION SHEET

APPROPRIATIONS SUBCOMMITTEE ON NATURAL AND ECONOMIC RESOURCES
Name of Committee

5-3-05
Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
[illegible]	[illegible]
Ben Helbrell	Sen. Hagan's Office
[illegible]	[illegible]
David Kirkpatrick	TNC
David Brown	OSBM
Michael Nelson	Conservation Council
Gaston Payne	[illegible]
Nancy Thompson	MCIC
[illegible]	[illegible]

MINUTES

HOUSE APPROPRIATIONS SUBCOMMITTEE ON NATURAL & ECONOMIC RESOURCES

May 11, 2005
9:15 a.m.

The House Appropriations Subcommittee on Natural & Economic Resources met in Room 423 of the Legislative Office Building on May 11, 2005, at 9:15 a.m. Representative Warren called the meeting to order and introduced the Sergeant-At-Arms, James Worth, and Fred Hines, and the House Page, Julian Stowe. The following Subcommittee members were present: Co-Chairs: Representatives Hunter and Warren; Vice Chairs: Representatives Allen and Walker; Members: Representatives Culp, Harrison, Langdon, LaRoque, Wilkins, and Wray. Susan Morgan, Jennifer Haygood and Joy Hicks, Staff Counsel, were in attendance. Notice of Meeting is attached as **Attachment 1**. There was no printed Agenda for the meeting. A Visitor Registration list is attached and made part of the minutes. See **Attachment 4.**

Representative Warren stated that this meeting begins the review process of the Senate budget and our Fiscal Staff will present this overview. Copies of the Senate Money Report (**Attachment 2**) and Senate Special Provisions (**Attachment 3**) were handed out. To expedite matters, only the differences from the Joint Proposal will be highlighted.

Beginning with the Senate Money Report, Department of Agriculture, Jennifer Haygood reviewed the joint items that had been modified, Senate items only, or new items. After questions by Representative LaRoque, Ms. Haygood moved on to the Senate Budget for the Department of Labor. Questions were asked concerning the new fees. The changes to the Senate Budget for the Department of Environment & Natural Resources were explained. Particular note was given to the Coastal Management Section concerning two items that were included in the joint proposal that are not in the Senate Budget. It was noted that a proposal of funds for oyster rehabilitation was not included in the Senate proposal. A question and answer session followed concerning these items.

Joy Hicks continued with a further review of the Department of Environment & Natural Resources. Representatives Culp, Howard and Wilkins asked questions concerning the beaver management program fees. Representative Wilkins requested more information. Representative Warren shared information she had concerning beaver management. Representatives Allen, Harrison, Hunter and LaRoque had questions concerning the Partnership for the Sound. In answer to some of the questions posed, Ms. Hicks told the committee that this Senate budget for this Department is about 14 percent higher joint budget target. Representative Howard posed a question concerning the increase and what was the source of the money.

Ms. Haygood came forward and discussed the cash balance reductions in special funds not shown in the Money Report but included in the Senate's availability statement. She also stated that there is mention of the Clean Water Management Trust Fund because the Senate has proposed continued funding of that program in each fiscal year.

The chair adjourned this meeting and announced that the meeting would resume at 2:00 p.m.

Respectfully submitted,

Edith D. Warren
Representative Edith D. Warren
Chair

Nancy S. Willis
Nancy S. Willis
Assistant to the Committee

ATTACHMENTS:
Notice of Meeting
Senate Money Report
Senate Special Provisions
Visitor Registration Sheet

Attachment 1

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

You are hereby notified that the Joint Appropriations Subcommittee on **NER** will meet as follows:

DAY & DATE: **Wednesday, May 11, 2005**

TIME: **9:15 a.m.**

LOCATION: **423 LOB**

The Senate Budget will be considered.

Respectfully,

Representatives Hunter and Warren
Co-chairs

I hereby certify this notice was not filed by the committee clerk at the following offices due to the short notice.

___Principal Clerk
___Reading Clerk - House Chamber

Nancy Willis (Committee Assistant)

Attachment 1

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

You are hereby notified that the Joint Appropriations Subcommittee on **NER** will meet as follows:

DAY & DATE: **Wednesday, May 11, 2005**

TIME: **9:15 a.m.**

LOCATION: **423 LOB**

The Senate Budget will be considered.

Respectfully,

Representatives Hunter and Warren
Co-chairs

I hereby certify this notice was not filed by the committee clerk at the following offices due to the short notice.

___Principal Clerk
___Reading Clerk - House Chamber

Nancy Willis (Committee Assistant)

Attachment 2

NER Senate Subcommittee

Senate Money Report

May 9th, 2005

Agriculture and Consumer Services

GENERAL FUND

	FY 05-06		FY 06-07	
Adjusted Continuation Budget	**$52,243,772**		**$51,965,810**	

Legislative Changes

Administration

1 Reduce Funds for Purchased Services ($443,080) R ($443,080) R

Reduce funds department-wide for purchased services based on historical reversions.

2 Reduce Funds for Supplies ($242,440) R ($242,440) R

Reduce funds for supplies department-wide based on historical reversions.

3 Reduce Funds for Equipment ($173,480) R ($173,480) R

Reduce funds for property, plant and equipment department-wide based on historical reversions.

4 Reduce Inflationary Increases ($202,701) R ($202,701) R

Reduce increases in the continuation budget for workers compensation, longevity and other expenses.

Agronomic Services

5 Replace General Funds with Receipts ($88,600) R ($88,600) R

Replace General Funds for operations with revenue generated by increasing fees for Agronomic Sampling services as follows:

Increase fees for routine nematode samples from $2.00 to $3.00 generating $25,000 in additional revenue.

Increase fees for routine waste samples from $4.00 to $5.00 generating $20,000 in additional revenue.

Increase research fees for soil and nematode samples from $2.00 to $12.00 generating $10,000 in additional revenue.

Increase research fees for plant, waste and solution samples from $4.00 to $12.00 generating $33,600 in additional revenue.

Modified Joint

6 Replace General Funds with Receipts ($74,300) R ($74,300) R

Replace General Funds for operations with revenue generated by implementing new fees for Agronomic Sampling services.

Establish a $14.00 fee for out-of-state nematode samples; $26.00 fee for out-of-state plant, waste and solution samples; and a various fees for other out-of-state services.

	FY 05-06		FY 06-07	
Commercial Feed and Pet Food				
7 Replace General Funds with Receipts Increase registration fees for non-canned pet food registration as follows: Increase existing registration fees from $3.00 to $5.00; Increase existing registration fees from $30.00 to $40.00; and Increase existing registration fees from $33.00 to $45.00. Increases the registration fee for canned pet food from $10.00 to $12.00.	($60,200)	R	($60,200)	R
Food and Drug				
8 Eliminate Vacant Position Eliminate one Agriculture Microbiologist I position that has been vacant since 7/15/04.	($39,983) -1.00	R	($39,983) -1.00	R
Marketing				
9 Reduce Funds for Farmer's Markets Reduce the appropriation for farmer's markets by 10%.	($90,537)	R	($90,537)	R
10 Close Farmer's Market Close the Southeast Agriculture Center.	($282,750) -7.00	R	($377,000) -7.0	R
11 Fund-Shift One Position Fund shift one position with the Cooperative Inspection Service to receipts.	($35,685) -1.00	R	($35,685) -1.00	R
Pesticide Section				
12 Pesticide Disposal Program Replace General Funds with funds from the Environmental Trust Fund for the pesticide disposal program.	($222,407) -1.00	R	($222,407) -1.00	R
Seed Testing				
13 Replace General Funds with Receipts Increase seed inspection fees from $.02 to $.04 per 10 lb container.	($124,587)	R	($124,587)	R
State Fair				
Senate Only **14 Establish Receipt-Supported Positions** Establish twenty (20) receipt-supported general utility workers and eight (8) building custodians at the North Carolina State Fair. General Utility Workers 20.0 $522,500 Building Custodians 8.0 $170,080				

	FY 05-06		FY 06-07	
Structural Pest Control				
15 Adjust Budgeted Receipts Reduce General Funds based on an increase in receipts.	($18,000)	R	($18,000)	R
Veterinary Services				
16 Replace General Funds with Receipts Increase histopath fee from $15.00 to $30.00 generating $113,233 in additional revenue. Increases EIA fee from $4.00 to $6.00 generating $39,082 in additional revenue.	($152,315)	R	($152,315)	R
17 Replace General Funds with Receipts Establish a $1.00 blood pour off fee and a $.04 vacuum tube handling fee.	($56,000)	R	($56,000)	R
Weights and Measures				
18 Replace General Funds with Receipts Increase public weighmaster fees from $12.00 to $19.00, generating $32,200 in additional revenue. Increases various calibration fees at the Standards Lab generating $35,000 in additional revenue.	($67,200)	R	($67,200)	R
19 Replace General Funds with Receipts Establish a $20 fee for a Scale Technician License.	($12,000)	R	($12,000)	R
20 Fund Shift One Position Fund existing position with Highway Funds transferred to the Department.	($28,394) -1.00	R	($28,394) -1.00	R
Total Legislative Changes	**($2,414,659)**	R	**($2,508,909)**	R
Total Position Changes	-11.00		-11.00	
Revised Budget	**$49,829,113**		**$49,456,901**	

Labor

	GENERAL FUND			
	FY 05-06		FY 06-07	
Adjusted Continuation Budget	**$14,198,496**		**$14,213,868**	
Legislative Changes				
Administration				
21 Eliminate 1.0 Vacant Position Eliminate Office Assistant position in Commissioner's Office.	($31,878) -1.00	R	($31,878) -1.00	R
22 Fund Shift 1.0 Position to Receipt Support Fund shift Accounting Clerk position in Administrative Services to elevator receipt support.	($36,030) -1.00	R	($36,030) -1.00	R
23 Eliminate Inflationary Increases Eliminate inflationary increases allowed in the continuation budget for Administrative Services, Information Technology, and the Commissioner's Office.	($1,755)	R	($1,755)	R
24 Reduce Operating Reduce various operating line items in Administrative Services, Labor Statistics, Information Technology, and the Information Office.	($24,461)	R	($24,461)	R
Labor Standards and Inspections				
Senate Only **25 Shift Mine and Quarry Bureau to Receipt Support** Make the Mine and Quarry Bureau fully receipt-supported by instituting an annual fee and eliminating General Fund support.	($539,514) -9.00	R	($540,160) -9.00	R
modified Joint **26 Eliminate Inflationary Increases** Eliminate inflationary increases allowed in the continuation budget for Apprenticeship, Employment Discrimination, and Wage and Hour.	($3,623)	R	($3,623)	R
modified Joint **27 Reduce Operating Support** Reduce various operating line items in Apprenticeship, Employment Discrimination, and Wage and Hour.	($17,400)	R	($17,400)	R
28 Continue to Fund Apprenticeship Program General Fund dollars will partly restore funding for the Apprenticeship Program that is no longer available through the Worker Training Trust Fund.	$663,374 10.00	R	$663,374 10.00	R

	FY 05-06		FY 06-07	
OSH				
29 Eliminate Inflationary Increases Eliminate inflationary increases allowed in continuation budget for Occupational Safety and Health.	($47,424)	R	($47,424)	R
30 Reduce Operating Reduce various operating line items in Occupational Safety and Health.	($5,000)	R	($5,000)	R
Total Legislative Changes	**($43,711)**	R	**($44,357)**	R
Total Position Changes	-1.00		-1.00	
Revised Budget	**$14,154,785**		**$14,169,511**	

Environment & Natural Resources

GENERAL FUND

	FY 05-06		FY 06-07	
Adjusted Continuation Budget	**$167,189,338**		**$168,187,593**	
Legislative Changes				
(1.0) Administration				
31 Eliminate 1.0 Vacant Position Eliminate vacant Federal Legislative Programs Coordinator position.	($74,070) -1.00	R	($74,070) -1.00	R
32 Reduce Rent Reduce Regional Office rent line item.	($50,000)	R	($50,000)	R
Senate Only **33 Fund One-Stop Permitting Program Positions** Provide General Fund support for 2.0 One-Stop Permitting Program positions that have previously been supported through available funds.	$113,168 2.00	R	$113,168 2.00	R
Modified Joint **34 Expand Express Permitting Program Statewide** Expand the Express Permitting Program statewide by establishing and supporting 12.0 positions using existing receipts in the Express Review Fund.				
(1.0) Ecosystem Enhancement Program				
35 Fund Shift Ecosystem Enhancement Program Fund shift remainder of Ecosystem Enhancement Program to receipt support.	($235,439) -5.00	R	($235,439) -5.00	R
(1.0) Office of Conservation and Community Affairs				
36 Fund Shift Natural Heritage Program Fund shift remainder of Natural Heritage Program to Natural Heritage Trust Fund support.	($250,851) -4.50	R	($250,851) -4.50	R
(2.0) Coastal Management				
37 Reduce Purchased Services Reduce various purchased services line items.	($10,000)	R	($10,000)	R
38 Reduce Supplies Reduce various supply line items.	($3,200)	R	($3,200)	R
39 Reduce Equipment Reduce various equipment line items.	($3,000)	R	($3,000)	R

	FY 05-06		FY 06-07	
(2.0) Environmental Health				
40 Eliminate 1.0 Vacant Position Eliminate Environmental Specialist III position in the On-Site Wastewater Section.	($61,040) -1.00	R	($61,040) -1.00	R
41 Reduce Purchased Services Reduce various purchased services line items.	($26,500)	R	($26,500)	R
42 Reduce Supplies Reduce various supply line items.	($10,000)	R	($10,000)	R
43 Reduce Equipment Reduce various equipment line items.	($2,000)	R	($2,000)	R
44 Reduce Other Expenses Reduce expenditures in the "Other Expenses" line item.	($3,000)	R	($3,000)	R
45 Fund Shift Position to General Fund Support Fund shift West Nile Virus Control position previously supported through federal CDC grant funds to General Fund support.	$54,113 1.00	R	$54,113 1.00	R
(2.0) Land Resources				
46 Reduce Sediment Education Funds Reduce funding for sediment education projects.	($100,000)	R	($100,000)	R
47 Eliminate Mining Education Funds Eliminate funding for mining education programs.	($15,450)	R	($15,450)	R
48 Eliminate Inflationary Increases Eliminate inflationary increases allowed in the continuation budget for utilities and travel.	($10,407)	R	($10,407)	R
49 Reduce Contractual Services Reduce contractual services for county boundary program.	($50,000)	R	($50,000)	R
50 Reduce Operating Reduce various operating line items.	($20,000)	R	($20,000)	R
(2.0) Marine Fisheries				
51 Eliminate 1.0 Vacant Position Eliminate Research Vessel Engineer position.	($31,839) -1.00	R	($31,839) -1.00	R

	FY 05-06		FY 06-07	
52 Reduce Boat Replacement Continuation Increase Reduce continuation increase for boat replacement and maintain current replacement schedule.	($14,693) ($92,000)	R NR	($14,693)	R
53 Reduce Board Support Reduce transportation and subsistence line items for the Marine Fisheries Commission.	($30,000)	R	($30,000)	R
54 Reduce Operating Reduce various operating line items.	($100,000)	R	($100,000)	R

Senate Only

55 Receipt-Supported Position

Establish 1.0 time-limited, permanent position supported by Atlantic Coastal Cooperative Statistics Program Grant funds. This position will collaborate with the National Marine Fisheries Service and help fulfill federal fishery data requirements.

Computer Consultant II (1.0) $49,217

(2.0) Pollution Prevention and Env. Assistance

56 Reduce Purchased Services Reduce various purchased services line items.	($5,000)	R	($5,000)	R
57 Reduce Supplies Reduce various supply line items.	($8,000)	R	($8,000)	
58 Reduce Equipment Reduce various equipment line items.	($5,000)	R	($5,000)	R
59 Eliminate Other Contracts/Grants Funds Eliminate funding in the "Other Contracts/Grants" line item.	($35,976)	R	($35,976)	R

(2.0) Waste Management

60 Eliminate 1.0 Position Eliminate Information/Communication Specialist III position.	($48,673) -1.00	R	($48,673) -1.00	R
61 Fund Shift 1.0 Position Fund shift Waste Management Specialist position to septage management fee support.	($47,734) -1.00	R	($47,734) -1.00	R
62 Reduce Purchased Services Reduce various purchased services line items.	($94,000)	R	($94,000)	R
63 Reduce Supplies Reduce various supply line items.	($20,000)	R	($20,000)	R

	FY 05-06		FY 06-07	
64 Reduce Aid and Public Assistance Reduce the aid and public assistance line items.	($24,235)	R	($24,235)	R
(2.0) Water Quality				
65 Eliminate 5.0 Vacant Positions Eliminate 5.0 vacant positions. -5.00 -5.00 Environmental Specialist II (1.0) ($40,807) Processing Assistant V (1.0) ($34,869) Environmental Supervisor I (1.0) ($49,455) Soil Scientist II (1.0) ($47,362) Environmental Engineer II (1.0) ($54,070)	($226,563)	R	($226,563)	R
66 Reduce Inflationary Increases Reduce inflationary increases allowed in the continuation budget for electrical services.	($23,908)	R	($23,908)	R
67 Reduce Purchased Services Reduce various purchased services line items.	($65,000)	R	($65,000)	R
68 Reduce Supplies Reduce various supply line items.	($60,000)	R	($60,000)	R
69 Reduce Equipment Reduce various equipment line items.	($3,000)	R	($3,000)	R
70 Reduce Operating Reduce various operating line items.	($250,000)	R	($250,000)	R
Senate Only **71 Receipt-Supported Position** Establish 1.0 permanent position supported by federal EPA 106 grant funds. This position will plan, coordinate, and support the NPDES Discharge Monitoring Coalition program. Environmental Specialist III (1.0) $47,189				
(2.0) Water Resources				
modified Joint **72 Reduce Contractual Services** Reduce the contractual services line item.	($50,000)	R	($50,000)	R
73 Reduce Purchased Services Reduce various purchased services line items.	($10,000)	R	($10,000)	R
74 Reduce Supplies Reduce various supply line items.	($5,000)	R	($5,000)	R

	FY 05-06		FY 06-07	
(3.0) Aquariums				
Senate Only **75 Oyster Hatchery Research** Provide funding to the Division of North Carolina Aquariums to plan for the development of an oyster hatchery and public education program regarding the hatcheries at each of the three North Carolina aquariums.	$600,000	R	$600,000	R
(3.0) Forest Resources				
76 Reduce Funding for Equipment and Vehicles Reduce funding increases allowed in the continuation budget for equipment and vehicles within the Division of Forest Resources. With the reduction, the Division would still receive a $1,809,500 increase to these line items in the continuation budget.	($1,036,921)	R	($1,036,921)	R
77 Reduce Operating Support Reduce operating support to the Division of Forest Resources.	($25,000)	R	($25,000)	R
Senate Only **78 Forest Resources Receipt Supported Position** Allows for the establishment of 1.0 full-time permanent position with the Division of Forest Resources from aircraft deployment receipts. This position will be responsible for the Division's fixed wing and rotary wing fleet parts program. Program Assistant V 1.0 $31,941				
Senate Only **79 Forest Resources Receipt Supported Positions** Establish 3.0 time-limited positions in the Division of Forest Resources upon receipt of federal grant funds. No state funds will be expended on these positions. Fire & Rescue Training Instructor 1.0 $45,605 Extension Education & Training Specialist I 1.0 $37,892 Forester III 1.0 $44,755				
(3.0) Museum of Natural Sciences				
80 Eliminate Vacant Positions Eliminate 4.0 vacant positions in the Division of Museum of Natural Sciences. Processing Assistant V (1.0) ($31,284) Environmental Technician I (1.0) ($29,814) Office Assistant IV (1.0) ($32,339) Natural Science Curator I (1.0) ($40,341)	($134,318) -4.00	R	($134,318) -4.00	R
Senate Only **81 NC Museum of Natural Science Continuation of UNC-TV Show** Provide funds to continue production with UNC-TV of season two of Exploring NC.	$250,000	NR		

	FY 05-06		FY 06-07	
(3.0) NC Zoological Park				
Senate Only **82 NC Zoological Park Receipt Supported Positions** Establish 4.0 two-year time-limited, full-time positions in the Division of the NC Zoological Park from non-capital gift revenue. These positions are involved in the construction of a new Elephant/Rhino exhibit and holding facilities. Maintenance Mechanic II 4.0 $136,500				
(3.0) Parks and Recreation				
83 Reduce Operating Support Reduce operating support for the Division of Parks and Recreation.	($25,000)	R	($25,000)	R
84 Reduce Operating Reserve Reduce the increase in operating reserve support allowed in the continuation budget for the Division of Parks and Recreation. With this reduction, the Division would receive a $2.2 million increase in operating reserve support in FY 2005-06.	($1,000,000)	R	($1,000,000)	R
Senate Only **85 Parks and Recreation Receipt Supported Position** Establish 1.0 permanent, full-time position in the Division of Parks and Recreation. This position will plan, supervise and monitor design and construction contracts for park facilities funded by the Parks and Recreation Trust Fund. Facility Engineering Specialist 1.0 $43,907				
(3.0) Soil and Water Conservation				
86 Eliminate Vacant Position Eliminate a vacant Soil Specialist position.	($45,171) -1.00	R	($45,171) -1.00	R
87 Reduce Operating Support Reduce various operating line items within the Division of Soil and Water Conservation	($40,000)	R	($40,000)	R
Senate Only **88 Establish 1.0 Position** Establish 1.0 permanent position in the Division of Soil and Water Conservation for the expansion of a pilot program that inspects animal waste management systems. Environmental Specialist II 1.0	$40,000 1.00	R	$40,000 1.00	R
(4.0) Reserves and Transfers				
89 Eliminate Water Quality Workgroup Funds Eliminate funding for Water Quality Workgroup research grants.	($87,300)	R	($87,300)	R

	FY 05-06		FY 06-07	
Modified Joint **90 Shift Beaver Management Assistance Program funding to receipt support** Fund shift the Beaver Management Assistance Program from General Fund support in the Wildlife Resources Commission to available receipt support in the Department of Transportation.	($449,000)	R	($449,000)	R
Modified Joint **91 Shift LEO Salary Adjustment Support to Receipts** Shift funding for a LEO salary adjustment that has been historically funded with General Fund monies to existing Wildlife Resources Commission receipts.	($456,481)	R	($456,481)	R
Senate Only **92 Partnership for the Sounds** Increase funding to enhance tourism marketing and economic development in the region.	$2,000,000	NR		
93 Superfund State Match Funds Provides funds to meet the 10% state match requirement for drawing down the maximum available federal funds for the clean up of National Priority List sites.	$1,000,000	NR		
94 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.	$3,889,571	NR		
95 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.	$1,415,980	NR		
Senate Only **96 Funds for Global Warming Initiatives, Inc.** Provides funds for Global Warming Initiatives, Inc., a non-profit that promotes awareness and reporting of greenhouse gas emissions.	$10,000	NR		
97 Increase Grassroots Funding Increase funding to the Grassroots Science Museums for two additional museums: Eastern and Elizabeth City.	$100,000	R	$100,000	R
Senate Only **98 Wildlife Resources Commission Receipt Supported Positions** Allows for the establishment of the following 8.0 positions.				

Wildlife Technician II	3.0	$107,886	75% Federal/25% Wildlife
Wildlife Technician III	1.0	$ 32,662	NMFS and FWS Section 6
Wildlife Technician III	1.0	$ 32,662	Waterfowl Fund
Processing Assistant V	1.0	$ 29,814	Wildlife Fund
Applications Analyst	1.0	$ 69,806	Wildlife Fund
Applications Specialist	1.0	$ 91,250	Wildlife Fund

Senate Subcommittee on Natural and Economic Resources	FY 05-06		FY 06-07	
Total Legislative Changes	**($4,475,488)**	R	**($4,475,488)**	R
	$8,473,551	NR		
Total Position Changes	-20.50		-20.50	
Revised Budget	**$171,187,401**		**$163,712,105**	

Commerce

	GENERAL FUND			
	FY 05-06		FY 06-07	
Adjusted Continuation Budget	**$35,532,306**		**$35,583,572**	
Legislative Changes				
Administrative Services				
99 Reduce Inflationary Increases	($24,287)	R	($24,287)	R
Reduce increases for office equipment and legal services.	($80,000)	NR		
100 Eliminate Vacant Position	($48,287)	R	($48,287)	R
Eliminate one Community Development Specialist position for the Wanchese Seafood Industrial Park that has not been filled since 3/31/2000.	-1.00		-1.00	
Senate Only **101 Wanchese Seafood Industrial Park**	$48,287	R	$48,287	R
Provide operating funds for security at the Park.				
Business and Industry				
102 Reduce Funds for Purchased Services and Equipment	($67,000)	R	($67,000)	R
Reduce expenditures for operations based on historical reversions.				
Community Assistance				
103 Eliminate Vacant Position	($53,377)	R	($53,377)	R
Eliminate one Community Development Planner I position that has not been filled since 7/1/04.	-1.00		-1.00	
104 Reduce Funds for Purchased Services and Equipment	($35,000)	R	($35,000)	R
Reduce expenditures for operations based on historical reversions.				
Executive Aircraft				
105 Reduce Funds for Purchased Services, Supplies and Equipment	($100,000)	R	($100,000)	R
Reduce expenditures for operations based on historical reversions.				
106 Reduce Inflationary Increases	($43,150)	R	($123,150)	R
Reduce increases for purchased services for FY 05/06 and reduces funds for purchased services and repairs for FY 06/07.				
107 Eliminate Vacant Position	($64,634)	R	($64,634)	R
Eliminate vacant Executive Pilot II position that has not been filled since 7/1/2004.	-1.00		-1.00	

Senate Only

Finance Center

108 Funds for One North Carolina Fund — $5,000,000 NR

Provide funds for the One North Carolina Fund for FY 05/06.

Senate Only

Industrial Commission

109 Establish Receipt-Supported Positions

Establish four (4) receipt-supported positions with the Industrial Commission.

Legal Specialist I	1.0	$45,280
Program Assistant V	1.0	$29,516
Special Deputy Commissioners	2.0	$113,438

Senate Only - New Fee

110 Establish Receipt-Supported Positions

Establish thirteen (13) receipt-supported positions in the Industrial Commission with revenue generated by implementing a fee for the required review of Form 21 Agreements.

Administrative Officer II Positions (Workers' Comp. Fraud Investigators)	2.0	
Administrative Officer II Positions (Ombudsman)	2.0	
Program Assistant V	2.0	
Receptionist III	1.0	
Industrial Safety Representative II	4.0	
Special Deputy Commissioners	2.0	
Total Receipts Required		$628,099

International Trade

111 Budget Over-Collected Receipts — ($250,000) R — ($250,000) R

Require the Department to budget receipts that have been consistently collected during the previous three fiscal years for trade shows.

112 Eliminate Inflationary Increase for Purchased Services — ($38,144) R — ($38,144) R

Eliminate an increase for purchased services for the biennium.

Senate Only

Marketing

113 Furniture Market Advertising — $1,000,000 R — $1,000,000 R

Provide funds to promote the North Carolina furniture industry, including the International Home Furnishings Market.

Policy and Research

114 Eliminate Vacant Position — ($26,244) R — ($26,244) R

Eliminate a vacant Processing Assistant III position that has not been filled since 1/1/04. — -1.00 — -1.00

	FY 05-06		FY 06-07	
Senate ONly Modified GOV. **115 North Carolina Economic Development Information System**	$297,898	R	$297,898	R
Establish one (1.0) Data Base Administrator position and provide operating support for the NC EDIS.	$1,000,000	NR		
	1.00		1.00	
Reserves and Transfers				
Senate Only **116 Duplin Agribusiness Center**				
Provide funds to Duplin County to match federal and local funds to construct the Duplin Commons Agribusiness Center.	$1,000,000	NR		
Senate Only **117 Gaston Chamber of Commerce**				
Provide funds for marketing and economic development initiatives in the region to assist in the recovery from lost textile and manufacturing jobs.	$500,000	NR		
Science and Technology				
Senate Only -GOV. **118 Establish Position**	$80,000	R	$80,000	R
Provide funds for the Deputy Director/Chief Policy Analyst position for the N.C. Board of Science and Technology. This position has historically been funded through the University of North Carolina.	1.00		1.00	
Travel and Tourism				
119 Budget Over-Collected Receipts	($90,000)	R	($90,000)	R
Require the Department to budget receipts that have been consistently collected during the previous three fiscal years.				
120 Eliminate Vacant Position	($44,064)	R	($44,064)	R
Eliminate vacant Travel Relation Specialist position that has not been filled since 8/13/2004.	-1.00		-1.00	
121 Eliminate Inflationary Increase	($41,369)	R	($41,369)	R
Eliminate increase for legal services for both years of the biennium.				
122 Reduce Funds for Purchased Services, Supplies and Equipment	($200,000)	R	($200,000)	R
Reduce expenditures for operations based on historical reversions.				
Senate Only **123 Tourism Development**				
Provide funds to the Forsyth Development Tourism Authority for the Winston Salem Convention and Visitors Bureau to advertise and promote travel and tourism in the Forsyth County area.	$200,000	NR		
Senate Only **124 Statewide Marketing Reserve**	$1,000,000	R	$1,000,000	R
Provide funds for promoting travel and tourism statewide.				
Utilities Commission				
Senate Only **125 Establish Receipt-Supported Position**				
Establish one (1.0) Attorney IV position at $94,204 for the Utilities Commission Public Staff.				

	FY 05-06		FY 06-07	
Welcome Centers				
126 Reduce Funds for Purchased Services, Supplies and Equipment Reduce expenditures for operations based on historical reversions.	($45,000)	R	($45,000)	R
Total Legislative Changes	**$1,255,629** **$7,620,000**	R NR	**$1,175,629**	R
Total Position Changes	-3.00		-3.00	
Revised Budget	**$44,407,935**		**$36,759,201**	

N.C. Biotechnology Center

	GENERAL FUND			
	FY 05-06		FY 06-07	
Adjusted Continuation Budget	**$9,083,395**		**$9,083,395**	
Legislative Changes				
NC Biotechnology Center				
127 Increase funding for the NC Biotechnology Center	$1,500,000	R	$1,500,000	R
Increase support for New Jobs Across North Carolina: A Strategic Plan for Growing the Economy Statewide through Biotechnology.	$1,500,000	NR		
Total Legislative Changes	**$1,500,000**	R	**$1,500,000**	R
	$1,500,000	NR		
Total Position Changes				
Revised Budget	**$12,083,395**		**$10,583,395**	

Rural Economic Development Center

	GENERAL FUND			
	FY 05-06		FY 06-07	
Adjusted Continuation Budget	**$4,802,607**		**$4,802,607**	
Legislative Changes				
Senate Only				
Rural Economic Development Center				
128 Rural Economic Infrastructure	$20,000,000	R	$20,000,000	R
Provide funding to continue the North Carolina Infrastructure Program and provide matching grants to local governments. $500,000 shall be allocated to the e-NC Authority.				
Total Legislative Changes	**$20,000,000**	R	**$20,000,000**	R
Total Position Changes				
Revised Budget	**$24,802,607**		**$24,802,607**	

Attachment 3.

NER Senate Subcommittee

Senate Special Provisions

May 9th, 2005

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2005

DRAFT
SPECIAL PROVISION

2005-COMM-S1-P

Department of Commerce/Economic Development
Senate Appropriations Subcommittee on Natural and Economic Resources

Modified Joint
Requested by: Senator

NER BLOCK GRANTS

SECTION #.(a) Appropriations from federal block grant funds are made for fiscal year ending June 30, 2006, 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 – 2006 Program Year	$ 45,000,000

SECTION #.(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 #.(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 #.(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 #.(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 #.(f) Department of Commerce Demonstration Grants in Partnership with Rural Economic Development Center, Inc. – The Department of Commerce, in partnership with the Rural Economic Development Center, Inc., shall award up to two million two hundred fifty thousand dollars ($2,250,000) in demonstration grants to local governments in very distressed rural areas of the State. These grants shall be used to address critical infrastructure and entrepreneurial needs and to provide small business assistance.

SECTION #.(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 XI. DEPARTMENT OF AGRICULTURE AND CONSUMER SERVICES

Joint - $

Requested by: Senators Weinstein, Garrou, Dalton, Hagan

PESTICIDE DISPOSAL PROGRAM

SECTION 11.1. G.S. 143-468(b) reads as rewritten:

"(b) The Pesticide Environmental Trust Fund is established as a nonreverting account within the Department of Agriculture and Consumer Services. The Department of Agriculture and Consumer Services shall administer the Fund. The additional assessment imposed by G.S. 143-442(b) on the registration of a brand or grade of pesticide shall be credited to the Fund. The Department shall distribute money in the Fund as follows:

(1) Two and one-half percent (2.5%) to North Carolina State University Cooperative Extension Service to enhance its agromedicine efforts in cooperation with East Carolina University School of Medicine.

(2) Two and one-half percent (2.5%) to East Carolina University School of Medicine to enhance its agromedicine efforts in cooperation with North Carolina State University Cooperative Extension Service.

(3) Twenty percent (20%) to North Carolina State University, Department of Toxicology, to establish and maintain an extension agromedicine specialist position.

(4) Seventy-five percent (75%) to the Department of Agriculture and Consumer Services <u>for the costs of administering its pesticide disposal program, including the salaries and support of staff for the pesticide disposal program, and</u> for its environmental programs, as directed by the Board, including establishing a pesticide container management program to enhance its pesticide disposal program and its water quality initiatives."

Senate Only

Requested by: Senators Weinstein, Garrou, Dalton, Hagan

TIMBER SALES RECEIPTS FOR CAPITAL IMPROVEMENTS AT AGRICULTURAL RESEARCH STATIONS AND FARMS

SECTION 11.2. The sum of one million thirty-three thousand one hundred dollars ($1,033,100) 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, 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.

Senate Only

Requested by: Senators Weinstein, Garrou, Dalton, Hagan

PLANT CONSERVATION PROGRAM FUNDS

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) shall be transferred to the Department of Agriculture and Consumer Services to be used 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.

Senate Only

Requested by: Senators Kerr, Garrou, Dalton, Hagan

INCREASE FUNDS FOR NORTH CAROLINA GRAPE GROWERS COUNCIL

SECTION 11.4. G.S. 105-113.81A reads as rewritten:

"**§ 105-113.81A. Distribution of part of wine taxes attributable to North Carolina wine.**

The Secretary shall on a quarterly basis credit to the Department of Agriculture and Consumer Services the net proceeds of the excise tax collected on unfortified wine bottled in North Carolina during the previous quarter and the net proceeds of the excise tax collected on fortified wine bottled in North Carolina during the previous quarter, except that the amount credited to the Department of Agriculture and Consumer Services under this section shall not exceed ~~three hundred fifty thousand dollars ($350,000)~~ five hundred thousand dollars ($500,000) per fiscal year. The Department of Agriculture and Consumer Services shall allocate the funds received under this section to the North Carolina Grape Growers Council to be used to promote the North Carolina grape and wine industry and to contract for research and development services to improve viticultural and enological practices in North Carolina. Any funds credited to the Department of Agriculture and Consumer Services under this section that are not expended by June 30 of any fiscal year may not revert to the General Fund, but shall remain available to the Department for the uses set forth in this section."

PART XII. DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES

Joint

Requested by: Senators Weinstein, Garrou, Dalton, Hagan

STATE MATCH FOR FEDERAL SAFE DRINKING WATER ACT FUNDS

SECTION 12.1. Notwithstanding the provisions of Chapter 159G of the General Statutes, the Department of Environment and Natural Resources may transfer from the General Water Supply Revolving Loan Account up to one million five hundred thousand dollars ($1,500,000) to the Department of Environment and Natural Resources to be used to match the federal grant moneys authorized by section 1452 of the federal Safe Drinking Water Act amendments of 1996 for the 2005-2006 fiscal year. The General Water Supply Revolving Loan Account is an account under the Clean Water Revolving Loan and Grant Fund and is established under G.S. 159G-4. The Clean Water Revolving Loan and Grant Fund is established by G.S. 159G-5.

Modified Joint - $

Requested by: Senators Weinstein, Garrou, Dalton, Hagan

EXPAND EXPRESS REVIEW PROGRAM STATEWIDE

SECTION 12.2.(a) Part 1 of Article 7 of Chapter 143B of the General Statutes is amended by adding two new sections to read:

"**§ 143B-279.13. Express permit and certification reviews.**

(a) The Department of Environment and Natural Resources shall develop an express review program to provide express permit and certification reviews in all of its regional offices. Participation in the express review program is voluntary, and the program is to become supported by the fees determined pursuant to subsection (b) of this section. The Department of Environment and Natural Resources shall determine the project applications to review under the express review program from those who request to participate in the program. The express review program may be applied to any one or all of the permits, approvals, or certifications in the following programs: the erosion and sedimentation control program, the coastal management program, and the water quality programs, including water quality certifications and stormwater management. The express review program shall focus on the following permits or certifications:

(1) Stormwater permits under Part 1 of Article 21 of Chapter 143 of the General Statutes.

(2) Stream origination certifications under Article 21 of Chapter 143 of the General Statutes.

(3) Water quality certification under Article 21 of Chapter 143 of the General Statutes.

(4) Erosion and sedimentation control permits under Article 4 of Chapter 113A of the General Statutes.

(5) Permits under the Coastal Area Management Act (CAMA), Part 4 of Article 7 of Chapter 113A of the General Statutes.

(b) The Department of Environment and Natural Resources may determine the fees for express application review under the express review program. Notwithstanding

G.S. 143-215.3D, the maximum permit application fee to be charged under subsection (a) of this section for the express review of a project application requiring all of the permits under subdivisions (1) through (5) of subsection (a) of this section shall not exceed five thousand five hundred dollars ($5,500). Notwithstanding G.S. 143-215.3D, the maximum permit application fee to be charged for the express review of a project application requiring all of the permits under subdivisions (1) through (4) of subsection (a) of this section shall not exceed four thousand five hundred dollars ($4,500). Notwithstanding G.S. 143-215.3D, the maximum permit application fee charged for the express review of a project application for any other combination of permits under subdivisions (1) through (5) of subsection (a) of this section shall not exceed four thousand dollars ($4,000). Express review of a project application involving additional permits or certifications issued by the Department of Environment and Natural Resources other than those under subdivisions (1) through (5) of subsection (a) of this section may be allowed by the Department, and, notwithstanding G.S. 143-215.3D or any other statute or rule that sets a permit fee, the maximum permit application fee charged for the express review of a project application shall not exceed four thousand dollars ($4,000), plus one hundred fifty percent (150%) of the fee that would otherwise apply by statute or rule for that particular permit or certification. Additional fees, not to exceed fifty percent (50%) of the original permit application fee under this section, may be charged for subsequent reviews due to the insufficiency of the permit applications. The Department of Environment and Natural Resources may establish the procedure by which the amount of the fees under this subsection is determined, and the fees and procedures are not rules under G.S. 150B-2(8a) for the express review program under this section.

(c) No later than March 1 of each year, the Department of Environment and Natural Resources shall report to the Fiscal Research Division and the Environmental Review Commission its findings on the success of the program under this section and any other findings or recommendations, including any legislative proposals that it deems pertinent.

"**§ 143B-279.14. Express Review Fund.**

The Express Review Fund is created as a special nonreverting fund. All fees collected under G.S. 143B-279.13 shall be credited to the Express Review Fund. The Express Review Fund shall be used for the costs of implementing the express review program under G.S. 143B-279.13 and the costs of administering the program, including the salaries and support of the program's staff. If the express review program is abolished, the funds in the Express Review Fund shall be credited to the General Fund."

SECTION 12.2.(b) The Department of Environment and Natural Resources shall expand to a statewide program that operates in each regional office of the Department the Express Review Pilot Program established by Section 11.4A of S.L. 2003-284 and expanded by Section 12.9 of S.L. 2004-124, and the provisions of G.S. 143B-279.13, as enacted by subsection (a) of this section, shall apply to this statewide program.

SECTION 12.2.(c) The Department of Environment and Natural Resources shall establish and support 12 additional positions to administer the statewide express review program under G.S. 143B-279.13, as enacted by subsection (a) of this section. Up to seven hundred thirty-six thousand six hundred twenty-nine dollars ($736,629) for the 2005-2006 fiscal year and up to six hundred seventy-one thousand four hundred nine dollars ($671,409) for the 2006-2007 fiscal year shall be allocated from the Express Review Fund created in G.S. 143B-279.14, as enacted by subsection (a) of this section, to establish and support these 12 positions.

SECTION 12.2.(d) The Department of Environment and Natural Resources shall continue and support the four positions established under Section 12.9(c) of S.L. 2004-124 to administer the statewide express review program under G.S. 143B-279.13, as enacted by subsection (a) of this section. Up to two hundred twenty-three thousand eight hundred three dollars ($223,803) for the 2005-2006 fiscal year and up to two hundred twenty-three thousand eight hundred three dollars ($223,803) for the 2006-2007 fiscal year shall be allocated from the Express Review Fund created in G.S. 143B-279.14, as enacted by subsection (a) of this section, to continue and support these four positions.

JOINT

Requested by: Senators Weinstein, Garrou, Dalton, Hagan

SEDIMENTATION EDUCATION FUNDS

SECTION 12.3. The Department of Environment and Natural Resources shall use the funds appropriated in this act to the Department of Environment and Natural Resources for the 2005-2006 fiscal year and for the 2006-2007 fiscal year for sedimentation education for only the following:

(1) Sedimentation education activities that provide technical assistance to local erosion and sedimentation control programs under G.S. 113A-60; or

(2) Sedimentation education to professionals involved in developing erosion and sedimentation control plans for which prior approval is required under Article 4 of Chapter 113A of the General Statutes.

Senate Only

Requested by: Senators Weinstein, Garrou, Dalton, Hagan

FUNDS TO IMPLEMENT FISHING LICENSE REQUIREMENTS LEGISLATION/CONTINGENT REPEAL OF SALTWATER FISHING LICENSE REQUIREMENT

SECTION 12.4.(a) The Wildlife Resources Commission may disburse up to one million dollars ($1,000,000) from the Wildlife Resources Fund to implement Senate Bill 1126 (Amend Fishing License Requirements-2) or House Bill 1092 (Amend Fishing License Requirements) if either bill becomes law no later than 30 days after adjournment of the 2005 Regular Session.

SECTION 12.4.(b) The State Treasurer shall transfer a sum equal to the sum of funds disbursed pursuant to subsection (a) of this section from the Marine Resources Fund to the Wildlife Resources Fund on July 1, 2010.

SECTION 12.4.(c) Sections 1 through 4 and Sections 6 through 12 of S.L. 2004-187 and Section 12.16 of S.L. 2004-124 are repealed unless Senate Bill 1126 (Amend Fishing License Requirements-2) or House Bill 1092 (Amend Fishing License Requirements) becomes law no later than 30 days after the adjournment in 2005 of the 2005 Regular Session under a joint resolution.

Modified Joint - GT

Requested by: Senators Weinstein, Garrou, Dalton, Hagan

GRASSROOTS SCIENCE PROGRAM

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 is allocated as grants-in-aid for each fiscal year as follows:

	2005-2006
Aurora Fossil Museum	$59,057
Cape Fear Museum	$161,007
Carolina Raptor Center	$112,174
Catawba Science Center	$133,429
Colburn Gem and Mineral Museum, Inc.	$74,545
Discovery Place	$662,865
Eastern NC Regional Science Center	$50,000
Elizabeth City Science Center	$50,000
Fascinate-U	$80,742
Granville County Museum Commission, Inc.–Harris Gallery	$56,422
Greensboro Children's Museum	$135,076
The Health Adventure Museum of Pack Place Education, Arts and Science Center, Inc.	$134,499
Highlands Nature Center	$79,268
Imagination Station	$86,034
Kidsenses	$50,000
Museum of Coastal Carolina	$74,192
Natural Science Center of Greensboro	$186,354
North Carolina Museum of Life and Science	$379,826
Rocky Mount Children's Museum	$72,254
Schiele Museum of Natural History	$229,547
Sci Works Science Center and Environmental Park of Forsyth County	$146,499
Western North Carolina Nature Center	$112,879
Wilmington Children's Museum	$71,093

Total $3,197,762

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.

Senate Only

Requested by: Senators Weinstein, Garrou, Dalton, Hagan

MORATORIUM ON NEW LEASE PURCHASE CONTRACTS FOR FORESTRY EQUIPMENT FOR DIVISION OF FOREST RESOURCES

SECTION 12.6. The Division of Forest Resources of the Department of Environment and Natural Resources shall not enter into any new lease purchase contracts for the purchase of forestry equipment. The Department of Administration shall not enter into any new lease purchase contracts for the purchase of forestry equipment on behalf of the Division of Forest Resources. This section does not apply to existing lease purchase contracts entered into by, or on behalf of, the Division.

Senate Only - $

Requested by: Senators Weinstein, Garrou, Dalton, Hagan

EXTEND AND EXPAND PILOT PROGRAM FOR INSPECTION OF ANIMAL WASTE MANAGEMENT SYSTEMS

SECTION 12.7.(a) Section 15.4(a) of S.L. 1997-443, as amended by Section 3.1 of S.L. 1999-329, Section 5 of S.L. 2001-254, Section 1.1 of S.L. 2002-176, and Section 6.1 of S.L. 2003-340, reads as rewritten:

"(a) The Department of Environment and Natural Resources shall develop and implement a pilot program to begin no later than 1 November 1997, and to terminate 1 September ~~2005,~~ 2007, regarding the annual inspections of animal operations that are subject to a permit under Article 21 of Chapter 143 of the General Statutes. The Department shall select two counties located in a part of the State that has a high concentration of swine farms to participate in this pilot program. In addition, Brunswick County and Pender County shall be added to the program. Notwithstanding G.S. 143-215.10F, the Division of Soil and Water Conservation of the Department of Environment and Natural Resources shall conduct inspections of all animal operations that are subject to a permit under Article 21 of Chapter 143 of the General Statutes in these ~~three~~ four counties at least once a year to determine whether any animal waste management system is causing a violation of water quality standards and whether the system is in compliance with its animal waste management plan or any other condition of the permit. The personnel of the Division of Soil and Water Conservation who are to conduct these inspections in each of these ~~three~~ four counties shall be located in an office in the county in which that person will be conducting inspections. As part of this pilot program, the Department of Environment and Natural Resources shall establish procedures whereby resources within the local Soil and Water Conservation Districts

serving the ~~three~~ four[illegible]s are used for the quick response to complaints and reported problems previ[illegible]eferred only to the Division of Water Quality of the Department of Environme[illegible]Natural Resources."

SECTION 12.7.(b) Section 3.3 of S.L. 1999-329, as amended by Section 6 of S.L. 2001-254, Section 1.2 of S.L. 2002-176, and Section 6.2 of S.L. 2003-340, reads as rewritten:

"Section 3.3. The Department of Environment and Natural Resources, in consultation with both the Division of Water Quality and the Division of Soil and Water Conservation, shall submit semiannual interim reports no later than 15 April and 15 October of each year beginning 15 October 1999 ~~and shall submit a final report no later than 15 October 2005~~ to the Environmental Review ~~Commission and to~~Commission, the Fiscal Research ~~Division.~~Division, and the Appropriations Subcommittees on Natural and Economic Resources in both the Senate and the House of Representatives. These reports shall indicate whether the pilot program has increased the effectiveness of the annual inspections program or the response to complaints and reported problems, specifically whether the pilot program had resulted in identifying violations earlier, taking corrective actions earlier, increasing compliance with the animal waste management plans and permit conditions, improving the time to respond to discharges, complaints, and reported problems, improving communications between farmers and Department employees, and any other consequences deemed pertinent by the Department. These reports shall also compare the costs of conducting operations reviews and inspections under the pilot program with the costs of conducting operations reviews and inspections pursuant to G.S. 143-215.10D and G.S. 143-215.10F and the resources that would be required to expand the pilot program to all counties. ~~The final report shall include a recommendation as to whether to continue or expand the pilot program under this act. The Environmental Review Commission may recommend to the General Assembly whether to continue or expand the pilot program under this act and may make any related legislative proposals.~~"

SECTION 12.7.(c) No later than October 15, 2005, the Department of Environment and Natural Resources shall recommend to the Environmental Review Commission and the General Assembly whether to continue or expand the pilot program under this section. The Environmental Review Commission shall recommend to the 2006 Session of the General Assembly whether to continue or expand the pilot program under this section and may make any related legislative proposals.

PART XIII. DEPARTMENT OF COMMERCE

Modified Joint

Requested by: Senators Weinstein, Garrou, Dalton, Hagan

WANCHESE SEAFOOD INDUSTRIAL PARK/OREGON INLET FUNDS

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

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

Joint BP

Requested by: Senators Weinstein, Garrou, Dalton, Hagan

COUNCIL OF GOVERNMENT FUNDS

SECTION 13.2.(a) Of the funds appropriated in this act to the Department of Commerce, eight hundred thirty-two thousand one hundred fifty dollars ($832,150) for the 2005-2006 fiscal year and eight hundred thirty-two thousand one hundred fifty dollars ($832,150) for the 2006-2007 fiscal year shall only be used as provided by this section. Each regional council of government or lead regional organization is allocated up to forty-eight thousand nine hundred fifty dollars ($48,950) for the 2005-2006 and the 2006-2007 fiscal years.

SECTION 13.2.(b) A regional council of government may use funds appropriated by this section only to assist local governments in grant applications, economic development, community development, support of local industrial development activities, and other activities as deemed appropriate by the member governments.

SECTION 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, 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, as specified in subdivision (e)(2) of this section.

SECTION 13.2.(d) Funds appropriated by this section shall not be used for payment of dues or assessments by the member governments and shall not supplant funds appropriated by the member governments.

SECTION 13.2.(e) Each council of government or lead regional organization shall do the following:

(1) By January 15, 2006, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division the following information:

a. State fiscal year 2004-2005 program activities, objectives, and accomplishments;
b. State fiscal year 2004-2005 itemized expenditures and fund sources;
c. State fiscal year 2005-2006 planned activities, objectives, and accomplishments, including actual results through December 31, 2005; and
d. State fiscal year 2005-2006 estimated itemized expenditures and fund sources, including actual expenditures and fund sources through December 31, 2005.

(2) By January 15, 2007, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division the following information:
a. State fiscal year 2005-2006 program activities, objectives, and accomplishments;
b. State fiscal year 2005-2006 itemized expenditures and fund sources;
c. State fiscal year 2006-2007 planned activities, objectives, and accomplishments, including actual results through December 31, 2006; and
d. State fiscal year 2006-2007 estimated itemized expenditures and fund sources, including actual expenditures and fund sources through December 31, 2006.

(3) Provide to the Fiscal Research Division a copy of the organization's annual audited financial statement within 30 days of issuance of the statement.

Joint BP

Requested by: Senators Weinstein, Garrou, Dalton, Hagan

TOURISM PROMOTION FUNDS

SECTION 13.3. Funds appropriated in this act to the Department of Commerce for tourism promotion grants shall be allocated to counties in an effort to direct funds to counties most in need. Determinations of which counties are most in need shall focus on those with the lowest per capita income, highest unemployment, and slowest population growth in the following manner:

(1) Counties 1 through 20 are each eligible to receive a maximum grant of seven thousand five hundred dollars ($7,500) for each fiscal year, provided these funds are matched on the basis of one non-State dollar ($1.00) for every four State dollars ($4.00).

(2) Counties 21 through 50 are each eligible to receive a maximum grant of three thousand five hundred dollars ($3,500) for two of the next three fiscal years, provided these funds are matched on the basis of one non-State dollar ($1.00) for every three State dollars ($3.00).

(3) Counties 51 through 100 are each eligible to receive a maximum grant of three thousand five hundred dollars ($3,500) for alternating fiscal years, beginning with the 1991-1992 fiscal year, provided these funds are matched on the basis of four non-State dollars ($4.00) for every one State dollar ($1.00).

Joint

Requested by: Senators Weinstein, Garrou, Dalton, Hagan

EMPLOYMENT SECURITY FUNDS

SECTION 13.4. There is appropriated from the Special Employment Security Administration 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 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.

Senate Only

Requested by: Senator Hartsell

TRADE JOBS FOR SUCCESS REPORTING

SECTION 13.4A.(a) In addition to the statutory reporting requirements pursuant to G.S. 143B-438.17, the Employment Security Commission, Department of Commerce, and the Community Colleges System Office shall make a joint written progress report on their compliance with Section 13.7A of S.L. 2004-124, as to the following:

(1) The actions taken to obtain from the U.S. Department of Labor as quickly as possible a waiver under the Trade Adjustment Act to allow the Trade Jobs for Success initiative to (i) serve persons regardless of their age, (ii) use unemployment funds to provide direct monetary incentives to participating employers and direct income to eligible workers in the retraining program, and (iii) use funds for in-State relocation assistance.

(2) Whether waivers have been sought for other program components.

(3) The progress made in implementing the Trade Jobs for Success initiative in the counties hardest hit by trade-impacted job losses, particularly the counties having an unemployment rate of eight percent

(8%) and the extent to which these counties have received priority consideration.

(4) The efforts of the Department of Commerce seeking and receiving private grants and federal funds for the Trade Jobs for Success initiative.

(5) Any reasons why legislative mandates have not been followed or the statutory goals have not been achieved.

The progress report shall be submitted to the Joint Legislative Commission on Governmental Operations and to the Chairs of the Appropriations Committees of the Senate and the House of Representatives by August 1, 2005.

SECTION 13.4A. G.S. 143B-438.17 reads as rewritten:

"**§ 143B-438.17. Reporting.**

(a) Beginning July 1, 2005, ~~The~~ the Department of Commerce, in conjunction with the Employment Security Commission and the Community Colleges System Office, shall publish a ~~quarterly~~ monthly written report on the Trade Jobs for Success (TJS) initiative. The monthly report shall provide information on the commitment, disbursement, and use of funds and the status of any grant proposals or waivers requested on behalf of the Trade Jobs for Success initiative. The monthly report shall be submitted to the Governor and to the Fiscal Research Division of the General Assembly.

(b) Beginning October 1, 2005, the Department of Commerce, in conjunction with the Employment Security Commission and the Community College System Office, shall publish a quarterly written report on the Trade Jobs for Success Initiative. The quarterly report shall ~~also~~ include legislative proposals and recommendations regarding statutory changes needed to maximize the effectiveness and flexibility of the TJS initiative. Copies of the quarterly report shall be provided to the Joint Legislative Commission on Governmental Operations, to the chairs of the Senate and House of Representatives Appropriations Committees, and to the Fiscal Research Division of the General Assembly.

(c) Beginning January 1, 2006, the Department of Commerce, in conjunction with the Employment Security Commission and the Community Colleges System Office, shall publish a comprehensive annual written report on the Trade Jobs for Success initiative. The annual report shall include a detailed explanation of outcomes and future planning for the TJS initiative. Copies of the annual report shall be provided to the Governor, to the Joint Legislative Commission on Governmental Operations, to the chairs of the Senate and House of Representatives Appropriations Committees, and to the Fiscal Research Division of the General Assembly."

Joint

Requested by: Senators Weinstein, Garrou, Dalton, Hagan

INDUSTRIAL DEVELOPMENT FUND

SECTION 13.5. 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, ~~or~~ electrical utility distribution lines or ~~equipment~~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, ~~or~~ electrical utility lines or ~~facilities~~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.

...

(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, in creating jobs in eligible industries. The Department of Commerce shall adopt rules providing for the administration of the program. Except as otherwise provided in this subsection, those rules shall be consistent with the rules adopted with respect to the Industrial Development Fund. The rules shall provide that the funds in the Utility Account may be used only for construction of or improvements to new or existing water, sewer, gas, telecommunications, high-speed broadband, ~~or~~ electrical utility distribution lines or ~~equipment~~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, ~~or~~ electrical utility lines or ~~facilities~~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.

...."

Joint

Requested by: Senators Weinstein, Garrou, Dalton, Hagan

ONE NORTH CAROLINA FUND

SECTION 13.6. Of the funds appropriated in Section 1(a) of S.L. 2004-88 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 fiscal year.

Joint BP

Requested by: Senators Weinstein, Garrou, Dalton, Hagan

REGIONAL ECONOMIC DEVELOPMENT COMMISSION ALLOCATIONS

SECTION 13.7.(a) Funds appropriated in this act to the Department of Commerce for regional economic development commissions shall be allocated to the following Commissions in accordance with subsection (b) of this section: Western North Carolina Regional Economic Development Commission, Research Triangle Regional Commission, Southeastern North Carolina Regional Economic Development Commission, Piedmont Triad Partnership, Northeastern North Carolina Regional Economic Development Commission, Global TransPark Development Commission, and Carolinas Partnership, Inc.

SECTION 13.7.(b) Funds appropriated pursuant to subsection (a) of this section shall be allocated to each Regional Economic Development Commission as follows:

(1) First, the Department shall establish each Commission's allocation by determining the sum of allocations to each county that is a member of that Commission. Each county's allocation shall be determined by dividing the county's enterprise factor by the sum of the enterprise factors for eligible counties and multiplying the resulting percentage by the amount of the appropriation. As used in this subdivision, the term "enterprise factor" means a county's enterprise factor as calculated under G.S. 105-129.3; and

(2) Next, the Department shall subtract from funds allocated to the Global TransPark Development Commission the sum of one hundred eighteen thousand one hundred twenty-nine dollars ($118,129) in the 2005-2006 fiscal year and one hundred eighteen thousand four hundred seventy-seven dollars ($118,477) in the 2006-2007 fiscal year, which sum represents the interest earnings in each fiscal year on the estimated balance of seven million five hundred thousand dollars ($7,500,000) appropriated to the Global TransPark Development Zone in Section 6 of Chapter 561 of the 1993 Session Laws; and

(3) Next, the Department shall redistribute the sum of one hundred eighteen thousand one hundred twenty-nine dollars ($118,129) in the 2005-2006 fiscal year and one hundred eighteen thousand four hundred seventy-seven dollars ($118,477) in the 2006-2007 fiscal year to the seven Regional Economic Development Commissions named in subsection (a) of this section. Each Commission's share of this redistribution shall be determined according to the enterprise factor formula set out in subdivision (1) of this subsection. This redistribution shall be in addition to each Commission's allocation determined under subdivision (1) of this subsection.

Joint BP

Requested by: Senators Weinstein, Garrou, Dalton, Hagan

REGIONAL ECONOMIC DEVELOPMENT COMMISSION REPORTS

SECTION 13.8.(a) By February 15 of each fiscal year, the seven regional economic development commissions shall report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division the following information:

(1) The preceding fiscal year's program activities, objectives, and accomplishments.

(2) The preceding fiscal year's itemized expenditures and fund sources.

(3) Demonstration of how the commission's regional economic development and marketing strategy aligns with the State's overall economic development and marketing strategies.

(4) To the extent they are involved in promotion activities such as trade shows, visits to prospects and consultants, advertising and media placement, the commissions shall demonstrate how they have generated qualified leads.

SECTION 13.8.(b) Each of the commissions shall provide to the Fiscal Research Division a copy of their annual audited financial statement within 30 days of issuance of the statement.

SECTION 13.8.(c) The reporting requirements for regional economic development commissions, as provided in subsection (a) of this section, shall be reviewed annually by the North Carolina Partnership for Economic Development, and recommendations for changes to the reporting requirements shall be made to the Fiscal Research Division, the President Pro Tempore of the Senate, and the Speaker of the House of Representatives.

SECTION 13.8.(d) Regional economic development commissions shall receive quarterly allocations of the funds appropriated in this act to the Department of Commerce for regional economic development commissions.

SECTION 13.8.(e) Regional economic development commissions shall remain in the Department of Commerce's Budget Code 14601 with other State-aided nonprofit entities.

Joint BP

Requested by: Senators Weinstein, Garrou, Dalton, Hagan

NONPROFIT REPORTING REQUIREMENTS

SECTION 13.9.(a) The N.C. Institute for Minority Economic Development, Inc., Land Loss Prevention Project, North Carolina Minority Support Center, North Carolina Community Development Initiative, Inc., North Carolina Association of Community Development Corporations, Inc., Coalition of Farm and Rural Families, and Partnership for the Sounds, Inc., shall do the following:

(1) By January 15, 2006, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division the following information:

a. State fiscal year 2004-2005 program activities, objectives, and accomplishments;
b. State fiscal year 2004-2005 itemized expenditures and fund sources;
c. State fiscal year 2005-2006 planned activities, objectives, and accomplishments including actual results through December 31, 2005; and
d. State fiscal year 2005-2006 estimated itemized expenditures and fund sources including actual expenditures and fund sources through December 31, 2005.

(2) By January 15, 2007, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division the following information:
a. State fiscal year 2005-2006 program activities, objectives, and accomplishments;
b. State fiscal year 2005-2006 itemized expenditures and fund sources;
c. State fiscal year 2006-2007 planned activities, objectives, and accomplishments including actual results through December 31, 2006; and
d. State fiscal year 2006-2007 estimated itemized expenditures and fund sources including actual expenditures and fund sources through December 31, 2006.

(3) Provide to the Fiscal Research Division a copy of the organization's annual audited financial statement within 30 days of issuance of the statement.

SECTION 13.9.(b) No funds appropriated under this act shall be released to a nonprofit organization listed in subsection (a) of this section until the organization has satisfied the reporting requirement for January 15, 2005. Fourth quarter allotments shall not be released to any nonprofit organization that does not satisfy the reporting requirements by January 15, 2006, or January 15, 2007.

Joint - BP

Requested by: Senators Weinstein, Garrou, Dalton, Hagan

BIOTECHNOLOGY CENTER

SECTION 13.10.(a) The North Carolina Biotechnology Center shall recapture funds spent in support of successful research and development efforts in the for-profit private sector.

SECTION 13.10.(b) The North Carolina Biotechnology Center shall provide funding for biotechnology, biomedical, and related bioscience applications under its Business and Science Technology Programs.

SECTION 13.10.(c) The North Carolina Biotechnology Center shall:

(1) By January 15, 2006, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division the following information:
   a. State fiscal year 2004-2005 program activities, objectives, and accomplishments;
   b. State fiscal year 2004-2005 itemized expenditures and fund sources;
   c. State fiscal year 2005-2006 planned activities, objectives, and accomplishments, including actual results through December 31, 2005; and
   d. State fiscal year 2005-2006 estimated itemized expenditures and fund sources, including actual expenditures and fund sources through December 31, 2005.

(2) By January 15, 2007, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division the following information:
   a. State fiscal year 2005-2006 program activities, objectives, and accomplishments;
   b. State fiscal year 2005-2006 itemized expenditures and fund sources;
   c. State fiscal year 2006-2007 planned activities, objectives, and accomplishments, including actual results through December 31, 2006; and
   d. State fiscal year 2006-2007 estimated itemized expenditures and fund sources, including actual expenditures and fund sources through December 31, 2006.

(3) Provide to the Fiscal Research Division a copy of the organization's annual audited financial statement within 30 days of issuance of the statement.

SECTION 13.10.(d) The North Carolina Biotechnology Center shall provide a report containing detailed budget, personnel, and salary information to the Office of State Budget and Management and to the Fiscal Research Division in the same manner as State departments and agencies in preparation for biennium budget requests.

Joint - BP

Requested by: Senators Weinstein, Garrou, Dalton, Hagan

RURAL ECONOMIC DEVELOPMENT CENTER

SECTION 13.11.(a) Of the funds appropriated in this act to the Rural Economic Development Center, Inc., the sum of two million twenty-five thousand six hundred ninety-seven dollars ($2,025,697) for the 2005-2006 fiscal year and the sum of two million twenty-five thousand six hundred ninety-seven dollars ($2,025,697) for the 2006-2007 fiscal year shall be allocated as follows:

	2005-2006	2006-2007
Research and Demonstration Grants	$370,000	$370,000

Technical Assistance and Center Administration of Research and Demonstration Grants	444,399	444,399
Center Administration, Oversight, and Other Programs	604,298	604,298
Administration of Clean Water/ Natural Gas Critical Needs Bond Act of 1998	199,722	199,722
Additional Administration of Supplemental Funding Program	138,278	138,278
Administration of Capacity Building Assistance Program (1998 Bond Act)	125,000	125,000
Institute for Rural Entrepreneurship	144,000	144,000.

SECTION 13.11.(b) The Rural Economic Development Center, Inc., shall provide a report containing detailed budget, personnel, and salary information to the Office of State Budget and Management in the same manner as State departments and agencies in preparation for biennium budget requests.

SECTION 13.11.(c) For purposes of this section, the term "community development corporation" means a nonprofit corporation:

(1) Chartered pursuant to Chapter 55A of the General Statutes;

(2) Tax-exempt pursuant to section 501(c)(3) of the Internal Revenue Code of 1986;

(3) Whose primary mission is to develop and improve low-income communities and neighborhoods through economic and related development;

(4) Whose activities and decisions are initiated, managed, and controlled by the constituents of those local communities; and

(5) Whose primary function is to act as deal-maker and packager of projects and activities that will increase their constituencies' opportunities to become owners, managers, and producers of small businesses, affordable housing, and jobs designed to produce positive cash flow and curb blight in the targeted community.

SECTION 13.11.(d) Of the funds appropriated in this act to the Rural Economic Development Center, Inc., the sum of two million four hundred fifteen thousand nine hundred ten dollars ($2,415,910) for the 2005-2006 fiscal year and the sum of two million four hundred fifteen thousand nine hundred ten dollars ($2,415,910) for the 2006-2007 fiscal year shall be allocated as follows:

(1) $1,047,410 in each fiscal year for community development grants to support development projects and activities within the State's minority communities. Any community development corporation as defined in this section is eligible to apply for funds. The Rural Economic Development Center, Inc., shall establish performance-based criteria for determining which community development corporation will

receive a grant and the grant amount. The Rural Economic Development Center, Inc., shall allocate these funds as follows:

a. $997,410 for direct grants to local community development corporations to support operations and project activities.

b. $50,000 in each fiscal year to the Rural Economic Development Center, Inc., to be used to cover expenses in administering this section.

(2) $195,000 in each fiscal year to the Microenterprise Loan Program to support the loan fund and operations of the Program; and

(3) $983,000 in each fiscal year shall be used for a program to provide supplemental funding for matching requirements for projects and activities authorized under this subsection. The Center shall allocate these funds as follows:

a. $675,000 in each fiscal year to make grants to local governments and nonprofit corporations to provide funds necessary to match federal grants or other grants for:

1. Necessary economic development projects and activities in economically distressed areas;

2. Necessary water and sewer projects and activities in economically distressed communities to address health or environmental quality problems except that funds shall not be expended for the repair or replacement of low-pressure pipe wastewater systems. If a grant is awarded under this sub-subdivision, then the grant shall be matched on a dollar-for-dollar basis in the amount of the grant awarded; or

3. Projects that demonstrate alternative water and waste management processes for local governments. Special consideration should be given to cost-effectiveness, efficacy, management efficiency, and the ability of the demonstration project to be replicated.

b. $208,000 in each fiscal year to make grants to local governments and nonprofit corporations to provide funds necessary to match federal grants or other grants related to water, sewer, or business development projects.

c. $100,000 in each fiscal year to support the update of the statewide water and sewer database and to support the development of a statewide water management plan.

(4) $190,500 in each fiscal year for the Agricultural Advancement Consortium. These funds shall be placed in a reserve and allocated as follows:

a. $75,000 in each fiscal year for operating expenses associated with the Consortium; and

b. $115,500 in each fiscal year for research initiatives funded by the Consortium.

The Consortium shall facilitate discussions among interested parties and shall develop recommendations to improve the State's economic development through farming and agricultural interests.

The grant recipients in this subsection shall be selected on the basis of need.

SECTION 13.11.(e) The Rural Economic Development Center, Inc., shall:

(1) By January 15, 2006, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division the following information:
   a. State fiscal year 2004-2005 program activities, objectives, and accomplishments;
   b. State fiscal year 2004-2005 itemized expenditures and fund sources;
   c. State fiscal year 2005-2006 planned activities, objectives, and accomplishments, including actual results through December 31, 2005; and
   d. State fiscal year 2005-2006 estimated itemized expenditures and fund sources, including actual expenditures and fund sources through December 31, 2005.

(2) By January 15, 2007, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division the following information:
   a. State fiscal year 2005-2006 program activities, objectives, and accomplishments;
   b. State fiscal year 2005-2006 itemized expenditures and fund sources;
   c. State fiscal year 2006-2007 planned activities, objectives, and accomplishments, including actual results through December 31, 2006; and
   d. State fiscal year 2006-2007 estimated itemized expenditures and fund sources, including actual expenditures and fund sources through December 31, 2006.

(3) Provide to the Fiscal Research Division a copy of each grant recipient's annual audited financial statement within 30 days of issuance of the statement.

SECTION 13.11.(f) No funds appropriated under this act shall be released to a community development corporation, as defined in this section, unless the corporation can demonstrate that there are no outstanding or proposed assessments or other collection actions against the corporation for any state or federal taxes, including related penalties, interest, and fees.

Requested by: Senators Weinstein, Albertson, Garrou, Dalton, Hagan

Senate Only - $

RURAL ECONOMIC DEVELOPMENT CENTER

SECTION 13.12.(a) Of the funds appropriated in this act to the Rural Economic Development Center, Inc., the sum of twenty million dollars ($20,000,000) for the 2005-2006 fiscal year and the sum of twenty million dollars ($20,000,000) for the 2006-2007 fiscal year shall be allocated as follows:

(1) To continue the North Carolina Infrastructure Program. The purpose of the Program is to provide grants to local governments to construct critical water and wastewater facilities and to provide other infrastructure needs, including technology needs, to sites where these facilities will generate private job-creating investment. At least fifteen million dollars ($15,000,000) of the funds appropriated in this act for each year of the biennium must be used to provide grants under this Program.

(2) To provide matching grants to local governments in distressed areas and equity investments in public-private ventures that will productively reuse vacant buildings and properties, with priority given to towns or communities with populations of less than 5,000.

(3) To provide economic development research and demonstration grants.

SECTION 13.12.(b) The funds appropriated in this act to the Rural Economic Development Center, Inc., shall be recurring funds.

SECTION 13.12.(c) The Rural Economic Development Center, Inc., may contract with other State agencies, constituent institutions of The University of North Carolina, and colleges within the North Carolina Community College System for certain aspects of the North Carolina Infrastructure Program, including design of Program guidelines and evaluation of Program results.

SECTION 13.12.(d) During each year of the 2005-2007 biennium, the Rural Economic Development Center, Inc., may use up to two percent (2%) of the funds appropriated in this act to cover its expenses in administering the North Carolina Economic Infrastructure Program.

SECTION 13.12.(e) No later than January 15 each year, the Rural Economic Development Center, Inc., shall submit an annual report to the Joint Legislative Commission on Governmental Operations concerning the progress of the North Carolina Economic Infrastructure Program.

SECTION 13.12.(f) Of the funds appropriated in this act to the Rural Economic Development Center, Inc., the sum of five hundred thousand dollars ($500,000) for the 2005-2006 fiscal year and the sum of five hundred thousand dollars ($500,000) for the 2006-2007 fiscal year shall be allocated to the e-NC Authority.

The e-NC Authority may:

(1) Contract with other State agencies, The University of North Carolina, the North Carolina Community College System, and nonprofit organizations to assist with program development and the evaluation of program activities.

(2) Use up to five percent (5%) of the funds allocated in this section to cover its expenses in program development and implementation of activity areas.

The e-NC Authority shall report to the 2006 General Assembly on the following:

(1) The activities necessary to be undertaken in distressed urban areas of the State to enhance the capability of citizens and businesses residing in these areas to access the high-speed Internet.

(2) An implementation plan for the training of citizens and businesses in distressed urban areas.

(3) The technology and digital literacy training necessary to assist citizens and existing businesses to create new technology-based enterprises in these communities and to use the Internet to enhance the productivity of their businesses.

The e-NC Authority shall, by January 31, 2006, and quarterly thereafter, report to the Joint Legislative Commission on Governmental Operations on program development and the evaluation of program activities.

Joint - BP 5

Requested by: Senators Weinstein, Garrou, Dalton, Hagan

OPPORTUNITIES INDUSTRIALIZATION CENTER FUNDS

SECTION 13.13.(a) Of the funds appropriated in this act to the Rural Economic Development Center, Inc., the sum of three hundred sixty-one thousand dollars ($361,000) for the 2005-2006 fiscal year and the sum of three hundred sixty-one thousand dollars ($361,000) for the 2006-2007 fiscal year shall be equally distributed among the certified Opportunities Industrialization Centers for ongoing job training programs.

SECTION 13.13.(b) For each of the Opportunities Industrialization Centers receiving funds pursuant to subsection (a) of this section, the Rural Economic Development Center, Inc., shall:

(1) By January 15, 2006, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division the following information:

a. State fiscal year 2004-2005 program activities, objectives, and accomplishments;

b. State fiscal year 2004-2005 itemized expenditures and fund sources;

c. State fiscal year 2005-2006 planned activities, objectives, and accomplishments, including actual results through December 31, 2005; and

d. State fiscal year 2005-2006 estimated itemized expenditures and fund sources, including actual expenditures and fund sources through December 31, 2005.

(2) By January 15, 2007, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division the following information:

a. State fiscal year 2005-2006 program activities, objectives, and accomplishments;

b. State fiscal year 2005-2006 itemized expenditures and fund sources;

c. State fiscal year 2006-2007 planned activities, objectives, and accomplishments, including actual results through December 31, 2006; and

d. State fiscal year 2006-2007 estimated itemized expenditures and fund sources, including actual expenditures and fund sources through December 31, 2006.

(3) Notwithstanding G.S. 143-6.1(d), file annually with the State Auditor a financial statement in the form and on the schedule prescribed by the State Auditor. The financial statements must be audited in accordance with standards prescribed by the State Auditor to assure that State funds are used for the purposes provided by law.

(4) Provide to the Fiscal Research Division a copy of the annual audited financial statement required in subdivision (3) of this subsection within 30 days of issuance of the statement.

SECTION 13.13.(c) No funds appropriated under this act shall be released to an Opportunities Industrialization Center (hereinafter Center) listed in subsection (a) of this section if the Center has any overdue tax debts, as that term is defined in G.S. 105-243.1, at the federal or State level.

Attachment 4

VISITOR REGISTRATION SHEET

NER — 5/11/05

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Thomas Cheek	OSBM
Sheryl Stephens	OSBM
Art Britt	NCDOL
Becky Braun	NCDOL
Alice Garland	NCDOC
Clara Gray	NCPA&CS
Robin Dickel	Commerce
DON HOBART	DOC
Johanna Reese	DENR
N. David Smith	Agriculture

VISITOR REGISTRATION SHEET

NER — 5/11/05

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Anita McNeil	DENR
Cody Handy	DENR
Dempsy Benton	DENR

MINUTES
JOINT HOUSE SENATE
APPROPRIATIONS SUBCOMMITTEE ON
NATURAL AND ECONOMIC RESOURCES

May 11, 2005
2:00 p.m.

The House Appropriations Subcommittee on Natural and Economic Resources met in Room 423 of the Legislative Office Building on May 11, 2005. The following committee members were present: Co-Chairs Representatives Hunter and Warren, Rep. Lucy Allen, Rep Mitch Seltzer, Rep. Arlie Culp, Rep. Pricey Harrison Rep. James Langdon, Rep. Winkie Wilkins, and Rep. Michael Wray. Susan Morgan, Jennifer Haygood and Joy Hicks, Fiscal Research Staff, were in attendance. The Agenda (**Attachment 1), and the** Visitor Registration sheet (**Attachment 2)** is made a part of these minutes.

Rep. Hunter called the meeting to order. The agenda for this afternoon's meeting is a continuation to review the Senate Money Report. (**Attachment 3)** Susan Morgan was called on to begin the discussion. She started on page H14 with the Department of Commerce of the Senate Money Report.

The next item on the agenda is the Senate Special Provisions Report. (**Attachment 4)** Susan Morgan discussed the Provisions for the Department of Agriculture and Consumer Services. Jennifer Haygood discussed the Department of Environment and Natural Resources Provisions. Joy Hicks discussed the provisions starting with the Grassroots Science Program, Moratorium on New Lease Purchase Contracts for Forestry Equipment for Division of Forest Resources and Extend and Expand Pilot Program for Inspection of Animal Waste Management Systems. Susan Morgan discussed the Provisions for the Department of Commerce. Joy Hicks concluded these provisions with the Non-Profits.

Rep. Hunter asked the committee members to submit to the Chairmen, anything they would like to see in this budget. The two chairs will go through what you submit and see what can be squeezed in. Get submissions in by the end of next week.

There were no further discussions and the meeting was adjourned.

Respectfully submitted,

Representative Howard J. Hunter, Jr.
Co-Chair

Barbara Y. Phillips
Committee Assistant

Attachments

Attachment 1

Senate Appropriations Subcommittee on Natural and Economic Resources

Wednesday, May 11th, 2005
Representative Howard Hunter, Presiding
9:00 a.m. Room 605

Chair's Comments	*Representative Hunter*
Senate Money Report	*Fiscal Research Staff*
Senate Special Provisions	*Fiscal Research Staff*
Closing Remarks	*Representative Hunter*
Adjourn	

Created on 5/10/2005 11:22 AM

VISITOR REGISTRATION SHEET

APPROPRIATIONS SUBCOMMITTEE ON NATURAL AND ECONOMIC RESOURCES
Name of Committee

05-11-05 2:00PM
Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Clara Day	NCDA&CS
N. David Smith	Agriculture
Thomas Cheek Jr.	OSBM
James Warren	GWI
Sheryl Stephens	OSBM
Art Zaytt	NCDOL
Lori Ann Harris	LAHA

VISITOR REGISTRATION SHEET

SUBCOMMITTEE MEETING:

NATURAL + ECONOMIC RESOURCES — 05-11-05 — 2:00 PM

Name of Committee — Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Ebonie McFadden	NC Initiative
Lenwood V. Long	NC Minority Support Center
Becky Brown	NC DOL
Lucius Pullen	Counsel NC Mining Association
Fred Allen	NC Aggregates Association
Don Hoban	NC DUC
[illegible]	NC DOC
Anita McNeil	NC DENR
Casey Handy	DENR
Robin Diehl	Commerce
Buck Lattimore	NC Industrial Commission

Attachment 3

NER Senate Subcommittee

Senate Money Report

May 9th, 2005

Agriculture and Consumer Services

	GENERAL FUND			
	FY 05-06		FY 06-07	
Adjusted Continuation Budget	**$52,243,772**		**$51,965,810**	
Legislative Changes				
Administration				
1 Reduce Funds for Purchased Services Reduce funds department-wide for purchased services based on historical reversions.	($443,080)	R	($443,080)	R
2 Reduce Funds for Supplies Reduce funds for supplies department-wide based on historical reversions.	($242,440)	R	($242,440)	R
3 Reduce Funds for Equipment Reduce funds for property, plant and equipment department-wide based on historical reversions.	($173,480)	R	($173,480)	R
4 Reduce Inflationary Increases Reduce increases in the continuation budget for workers compensation, longevity and other expenses.	($202,701)	R	($202,701)	R
Agronomic Services				
5 Replace General Funds with Receipts Replace General Funds for operations with revenue generated by increasing fees for Agronomic Sampling services as follows: Increase fees for routine nematode samples from $2.00 to $3.00 generating $25,000 in additional revenue. Increase fees for routine waste samples from $4.00 to $5.00 generating $20,000 in additional revenue. Increase research fees for soil and nematode samples from $2.00 to $12.00 generating $10,000 in additional revenue. Increase research fees for plant, waste and solution samples from $4.00 to $12.00 generating $33,600 in additional revenue.	($88,600)	R	($88,600)	R
modified Joint **6 Replace General Funds with Receipts** Replace General Funds for operations with revenue generated by implementing new fees for Agronomic Sampling services. Establish a $14.00 fee for out-of-state nematode samples; $26.00 fee for out-of-state plant, waste and solution samples; and a various fees for other out-of-state services.	($74,300)	R	($74,300)	R

	FY 05-06		FY 06-07	
Commercial Feed and Pet Food				
7 Replace General Funds with Receipts Increase registration fees for non-canned pet food registration as follows: Increase existing registration fees from $3.00 to $5.00; Increase existing registration fees from $30.00 to $40.00; and Increase existing registration fees from $33.00 to $45.00. Increases the registration fee for canned pet food from $10.00 to $12.00.	($60,200)	R	($60,200)	R
Food and Drug				
8 Eliminate Vacant Position Eliminate one Agriculture Microbiologist I position that has been vacant since 7/15/04.	($39,983) -1.00	R	($39,983) -1.00	R
Marketing				
9 Reduce Funds for Farmer's Markets Reduce the appropriation for farmer's markets by 10%.	($90,537)	R	($90,537)	R
10 Close Farmer's Market Close the Southeast Agriculture Center.	($282,750) -7.00	R	($377,000) -7.00	R
11 Fund-Shift One Position Fund shift one position with the Cooperative Inspection Service to receipts.	($35,685) -1.00	R	($35,685) -1.00	R
Pesticide Section				
12 Pesticide Disposal Program Replace General Funds with funds from the Environmental Trust Fund for the pesticide disposal program.	($222,407) -1.00	R	($222,407) -1.00	R
Seed Testing				
13 Replace General Funds with Receipts Increase seed inspection fees from $.02 to $.04 per 10 lb container.	($124,587)	R	($124,587)	R
State Fair				
Senate Only **14 Establish Receipt-Supported Positions** Establish twenty (20) receipt-supported general utility workers and eight (8) building custodians at the North Carolina State Fair. General Utility Workers 20.0 $522,500 Building Custodians 8.0 $170,080				

	FY 05-06		FY 06-07	
Structural Pest Control				
15 Adjust Budgeted Receipts Reduce General Funds based on an increase in receipts.	($18,000)	R	($18,000)	R
Veterinary Services				
16 Replace General Funds with Receipts Increase histopath fee from $15.00 to $30.00 generating $113,233 in additional revenue. Increases EIA fee from $4.00 to $6.00 generating $39,082 in additional revenue.	($152,315)	R	($152,315)	R
17 Replace General Funds with Receipts Establish a $1.00 blood pour off fee and a $.04 vacuum tube handling fee.	($56,000)	R	($56,000)	R
Weights and Measures				
18 Replace General Funds with Receipts Increase public weighmaster fees from $12.00 to $19.00, generating $32,200 in additional revenue. Increases various calibration fees at the Standards Lab generating $35,000 in additional revenue.	($67,200)	R	($67,200)	R
19 Replace General Funds with Receipts Establish a $20 fee for a Scale Technician License.	($12,000)	R	($12,000)	R
20 Fund Shift One Position Fund existing position with Highway Funds transferred to the Department.	($28,394) -1.00	R	($28,394) -1.00	R
Total Legislative Changes	**($2,414,659)**	R	**($2,508,909)**	R
Total Position Changes	-11.00		-11.00	
Revised Budget	**$49,829,113**		**$49,456,901**	

Labor

	GENERAL FUND			
	FY 05-06		FY 06-07	
Adjusted Continuation Budget	**$14,198,496**		**$14,213,868**	
Legislative Changes				
Administration				
21 Eliminate 1.0 Vacant Position Eliminate Office Assistant position in Commissioner's Office.	($31,878) -1.00	R	($31,878) -1.00	R
22 Fund Shift 1.0 Position to Receipt Support Fund shift Accounting Clerk position in Administrative Services to elevator receipt support.	($36,030) -1.00	R	($36,030) -1.00	R
23 Eliminate Inflationary Increases Eliminate inflationary increases allowed in the continuation budget for Administrative Services, Information Technology, and the Commissioner's Office.	($1,755)	R	($1,755)	R
24 Reduce Operating Reduce various operating line items in Administrative Services, Labor Statistics, Information Technology, and the Information Office.	($24,461)	R	($24,461)	R
Labor Standards and Inspections				
Senate Only **25 Shift Mine and Quarry Bureau to Receipt Support** Make the Mine and Quarry Bureau fully receipt-supported by instituting an annual fee and eliminating General Fund support. (New fee (1,250 per yr. per Quarry))	($539,514) -9.00	R	($540,160) -9.00	R
modified Joint **26 Eliminate Inflationary Increases** Eliminate inflationary increases allowed in the continuation budget for Apprenticeship, Employment Discrimination, and Wage and Hour.	($3,623)	R	($3,623)	R
modified Joint **27 Reduce Operating Support** Reduce various operating line items in Apprenticeship, Employment Discrimination, and Wage and Hour.	($17,400)	R	($17,400)	R
28 Continue to Fund Apprenticeship Program General Fund dollars will partly restore funding for the Apprenticeship Program that is no longer available through the Worker Training Trust Fund.	$663,374 10.00	R	$663,374 10.00	R

Senate Subcommittee on Natural and Economic Resources	FY 05-06		FY 06-07	
OSH				
29 Eliminate Inflationary Increases Eliminate inflationary increases allowed in continuation budget for Occupational Safety and Health.	($47,424)	R	($47,424)	R
30 Reduce Operating Reduce various operating line items in Occupational Safety and Health.	($5,000)	R	($5,000)	R
Total Legislative Changes	**($43,711)**	R	**($44,357)**	R
Total Position Changes	-1.00		-1.00	
Revised Budget	**$14,154,785**		**$14,169,511**	

Environment & Natural Resources

GENERAL FUND

	FY 05-06		FY 06-07	
Adjusted Continuation Budget	**$167,189,338**		**$168,187,593**	
Legislative Changes				
(1.0) Administration				
31 Eliminate 1.0 Vacant Position Eliminate vacant Federal Legislative Programs Coordinator position.	($74,070) -1.00	R	($74,070) -1.00	R
32 Reduce Rent Reduce Regional Office rent line item.	($50,000)	R	($50,000)	R
Senate Only **33 Fund One-Stop Permitting Program Positions** Provide General Fund support for 2.0 One-Stop Permitting Program positions that have previously been supported through available funds.	$113,168 2.00	R	$113,168 2.00	R
modified Joint **34 Expand Express Permitting Program Statewide** Expand the Express Permitting Program statewide by establishing and supporting 12.0 positions using existing receipts in the Express Review Fund.				
(1.0) Ecosystem Enhancement Program				
35 Fund Shift Ecosystem Enhancement Program Fund shift remainder of Ecosystem Enhancement Program to receipt support.	($235,439) -5.00	R	($235,439) -5.00	R
(1.0) Office of Conservation and Community Affairs				
36 Fund Shift Natural Heritage Program Fund shift remainder of Natural Heritage Program to Natural Heritage Trust Fund support.	($250,851) -4.50	R	($250,851) -4.50	R
(2.0) Coastal Management				
37 Reduce Purchased Services Reduce various purchased services line items.	($10,000)	R	($10,000)	R
38 Reduce Supplies Reduce various supply line items.	($3,200)	R	($3,200)	R
39 Reduce Equipment Reduce various equipment line items.	($3,000)	R	($3,000)	R

	FY 05-06		FY 06-07	
(2.0) Environmental Health				
40 Eliminate 1.0 Vacant Position Eliminate Environmental Specialist III position in the On-Site Wastewater Section.	($61,040) -1.00	R	($61,040) -1.00	R
41 Reduce Purchased Services Reduce various purchased services line items.	($26,500)	R	($26,500)	R
42 Reduce Supplies Reduce various supply line items.	($10,000)	R	($10,000)	R
43 Reduce Equipment Reduce various equipment line items.	($2,000)	R	($2,000)	R
44 Reduce Other Expenses Reduce expenditures in the "Other Expenses" line item.	($3,000)	R	($3,000)	R
45 Fund Shift Position to General Fund Support Fund shift West Nile Virus Control position previously supported through federal CDC grant funds to General Fund support.	$54,113 1.00	R	$54,113 1.00	R
(2.0) Land Resources				
46 Reduce Sediment Education Funds Reduce funding for sediment education projects.	($100,000)	R	($100,000)	R
47 Eliminate Mining Education Funds Eliminate funding for mining education programs.	($15,450)	R	($15,450)	R
48 Eliminate Inflationary Increases Eliminate inflationary increases allowed in the continuation budget for utilities and travel.	($10,407)	R	($10,407)	R
49 Reduce Contractual Services Reduce contractual services for county boundary program.	($50,000)	R	($50,000)	R
50 Reduce Operating Reduce various operating line items.	($20,000)	R	($20,000)	R
(2.0) Marine Fisheries				
51 Eliminate 1.0 Vacant Position Eliminate Research Vessel Engineer position.	($31,839) -1.00	R	($31,839) -1.00	R

	FY 05-06		FY 06-07	
52 Reduce Boat Replacement Continuation Increase Reduce continuation increase for boat replacement and maintain current replacement schedule.	($14,693) ($92,000)	R NR	($14,693)	R
53 Reduce Board Support Reduce transportation and subsistence line items for the Marine Fisheries Commission.	($30,000)	R	($30,000)	R
54 Reduce Operating Reduce various operating line items.	($100,000)	R	($100,000)	R
Senate Only **55 Receipt-Supported Position** Establish 1.0 time-limited, permanent position supported by Atlantic Coastal Cooperative Statistics Program Grant funds. This position will collaborate with the National Marine Fisheries Service and help fulfill federal fishery data requirements. Computer Consultant II (1.0) $49,217				
(2.0) Pollution Prevention and Env. Assistance				
56 Reduce Purchased Services Reduce various purchased services line items.	($5,000)	R	($5,000)	R
57 Reduce Supplies Reduce various supply line items.	($8,000)	R	($8,000)	
58 Reduce Equipment Reduce various equipment line items.	($5,000)	R	($5,000)	R
59 Eliminate Other Contracts/Grants Funds Eliminate funding in the "Other Contracts/Grants" line item.	($35,976)	R	($35,976)	R
(2.0) Waste Management				
60 Eliminate 1.0 Position Eliminate Information/Communication Specialist III position.	($48,673) -1.00	R	($48,673) -1.00	R
61 Fund Shift 1.0 Position Fund shift Waste Management Specialist position to septage management fee support.	($47,734) -1.00	R	($47,734) -1.00	R
62 Reduce Purchased Services Reduce various purchased services line items.	($94,000)	R	($94,000)	R
63 Reduce Supplies Reduce various supply line items.	($20,000)	R	($20,000)	R

	FY 05-06		FY 06-07	
64 Reduce Aid and Public Assistance Reduce the aid and public assistance line items.	($24,235)	R	($24,235)	R
(2.0) Water Quality				
65 Eliminate 5.0 Vacant Positions Eliminate 5.0 vacant positions. Environmental Specialist II (1.0) ($40,807) Processing Assistant V (1.0) ($34,869) Environmental Supervisor I (1.0) ($49,455) Soil Scientist II (1.0) ($47,362) Environmental Engineer II (1.0) ($54,070)	($226,563) -5.00	R	($226,563) -5.00	R
66 Reduce Inflationary Increases Reduce inflationary increases allowed in the continuation budget for electrical services.	($23,908)	R	($23,908)	R
67 Reduce Purchased Services Reduce various purchased services line items.	($65,000)	R	($65,000)	R
68 Reduce Supplies Reduce various supply line items.	($60,000)	R	($60,000)	R
69 Reduce Equipment Reduce various equipment line items.	($3,000)	R	($3,000)	R
70 Reduce Operating Reduce various operating line items.	($250,000)	R	($250,000)	R
Senate Only **71 Receipt-Supported Position** Establish 1.0 permanent position supported by federal EPA 106 grant funds. This position will plan, coordinate, and support the NPDES Discharge Monitoring Coalition program. Environmental Specialist III (1.0) $47,189				
(2.0) Water Resources				
modified Joint **72 Reduce Contractual Services** Reduce the contractual services line item.	($50,000)	R	($50,000)	R
73 Reduce Purchased Services Reduce various purchased services line items.	($10,000)	R	($10,000)	R
74 Reduce Supplies Reduce various supply line items.	($5,000)	R	($5,000)	R

Senate Only SR 5515

(3.0) Aquariums

75 Oyster Hatchery Research — $600,000 R — $600,000 R

Provide funding to the Division of North Carolina Aquariums to plan for the development of an oyster hatchery and public education program regarding the hatcheries at each of the three North Carolina aquariums.

(3.0) Forest Resources

76 Reduce Funding for Equipment and Vehicles — ($1,036,921) R — ($1,036,921) R

Reduce funding increases allowed in the continuation budget for equipment and vehicles within the Division of Forest Resources. With the reduction, the Division would still receive a $1,809,500 increase to these line items in the continuation budget.

77 Reduce Operating Support — ($25,000) R — ($25,000) R

Reduce operating support to the Division of Forest Resources.

Senate Only

78 Forest Resources Receipt Supported Position

Allows for the establishment of 1.0 full-time permanent position with the Division of Forest Resources from aircraft deployment receipts. This position will be responsible for the Division's fixed wing and rotary wing fleet parts program.

Program Assistant V	1.0	$31,941

Senate Only

79 Forest Resources Receipt Supported Positions

Establish 3.0 time-limited positions in the Division of Forest Resources upon receipt of federal grant funds. No state funds will be expended on these positions.

Fire & Rescue Training Instructor	1.0	$45,605
Extension Education & Training Specialist I	1.0	$37,892
Forester III	1.0	$44,755

(3.0) Museum of Natural Sciences

80 Eliminate Vacant Positions — ($134,318) R — ($134,318) R

Eliminate 4.0 vacant positions in the Division of Museum of Natural Sciences. — -4.00 — -4.00

Processing Assistant V	(1.0)	($31,284)
Environmental Technician I	(1.0)	($29,814)
Office Assistant IV	(1.0)	($32,339)
Natural Science Curator I	(1.0)	($40,341)

Senate Only

81 NC Museum of Natural Science Continuation of UNC-TV Show — $250,000 NR

Provide funds to continue production with UNC-TV of season two of Exploring NC.

	FY 05-06		FY 06-07	
(3.0) NC Zoological Park				
Senate Only **82 NC Zoological Park Receipt Supported Positions** Establish 4.0 two-year time-limited, full-time positions in the Division of the NC Zoological Park from non-capital gift revenue. These positions are involved in the construction of a new Elephant/Rhino exhibit and holding facilities. Maintenance Mechanic II 4.0 $136,500				
(3.0) Parks and Recreation				
83 Reduce Operating Support Reduce operating support for the Division of Parks and Recreation.	($25,000)	R	($25,000)	R
84 Reduce Operating Reserve Reduce the increase in operating reserve support allowed in the continuation budget for the Division of Parks and Recreation. With this reduction, the Division would receive a $2.2 million increase in operating reserve support in FY 2005-06.	($1,000,000)	R	($1,000,000)	R
Senate Only **85 Parks and Recreation Receipt Supported Position** Establish 1.0 permanent, full-time position in the Division of Parks and Recreation. This position will plan, supervise and monitor design and construction contracts for park facilities funded by the Parks and Recreation Trust Fund. Facility Engineering Specialist 1.0 $43,907				
(3.0) Soil and Water Conservation				
86 Eliminate Vacant Position Eliminate a vacant Soil Specialist position.	($45,171) -1.00	R	($45,171) -1.00	R
87 Reduce Operating Support Reduce various operating line items within the Division of Soil and Water Conservation	($40,000)	R	($40,000)	R
Senate Only **88 Establish 1.0 Position** Establish 1.0 permanent position in the Division of Soil and Water Conservation for the expansion of a pilot program that inspects animal waste management systems. Environmental Specialist II 1.0	$40,000 1.00	R	$40,000 1.00	R
(4.0) Reserves and Transfers				
89 Eliminate Water Quality Workgroup Funds Eliminate funding for Water Quality Workgroup research grants.	($87,300)	R	($87,300)	R

	FY 05-06		FY 06-07	
Modified Joint **90 Shift Beaver Management Assistance Program funding to receipt support** Fund shift the Beaver Management Assistance Program from General Fund support in the Wildlife Resources Commission to available receipt support in the Department of Transportation.	($449,000)	R	($449,000)	R
Modified Joint **91 Shift LEO Salary Adjustment Support to Receipts** Shift funding for a LEO salary adjustment that has been historically funded with General Fund monies to existing Wildlife Resources Commission receipts.	($456,481)	R	($456,481)	R
Senate Only **92 Partnership for the Sounds** Increase funding to enhance tourism marketing and economic development in the region.	$2,000,000	NR		
93 Superfund State Match Funds Provides funds to meet the 10% state match requirement for drawing down the maximum available federal funds for the clean up of National Priority List sites.	$1,000,000	NR		
94 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.	$3,889,571	NR		
95 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.	$1,415,980	NR		
Senate Only **96 Funds for Global Warming Initiatives, Inc.** Provides funds for Global Warming Initiatives, Inc., a non-profit that promotes awareness and reporting of greenhouse gas emissions.	$10,000	NR		
97 Increase Grassroots Funding Increase funding to the Grassroots Science Museums for two additional museums: Eastern and Elizabeth City.	$100,000	R	$100,000	R
Senate Only **98 Wildlife Resources Commission Receipt Supported Positions** Allows for the establishment of the following 8.0 positions.				

Wildlife Technician II	3.0	$107,886	75% Federal/25% Wildlife
Wildlife Technician III	1.0	$ 32,662	NMFS and FWS Section 6
Wildlife Technician III	1.0	$ 32,662	Waterfowl Fund
Processing Assistant V	1.0	$ 29,814	Wildlife Fund
Applications Analyst	1.0	$ 69,806	Wildlife Fund
Applications Specialist	1.0	$ 91,250	Wildlife Fund

Senate Subcommittee on Natural and Economic Resources	FY 05-06		FY 06-07	
Total Legislative Changes	**($4,475,488)**	**R**	**($4,475,488)**	**R**
	$8,473,551	**NR**		
Total Position Changes	-20.50		-20.50	
Revised Budget	**$171,187,401**		**$163,712,105**	

Commerce

	GENERAL FUND			
	FY 05-06		FY 06-07	
Adjusted Continuation Budget	$35,532,306		$35,583,572	

Legislative Changes

Administrative Services

99 Reduce Inflationary Increases
Reduce increases for office equipment and legal services.

	($24,287)	R	($24,287)	R
	($80,000)	NR		

100 Eliminate Vacant Position
Eliminate one Community Development Specialist position for the Wanchese Seafood Industrial Park that has not been filled since 3/31/2000.

	($48,287)	R	($48,287)	R
	-1.00		-1.00	

Senate Only

101 Wanchese Seafood Industrial Park
Provide operating funds for security at the Park.

	$48,287	R	$48,287	R

Business and Industry

102 Reduce Funds for Purchased Services and Equipment
Reduce expenditures for operations based on historical reversions.

	($67,000)	R	($67,000)	R

Community Assistance

103 Eliminate Vacant Position
Eliminate one Community Development Planner I position that has not been filled since 7/1/04.

	($53,377)	R	($53,377)	R
	-1.00		-1.00	

104 Reduce Funds for Purchased Services and Equipment
Reduce expenditures for operations based on historical reversions.

	($35,000)	R	($35,000)	R

Executive Aircraft

105 Reduce Funds for Purchased Services, Supplies and Equipment
Reduce expenditures for operations based on historical reversions.

	($100,000)	R	($100,000)	R

106 Reduce Inflationary Increases
Reduce increases for purchased services for FY 05/06 and reduces funds for purchased services and repairs for FY 06/07.

	($43,150)	R	($123,150)	R

107 Eliminate Vacant Position
Eliminate vacant Executive Pilot II position that has not been filled since 7/1/2004.

	($64,634)	R	($64,634)	R
	-1.00		-1.00	

Senate Only

Finance Center

108 Funds for One North Carolina Fund

Provide funds for the One North Carolina Fund for FY 05/06. $5,000,000 NR

Industrial Commission

Senate Only

109 Establish Receipt-Supported Positions

Establish four (4) receipt-supported positions with the Industrial Commission.

Legal Specialist I	1.0	$45,280
Program Assistant V	1.0	$29,516
Special Deputy Commissioners	2.0	$113,438

Senate Only - New Fee

110 Establish Receipt-Supported Positions

Establish thirteen (13) receipt-supported positions in the Industrial Commission with revenue generated by implementing a fee for the required review of Form 21 Agreements. $100.00

Administrative Officer II Positions (Workers' Comp. Fraud Investigators)	2.0
Administrative Officer II Positions (Ombudsman)	2.0
Program Assistant V	2.0
Receptionist III	1.0
Industrial Safety Representative II	4.0
Special Deputy Commissioners	2.0
Total Receipts Required	$628,099

International Trade

111 Budget Over-Collected Receipts

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

Require the Department to budget receipts that have been consistently collected during the previous three fiscal years for trade shows.

112 Eliminate Inflationary Increase for Purchased Services

($38,144) R ($38,144) R

Eliminate an increase for purchased services for the biennium.

Senate Only

Marketing

113 Furniture Market Advertising

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

Provide funds to promote the North Carolina furniture industry, including the International Home Furnishings Market.

Policy and Research

114 Eliminate Vacant Position

($26,244) R ($26,244) R

Eliminate a vacant Processing Assistant III position that has not been filled since 1/1/04. -1.00 -1.00

	FY 05-06		FY 06-07	
Senate ONLY Modified GOV. **115 North Carolina Economic Development Information System**	$297,898	R	$297,898	R
Establish one (1.0) Data Base Administrator position and provide operating support for the NC EDIS.	$1,000,000	NR		
	1.00		1.00	
Reserves and Transfers				
Senate ONLY **116 Duplin Agribusiness Center**				
Provide funds to Duplin County to match federal and local funds to construct the Duplin Commons Agribusiness Center.	$1,000,000	NR		
Senate ONLY **117 Gaston Chamber of Commerce**				
Provide funds for marketing and economic development initiatives in the region to assist in the recovery from lost textile and manufacturing jobs.	$500,000	NR		
Science and Technology				
Senate ONLY -GOV. **118 Establish Position**	$80,000	R	$80,000	R
Provide funds for the Deputy Director/Chief Policy Analyst position for the N.C. Board of Science and Technology. This position has historically been funded through the University of North Carolina.	1.00		1.00	
Travel and Tourism				
119 Budget Over-Collected Receipts	($90,000)	R	($90,000)	R
Require the Department to budget receipts that have been consistently collected during the previous three fiscal years.				
120 Eliminate Vacant Position	($44,064)	R	($44,064)	R
Eliminate vacant Travel Relation Specialist position that has not been filled since 8/13/2004.	-1.00		-1.00	
121 Eliminate Inflationary Increase	($41,369)	R	($41,369)	R
Eliminate increase for legal services for both years of the biennium.				
122 Reduce Funds for Purchased Services, Supplies and Equipment	($200,000)	R	($200,000)	R
Reduce expenditures for operations based on historical reversions.				
Senate ONLY **123 Tourism Development**				
Provide funds to the Forsyth Development Tourism Authority for the Winston Salem Convention and Visitors Bureau to advertise and promote travel and tourism in the Forsyth County area.	$200,000	NR		
Senate ONLY **124 Statewide Marketing Reserve**	$1,000,000	R	$1,000,000	R
Provide funds for promoting travel and tourism statewide.				
Utilities Commission				
Senate ONLY **125 Establish Receipt-Supported Position**				
Establish one (1.0) Attorney IV position at $94,204 for the Utilities Commission Public Staff.				

Senate Subcommittee on Natural and Economic Resources	FY 05-06		FY 06-07	
Welcome Centers				
126 Reduce Funds for Purchased Services, Supplies and Equipment Reduce expenditures for operations based on historical reversions.	($45,000)	R	($45,000)	R
Total Legislative Changes	**$1,255,629**	R	**$1,175,629**	R
	$7,620,000	NR		
Total Position Changes	-3.00		-3.00	
Revised Budget	**$44,407,935**		**$36,759,201**	

N.C. Biotechnology Center

	GENERAL FUND			
	FY 05-06		FY 06-07	
Adjusted Continuation Budget	**$9,083,395**		**$9,083,395**	
Legislative Changes				
NC Biotechnology Center				
127 Increase funding for the NC Biotechnology Center	$1,500,000	R	$1,500,000	R
Increase support for New Jobs Across North Carolina: A Strategic Plan for Growing the Economy Statewide through Biotechnology.	$1,500,000	NR		
Total Legislative Changes	**$1,500,000**	R	**$1,500,000**	R
	$1,500,000	NR		
Total Position Changes				
Revised Budget	**$12,083,395**		**$10,583,395**	

Rural Economic Development Center

	GENERAL FUND			
	FY 05-06		FY 06-07	
Adjusted Continuation Budget	**$4,802,607**		**$4,802,607**	
Legislative Changes				
Senate Only				
Rural Economic Development Center				
128 Rural Economic Infrastructure	$20,000,000	R	$20,000,000	R
Provide funding to continue the North Carolina Infrastructure Program and provide matching grants to local governments. $500,000 shall be allocated to the e-NC Authority.				
Total Legislative Changes	**$20,000,000**	R	**$20,000,000**	R
Total Position Changes				
Revised Budget	**$24,802,607**		**$24,802,607**	

Attachment 4

NER Senate Subcommittee

Senate Special Provisions

May 9th, 2005

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2005

DRAFT
SPECIAL PROVISION

2005-COMM-S1-P

Department of Commerce/Economic Development
Senate Appropriations Subcommittee on Natural and Economic Resources

Modified Joint
Requested by: Senator

NER BLOCK GRANTS

SECTION #.(a) Appropriations from federal block grant funds are made for fiscal year ending June 30, 2006, 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 – 2006 Program Year	$ 45,000,000

SECTION #.(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 #.(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 #.(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 #.(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 #.(f) Department of Commerce Demonstration Grants in Partnership with Rural Economic Development Center, Inc. – The Department of Commerce, in partnership with the Rural Economic Development Center, Inc., shall award up to two million two hundred fifty thousand dollars ($2,250,000) in demonstration grants to local governments in very distressed rural areas of the State. These grants shall be used to address critical infrastructure and entrepreneurial needs and to provide small business assistance.

SECTION #.(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.

Susan

PART XI. DEPARTMENT OF AGRICULTURE AND CONSUMER SERVICES

Joint - $

Requested by: Senators Weinstein, Garrou, Dalton, Hagan

PESTICIDE DISPOSAL PROGRAM

SECTION 11.1. G.S. 143-468(b) reads as rewritten:

"(b) The Pesticide Environmental Trust Fund is established as a nonreverting account within the Department of Agriculture and Consumer Services. The Department of Agriculture and Consumer Services shall administer the Fund. The additional assessment imposed by G.S. 143-442(b) on the registration of a brand or grade of pesticide shall be credited to the Fund. The Department shall distribute money in the Fund as follows:

(1) Two and one-half percent (2.5%) to North Carolina State University Cooperative Extension Service to enhance its agromedicine efforts in cooperation with East Carolina University School of Medicine.

(2) Two and one-half percent (2.5%) to East Carolina University School of Medicine to enhance its agromedicine efforts in cooperation with North Carolina State University Cooperative Extension Service.

(3) Twenty percent (20%) to North Carolina State University, Department of Toxicology, to establish and maintain an extension agromedicine specialist position.

(4) Seventy-five percent (75%) to the Department of Agriculture and Consumer Services <u>for the costs of administering its pesticide disposal program, including the salaries and support of staff for the pesticide disposal program, and</u> for its environmental programs, as directed by the Board, including establishing a pesticide container management program to enhance its pesticide disposal program and its water quality initiatives."

Senate Only

Requested by: Senators Weinstein, Garrou, Dalton, Hagan

TIMBER SALES RECEIPTS FOR CAPITAL IMPROVEMENTS AT AGRICULTURAL RESEARCH STATIONS AND FARMS

SECTION 11.2. The sum of one million thirty-three thousand one hundred dollars ($1,033,100) 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, 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.

Senate Only

Requested by: Senators Weinstein, Garrou, Dalton, Hagan

PLANT CONSERVATION PROGRAM FUNDS

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) shall be transferred to the Department of Agriculture and Consumer Services to be used 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.

Senate Only

Requested by: Senators Kerr, Garrou, Dalton, Hagan

INCREASE FUNDS FOR NORTH CAROLINA GRAPE GROWERS COUNCIL

SECTION 11.4. G.S. 105-113.81A reads as rewritten:

"**§ 105-113.81A. Distribution of part of wine taxes attributable to North Carolina wine.**

The Secretary shall on a quarterly basis credit to the Department of Agriculture and Consumer Services the net proceeds of the excise tax collected on unfortified wine bottled in North Carolina during the previous quarter and the net proceeds of the excise tax collected on fortified wine bottled in North Carolina during the previous quarter, except that the amount credited to the Department of Agriculture and Consumer Services under this section shall not exceed ~~three hundred fifty thousand dollars ($350,000)~~ five hundred thousand dollars ($500,000) per fiscal year. The Department of Agriculture and Consumer Services shall allocate the funds received under this section to the North Carolina Grape Growers Council to be used to promote the North Carolina grape and wine industry and to contract for research and development services to improve viticultural and enological practices in North Carolina. Any funds credited to the Department of Agriculture and Consumer Services under this section that are not expended by June 30 of any fiscal year may not revert to the General Fund, but shall remain available to the Department for the uses set forth in this section."

PART XII. DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES

Joint

Requested by: Senators Weinstein, Garrou, Dalton, Hagan

STATE MATCH FOR FEDERAL SAFE DRINKING WATER ACT FUNDS

SECTION 12.1. Notwithstanding the provisions of Chapter 159G of the General Statutes, the Department of Environment and Natural Resources may transfer from the General Water Supply Revolving Loan Account up to one million five hundred thousand dollars ($1,500,000) to the Department of Environment and Natural Resources to be used to match the federal grant moneys authorized by section 1452 of the federal Safe Drinking Water Act amendments of 1996 for the 2005-2006 fiscal year. The General Water Supply Revolving Loan Account is an account under the Clean Water Revolving Loan and Grant Fund and is established under G.S. 159G-4. The Clean Water Revolving Loan and Grant Fund is established by G.S. 159G-5.

Modified Joint - $

Requested by: Senators Weinstein, Garrou, Dalton, Hagan

EXPAND EXPRESS REVIEW PROGRAM STATEWIDE

SECTION 12.2.(a) Part 1 of Article 7 of Chapter 143B of the General Statutes is amended by adding two new sections to read:

"**§ 143B-279.13. Express permit and certification reviews.**

(a) The Department of Environment and Natural Resources shall develop an express review program to provide express permit and certification reviews in all of its regional offices. Participation in the express review program is voluntary, and the program is to become supported by the fees determined pursuant to subsection (b) of this section. The Department of Environment and Natural Resources shall determine the project applications to review under the express review program from those who request to participate in the program. The express review program may be applied to any one or all of the permits, approvals, or certifications in the following programs: the erosion and sedimentation control program, the coastal management program, and the water quality programs, including water quality certifications and stormwater management. The express review program shall focus on the following permits or certifications:

(1) Stormwater permits under Part 1 of Article 21 of Chapter 143 of the General Statutes.

(2) Stream origination certifications under Article 21 of Chapter 143 of the General Statutes.

(3) Water quality certification under Article 21 of Chapter 143 of the General Statutes.

(4) Erosion and sedimentation control permits under Article 4 of Chapter 113A of the General Statutes.

(5) Permits under the Coastal Area Management Act (CAMA), Part 4 of Article 7 of Chapter 113A of the General Statutes.

(b) The Department of Environment and Natural Resources may determine the fees for express application review under the express review program. Notwithstanding

G.S. 143-215.3D, the maximum permit application fee to be charged under subsection (a) of this section for the express review of a project application requiring all of the permits under subdivisions (1) through (5) of subsection (a) of this section shall not exceed five thousand five hundred dollars ($5,500). Notwithstanding G.S. 143-215.3D, the maximum permit application fee to be charged for the express review of a project application requiring all of the permits under subdivisions (1) through (4) of subsection (a) of this section shall not exceed four thousand five hundred dollars ($4,500). Notwithstanding G.S. 143-215.3D, the maximum permit application fee charged for the express review of a project application for any other combination of permits under subdivisions (1) through (5) of subsection (a) of this section shall not exceed four thousand dollars ($4,000). Express review of a project application involving additional permits or certifications issued by the Department of Environment and Natural Resources other than those under subdivisions (1) through (5) of subsection (a) of this section may be allowed by the Department, and, notwithstanding G.S. 143-215.3D or any other statute or rule that sets a permit fee, the maximum permit application fee charged for the express review of a project application shall not exceed four thousand dollars ($4,000), plus one hundred fifty percent (150%) of the fee that would otherwise apply by statute or rule for that particular permit or certification. Additional fees, not to exceed fifty percent (50%) of the original permit application fee under this section, may be charged for subsequent reviews due to the insufficiency of the permit applications. The Department of Environment and Natural Resources may establish the procedure by which the amount of the fees under this subsection is determined, and the fees and procedures are not rules under G.S. 150B-2(8a) for the express review program under this section.

(c) No later than March 1 of each year, the Department of Environment and Natural Resources shall report to the Fiscal Research Division and the Environmental Review Commission its findings on the success of the program under this section and any other findings or recommendations, including any legislative proposals that it deems pertinent.

"**§ 143B-279.14. Express Review Fund.**

The Express Review Fund is created as a special nonreverting fund. All fees collected under G.S. 143B-279.13 shall be credited to the Express Review Fund. The Express Review Fund shall be used for the costs of implementing the express review program under G.S. 143B-279.13 and the costs of administering the program, including the salaries and support of the program's staff. If the express review program is abolished, the funds in the Express Review Fund shall be credited to the General Fund."

SECTION 12.2.(b) The Department of Environment and Natural Resources shall expand to a statewide program that operates in each regional office of the Department the Express Review Pilot Program established by Section 11.4A of S.L. 2003-284 and expanded by Section 12.9 of S.L. 2004-124, and the provisions of G.S. 143B-279.13, as enacted by subsection (a) of this section, shall apply to this statewide program.

SECTION 12.2.(c) The Department of Environment and Natural Resources shall establish and support 12 additional positions to administer the statewide express review program under G.S. 143B-279.13, as enacted by subsection (a) of this section. Up to seven hundred thirty-six thousand six hundred twenty-nine dollars ($736,629) for the 2005-2006 fiscal year and up to six hundred seventy-one thousand four hundred nine dollars ($671,409) for the 2006-2007 fiscal year shall be allocated from the Express Review Fund created in G.S. 143B-279.14, as enacted by subsection (a) of this section, to establish and support these 12 positions.

SECTION 12.2.(d) The Department of Environment and Natural Resources shall continue and support the four positions established under Section 12.9(c) of S.L. 2004-124 to administer the statewide express review program under G.S. 143B-279.13, as enacted by subsection (a) of this section. Up to two hundred twenty-three thousand eight hundred three dollars ($223,803) for the 2005-2006 fiscal year and up to two hundred twenty-three thousand eight hundred three dollars ($223,803) for the 2006-2007 fiscal year shall be allocated from the Express Review Fund created in G.S. 143B-279.14, as enacted by subsection (a) of this section, to continue and support these four positions.

JOINT

Requested by: Senators Weinstein, Garrou, Dalton, Hagan

SEDIMENTATION EDUCATION FUNDS

SECTION 12.3. The Department of Environment and Natural Resources shall use the funds appropriated in this act to the Department of Environment and Natural Resources for the 2005-2006 fiscal year and for the 2006-2007 fiscal year for sedimentation education for only the following:

(1) Sedimentation education activities that provide technical assistance to local erosion and sedimentation control programs under G.S. 113A-60; or

(2) Sedimentation education to professionals involved in developing erosion and sedimentation control plans for which prior approval is required under Article 4 of Chapter 113A of the General Statutes.

Senate Only

Requested by: Senators Weinstein, Garrou, Dalton, Hagan

FUNDS TO IMPLEMENT FISHING LICENSE REQUIREMENTS LEGISLATION/CONTINGENT REPEAL OF SALTWATER FISHING LICENSE REQUIREMENT

SECTION 12.4.(a) The Wildlife Resources Commission may disburse up to one million dollars ($1,000,000) from the Wildlife Resources Fund to implement Senate Bill 1126 (Amend Fishing License Requirements-2) or House Bill 1092 (Amend Fishing License Requirements) if either bill becomes law no later than 30 days after adjournment of the 2005 Regular Session.

SECTION 12.4.(b) The State Treasurer shall transfer a sum equal to the sum of funds disbursed pursuant to subsection (a) of this section from the Marine Resources Fund to the Wildlife Resources Fund on July 1, 2010.

SECTION 12.4.(c) Sections 1 through 4 and Sections 6 through 12 of S.L. 2004-187 and Section 12.16 of S.L. 2004-124 are repealed unless Senate Bill 1126 (Amend Fishing License Requirements-2) or House Bill 1092 (Amend Fishing License Requirements) becomes law no later than 30 days after the adjournment in 2005 of the 2005 Regular Session under a joint resolution.

Modified Joint - H

Requested by: Senators Weinstein, Garrou, Dalton, Hagan

GRASSROOTS SCIENCE PROGRAM

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 is allocated as grants-in-aid for each fiscal year as follows:

	2005-2006
Aurora Fossil Museum	$59,057
Cape Fear Museum	$161,007
Carolina Raptor Center	$112,174
Catawba Science Center	$133,429
Colburn Gem and Mineral Museum, Inc.	$74,545
Discovery Place	$662,865
New Eastern NC Regional Science Center	$50,000
Elizabeth City Science Center	$50,000
Fascinate-U	$80,742
Granville County Museum Commission, Inc.–Harris Gallery	$56,422
Greensboro Children's Museum	$135,076
The Health Adventure Museum of Pack Place Education, Arts and Science Center, Inc.	$134,499
Highlands Nature Center	$79,268
Imagination Station	$86,034
Kidsenses	$50,000
Museum of Coastal Carolina	$74,192
Natural Science Center of Greensboro	$186,354
North Carolina Museum of Life and Science	$379,826
Rocky Mount Children's Museum	$72,254
Schiele Museum of Natural History	$229,547
Sci Works Science Center and Environmental Park of Forsyth County	$146,499
Western North Carolina Nature Center	$112,879
Wilmington Children's Museum	$71,093

Total $3,197,762

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.

Senate Only

Requested by: Senators Weinstein, Garrou, Dalton, Hagan

MORATORIUM ON NEW LEASE PURCHASE CONTRACTS FOR FORESTRY EQUIPMENT FOR DIVISION OF FOREST RESOURCES

SECTION 12.6. The Division of Forest Resources of the Department of Environment and Natural Resources shall not enter into any new lease purchase contracts for the purchase of forestry equipment. The Department of Administration shall not enter into any new lease purchase contracts for the purchase of forestry equipment on behalf of the Division of Forest Resources. This section does not apply to existing lease purchase contracts entered into by, or on behalf of, the Division.

Senate Only - $

Requested by: Senators Weinstein, Garrou, Dalton, Hagan

EXTEND AND EXPAND PILOT PROGRAM FOR INSPECTION OF ANIMAL WASTE MANAGEMENT SYSTEMS

SECTION 12.7.(a) Section 15.4(a) of S.L. 1997-443, as amended by Section 3.1 of S.L. 1999-329, Section 5 of S.L. 2001-254, Section 1.1 of S.L. 2002-176, and Section 6.1 of S.L. 2003-340, reads as rewritten:

"(a) The Department of Environment and Natural Resources shall develop and implement a pilot program to begin no later than 1 November 1997, and to terminate 1 September ~~2005,~~ 2007, regarding the annual inspections of animal operations that are subject to a permit under Article 21 of Chapter 143 of the General Statutes. The Department shall select two counties located in a part of the State that has a high concentration of swine farms to participate in this pilot program. In addition, Brunswick County and Pender County shall be added to the program. Notwithstanding G.S. 143-215.10F, the Division of Soil and Water Conservation of the Department of Environment and Natural Resources shall conduct inspections of all animal operations that are subject to a permit under Article 21 of Chapter 143 of the General Statutes in these ~~three~~ four counties at least once a year to determine whether any animal waste management system is causing a violation of water quality standards and whether the system is in compliance with its animal waste management plan or any other condition of the permit. The personnel of the Division of Soil and Water Conservation who are to conduct these inspections in each of these ~~three~~ four counties shall be located in an office in the county in which that person will be conducting inspections. As part of this pilot program, the Department of Environment and Natural Resources shall establish procedures whereby resources within the local Soil and Water Conservation Districts

serving the ~~three~~ four counties are used for the quick response to complaints and reported problems previously referred only to the Division of Water Quality of the Department of Environment and Natural Resources."

SECTION 12.7.(b) Section 3.3 of S.L. 1999-329, as amended by Section 6 of S.L. 2001-254, Section 1.2 of S.L. 2002-176, and Section 6.2 of S.L. 2003-340, reads as rewritten:

"Section 3.3. The Department of Environment and Natural Resources, in consultation with both the Division of Water Quality and the Division of Soil and Water Conservation, shall submit semiannual interim reports no later than 15 April and 15 October of each year beginning 15 October 1999 ~~and shall submit a final report no later than 15 October 2005~~ to the Environmental Review ~~Commission and to~~Commission, the Fiscal Research ~~Division.~~Division, and the Appropriations Subcommittees on Natural and Economic Resources in both the Senate and the House of Representatives. These reports shall indicate whether the pilot program has increased the effectiveness of the annual inspections program or the response to complaints and reported problems, specifically whether the pilot program had resulted in identifying violations earlier, taking corrective actions earlier, increasing compliance with the animal waste management plans and permit conditions, improving the time to respond to discharges, complaints, and reported problems, improving communications between farmers and Department employees, and any other consequences deemed pertinent by the Department. These reports shall also compare the costs of conducting operations reviews and inspections under the pilot program with the costs of conducting operations reviews and inspections pursuant to G.S. 143-215.10D and G.S. 143-215.10F and the resources that would be required to expand the pilot program to all counties. ~~The final report shall include a recommendation as to whether to continue or expand the pilot program under this act. The Environmental Review Commission may recommend to the General Assembly whether to continue or expand the pilot program under this act and may make any related legislative proposals.~~"

SECTION 12.7.(c) No later than October 15, 2005, the Department of Environment and Natural Resources shall recommend to the Environmental Review Commission and the General Assembly whether to continue or expand the pilot program under this section. The Environmental Review Commission shall recommend to the 2006 Session of the General Assembly whether to continue or expand the pilot program under this section and may make any related legislative proposals.

Susan

PART XIII. DEPARTMENT OF COMMERCE

Modified Joint

Requested by: Senators Weinstein, Garrou, Dalton, Hagan

WANCHESE SEAFOOD INDUSTRIAL PARK/OREGON INLET FUNDS

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

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

Joint BP

Requested by: Senators Weinstein, Garrou, Dalton, Hagan

COUNCIL OF GOVERNMENT FUNDS

SECTION 13.2.(a) Of the funds appropriated in this act to the Department of Commerce, eight hundred thirty-two thousand one hundred fifty dollars ($832,150) for the 2005-2006 fiscal year and eight hundred thirty-two thousand one hundred fifty dollars ($832,150) for the 2006-2007 fiscal year shall only be used as provided by this section. Each regional council of government or lead regional organization is allocated up to forty-eight thousand nine hundred fifty dollars ($48,950) for the 2005-2006 and the 2006-2007 fiscal years.

SECTION 13.2.(b) A regional council of government may use funds appropriated by this section only to assist local governments in grant applications, economic development, community development, support of local industrial development activities, and other activities as deemed appropriate by the member governments.

SECTION 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, 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, as specified in subdivision (e)(2) of this section.

SECTION 13.2.(d) Funds appropriated by this section shall not be used for payment of dues or assessments by the member governments and shall not supplant funds appropriated by the member governments.

SECTION 13.2.(e) Each council of government or lead regional organization shall do the following:

(1) By January 15, 2006, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division the following information:

a. State fiscal year 2004-2005 program activities, objectives, and accomplishments;
b. State fiscal year 2004-2005 itemized expenditures and fund sources;
c. State fiscal year 2005-2006 planned activities, objectives, and accomplishments, including actual results through December 31, 2005; and
d. State fiscal year 2005-2006 estimated itemized expenditures and fund sources, including actual expenditures and fund sources through December 31, 2005.

(2) By January 15, 2007, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division the following information:
a. State fiscal year 2005-2006 program activities, objectives, and accomplishments;
b. State fiscal year 2005-2006 itemized expenditures and fund sources;
c. State fiscal year 2006-2007 planned activities, objectives, and accomplishments, including actual results through December 31, 2006; and
d. State fiscal year 2006-2007 estimated itemized expenditures and fund sources, including actual expenditures and fund sources through December 31, 2006.

(3) Provide to the Fiscal Research Division a copy of the organization's annual audited financial statement within 30 days of issuance of the statement.

Joint BP

Requested by: Senators Weinstein, Garrou, Dalton, Hagan

TOURISM PROMOTION FUNDS

SECTION 13.3. Funds appropriated in this act to the Department of Commerce for tourism promotion grants shall be allocated to counties in an effort to direct funds to counties most in need. Determinations of which counties are most in need shall focus on those with the lowest per capita income, highest unemployment, and slowest population growth in the following manner:

(1) Counties 1 through 20 are each eligible to receive a maximum grant of seven thousand five hundred dollars ($7,500) for each fiscal year, provided these funds are matched on the basis of one non-State dollar ($1.00) for every four State dollars ($4.00).

(2) Counties 21 through 50 are each eligible to receive a maximum grant of three thousand five hundred dollars ($3,500) for two of the next three fiscal years, provided these funds are matched on the basis of one non-State dollar ($1.00) for every three State dollars ($3.00).

(3) Counties 51 through 100 are each eligible to receive a maximum grant of three thousand five hundred dollars ($3,500) for alternating fiscal years, beginning with the 1991-1992 fiscal year, provided these funds are matched on the basis of four non-State dollars ($4.00) for every one State dollar ($1.00).

Joint

Requested by: Senators Weinstein, Garrou, Dalton, Hagan

EMPLOYMENT SECURITY FUNDS

SECTION 13.4. There is appropriated from the Special Employment Security Administration 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 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.

Senate Only

Requested by: Senator Hartsell

TRADE JOBS FOR SUCCESS REPORTING

SECTION 13.4A.(a) In addition to the statutory reporting requirements pursuant to G.S. 143B-438.17, the Employment Security Commission, Department of Commerce, and the Community Colleges System Office shall make a joint written progress report on their compliance with Section 13.7A of S.L. 2004-124, as to the following:

(1) The actions taken to obtain from the U.S. Department of Labor as quickly as possible a waiver under the Trade Adjustment Act to allow the Trade Jobs for Success initiative to (i) serve persons regardless of their age, (ii) use unemployment funds to provide direct monetary incentives to participating employers and direct income to eligible workers in the retraining program, and (iii) use funds for in-State relocation assistance.

(2) Whether waivers have been sought for other program components.

(3) The progress made in implementing the Trade Jobs for Success initiative in the counties hardest hit by trade-impacted job losses, particularly the counties having an unemployment rate of eight percent

(8%) and the extent to which these counties have received priority consideration.

(4) The efforts of the Department of Commerce seeking and receiving private grants and federal funds for the Trade Jobs for Success initiative.

(5) Any reasons why legislative mandates have not been followed or the statutory goals have not been achieved.

The progress report shall be submitted to the Joint Legislative Commission on Governmental Operations and to the Chairs of the Appropriations Committees of the Senate and the House of Representatives by August 1, 2005.

SECTION 13.4A.(b) G.S. 143B-438.17 reads as rewritten:

"**§ 143B-438.17. Reporting.**

(a) Beginning July 1, 2005, ~~The~~ the Department of Commerce, in conjunction with the Employment Security Commission and the Community Colleges System Office, shall publish a ~~quarterly~~ monthly written report on the Trade Jobs for Success (TJS) initiative. The monthly report shall provide information on the commitment, disbursement, and use of funds and the status of any grant proposals or waivers requested on behalf of the Trade Jobs for Success initiative. The monthly report shall be submitted to the Governor and to the Fiscal Research Division of the General Assembly.

(b) Beginning October 1, 2005, the Department of Commerce, in conjunction with the Employment Security Commission and the Community Colleges System Office, shall publish a quarterly written report on the Trade Jobs for Success initiative. The quarterly report shall ~~also~~ include legislative proposals and recommendations regarding statutory changes needed to maximize the effectiveness and flexibility of the TJS initiative. Copies of the quarterly report shall be provided to the Joint Legislative Commission on Governmental Operations, to the chairs of the Senate and House of Representatives Appropriations Committees, and to the Fiscal Research Division of the General Assembly.

(c) Beginning January 1, 2006, the Department of Commerce, in conjunction with the Employment Security Commission and the Community Colleges System Office, shall publish a comprehensive annual written report on the Trade Jobs for Success initiative. The annual report shall include a detailed explanation of outcomes and future planning for the TJS initiative. Copies of the annual report shall be provided to the Governor, to the Joint Legislative Commission on Governmental Operations, to the chairs of the Senate and House of Representatives Appropriations Committees, and to the Fiscal Research Division of the General Assembly."

Joint

Requested by: Senators Weinstein, Garrou, Dalton, Hagan

INDUSTRIAL DEVELOPMENT FUND

SECTION 13.5. 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, ~~or~~ electrical utility distribution lines or ~~equipment~~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, ~~or~~ electrical utility lines or ~~facilities~~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.

...

(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, in creating jobs in eligible industries. The Department of Commerce shall adopt rules providing for the administration of the program. Except as otherwise provided in this subsection, those rules shall be consistent with the rules adopted with respect to the Industrial Development Fund. The rules shall provide that the funds in the Utility Account may be used only for construction of or improvements to new or existing water, sewer, gas, telecommunications, high-speed broadband, ~~or~~ electrical utility distribution lines or ~~equipment~~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, ~~or~~ electrical utility lines or ~~facilities~~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.

...."

Joint

Requested by: Senators Weinstein, Garrou, Dalton, Hagan

ONE NORTH CAROLINA FUND

SECTION 13.6. Of the funds appropriated in Section 1(a) of S.L. 2004-88 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 fiscal year.

Joint BP

Requested by: Senators Weinstein, Garrou, Dalton, Hagan

REGIONAL ECONOMIC DEVELOPMENT COMMISSION ALLOCATIONS

SECTION 13.7.(a) Funds appropriated in this act to the Department of Commerce for regional economic development commissions shall be allocated to the following Commissions in accordance with subsection (b) of this section: Western North Carolina Regional Economic Development Commission, Research Triangle Regional Commission, Southeastern North Carolina Regional Economic Development Commission, Piedmont Triad Partnership, Northeastern North Carolina Regional Economic Development Commission, Global TransPark Development Commission, and Carolinas Partnership, Inc.

SECTION 13.7.(b) Funds appropriated pursuant to subsection (a) of this section shall be allocated to each Regional Economic Development Commission as follows:

(1) First, the Department shall establish each Commission's allocation by determining the sum of allocations to each county that is a member of that Commission. Each county's allocation shall be determined by dividing the county's enterprise factor by the sum of the enterprise factors for eligible counties and multiplying the resulting percentage by the amount of the appropriation. As used in this subdivision, the term "enterprise factor" means a county's enterprise factor as calculated under G.S. 105-129.3; and

(2) Next, the Department shall subtract from funds allocated to the Global TransPark Development Commission the sum of one hundred eighteen thousand one hundred twenty-nine dollars ($118,129) in the 2005-2006 fiscal year and one hundred eighteen thousand four hundred seventy-seven dollars ($118,477) in the 2006-2007 fiscal year, which sum represents the interest earnings in each fiscal year on the estimated balance of seven million five hundred thousand dollars ($7,500,000) appropriated to the Global TransPark Development Zone in Section 6 of Chapter 561 of the 1993 Session Laws; and

(3) Next, the Department shall redistribute the sum of one hundred eighteen thousand one hundred twenty-nine dollars ($118,129) in the 2005-2006 fiscal year and one hundred eighteen thousand four hundred seventy-seven dollars ($118,477) in the 2006-2007 fiscal year to the seven Regional Economic Development Commissions named in subsection (a) of this section. Each Commission's share of this redistribution shall be determined according to the enterprise factor formula set out in subdivision (1) of this subsection. This redistribution shall be in addition to each Commission's allocation determined under subdivision (1) of this subsection.

Joint BP

Requested by: Senators Weinstein, Garrou, Dalton, Hagan

REGIONAL ECONOMIC DEVELOPMENT COMMISSION REPORTS

SECTION 13.8.(a) By February 15 of each fiscal year, the seven regional economic development commissions shall report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division the following information:

(1) The preceding fiscal year's program activities, objectives, and accomplishments.

(2) The preceding fiscal year's itemized expenditures and fund sources.

(3) Demonstration of how the commission's regional economic development and marketing strategy aligns with the State's overall economic development and marketing strategies.

(4) To the extent they are involved in promotion activities such as trade shows, visits to prospects and consultants, advertising and media placement, the commissions shall demonstrate how they have generated qualified leads.

SECTION 13.8.(b) Each of the commissions shall provide to the Fiscal Research Division a copy of their annual audited financial statement within 30 days of issuance of the statement.

SECTION 13.8.(c) The reporting requirements for regional economic development commissions, as provided in subsection (a) of this section, shall be reviewed annually by the North Carolina Partnership for Economic Development, and recommendations for changes to the reporting requirements shall be made to the Fiscal Research Division, the President Pro Tempore of the Senate, and the Speaker of the House of Representatives.

SECTION 13.8.(d) Regional economic development commissions shall receive quarterly allocations of the funds appropriated in this act to the Department of Commerce for regional economic development commissions.

SECTION 13.8.(e) Regional economic development commissions shall remain in the Department of Commerce's Budget Code 14601 with other State-aided nonprofit entities.

Joint BP

Requested by: Senators Weinstein, Garrou, Dalton, Hagan

NONPROFIT REPORTING REQUIREMENTS

SECTION 13.9.(a) The N.C. Institute for Minority Economic Development, Inc., Land Loss Prevention Project, North Carolina Minority Support Center, North Carolina Community Development Initiative, Inc., North Carolina Association of Community Development Corporations, Inc., Coalition of Farm and Rural Families, and Partnership for the Sounds, Inc., shall do the following:

(1) By January 15, 2006, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division the following information:

a. State fiscal year 2004-2005 program activities, objectives, and accomplishments;
b. State fiscal year 2004-2005 itemized expenditures and fund sources;
c. State fiscal year 2005-2006 planned activities, objectives, and accomplishments including actual results through December 31, 2005; and
d. State fiscal year 2005-2006 estimated itemized expenditures and fund sources including actual expenditures and fund sources through December 31, 2005.

(2) By January 15, 2007, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division the following information:
a. State fiscal year 2005-2006 program activities, objectives, and accomplishments;
b. State fiscal year 2005-2006 itemized expenditures and fund sources;
c. State fiscal year 2006-2007 planned activities, objectives, and accomplishments including actual results through December 31, 2006; and
d. State fiscal year 2006-2007 estimated itemized expenditures and fund sources including actual expenditures and fund sources through December 31, 2006.

(3) Provide to the Fiscal Research Division a copy of the organization's annual audited financial statement within 30 days of issuance of the statement.

SECTION 13.9.(b) No funds appropriated under this act shall be released to a nonprofit organization listed in subsection (a) of this section until the organization has satisfied the reporting requirement for January 15, 2005. Fourth quarter allotments shall not be released to any nonprofit organization that does not satisfy the reporting requirements by January 15, 2006, or January 15, 2007.

Joint - BP

Requested by: Senators Weinstein, Garrou, Dalton, Hagan

BIOTECHNOLOGY CENTER

SECTION 13.10.(a) The North Carolina Biotechnology Center shall recapture funds spent in support of successful research and development efforts in the for-profit private sector.

SECTION 13.10.(b) The North Carolina Biotechnology Center shall provide funding for biotechnology, biomedical, and related bioscience applications under its Business and Science Technology Programs.

SECTION 13.10.(c) The North Carolina Biotechnology Center shall:

(1) By January 15, 2006, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division the following information:
   a. State fiscal year 2004-2005 program activities, objectives, and accomplishments;
   b. State fiscal year 2004-2005 itemized expenditures and fund sources;
   c. State fiscal year 2005-2006 planned activities, objectives, and accomplishments, including actual results through December 31, 2005; and
   d. State fiscal year 2005-2006 estimated itemized expenditures and fund sources, including actual expenditures and fund sources through December 31, 2005.

(2) By January 15, 2007, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division the following information:
   a. State fiscal year 2005-2006 program activities, objectives, and accomplishments;
   b. State fiscal year 2005-2006 itemized expenditures and fund sources;
   c. State fiscal year 2006-2007 planned activities, objectives, and accomplishments, including actual results through December 31, 2006; and
   d. State fiscal year 2006-2007 estimated itemized expenditures and fund sources, including actual expenditures and fund sources through December 31, 2006.

(3) Provide to the Fiscal Research Division a copy of the organization's annual audited financial statement within 30 days of issuance of the statement.

SECTION 13.10.(d) The North Carolina Biotechnology Center shall provide a report containing detailed budget, personnel, and salary information to the Office of State Budget and Management and to the Fiscal Research Division in the same manner as State departments and agencies in preparation for biennium budget requests.

Joint - BP

Requested by: Senators Weinstein, Garrou, Dalton, Hagan

RURAL ECONOMIC DEVELOPMENT CENTER

SECTION 13.11.(a) Of the funds appropriated in this act to the Rural Economic Development Center, Inc., the sum of two million twenty-five thousand six hundred ninety-seven dollars ($2,025,697) for the 2005-2006 fiscal year and the sum of two million twenty-five thousand six hundred ninety-seven dollars ($2,025,697) for the 2006-2007 fiscal year shall be allocated as follows:

	2005-2006	2006-2007
Research and Demonstration Grants	$370,000	$370,000

Technical Assistance and Center Administration of Research and Demonstration Grants	444,399	444,399
Center Administration, Oversight, and Other Programs	604,298	604,298
Administration of Clean Water/ Natural Gas Critical Needs Bond Act of 1998	199,722	199,722
Additional Administration of Supplemental Funding Program	138,278	138,278
Administration of Capacity Building Assistance Program (1998 Bond Act)	125,000	125,000
Institute for Rural Entrepreneurship	144,000	144,000.

SECTION 13.11.(b) The Rural Economic Development Center, Inc., shall provide a report containing detailed budget, personnel, and salary information to the Office of State Budget and Management in the same manner as State departments and agencies in preparation for biennium budget requests.

SECTION 13.11.(c) For purposes of this section, the term "community development corporation" means a nonprofit corporation:

(1) Chartered pursuant to Chapter 55A of the General Statutes;

(2) Tax-exempt pursuant to section 501(c)(3) of the Internal Revenue Code of 1986;

(3) Whose primary mission is to develop and improve low-income communities and neighborhoods through economic and related development;

(4) Whose activities and decisions are initiated, managed, and controlled by the constituents of those local communities; and

(5) Whose primary function is to act as deal-maker and packager of projects and activities that will increase their constituencies' opportunities to become owners, managers, and producers of small businesses, affordable housing, and jobs designed to produce positive cash flow and curb blight in the targeted community.

SECTION 13.11.(d) Of the funds appropriated in this act to the Rural Economic Development Center, Inc., the sum of two million four hundred fifteen thousand nine hundred ten dollars ($2,415,910) for the 2005-2006 fiscal year and the sum of two million four hundred fifteen thousand nine hundred ten dollars ($2,415,910) for the 2006-2007 fiscal year shall be allocated as follows:

(1) $1,047,410 in each fiscal year for community development grants to support development projects and activities within the State's minority communities. Any community development corporation as defined in this section is eligible to apply for funds. The Rural Economic Development Center, Inc., shall establish performance-based criteria for determining which community development corporation will

receive a grant and the grant amount. The Rural Economic Development Center, Inc., shall allocate these funds as follows:

a. $997,410 for direct grants to local community development corporations to support operations and project activities.

b. $50,000 in each fiscal year to the Rural Economic Development Center, Inc., to be used to cover expenses in administering this section.

(2) $195,000 in each fiscal year to the Microenterprise Loan Program to support the loan fund and operations of the Program; and

(3) $983,000 in each fiscal year shall be used for a program to provide supplemental funding for matching requirements for projects and activities authorized under this subsection. The Center shall allocate these funds as follows:

a. $675,000 in each fiscal year to make grants to local governments and nonprofit corporations to provide funds necessary to match federal grants or other grants for:

1. Necessary economic development projects and activities in economically distressed areas;

2. Necessary water and sewer projects and activities in economically distressed communities to address health or environmental quality problems except that funds shall not be expended for the repair or replacement of low-pressure pipe wastewater systems. If a grant is awarded under this sub-subdivision, then the grant shall be matched on a dollar-for-dollar basis in the amount of the grant awarded; or

3. Projects that demonstrate alternative water and waste management processes for local governments. Special consideration should be given to cost-effectiveness, efficacy, management efficiency, and the ability of the demonstration project to be replicated.

b. $208,000 in each fiscal year to make grants to local governments and nonprofit corporations to provide funds necessary to match federal grants or other grants related to water, sewer, or business development projects.

c. $100,000 in each fiscal year to support the update of the statewide water and sewer database and to support the development of a statewide water management plan.

(4) $190,500 in each fiscal year for the Agricultural Advancement Consortium. These funds shall be placed in a reserve and allocated as follows:

a. $75,000 in each fiscal year for operating expenses associated with the Consortium; and

b. $115,500 in each fiscal year for research initiatives funded by the Consortium.

The Consortium shall facilitate discussions among interested parties and shall develop recommendations to improve the State's economic development through farming and agricultural interests.

The grant recipients in this subsection shall be selected on the basis of need.

SECTION 13.11.(e) The Rural Economic Development Center, Inc., shall:

(1) By January 15, 2006, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division the following information:
   a. State fiscal year 2004-2005 program activities, objectives, and accomplishments;
   b. State fiscal year 2004-2005 itemized expenditures and fund sources;
   c. State fiscal year 2005-2006 planned activities, objectives, and accomplishments, including actual results through December 31, 2005; and
   d. State fiscal year 2005-2006 estimated itemized expenditures and fund sources, including actual expenditures and fund sources through December 31, 2005.

(2) By January 15, 2007, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division the following information:
   a. State fiscal year 2005-2006 program activities, objectives, and accomplishments;
   b. State fiscal year 2005-2006 itemized expenditures and fund sources;
   c. State fiscal year 2006-2007 planned activities, objectives, and accomplishments, including actual results through December 31, 2006; and
   d. State fiscal year 2006-2007 estimated itemized expenditures and fund sources, including actual expenditures and fund sources through December 31, 2006.

(3) Provide to the Fiscal Research Division a copy of each grant recipient's annual audited financial statement within 30 days of issuance of the statement.

SECTION 13.11.(f) No funds appropriated under this act shall be released to a community development corporation, as defined in this section, unless the corporation can demonstrate that there are no outstanding or proposed assessments or other collection actions against the corporation for any State or federal taxes, including related penalties, interest, and fees.

Requested by: Senators Weinstein, Albertson, Garrou, Dalton, Hagan

Senate Only - #

RURAL ECONOMIC DEVELOPMENT CENTER

SECTION 13.12.(a) Of the funds appropriated in this act to the Rural Economic Development Center, Inc., the sum of twenty million dollars ($20,000,000) for the 2005-2006 fiscal year and the sum of twenty million dollars ($20,000,000) for the 2006-2007 fiscal year shall be allocated as follows:

(1) To continue the North Carolina Infrastructure Program. The purpose of the Program is to provide grants to local governments to construct critical water and wastewater facilities and to provide other infrastructure needs, including technology needs, to sites where these facilities will generate private job-creating investment. At least fifteen million dollars ($15,000,000) of the funds appropriated in this act for each year of the biennium must be used to provide grants under this Program.

(2) To provide matching grants to local governments in distressed areas and equity investments in public-private ventures that will productively reuse vacant buildings and properties, with priority given to towns or communities with populations of less than 5,000.

(3) To provide economic development research and demonstration grants.

SECTION 13.12.(b) The funds appropriated in this act to the Rural Economic Development Center, Inc., shall be recurring funds.

SECTION 13.12.(c) The Rural Economic Development Center, Inc., may contract with other State agencies, constituent institutions of The University of North Carolina, and colleges within the North Carolina Community College System for certain aspects of the North Carolina Infrastructure Program, including design of Program guidelines and evaluation of Program results.

SECTION 13.12.(d) During each year of the 2005-2007 biennium, the Rural Economic Development Center, Inc., may use up to two percent (2%) of the funds appropriated in this act to cover its expenses in administering the North Carolina Economic Infrastructure Program.

SECTION 13.12.(e) No later than January 15 each year, the Rural Economic Development Center, Inc., shall submit an annual report to the Joint Legislative Commission on Governmental Operations concerning the progress of the North Carolina Economic Infrastructure Program.

SECTION 13.12.(f) Of the funds appropriated in this act to the Rural Economic Development Center, Inc., the sum of five hundred thousand dollars ($500,000) for the 2005-2006 fiscal year and the sum of five hundred thousand dollars ($500,000) for the 2006-2007 fiscal year shall be allocated to the e-NC Authority.

The e-NC Authority may:

(1) Contract with other State agencies, The University of North Carolina, the North Carolina Community College System, and nonprofit organizations to assist with program development and the evaluation of program activities.

(2) Use up to five percent (5%) of the funds allocated in this section to cover its expenses in program development and implementation of activity areas.

The e-NC Authority shall report to the 2006 General Assembly on the following:

(1) The activities necessary to be undertaken in distressed urban areas of the State to enhance the capability of citizens and businesses residing in these areas to access the high-speed Internet.

(2) An implementation plan for the training of citizens and businesses in distressed urban areas.

(3) The technology and digital literacy training necessary to assist citizens and existing businesses to create new technology-based enterprises in these communities and to use the Internet to enhance the productivity of their businesses.

The e-NC Authority shall, by January 31, 2006, and quarterly thereafter, report to the Joint Legislative Commission on Governmental Operations on program development and the evaluation of program activities.

Joint - BP

Requested by: Senators Weinstein, Garrou, Dalton, Hagan

OPPORTUNITIES INDUSTRIALIZATION CENTER FUNDS

SECTION 13.13.(a) Of the funds appropriated in this act to the Rural Economic Development Center, Inc., the sum of three hundred sixty-one thousand dollars ($361,000) for the 2005-2006 fiscal year and the sum of three hundred sixty-one thousand dollars ($361,000) for the 2006-2007 fiscal year shall be equally distributed among the certified Opportunities Industrialization Centers for ongoing job training programs.

SECTION 13.13.(b) For each of the Opportunities Industrialization Centers receiving funds pursuant to subsection (a) of this section, the Rural Economic Development Center, Inc., shall:

(1) By January 15, 2006, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division the following information:

a. State fiscal year 2004-2005 program activities, objectives, and accomplishments;

b. State fiscal year 2004-2005 itemized expenditures and fund sources;

c. State fiscal year 2005-2006 planned activities, objectives, and accomplishments, including actual results through December 31, 2005; and

d. State fiscal year 2005-2006 estimated itemized expenditures and fund sources, including actual expenditures and fund sources through December 31, 2005.

(2) By January 15, 2007, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division the following information:

a. State fiscal year 2005-2006 program activities, objectives, and accomplishments;

b. State fiscal year 2005-2006 itemized expenditures and fund sources;

c. State fiscal year 2006-2007 planned activities, objectives, and accomplishments, including actual results through December 31, 2006; and

d. State fiscal year 2006-2007 estimated itemized expenditures and fund sources, including actual expenditures and fund sources through December 31, 2006.

(3) Notwithstanding G.S. 143-6.1(d), file annually with the State Auditor a financial statement in the form and on the schedule prescribed by the State Auditor. The financial statements must be audited in accordance with standards prescribed by the State Auditor to assure that State funds are used for the purposes provided by law.

(4) Provide to the Fiscal Research Division a copy of the annual audited financial statement required in subdivision (3) of this subsection within 30 days of issuance of the statement.

SECTION 13.13.(c) No funds appropriated under this act shall be released to an Opportunities Industrialization Center (hereinafter Center) listed in subsection (a) of this section if the Center has any overdue tax debts, as that term is defined in G.S. 105-243.1, at the federal or State level.

MINUTES

HOUSE APPROPRIATIONS SUBCOMMITTEE ON NATURAL & ECONOMIC RESOURCES

May 18, 2005
8:30 a.m.

The House Appropriations Subcommittee on Natural & Economic Resources met in Room 423 of the Legislative Office Building on May 18, 2005, at 9:00 a.m. Representative Warren called the meeting to order and introduced the Sergeant-At-Arms, James Worth, and Jay Callaway, and the House Pages, Chelsea King and Jenna Halford. The following Subcommittee members were present: Co-Chairs: Representatives Hunter and Warren; Vice Chairs: Representatives Allen and Walker; Members: Representatives Culp, Harrison, Langdon, LaRoque, Setzer, Wilkins, and Wray. Susan Morgan, Jennifer Haygood and Joy Hicks, Staff Counsel, were in attendance. Notice of Meeting is attached as **Attachment 1**. There was no printed Agenda for the meeting. A Visitor Registration list is attached and made part of the minutes. See **Attachment 5.**

Susan Morgan with the Fiscal Staff began the review and discussion of the NER Budget (See **Attachment 2**) as a point of reference indicating the spending target of the House compared to the joint target, the Governor's budget and the Senate's budget. All of these numbers refer back to what the continuation budget for 2005-2006 actually was. . Ms. Morgan continued with a review of the Draft House Money Report (see **Attachment 3**) setting out the items that have been changed and the reductions that have been restored in this budget along with any added items.

Jennifer Haygood continued with the review of the Draft House Money Report and was followed by Joy Hicks and Susan Morgan. Representative Wilkins asked for a time schedule for review and questions. The Chair responded that the Subcommittee had to report back to the Full Committee by Tuesday, giving the Subcommittee a week to work out their budget. The floor was opened for questions by Representatives Wilkins, Allen, Harrison, Langdon, and Culp. Discussion followed with responses from the staff. Representative Wilkins presented the Chairs with a handout of suggestions for the budget.

The chair announced that the meeting would resume at 1:30 p.m. with a review of the Draft House Special Provisions (See **Attachment 4**).

There being no further business, the meeting was adjourned at 10:15 a.m.

Respectfully submitted,

Edith D Warren
Representative Edith D. Warren
Chair

Nancy S. Willis
Nancy S. Willis
Assistant to the Committee

ATTACHMENTS:
Notice of Meeting
Senate Money Report
Senate Special Provisions
Visitor Registration Sheet

Attachment 1

CORRECTED NOTICE
DATE IS WEDNESDAY, MAY 18, 2005

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

You are hereby notified that the House Appropriations Subcommittee on **Natural and Economic Resources** will meet as follows:

DAY & DATE: **Wednesday, May 18, 2005**

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

LOCATION: **423 LOB**

Respectfully,

Representatives Hunter and Warren
Co-chairs

I hereby certify this notice was filed by the committee clerk at the following offices at **4:00 p.m.** on **May 17, 2005**.

___Principal Clerk
___Reading Clerk - House Chamber

Nancy Willis (Committee Assistant)

Attachment 2

NER Budget (less CWMTF)

	FY 05-06	Difference from Continuation Budget	
		Amount	% Change
Continuation Budget	$294,271,999	$0	0.0%
Governor's Budget	$311,506,518	$17,234,519	5.9%
Joint Target	$286,367,152	($7,904,847)	-2.7%
Senate Budget	$327,687,321	$33,415,322	11.4%
House Target	**$320,000,000**	**$25,728,001**	**8.7%**

Attachment 3

NER House Subcommittee

Draft House Money Report

May 18th, 2005

Agriculture and Consumer Services

GENERAL FUND

	FY 05-06		FY 06-07	
Recommended Budget	**$52,243,772**		**$51,965,810**	
Legislative Changes				
Administration				
1 Reduce Inflationary Increases Reduce increases in the continuation budget for workers compensation, longevity and other expenses.	($202,701)	R	($202,701)	R
Agronomic Services				
2 Replace General Funds with Receipts Replace General Funds for operations with revenue generated by increasing fees for Agronomic Sampling services as follows: Increase fees for routine nematode samples from $2.00 to $3.00 generating $25,000 in additional revenue. Increase fees for routine waste samples from $4.00 to $5.00 generating $20,000 in additional revenue. Increase research fees for soil and nematode samples from $2.00 to $12.00 generating $10,000 in additional revenue. Increase research fees for plant, waste and solution samples from $4.00 to $12.00 generating $33,600 in additional revenue.	($88,600)	R	($88,600)	R
3 Replace General Funds with Receipts Replace General Funds for operations with revenue generated by implementing new fees for Agronomic Sampling services. Establish a $14.00 fee for out-of-state nematode samples; $26.00 fee for out-of-state plant, waste and solution samples; and a various fees for other out-of-state services.	($74,300)	R	($74,300)	R
Commercial Feed and Pet Food				
4 Replace General Funds with Receipts Increase registration fees for non-canned pet food registration as follows: Increase existing registration fees from $3.00 to $5.00; Increase existing registration fees from $30.00 to $40.00; and Increase existing registration fees from $33.00 to $45.00. Increases the registration fee for canned pet food from $10.00 to $12.00.	($60,200)	R	($60,200)	R

	FY 05-06		FY 06-07	
Marketing				
5 Reduce Funds for Farmer's Markets Reduce the appropriation for farmer's markets by 10%.	($90,537)	R	($90,537)	R
6 Close Farmer's Market Close the Southeast Agriculture Center.	($282,750) -7.00	R	($377,000) -7.00	R
7 Fund-Shift One Position Fund shift one position with the Cooperative Inspection Service to receipts.	($35,685) -1.00	R	($35,685) -1.00	R
Pesticide Section				
8 Pesticide Disposal Program Replace General Funds with funds from the Environmental Trust Fund for the pesticide disposal program.	($222,407) -1.00	R	($222,407) -1.00	R
Seed Testing				
9 Replace General Funds with Receipts Increase seed inspection fees from $.02 to $.04 per 10 lb container.	($124,587)	R	($124,587)	R
State Fair				
10 Establish Receipt-Supported Positions Establish twenty (20) receipt-supported general utility workers and eight (8) building custodians at the North Carolina State Fair. General Utility Workers 20.0 $522,500 Building Custodians 8.0 $170,080				
Statistics Division				
New **11 Cash Rents Survey** Provide funds to conduct a survey of cash rents paid for farmland for use by the Department of Revenue and the Use-Value Advisory Board in administering the Agriculture Present Use-Value property tax program.	$25,000	R	$25,000	R
Structural Pest Control				
12 Adjust Budgeted Receipts Reduce General Funds based on an increase in receipts.	($18,000)	R	($18,000)	R
Veterinary Services				
13 Replace General Funds with Receipts Increase histopath fee from $15.00 to $30.00 generating $113,233 in additional revenue. Increases EIA fee from $4.00 to $6.00 generating $39,082 in additional revenue.	($152,315)	R	($152,315)	R

	FY 05-06		FY 06-07	
14 Replace General Funds with Receipts Establish a $1.00 blood pour off fee and a $.04 vacuum tube handling fee.	($56,000)	R	($56,000)	R
Weights and Measures				
15 Replace General Funds with Receipts Increase public weighmaster fees from $12.00 to $19.00, generating $32,200 in additional revenue. Increases various calibration fees at the Standards Lab generating $35,000 in additional revenue.	($67,200)	R	($67,200)	R
16 Replace General Funds with Receipts Establish a $20 fee for a Scale Technician License.	($12,000)	R	($12,000)	R
17 Fund Shift One Position Fund existing position with Highway Funds transferred to the Department.	($28,394) -1.00	R	($28,394) -1.00	R
Total Legislative Changes	**($1,490,676)**	R	**($1,584,926)**	R
Total Position Changes	-10.00		-10.00	
Revised Budget	**$50,753,096**		**$50,380,884**	

Restored Reductions

(1) Reduce funds for purchased Services ($443,080)
(2) " " " Supplies ($242,440)
(3) " " " Equipment ($173,480)
(4) Eliminate Vacant Position in Food and Drug ($39,983)

Labor

	GENERAL FUND			
	FY 05-06		FY 06-07	
Recommended Budget	**$14,198,496**		**$14,213,868**	
Legislative Changes				
Administration				
18 Eliminate 1.0 Vacant Position Eliminate Office Assistant position in Commissioner's Office.	($31,878) -1.00	R	($31,878) -1.00	R
19 Fund Shift 1.0 Position to Receipt Support Fund shift Accounting Clerk position in Administrative Services to elevator receipt support.	($36,030) -1.00	R	($36,030) -1.00	R
20 Eliminate Inflationary Increases Eliminate inflationary increases allowed in the continuation budget for Administrative Services, Information Technology, and the Commissioner's Office.	($1,755)	R	($1,755)	R
21 Reduce Operating Reduce various operating line items in Administrative Services, Labor Statistics, Information Technology, and the Information Office.	($24,461)	R	($24,461)	R
Labor Standards and Inspections				
22 Shift Mine and Quarry Bureau to Receipt Support Make the Mine and Quarry Bureau fully receipt-supported by instituting an annual fee and eliminating General Fund support.	($539,514) -9.00	R	($540,160) -9.00	R
23 Eliminate Inflationary Increases Eliminate inflationary increases allowed in the continuation budget for Apprenticeship, Employment Discrimination, and Wage and Hour.	($3,623)	R	($3,623)	R
24 Reduce Operating Support Reduce various operating line items in Apprenticeship, Employment Discrimination, and Wage and Hour.	($17,400)	R	($17,400)	R
25 Continue to Fund Apprenticeship Program General Fund dollars will partly restore funding for the Apprenticeship Program that is no longer available through the Worker Training Trust Fund.	$663,374 10.00	R	$663,374 10.00	R
OSH				
26 Eliminate Inflationary Increases Eliminate inflationary increases allowed in continuation budget for Occupational Safety and Health.	($47,424)	R	($47,424)	R

House Subcommittee on Natural and Economic Resources	FY 05-06		FY 06-07	
27 Reduce Operating Reduce various operating line items in Occupational Safety and Health.	($5,000)	R	($5,000)	R
Total Legislative Changes	**($43,711)**	R	**($44,357)**	R
Total Position Changes	-1.00		-1.00	
Revised Budget	**$14,154,785**		**$14,169,511**	

Environment & Natural Resources

GENERAL FUND

	FY 05-06		FY 06-07	
Recommended Budget	**$167,189,338**		**$168,187,593**	
Legislative Changes				
(1.0) Administration				
28 Eliminate 1.0 Vacant Position Eliminate vacant Federal Legislative Programs Coordinator position.	($74,070) -1.00	R	($74,070) -1.00	R
29 Reduce Rent Reduce Regional Office rent line item.	($50,000)	R	($50,000)	R
30 Fund One-Stop Permitting Program Positions Provide General Fund support for 2.0 One-Stop Permitting Program positions that have previously been supported through available funds.	$113,168 2.00	R	$113,168 2.00	R
31 Expand Express Permitting Program Statewide Expand the Express Permitting Program statewide by establishing and supporting 12.0 positions using existing receipts in the Express Review Fund.				
(1.0) Ecosystem Enhancement Program				
32 Fund Shift Ecosystem Enhancement Program Fund shift remainder of Ecosystem Enhancement Program to receipt support.	($235,439) -5.00	R	($235,439) -5.00	R
(1.0) Office of Conservation and Community Affairs				
33 Fund Shift Natural Heritage Program Fund shift remainder of Natural Heritage Program to Natural Heritage Trust Fund support.	($250,851) -4.50	R	($250,851) -4.50	R
(2.0) Coastal Management				
34 Reduce Purchased Services Reduce various purchased services line items.	($10,000)	R	($10,000)	R
35 Reduce Supplies Reduce various supply line items.	($3,200)	R	($3,200)	R
36 Reduce Equipment Reduce various equipment line items.	($3,000)	R	($3,000)	R

	FY 05-06		FY 06-07	
(2.0) Environmental Health				
37 Eliminate 1.0 Vacant Position Eliminate Environmental Specialist III position in the On-Site Wastewater Section.	($61,040) -1.00	R	($61,040) -1.00	R
38 Reduce Purchased Services Reduce various purchased services line items.	($26,500)	R	($26,500)	R
39 Reduce Supplies Reduce various supply line items.	($10,000)	R	($10,000)	R
40 Reduce Equipment Reduce various equipment line items.	($2,000)	R	($2,000)	R
41 Reduce Other Expenses Reduce expenditures in the "Other Expenses" line item.	($3,000)	R	($3,000)	R
42 Fund Shift Position to General Fund Support Fund shift West Nile Virus Control position previously supported through federal CDC grant funds to General Fund support.	$54,113 1.00	R	$54,113 1.00	R
(2.0) Land Resources				
43 Reduce Sediment Education Funds Reduce funding for sediment education projects.	($100,000)	R	($100,000)	R
44 Eliminate Mining Education Funds Eliminate funding for mining education programs.	($15,450)	R	($15,450)	R
45 Eliminate Inflationary Increases Eliminate inflationary increases allowed in the continuation budget for utilities and travel.	($10,407)	R	($10,407)	R
46 Reduce Contractual Services Reduce contractual services for county boundary program.	($50,000)	R	($50,000)	R
47 Reduce Operating Reduce various operating line items.	($20,000)	R	($20,000)	R
(2.0) Marine Fisheries				
48 Eliminate Fishery Resource Grants Eliminate transfer to NC State for Fishery Resource Grant (also known as the Sea Grant) program.	($1,000,000)	R	($1,000,000)	R

Joint

	FY 05-06		FY 06-07	
49 Reduce Boat Replacement Continuation Increase Reduce continuation increase for boat replacement and maintain current replacement schedule.	($14,693) ($92,000)	R NR	($14,693)	R
New **50 Eliminate Position** Eliminate 1.0 Marine Fisheries Biologist II position.	($45,613) -1.00	R	($45,613) -1.00	R
51 Reduce Board Support Reduce transportation and subsistence line items for the Marine Fisheries Commission.	($30,000)	R	($30,000)	R
52 Reduce Operating Reduce various operating line items.	($100,000)	R	($100,000)	R
Joint **53 Oyster Rehabilitation Program** Provide funds for a permanent oyster rehabilitation program.	$700,000 4.00	R	$700,000 4.00	R
54 Receipt-Supported Position Establish 1.0 time-limited, permanent position supported by Atlantic Coastal Cooperative Statistics Program Grant funds. This position will collaborate with the National Marine Fisheries Service and help fulfill federal fishery data requirements. Computer Consultant II (1.0) $49,217				

* Restored Research Vessel engineer position. ($31,839)

(2.0) Pollution Prevention and Env. Assistance

Modified **55 Reduce Other Contracts/Grants** Reduce funding in the "Other Contracts/Grants" line item.	($35,256)	R	($35,256)	R
New **56 Fund Shift Position** Fund shift a position from 60% federal receipts to 100% federal receipts.	($18,676) -0.40	R	($18,676) -0.40	R

* Restored cut to purchased services ($5000), supplies ($8,000), & equipment ($5

(2.0) Waste Management

57 Fund Shift Position Modified Fund shift Information/Communications Specialist III position to hazardous waste receipts.	($48,673) -1.00	R	($48,673) -1.00	R
58 Reduce Purchased Services Reduce various purchased services line items.	($94,000)	R	($94,000)	R
59 Reduce Supplies Reduce various supply line items.	($20,000)	R	($20,000)	R
60 Reduce Aid and Public Assistance Reduce the aid and public assistance line items.	($24,235)	R	($24,235)	R

* Restored position-fund shifed to septage management fees ($47,134

	FY 05-06		FY 06-07	
(2.0) Water Quality				
Modified **61 Fund Shift Positions** Fund shift 5.0 vacant positions to federal 106 grant receipts. Environmental Specialist II (1.0) ($40,807) Processing Assistant V (1.0) ($34,869) Environmental Supervisor I (1.0) ($49,455) Soil Scientist II (1.0) ($47,362) Environmental Engineer II (1.0) ($54,070)	($226,563) -5.00	R	($226,563) -5.00	R
62 Reduce Inflationary Increases Reduce inflationary increases allowed in the continuation budget for electrical services.	($23,908)	R	($23,908)	R
63 Reduce Purchased Services Reduce various purchased services line items.	($65,000)	R	($65,000)	R
64 Reduce Supplies Reduce various supply line items.	($60,000)	R	($60,000)	R
65 Reduce Equipment Reduce various equipment line items.	($3,000)	R	($3,000)	R
66 Reduce Operating Reduce various operating line items.	($250,000)	R	($250,000)	R
67 Receipt-Supported Position Establish 1.0 permanent position supported by federal EPA 106 grant funds. This position will plan, coordinate, and support the NPDES Discharge Monitoring Coalition program. Environmental Specialist III (1.0) $47,189				
(2.0) Water Resources				
68 Reduce Contractual Services Reduce the contractual services line item.	($50,000)	R	($50,000)	R
69 Reduce Purchased Services Reduce various purchased services line items.	($10,000)	R	($10,000)	R
70 Reduce Supplies Reduce various supply line items.	($5,000)	R	($5,000)	R

	FY 05-06		FY 06-07	
(3.0) Aquariums				
71 Reduce Equipment Purchases and Replacements Eliminate the increase allowed in the continuation budget for equipment purchases and replacements for Fort Fisher and Roanoke Island Aquariums	($37,391) ($64,000)	R NR	($37,391)	R
Joint				
72 Reduce Operating Support Reduce various operational increases allowed in the continuation budget within the Division of Aquariums. * Removed Oyster Research Hatchery $600,000	($126,731)	R	($126,731)	R
Joint				
(3.0) Forest Resources				
73 Reduce Funding for Equipment and Vehicles Reduce funding increases allowed in the continuation budget for equipment and vehicles within the Division of Forest Resources. With the reduction, the Division would still receive a $1,809,500 increase to these line items in the continuation budget.	($1,036,921)	R	($1,036,921)	R
74 Reduce Operating Support Reduce operating support to the Division of Forest Resources.	($25,000)	R	($25,000)	R
75 Forest Resources Receipt Supported Positions Establish 3.0 time-limited positions in the Division of Forest Resources upon receipt of federal grant funds. No state funds will be expended on these positions. Fire & Rescue Training Instructor 1.0 $45,605 Extension Education & Training Specialist I 1.0 $37,892 Forester III 1.0 $44,755				
76 Forest Resources Receipt Supported Position Allows for the establishment of 1.0 full-time permanent position with the Division of Forest Resources from aircraft deployment receipts. This position will be responsible for the Division's fixed wing and rotary wing fleet parts program. Program Assistant V 1.0 $31,941				
(3.0) NC Zoological Park				
77 Eliminate Vacant Position Eliminate a vacant Marketing Director position.	($60,165) -1.00	R	($60,165) -1.00	R
Joint				
78 NC Zoological Park Receipt Supported Positions Establish 4.0 two-year time-limited, full-time positions in the Division of the NC Zoological Park from non-capital gift revenue. These positions are involved in the construction of a new Elephant/Rhino exhibit and holding facilities. Maintenance Mechanic II 4.0 $136,500				

	FY 05-06		FY 06-07	
(3.0) Parks and Recreation				
79 Reduce Operating Support Reduce operating support for the Division of Parks and Recreation.	($25,000)	R	($25,000)	R
80 Reduce Operating Reserve Reduce the increase in operating reserve support allowed in the continuation budget for the Division of Parks and Recreation. With this reduction, the Division would receive a $2.2 million increase in operating reserve support in FY 2005-06.	($1,000,000)	R	($1,000,000)	R
81 Parks and Recreation Receipt Supported Position Establish 1.0 permanent, full-time position in the Division of Parks and Recreation. This position will plan, supervise and monitor design and construction contracts for park facilities funded by the Parks and Recreation Trust Fund. Facility Engineering Specialist 1.0 $43,907				
(3.0) Soil and Water Conservation				
82 Eliminate Vacant Position Eliminate a vacant Soil Specialist position.	($45,171) -1.00	R	($45,171) -1.00	R
83 Reduce Operating Support Reduce various operating line items within the Division of Soil and Water Conservation	($40,000)	R	($40,000)	R
84 Establish 1.0 Position Establish 1.0 permanent position in the Division of Soil and Water Conservation for the expansion of a pilot program that inspects animal waste management systems. Environmental Specialist II 1.0	$40,000 1.00	R	$40,000 1.00	R
(4.0) Reserves and Transfers				
85 Eliminate Water Quality Workgroup Funds Eliminate funding for Water Quality Workgroup research grants.	($87,300)	R	($87,300)	R
86 Shift Beaver Management Assistance Program funding to receipt support Fund shift the Beaver Management Assistance Program from General Fund support in the Wildlife Resources Commission to available receipt support in the Department of Transportation.	($449,000)	R	($449,000)	R
87 Shift LEO Salary Adjustment Support to Receipts Shift funding for a LEO salary adjustment that has been historically funded with General Fund monies to existing Wildlife Resources Commission receipts.	($456,481)	R	($456,481)	R

	FY 05-06		FY 06-07	
88 Reduce Cleanup Dry Cleaning Solvent Fund Reduce department's General Fund appropriation for FY 2005-06 and replace funds with a one-time transfer from the Cleanup Dry Cleaning Solvent Fund, thereby reducing the fund's cash balance.	($1,000,000)	NR		
89 Partnership for the Sounds Increase funding to enhance tourism marketing and economic development in the region.	$1,000,000	NR		
90 Superfund State Match Funds Provides funds to meet the 10% state match requirement for drawing down the maximum available federal funds for the clean up of National Priority List sites.	$1,000,000	NR		
91 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.	$3,889,571	NR		
92 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.	$1,415,980	NR		
93 Funds for Global Warming Initiatives, Inc. Provides funds for Global Warming Initiatives, Inc., a non-profit that promotes awareness and reporting of greenhouse gas emissions.	$10,000	NR		
94 Increase Grassroots Funding Increase funding to the Grassroots Science Museums for two additional museums: Eastern and Elizabeth City.	$100,000	R	$100,000	R
95 Wildlife Resources Commission Receipt Supported Positions Allows for the establishment of the following 8.0 positions.				

Wildlife Technician II	3.0	$107,886	75% Federal/25% Wildlife	
Wildlife Technician III	1.0	$ 32,662	NMFS and FWS Section 6	
Wildlife Technician III	1.0	$ 32,662	Waterfowl Fund	
Processing Assistant V	1.0	$ 29,814	Wildlife Fund	
Applications Analyst	1.0	$ 69,806	Wildlife Fund	
Applications Specialist	1.0	$ 91,250	Wildlife Fund	

Total Legislative Changes	**($5,431,453)**	R	**($5,431,453)**	R
	$6,159,551	NR		
Total Position Changes	-12.90		-12.90	
Revised Budget	**$167,917,436**		**$162,756,140**	

Commerce

	GENERAL FUND			
	FY 05-06		FY 06-07	
Recommended Budget	**$35,532,306**		**$35,583,572**	
Legislative Changes				
Administrative Services				
96 Reduce Inflationary Increases	($24,287)	R	($24,287)	R
Reduce increases for office equipment and legal services.	($80,000)	NR		
97 Eliminate Vacant Position	($48,287)	R	($48,287)	R
Eliminate one Community Development Specialist position for the Wanchese Seafood Industrial Park that has not been filled since 3/31/2000.	-1.00		-1.00	
98 Wanchese Seafood Industrial Park	$48,287	R	$48,287	R
Provide operating funds for security at the Park.				
Business and Industry				
99 Reduce Funds for Purchased Services and Equipment	($67,000)	R	($67,000)	R
Reduce expenditures for operations based on historical reversions.				
Community Assistance				
100 Eliminate Vacant Position	($53,377)	R	($53,377)	R
Eliminate one Community Development Planner I position that has not been filled since 7/1/04.	-1.00		-1.00	
101 Reduce Funds for Purchased Services and Equipment	($35,000)	R	($35,000)	R
Reduce expenditures for operations based on historical reversions.				
Executive Aircraft				
102 Reduce Funds for Purchased Services, Supplies and Equipment	($100,000)	R	($100,000)	R
Reduce expenditures for operations based on historical reversions.				
103 Reduce Inflationary Increases	($43,150)	R	($123,150)	R
Reduce increases for purchased services for FY 05/06 and reduces funds for purchased services and repairs for FY 06/07.				
104 Eliminate Vacant Position	($64,634)	R	($64,634)	R
Eliminate vacant Executive Pilot II position that has not been filled since 7/1/2004.	-1.00		-1.00	

	FY 05-06		FY 06-07	
Finance Center				
Joint **105 Reduce Fund Balance** Reduce the cash balance in the One North Carolina fund for FY 05/06.	($1,500,000)	NR		
Industrial Commission				
modified Joint **106 Budget Over-Collected Receipts** Require the Department to reduce General Funds for the Industrial Commission based on a projected over-collection of fees.	($200,000) ($250,000)	R NR	($200,000)	R
107 Establish Receipt-Supported Positions Establish four (4) receipt-supported positions with the Industrial Commission. Legal Specialist 1 — 1.0 — $45,280 Program Assistant V — 1.0 — $29,516 Special Deputy Commissioners — 2.0 — $113,438				
modified Senate **108 Establish Receipt-Supported Positions** Establish thirteen (13) receipt-supported positions in the Industrial Commission with revenue generated by implementing a fee for the required review of Form 21 Agreements. Administrative Officer II Positions (Workers' Comp. Fraud Investigators) — 2.0 Administrative Officer II Positions (Ombudsman) — 2.0 Program Assistant V — 2.0 Receptionist III — 1.0 Industrial Safety Representative II — 4.0 Special Deputy Commissioners — 2.0 Total Receipts Required — $628,099				
International Trade				
109 Budget Over-Collected Receipts Require the Department to budget receipts that have been consistently collected during the previous three fiscal years for trade shows.	($250,000)	R	($250,000)	R
110 Eliminate Inflationary Increase for Purchased Services Eliminate an increase for purchased services for the biennium.	($38,144)	R	($38,144)	R
Marketing				
modified Senate **111 Furniture Market Advertising** Provide funds to promote the North Carolina furniture industry, including the International Home Furnishings Market.	$500,000	R	$500,000	R

	FY 05-06		FY 06-07	
Policy and Research				
112 Eliminate Vacant Position Eliminate a vacant Processing Assistant III position that has not been filled since 1/1/04.	($26,244) -1.00	R	($26,244) -1.00	R
modified Senate **113 North Carolina Economic Development Information System** Establish one (1.0) Data Base Administrator position and provide operating support for the NC EDIS.	$297,898 1.00	R	$297,898 1.00	R
Reserves and Transfers				
modified Senate **114 Duplin Agribusiness Center** Provide funds to Duplin County to match federal and local funds to construct the Duplin Commons Agribusiness Center.	$500,000	NR		
Science and Technology				
Joint **115 Reduce Funds for Purchased Services and Equipment** Reduce expenditures for operations based on historical reversions.	($20,000)	R	($20,000)	R
Joint **116 Reduce Inflationary Increase** Eliminate an increase for a miscellaneous services contract and allows for the contract to continue to be paid with lapsed salary funds.	($41,929)	NR		
Travel and Tourism				
117 Budget Over-Collected Receipts Require the Department to budget receipts that have been consistently collected during the previous three fiscal years.	($90,000)	R	($90,000)	R
118 Eliminate Vacant Position Eliminate vacant Travel Relation Specialist position that has not been filled since 8/13/2004.	($44,064) -1.00	R	($44,064) -1.00	R
119 Eliminate Inflationary Increase Eliminate increase for legal services for both years of the biennium.	($41,369)	R	($41,369)	R
120 Reduce Funds for Purchased Services, Supplies and Equipment Reduce expenditures for operations based on historical reversions.	($200,000)	R	($200,000)	R
Utilities Commission				
121 Establish Receipt-Supported Position Establish one (1.0) Attorney IV position at $94,204 for the Utilities Commission Public Staff.				

House Subcommittee on Natural and Economic Resources	FY 05-06		FY 06-07	
Welcome Centers				
122 Reduce Funds for Purchased Services, Supplies and Equipment Reduce expenditures for operations based on historical reversions.	($45,000)	R	($45,000)	R
Total Legislative Changes	**($544,371)**	**R**	**($624,371)**	**R**
	($1,371,929)	**NR**		
Total Position Changes	-4.00		-4.00	
Revised Budget	**$33,616,006**		**$34,959,201**	

Eliminated Senate Items:

① Fund for One N.C. $5,000,000 R
② Gaston Chamber of Commerce $500,000 NR
③ Establish position $80,000 R
④ Tourism Development $200,000 NR
⑤ Tourism Statewide marketing Reserve $1,000,000 R

Commerce - State Aid

	FY 05-06		FY 06-07	
Recommended Budget	**$11,222,085**		**$11,222,085**	
Legislative Changes				
Community Development Initiative (CDI)				
New **123 Increase funding for CDI**	$1,000,000	R	$1,000,000	R
Increase the General Fund appropriation for CDI by $1 million recurring and $1 million non-recurring.	$1,000,000	NR		
New **Regional Economic Development Commissions**				
124 Funding for Vision Plan Implementation				
Provide $250,000 to each of the seven Regional Economic Development Commission for the continued implementation of their vision plans.	$1,750,000	NR		
Total Legislative Changes	**$1,000,000**	R	**$1,000,000**	R
	$2,750,000	NR		
Total Position Changes				
Revised Budget	**$14,972,085**		**$12,222,085**	

N.C. Biotechnology Center

	GENERAL FUND			
	FY 05-06		FY 06-07	
Recommended Budget	**$9,083,395**		**$9,083,395**	
Legislative Changes				
NC Biotechnology Center				
125 Increase funding for the NC Biotechnology Center	$1,500,000	R	$1,500,000	R
Increase support for New Jobs Across North Carolina: A Strategic Plan for Growing the Economy Statewide through Biotechnology.	$1,500,000	NR		
Total Legislative Changes	**$1,500,000**	**R**	**$1,500,000**	**R**
	$1,500,000	**NR**		
Total Position Changes				
Revised Budget	**$12,083,395**		**$10,583,395**	

Rural Economic Development Center

	GENERAL FUND			
	FY 05-06		FY 06-07	
Recommended Budget	**$4,802,607**		**$4,802,607**	
Legislative Changes				
126 Rural Economic Infrastructure Program Provide funding to continue the North Carolina Infrastructure Program and provide matching grants to local governments. $500,000 shall be allocated to the e-NC Authority.	$20,000,000	R	$20,000,000	R
127 Community Development Centers Grants Program Provide $500,000 R to increase the CDC Grants Program, providing additional assistance to minority community development corporations.	$500,000	R	$500,000	R
Total Legislative Changes	**$20,500,000**	R	**$20,500,000**	R
Total Position Changes				
Revised Budget	**$25,302,607**		**$25,302,607**	

New

Attachment H

NER House Subcommittee

Draft House Special Provisions

May 18th, 2005

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2005

DRAFT
SPECIAL PROVISION

2005-COMM-H20(S5.2)i

Department of Commerce/Economic Development
Appropriations Subcommittee on Natural and Economic Resources

Requested by: Representative

NER BLOCK GRANTS

SECTION 5.2.(a) Appropriations from federal block grant funds are made for fiscal year ending June 30, 2006, 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 – 2006 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) Department of Commerce Demonstration Grants in Partnership with Rural Economic Development Center, Inc. – The Department of Commerce, in partnership with the Rural Economic Development Center, Inc., shall award up to two million two hundred fifty thousand dollars ($2,250,000) in demonstration grants to local governments in very distressed rural areas of the State. These grants shall be used to address critical infrastructure and entrepreneurial needs and to provide small business assistance.

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.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2005

DRAFT
SPECIAL PROVISION

2005-AGRIC-H1(S11.1)i

Department of Agriculture and Consumer Services
Appropriations Subcommittee on Natural and Economic Resources

Requested by: Representatives Hunter, Warren

PESTICIDE DISPOSAL PROGRAM

SECTION 11.1. G.S. 143-468(b) reads as rewritten:

"(b) The Pesticide Environmental Trust Fund is established as a nonreverting account within the Department of Agriculture and Consumer Services. The Department of Agriculture and Consumer Services shall administer the Fund. The additional assessment imposed by G.S. 143-442(b) on the registration of a brand or grade of pesticide shall be credited to the Fund. The Department shall distribute money in the Fund as follows:

(1) Two and one-half percent (2.5%) to North Carolina State University Cooperative Extension Service to enhance its agromedicine efforts in cooperation with East Carolina University School of Medicine.

(2) Two and one-half percent (2.5%) to East Carolina University School of Medicine to enhance its agromedicine efforts in cooperation with North Carolina State University Cooperative Extension Service.

(3) Twenty percent (20%) to North Carolina State University, Department of Toxicology, to establish and maintain an extension agromedicine specialist position.

(4) Seventy-five percent (75%) to the Department of Agriculture and Consumer Services <u>for the costs of administering its pesticide disposal program, including the salaries and support of staff for the pesticide disposal program, and</u> for its environmental programs, as directed by the Board, including establishing a pesticide container management program to enhance its pesticide disposal program and its water quality initiatives."

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2005

DRAFT
SPECIAL PROVISION

2005-AGRIC-H2(S11.2)i

Department of Agriculture and Consumer Services
Appropriations Subcommittee on Natural and Economic Resources

Requested by: Representatives Hunter, Warren

TIMBER SALES RECEIPTS FOR CAPITAL IMPROVEMENTS AT AGRICULTURAL RESEARCH STATIONS AND FARMS

SECTION 11.2. The sum of one million thirty-three thousand one hundred dollars ($1,033,100) 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, 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.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2005

DRAFT
SPECIAL PROVISION

2005-AGRIC-H3(S11.3)i

Department of Agriculture and Consumer Services
Appropriations Subcommittee on Natural and Economic Resources

Requested by: Representatives Hunter, Warren

PLANT CONSERVATION PROGRAM FUNDS

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) shall be transferred to the Department of Agriculture and Consumer Services to be used 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.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2005

DRAFT
SPECIAL PROVISION

2005-AGRIC-H4(S11.4)i

Department of Agriculture and Consumer Services
Appropriations Subcommittee on Natural and Economic Resources

Requested by: Representatives Hunter, Warren

INCREASE FUNDS FOR NORTH CAROLINA GRAPE GROWERS COUNCIL

SECTION 11.4. G.S. 105-113.81A reads as rewritten:

"**§ 105-113.81A. Distribution of part of wine taxes attributable to North Carolina wine.**

The Secretary shall on a quarterly basis credit to the Department of Agriculture and Consumer Services the net proceeds of the excise tax collected on unfortified wine bottled in North Carolina during the previous quarter and the net proceeds of the excise tax collected on fortified wine bottled in North Carolina during the previous quarter, except that the amount credited to the Department of Agriculture and Consumer Services under this section shall not exceed ~~three hundred fifty thousand dollars ($350,000)~~ five hundred thousand dollars ($500,000) per fiscal year. The Department of Agriculture and Consumer Services shall allocate the funds received under this section to the North Carolina Grape Growers Council to be used to promote the North Carolina grape and wine industry and to contract for research and development services to improve viticultural and enological practices in North Carolina. Any funds credited to the Department of Agriculture and Consumer Services under this section that are not expended by June 30 of any fiscal year may not revert to the General Fund, but shall remain available to the Department for the uses set forth in this section."

New

Department of Labor Fee Study

Conduct a study that explores the possibility of implementing fee increases and new fees to make the Department of Labor fully receipt-supported.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2005

DRAFT
SPECIAL PROVISION

2005-ENV-H1(S12.1)i

Environment and Natural Resources
Appropriations Subcommittee on Natural and Economic Resources

Requested by: Representatives Hunter, Warren

STATE MATCH FOR FEDERAL SAFE DRINKING WATER ACT FUNDS

SECTION 12.1. Notwithstanding the provisions of Chapter 159G of the General Statutes, the Department of Environment and Natural Resources may transfer from the General Water Supply Revolving Loan Account up to one million five hundred thousand dollars ($1,500,000) to the Department of Environment and Natural Resources to be used to match the federal grant moneys authorized by section 1452 of the federal Safe Drinking Water Act amendments of 1996 for the 2005-2006 fiscal year. The General Water Supply Revolving Loan Account is an account under the Clean Water Revolving Loan and Grant Fund and is established under G.S. 159G-4. The Clean Water Revolving Loan and Grant Fund is established by G.S. 159G-5.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2005

DRAFT
SPECIAL PROVISION

2005-ENV-H2(S12.2)i

Environment and Natural Resources
Appropriations Subcommittee on Natural and Economic Resources

Requested by: Representatives Hunter, Warren

EXPAND EXPRESS REVIEW PROGRAM STATEWIDE

SECTION 12.2.(a) Part 1 of Article 7 of Chapter 143B of the General Statutes is amended by adding two new sections to read:

"**§ 143B-279.13. Express permit and certification reviews.**

(a) The Department of Environment and Natural Resources shall develop an express review program to provide express permit and certification reviews in all of its regional offices. Participation in the express review program is voluntary, and the program is to become supported by the fees determined pursuant to subsection (b) of this section. The Department of Environment and Natural Resources shall determine the project applications to review under the express review program from those who request to participate in the program. The express review program may be applied to any one or all of the permits, approvals, or certifications in the following programs: the erosion and sedimentation control program, the coastal management program, and the water quality programs, including water quality certifications and stormwater management. The express review program shall focus on the following permits or certifications:

(1) Stormwater permits under Part 1 of Article 21 of Chapter 143 of the General Statutes.

(2) Stream origination certifications under Article 21 of Chapter 143 of the General Statutes.

(3) Water quality certification under Article 21 of Chapter 143 of the General Statutes.

(4) Erosion and sedimentation control permits under Article 4 of Chapter 113A of the General Statutes.

(5) Permits under the Coastal Area Management Act (CAMA), Part 4 of Article 7 of Chapter 113A of the General Statutes.

(b) The Department of Environment and Natural Resources may determine the fees for express application review under the express review program. Notwithstanding G.S. 143-215.3D, the maximum permit application fee to be charged under subsection (a) of this section for the express review of a project application requiring all of the permits under subdivisions (1) through (5) of subsection (a) of this section shall not exceed five thousand five hundred dollars ($5,500). Notwithstanding G.S. 143-215.3D, the maximum permit application fee to be charged for the express review of a project application requiring all of the permits under subdivisions (1) through (4) of subsection (a) of this section shall not exceed four thousand five hundred dollars ($4,500). Notwithstanding G.S. 143-215.3D, the maximum permit application fee charged for the express review of a project application for any other combination of permits under

subdivisions (1) through (5) of subsection (a) of this section shall not exceed four thousand dollars ($4,000). Express review of a project application involving additional permits or certifications issued by the Department of Environment and Natural Resources other than those under subdivisions (1) through (5) of subsection (a) of this section may be allowed by the Department, and, notwithstanding G.S. 143-215.3D or any other statute or rule that sets a permit fee, the maximum permit application fee charged for the express review of a project application shall not exceed four thousand dollars ($4,000), plus one hundred fifty percent (150%) of the fee that would otherwise apply by statute or rule for that particular permit or certification. Additional fees, not to exceed fifty percent (50%) of the original permit application fee under this section, may be charged for subsequent reviews due to the insufficiency of the permit applications. The Department of Environment and Natural Resources may establish the procedure by which the amount of the fees under this subsection is determined, and the fees and procedures are not rules under G.S. 150B-2(8a) for the express review program under this section.

(c) No later than March 1 of each year, the Department of Environment and Natural Resources shall report to the Fiscal Research Division and the Environmental Review Commission its findings on the success of the program under this section and any other findings or recommendations, including any legislative proposals that it deems pertinent.

"**§ 143B-279.14. Express Review Fund.**

The Express Review Fund is created as a special nonreverting fund. All fees collected under G.S. 143B-279.13 shall be credited to the Express Review Fund. The Express Review Fund shall be used for the costs of implementing the express review program under G.S. 143B-279.13 and the costs of administering the program, including the salaries and support of the program's staff. If the express review program is abolished, the funds in the Express Review Fund shall be credited to the General Fund."

SECTION 12.2.(b) The Department of Environment and Natural Resources shall expand to a statewide program that operates in each regional office of the Department the Express Review Pilot Program established by Section 11.4A of S.L. 2003-284 and expanded by Section 12.9 of S.L. 2004-124, and the provisions of G.S. 143B-279.13, as enacted by subsection (a) of this section, shall apply to this statewide program.

SECTION 12.2.(c) The Department of Environment and Natural Resources shall establish and support 12 additional positions to administer the statewide express review program under G.S. 143B-279.13, as enacted by subsection (a) of this section. Up to seven hundred thirty-six thousand six hundred twenty-nine dollars ($736,629) for the 2005-2006 fiscal year and up to six hundred seventy-one thousand four hundred nine dollars ($671,409) for the 2006-2007 fiscal year shall be allocated from the Express Review Fund created in G.S. 143B-279.14, as enacted by subsection (a) of this section, to establish and support these 12 positions.

SECTION 12.2.(d) The Department of Environment and Natural Resources shall continue and support the four positions established under Section 12.9(c) of S.L. 2004-124 to administer the statewide express review program under G.S. 143B-279.13, as enacted by subsection (a) of this section. Up to two hundred twenty-three thousand eight hundred three dollars ($223,803) for the 2005-2006 fiscal year and up to two

hundred twenty-three thousand eight hundred three dollars ($223,803) for the 2006-2007 fiscal year shall be allocated from the Express Review Fund created in G.S. 143B-279.14, as enacted by subsection (a) of this section, to continue and support these four positions.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2005

DRAFT
SPECIAL PROVISION

2005-ENV-H3(S12.3)i

Environment and Natural Resources
Appropriations Subcommittee on Natural and Economic Resources

Requested by: Representatives Hunter, Warren

SEDIMENTATION EDUCATION FUNDS

SECTION 12.3. The Department of Environment and Natural Resources shall use the funds appropriated in this act to the Department of Environment and Natural Resources for the 2005-2006 fiscal year and for the 2006-2007 fiscal year for sedimentation education for only the following:

(1) Sedimentation education activities that provide technical assistance to local erosion and sedimentation control programs under G.S. 113A-60; or

(2) Sedimentation education to professionals involved in developing erosion and sedimentation control plans for which prior approval is required under Article 4 of Chapter 113A of the General Statutes.

Modified

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2005

DRAFT
SPECIAL PROVISION

2005-ENV-H4(S12.4)

Environment and Natural Resources
Appropriations Subcommittee on Natural and Economic Resources

Requested by: Representatives Hunter, Warren

FUNDS TO IMPLEMENT FISHING LICENSE REQUIREMENTS LEGISLATION/CONTINGENT REPEAL OF SALTWATER FISHING LICENSE REQUIREMENT

SECTION 12.4.(a) The Wildlife Resources Commission may disburse up to one million dollars ($1,000,000) from the Wildlife Resources Fund to implement Senate Bill 1126 (Amend Fishing License Requirements-2) or House Bill 1092 (Amend Fishing License Requirements) if either bill becomes law no later than 30 days after adjournment of the 2005 Regular Session.

SECTION 12.4.(b) The State Treasurer shall transfer a sum equal to the sum of funds disbursed pursuant to subsection (a) of this section from the Marine Resources Fund to the Wildlife Resources Fund on July 1, 2010.

Modified

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2005

DRAFT
SPECIAL PROVISION

2005-NATRES-H1A(S12.5)

Environment and Natural Resources
Appropriations Subcommittee on Natural and Economic Resources

Requested by: Representatives Hunter, Warren

GRASSROOTS SCIENCE PROGRAM

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 is allocated as grants-in-aid for each fiscal year as follows:

	2005-2006
Aurora Fossil Museum	$58,794
Cape Fear Museum	$157,784
Carolina Raptor Center	$110,369
Catawba Science Center	$131,007
Colburn Gem and Mineral Museum, Inc.	$73,833
Discovery Place	$645,072
Eastern NC Regional Science Center	$50,000
Fascinate-U	$79,849
Granville County Museum Commission, Inc.–Harris Gallery	$56,236
Greensboro Children's Museum	$132,606
The Health Adventure Museum of Pack Place Education, Arts and Science Center, Inc.	$132,046
Highlands Nature Center	$78,418
Imagination Station	$84,988
Iredell Children's Museum	$59,452
Kidsenses	$50,000
Museum of Coastal Carolina	$73,489
Natural Science Center of Greensboro	$182,395
North Carolina Museum of Life and Science	$370,250
Port Discover: Northeastern North Carolina's Center for Hands-on Science, Inc.	$50,000
Rocky Mount Children's Museum	$71,608
Schiele Museum of Natural History	$224,334
Sci Works Science Center and Environmental Park of Forsyth County	$143,697

Western North Carolina Nature Center	$111,054
Wilmington Children's Museum	$70,481
Total	$3,197,762

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.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2005

DRAFT
SPECIAL PROVISION

2005-NATRES-H3(S12.7)i

Environment and Natural Resources
Appropriations Subcommittee on Natural and Economic Resources

Requested by: Representatives Hunter, Warren

EXTEND AND EXPAND PILOT PROGRAM FOR INSPECTION OF ANIMAL WASTE MANAGEMENT SYSTEMS

SECTION 12.7.(a) Section 15.4(a) of S.L. 1997-443, as amended by Section 3.1 of S.L. 1999-329, Section 5 of S.L. 2001-254, Section 1.1 of S.L. 2002-176, and Section 6.1 of S.L. 2003-340, reads as rewritten:

"(a) The Department of Environment and Natural Resources shall develop and implement a pilot program to begin no later than 1 November 1997, and to terminate 1 September ~~2005,~~ 2007, regarding the annual inspections of animal operations that are subject to a permit under Article 21 of Chapter 143 of the General Statutes. The Department shall select two counties located in a part of the State that has a high concentration of swine farms to participate in this pilot program. In addition, Brunswick County and Pender County shall be added to the program. Notwithstanding G.S. 143-215.10F, the Division of Soil and Water Conservation of the Department of Environment and Natural Resources shall conduct inspections of all animal operations that are subject to a permit under Article 21 of Chapter 143 of the General Statutes in these ~~three~~ four counties at least once a year to determine whether any animal waste management system is causing a violation of water quality standards and whether the system is in compliance with its animal waste management plan or any other condition of the permit. The personnel of the Division of Soil and Water Conservation who are to conduct these inspections in each of these ~~three~~ four counties shall be located in an office in the county in which that person will be conducting inspections. As part of this pilot program, the Department of Environment and Natural Resources shall establish procedures whereby resources within the local Soil and Water Conservation Districts serving the ~~three~~ four counties are used for the quick response to complaints and reported problems previously referred only to the Division of Water Quality of the Department of Environment and Natural Resources."

SECTION 12.7.(b) Section 3.3 of S.L. 1999-329, as amended by Section 6 of S.L. 2001-254, Section 1.2 of S.L. 2002-176, and Section 6.2 of S.L. 2003-340, reads as rewritten:

"Section 3.3. The Department of Environment and Natural Resources, in consultation with both the Division of Water Quality and the Division of Soil and Water Conservation, shall submit semiannual interim reports no later than 15 April and 15 October of each year beginning 15 October 1999 ~~and shall submit a final report no later than 15 October 2005~~ to the Environmental Review ~~Commission and to~~Commission, the Fiscal Research ~~Division.~~Division, and the Appropriations Subcommittees on Natural and Economic Resources in both the Senate and the House of Representatives.

These reports shall indicate whether the pilot program has increased the effectiveness of the annual inspections program or the response to complaints and reported problems, specifically whether the pilot program had resulted in identifying violations earlier, taking corrective actions earlier, increasing compliance with the animal waste management plans and permit conditions, improving the time to respond to discharges, complaints, and reported problems, improving communications between farmers and Department employees, and any other consequences deemed pertinent by the Department. These reports shall also compare the costs of conducting operations reviews and inspections under the pilot program with the costs of conducting operations reviews and inspections pursuant to G.S. 143-215.10D and G.S. 143-215.10F and the resources that would be required to expand the pilot program to all counties. ~~The final report shall include a recommendation as to whether to continue or expand the pilot program under this act. The Environmental Review Commission may recommend to the General Assembly whether to continue or expand the pilot program under this act and may make any related legislative proposals.~~"

SECTION 12.7.(c) No later than October 15, 2005, the Department of Environment and Natural Resources shall recommend to the Environmental Review Commission and the General Assembly whether to continue or expand the pilot program under this section. The Environmental Review Commission shall recommend to the 2006 Session of the General Assembly whether to continue or expand the pilot program under this section and may make any related legislative proposals.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2005

DRAFT
SPECIAL PROVISION

2005-COMM-H7(S13.2)i

Department of Commerce/Economic Development
Appropriations Subcommittee on Natural and Economic Resources

Requested by: Representative

COUNCIL OF GOVERNMENT FUNDS

SECTION 13.2.(a) Of the funds appropriated in this act to the Department of Commerce, eight hundred thirty-two thousand one hundred fifty dollars ($832,150) for the 2005-2006 fiscal year and eight hundred thirty-two thousand one hundred fifty dollars ($832,150) for the 2006-2007 fiscal year shall only be used as provided by this section. Each regional council of government or lead regional organization is allocated up to forty-eight thousand nine hundred fifty dollars ($48,950) for the 2005-2006 and the 2006-2007 fiscal years.

SECTION 13.2.(b) A regional council of government may use funds appropriated by this section only to assist local governments in grant applications, economic development, community development, support of local industrial development activities, and other activities as deemed appropriate by the member governments.

SECTION 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, 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, as specified in subdivision (e)(2) of this section.

SECTION 13.2.(d) Funds appropriated by this section shall not be used for payment of dues or assessments by the member governments and shall not supplant funds appropriated by the member governments.

SECTION 13.2.(e) Each council of government or lead regional organization shall do the following:

(1) By January 15, 2006, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division the following information:
   a. State fiscal year 2004-2005 program activities, objectives, and accomplishments;
   b. State fiscal year 2004-2005 itemized expenditures and fund sources;
   c. State fiscal year 2005-2006 planned activities, objectives, and accomplishments, including actual results through December 31, 2005; and

d. State fiscal year 2005-2006 estimated itemized expenditures and fund sources, including actual expenditures and fund sources through December 31, 2005.

(2) By January 15, 2007, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division the following information:

a. State fiscal year 2005-2006 program activities, objectives, and accomplishments;

b. State fiscal year 2005-2006 itemized expenditures and fund sources;

c. State fiscal year 2006-2007 planned activities, objectives, and accomplishments, including actual results through December 31, 2006; and

d. State fiscal year 2006-2007 estimated itemized expenditures and fund sources, including actual expenditures and fund sources through December 31, 2006.

(3) Provide to the Fiscal Research Division a copy of the organization's annual audited financial statement within 30 days of issuance of the statement.

Modified

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2005

DRAFT
SPECIAL PROVISION

2005-COMM-H8(S13.3)

Department of Commerce/Economic Development
Appropriations Subcommittee on Natural and Economic Resources

Requested by: Representative

TOURISM PROMOTION GRANTS

SECTION 13.3.(a) Tourism promotion funds appropriated to the Department of Commerce shall be allocated to counties based on need. Determination of counties that are most in need of State assistance shall be made in accordance with the existing state tier formula provided in G.S. 105-129.3.

SECTION 13.3.(b) Funds appropriated in this act to the Department of Commerce for tourism promotion grants shall be allocated according to the economic development tier assigned by the Department of Commerce in the following manner:

(1) Eligible organizations in counties with a Tier 1 or 2 designation are each eligible to receive a maximum grant of seven thousand five hundred dollars ($7,500) for each fiscal year, provided these funds are matched on the basis of one non-State dollar ($1.00) for every four State dollars ($4.00).

(2) Eligible organizations in counties with a Tier 3 or 4 designation are each eligible to receive a maximum grant of three thousand five hundred dollars ($3,500) for two of the next three fiscal years, provided these funds are matched on the basis of one non-State dollar ($1.00) for every three State dollars ($3.00).

(3) Eligible organizations in counties with a Tier 5 designation are each eligible to receive a maximum grant of three thousand five hundred dollars ($3,500) in alternating fiscal years provided these funds are matched on the basis of two non-State dollars ($2.00) for every one State dollar ($1.00).

SECTION 13.3.(c) An eligible organization that applies for but does not receive tourism promotion grant funds may apply for and be awarded funds in the following fiscal year. The fact that one or more eligible organizations in a county are awarded tourism promotion grant funds in a given fiscal year shall not bar other eligible organizations in that county from applying for and being awarded funds in the next fiscal year.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2005

DRAFT
SPECIAL PROVISION

2005-COMM-H9(S13.4)i

Department of Commerce/Economic Development
Appropriations Subcommittee on Natural and Economic Resources

Requested by: Representative

EMPLOYMENT SECURITY FUNDS

SECTION 13.4. There is appropriated from the Special Employment Security Administration 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 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.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2005

DRAFT
SPECIAL PROVISION

2005-COMM-H10(S13.4A)i

Department of Commerce/Economic Development
Appropriations Subcommittee on Natural and Economic Resources

Requested by: Representative

TRADE JOBS FOR SUCCESS REPORTING

SECTION 13.4A.(a) In addition to the statutory reporting requirements pursuant to G.S. 143B-438.17, the Employment Security Commission, Department of Commerce, and the Community Colleges System Office shall make a joint written progress report on their compliance with Section 13.7A of S.L. 2004-124, as to the following:

(1) The actions taken to obtain from the U.S. Department of Labor as quickly as possible a waiver under the Trade Adjustment Act to allow the Trade Jobs for Success initiative to (i) serve persons regardless of their age, (ii) use unemployment funds to provide direct monetary incentives to participating employers and direct income to eligible workers in the retraining program, and (iii) use funds for in-State relocation assistance.

(2) Whether waivers have been sought for other program components.

(3) The progress made in implementing the Trade Jobs for Success initiative in the counties hardest hit by trade-impacted job losses, particularly the counties having an unemployment rate of eight percent (8%) and the extent to which these counties have received priority consideration.

(4) The efforts of the Department of Commerce seeking and receiving private grants and federal funds for the Trade Jobs for Success initiative.

(5) Any reasons why legislative mandates have not been followed or the statutory goals have not been achieved.

The progress report shall be submitted to the Joint Legislative Commission on Governmental Operations and to the Chairs of the Appropriations Committees of the Senate and the House of Representatives by August 1, 2005.

SECTION 13.4A.(b) G.S. 143B-438.17 reads as rewritten:

"**§ 143B-438.17. Reporting.**

(a) Beginning July 1, 2005, ~~The~~ the Department of Commerce, in conjunction with the Employment Security Commission and the Community Colleges System Office, shall publish a ~~quarterly~~ monthly written report on the Trade Jobs for Success (TJS) initiative. The monthly report shall provide information on the commitment, disbursement, and use of funds and the status of any grant proposals or waivers

requested on behalf of the Trade Jobs for Success initiative. The monthly report shall be submitted to the Governor and to the Fiscal Research Division of the General Assembly.

(b) Beginning October 1, 2005, the Department of Commerce, in conjunction with the Employment Security Commission and the Community Colleges System Office, shall publish a quarterly written report on the Trade Jobs for Success initiative. The quarterly report shall ~~also~~ include legislative proposals and recommendations regarding statutory changes needed to maximize the effectiveness and flexibility of the TJS initiative. Copies of the quarterly report shall be provided to the Joint Legislative Commission on Governmental Operations, to the chairs of the Senate and House of Representatives Appropriations Committees, and to the Fiscal Research Division of the General Assembly.

(c) Beginning January 1, 2006, the Department of Commerce, in conjunction with the Employment Security Commission and the Community Colleges System Office, shall publish a comprehensive annual written report on the Trade Jobs for Success initiative. The annual report shall include a detailed explanation of outcomes and future planning for the TJS initiative. Copies of the annual report shall be provided to the Governor, to the Joint Legislative Commission on Governmental Operations, to the chairs of the Senate and House of Representatives Appropriations Committees, and to the Fiscal Research Division of the General Assembly."

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2005

DRAFT
SPECIAL PROVISION

2005-COMM-H11(S13.5)i

Department of Commerce/Economic Development
Appropriations Subcommittee on Natural and Economic Resources

Requested by: Representative

INDUSTRIAL DEVELOPMENT FUND

SECTION 13.5. 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, ~~or~~ electrical utility distribution lines or ~~equipment~~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, ~~or~~ electrical utility lines or ~~facilities~~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.

...

(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, in creating jobs in eligible industries. The Department of Commerce shall adopt rules providing for the administration of the program. Except as otherwise provided in this subsection, those rules shall be consistent with the rules adopted with respect to the Industrial Development Fund. The rules shall provide that the funds in the Utility Account may be used only for construction of or improvements to new or existing water, sewer, gas, telecommunications, high-speed broadband, ~~or~~ electrical utility distribution lines or ~~equipment~~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, ~~or~~ electrical utility lines or ~~facilities~~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.

...."

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2005

DRAFT
SPECIAL PROVISION

2005-COMM-H12(S13.6)i

Department of Commerce/Economic Development
Appropriations Subcommittee on Natural and Economic Resources

Requested by: Representative

ONE NORTH CAROLINA FUND

SECTION 13.6. Of the funds appropriated in Section 1(a) of S.L. 2004-88 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 fiscal year.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2005

DRAFT
SPECIAL PROVISION

2005-COMM-H13(S13.7)i

Department of Commerce/Economic Development
Appropriations Subcommittee on Natural and Economic Resources

Requested by: Representative

REGIONAL ECONOMIC DEVELOPMENT COMMISSION ALLOCATIONS

SECTION 13.7.(a) Funds appropriated in this act to the Department of Commerce for regional economic development commissions shall be allocated to the following Commissions in accordance with subsection (b) of this section: Western North Carolina Regional Economic Development Commission, Research Triangle Regional Commission, Southeastern North Carolina Regional Economic Development Commission, Piedmont Triad Partnership, Northeastern North Carolina Regional Economic Development Commission, Global TransPark Development Commission, and Carolinas Partnership, Inc.

SECTION 13.7.(b) Funds appropriated pursuant to subsection (a) of this section shall be allocated to each Regional Economic Development Commission as follows:

(1) First, the Department shall establish each Commission's allocation by determining the sum of allocations to each county that is a member of that Commission. Each county's allocation shall be determined by dividing the county's enterprise factor by the sum of the enterprise factors for eligible counties and multiplying the resulting percentage by the amount of the appropriation. As used in this subdivision, the term "enterprise factor" means a county's enterprise factor as calculated under G.S. 105-129.3; and

(2) Next, the Department shall subtract from funds allocated to the Global TransPark Development Commission the sum of one hundred eighteen thousand one hundred twenty-nine dollars ($118,129) in the 2005-2006 fiscal year and one hundred eighteen thousand four hundred seventy-seven dollars ($118,477) in the 2006-2007 fiscal year, which sum represents the interest earnings in each fiscal year on the estimated balance of seven million five hundred thousand dollars ($7,500,000) appropriated to the Global TransPark Development Zone in Section 6 of Chapter 561 of the 1993 Session Laws; and

(3) Next, the Department shall redistribute the sum of one hundred eighteen thousand one hundred twenty-nine dollars ($118,129) in the 2005-2006 fiscal year and one hundred eighteen thousand four hundred seventy-seven dollars ($118,477) in the 2006-2007 fiscal year to the seven Regional Economic Development Commissions named in subsection (a) of this section. Each Commission's share of this

redistribution shall be determined according to the enterprise factor formula set out in subdivision (1) of this subsection. This redistribution shall be in addition to each Commission's allocation determined under subdivision (1) of this subsection.

New

Regional Economic Development Partnerships

Appropriates from the General Fund to the seven regional economic development partnerships, the sum of one million seven hundred fifty thousand dollars ($1,750,000) for the 2005-2006 fiscal year. From these funds, each regional economic development partnership shall receive two hundred fifty thousand dollars ($250,000). These funds shall be used by each partnership to develop and implement a strategic economic development plan.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2005

DRAFT
SPECIAL PROVISION

2005-COMM-H14(S13.8)i

Department of Commerce/Economic Development
Appropriations Subcommittee on Natural and Economic Resources

Requested by: Representative

REGIONAL ECONOMIC DEVELOPMENT COMMISSION REPORTS

SECTION 13.8.(a) By February 15 of each fiscal year, the seven regional economic development commissions shall report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division the following information:

(1) The preceding fiscal year's program activities, objectives, and accomplishments.

(2) The preceding fiscal year's itemized expenditures and fund sources.

(3) Demonstration of how the commission's regional economic development and marketing strategy aligns with the State's overall economic development and marketing strategies.

(4) To the extent they are involved in promotion activities such as trade shows, visits to prospects and consultants, advertising and media placement, the commissions shall demonstrate how they have generated qualified leads.

SECTION 13.8.(b) Each of the commissions shall provide to the Fiscal Research Division a copy of their annual audited financial statement within 30 days of issuance of the statement.

SECTION 13.8.(c) The reporting requirements for regional economic development commissions, as provided in subsection (a) of this section, shall be reviewed annually by the North Carolina Partnership for Economic Development, and recommendations for changes to the reporting requirements shall be made to the Fiscal Research Division, the President Pro Tempore of the Senate, and the Speaker of the House of Representatives.

SECTION 13.8.(d) Regional economic development commissions shall receive quarterly allocations of the funds appropriated in this act to the Department of Commerce for regional economic development commissions.

SECTION 13.8.(e) Regional economic development commissions shall remain in the Department of Commerce's Budget Code 14601 with other State-aided nonprofit entities.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2005

DRAFT
SPECIAL PROVISION

2005-COMM-H15(S13.9)i

Department of Commerce/Economic Development
Appropriations Subcommittee on Natural and Economic Resources

Requested by: Representative

NONPROFIT REPORTING REQUIREMENTS

SECTION 13.9.(a) The N.C. Institute for Minority Economic Development, Inc., Land Loss Prevention Project, North Carolina Minority Support Center, North Carolina Community Development Initiative, Inc., North Carolina Association of Community Development Corporations, Inc., Coalition of Farm and Rural Families, and Partnership for the Sounds, Inc., shall do the following:

(1) By January 15, 2006, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division the following information:
   a. State fiscal year 2004-2005 program activities, objectives, and accomplishments;
   b. State fiscal year 2004-2005 itemized expenditures and fund sources;
   c. State fiscal year 2005-2006 planned activities, objectives, and accomplishments including actual results through December 31, 2005; and
   d. State fiscal year 2005-2006 estimated itemized expenditures and fund sources including actual expenditures and fund sources through December 31, 2005.

(2) By January 15, 2007, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division the following information:
   a. State fiscal year 2005-2006 program activities, objectives, and accomplishments;
   b. State fiscal year 2005-2006 itemized expenditures and fund sources;
   c. State fiscal year 2006-2007 planned activities, objectives, and accomplishments including actual results through December 31, 2006; and
   d. State fiscal year 2006-2007 estimated itemized expenditures and fund sources including actual expenditures and fund sources through December 31, 2006.

(3) Provide to the Fiscal Research Division a copy of the organization's annual audited financial statement within 30 days of issuance of the statement.

SECTION 13.9.(b) No funds appropriated under this act shall be released to a nonprofit organization listed in subsection (a) of this section until the organization has satisfied the reporting requirement for January 15, 2005. Fourth quarter allotments shall not be released to any nonprofit organization that does not satisfy the reporting requirements by January 15, 2006, or January 15, 2007.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2005

DRAFT
SPECIAL PROVISION

2005-COMM-H16(S13.10)i

Department of Commerce/Economic Development
Appropriations Subcommittee on Natural and Economic Resources

Requested by: Representative

BIOTECHNOLOGY CENTER

SECTION 13.10.(a) The North Carolina Biotechnology Center shall recapture funds spent in support of successful research and development efforts in the for-profit private sector.

SECTION 13.10.(b) The North Carolina Biotechnology Center shall provide funding for biotechnology, biomedical, and related bioscience applications under its Business and Science Technology Programs.

SECTION 13.10.(c) The North Carolina Biotechnology Center shall:

(1) By January 15, 2006, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division the following information:
   a. State fiscal year 2004-2005 program activities, objectives, and accomplishments;
   b. State fiscal year 2004-2005 itemized expenditures and fund sources;
   c. State fiscal year 2005-2006 planned activities, objectives, and accomplishments, including actual results through December 31, 2005; and
   d. State fiscal year 2005-2006 estimated itemized expenditures and fund sources, including actual expenditures and fund sources through December 31, 2005.

(2) By January 15, 2007, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division the following information:
   a. State fiscal year 2005-2006 program activities, objectives, and accomplishments;
   b. State fiscal year 2005-2006 itemized expenditures and fund sources;
   c. State fiscal year 2006-2007 planned activities, objectives, and accomplishments, including actual results through December 31, 2006; and
   d. State fiscal year 2006-2007 estimated itemized expenditures and fund sources, including actual expenditures and fund sources through December 31, 2006.

(3) Provide to the Fiscal Research Division a copy of the organization's annual audited financial statement within 30 days of issuance of the statement.

SECTION 13.10.(d) The North Carolina Biotechnology Center shall provide a report containing detailed budget, personnel, and salary information to the Office of State Budget and Management and to the Fiscal Research Division in the same manner as State departments and agencies in preparation for biennium budget requests.

Modified

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2005

DRAFT
SPECIAL PROVISION

2005-COMM-H17(S13.11)

Department of Commerce/Economic Development
Appropriations Subcommittee on Natural and Economic Resources

Requested by: Representative

RURAL ECONOMIC DEVELOPMENT CENTER

SECTION 13.11.(a) Of the funds appropriated in this act to the Rural Economic Development Center, Inc., the sum of two million twenty-five thousand six hundred ninety-seven dollars ($2,025,697) for the 2005-2006 fiscal year and the sum of two million twenty-five thousand six hundred ninety-seven dollars ($2,025,697) for the 2006-2007 fiscal year shall be allocated as follows:

	2005-2006	2006-2007
Research and Demonstration Grants	$370,000	$370,000
Technical Assistance and Center Administration of Research and Demonstration Grants	444,399	444,399
Center Administration, Oversight, and Other Programs	604,298	604,298
Administration of Clean Water/ Natural Gas Critical Needs Bond Act of 1998	199,722	199,722
Additional Administration of Supplemental Funding Program	138,278	138,278
Administration of Capacity Building Assistance Program (1998 Bond Act)	125,000	125,000
Institute for Rural Entrepreneurship	144,000	144,000.

SECTION 13.11.(b) The Rural Economic Development Center, Inc., shall provide a report containing detailed budget, personnel, and salary information to the Office of State Budget and Management in the same manner as State departments and agencies in preparation for biennium budget requests.

SECTION 13.11.(c) For purposes of this section, the term "community development corporation" means a nonprofit corporation:

(1) Chartered pursuant to Chapter 55A of the General Statutes;

(2) Tax-exempt pursuant to section 501(c)(3) of the Internal Revenue Code of 1986;

(3) Whose primary mission is to develop and improve low-income communities and neighborhoods through economic and related development;

(4) Whose activities and decisions are initiated, managed, and controlled by the constituents of those local communities; and

(5) Whose primary function is to act as deal-maker and packager of projects and activities that will increase their constituencies' opportunities to become owners, managers, and producers of small businesses, affordable housing, and jobs designed to produce positive cash flow and curb blight in the targeted community.

SECTION 13.11.(d) Of the funds appropriated in this act to the Rural Economic Development Center, Inc., the sum of two million nine hundred fifteen thousand nine hundred ten dollars ($2,915,910) for the 2005-2006 fiscal year and the sum of two million nine hundred fifteen thousand nine hundred ten dollars ($2,915,910) for the 2006-2007 fiscal year shall be allocated as follows:

(1) $1,547,410 in each fiscal year for community development grants to support development projects and activities within the State's minority communities. Any community development corporation as defined in this section is eligible to apply for funds. The Rural Economic Development Center, Inc., shall establish performance-based criteria for determining which community development corporation will receive a grant and the grant amount. The Rural Economic Development Center, Inc., shall allocate these funds as follows:

a. $1,497,410 for direct grants to local community development corporations to support operations and project activities.

b. $50,000 in each fiscal year to the Rural Economic Development Center, Inc., to be used to cover expenses in administering this section.

(2) $195,000 in each fiscal year to the Microenterprise Loan Program to support the loan fund and operations of the Program; and

(3) $983,000 in each fiscal year shall be used for a program to provide supplemental funding for matching requirements for projects and activities authorized under this subsection. The Center shall allocate these funds as follows:

a. $675,000 in each fiscal year to make grants to local governments and nonprofit corporations to provide funds necessary to match federal grants or other grants for:

1. Necessary economic development projects and activities in economically distressed areas;

2. Necessary water and sewer projects and activities in economically distressed communities to address health or environmental quality problems except that funds shall not be expended for the repair or replacement of low-pressure pipe wastewater systems. If a grant is awarded under this sub-subdivision, then the grant shall be matched on a dollar-for-dollar basis in the amount of the grant awarded; or

3. Projects that demonstrate alternative water and waste management processes for local governments. Special consideration should be given to cost-effectiveness,

efficacy, management efficiency, and the ability of the demonstration project to be replicated.

b. $208,000 in each fiscal year to make grants to local governments and nonprofit corporations to provide funds necessary to match federal grants or other grants related to water, sewer, or business development projects.

c. $100,000 in each fiscal year to support the update of the statewide water and sewer database and to support the development of a statewide water management plan.

(4) $190,500 in each fiscal year for the Agricultural Advancement Consortium. These funds shall be placed in a reserve and allocated as follows:

a. $75,000 in each fiscal year for operating expenses associated with the Consortium; and

b. $115,500 in each fiscal year for research initiatives funded by the Consortium.

The Consortium shall facilitate discussions among interested parties and shall develop recommendations to improve the State's economic development through farming and agricultural interests.

The grant recipients in this subsection shall be selected on the basis of need.

SECTION 13.11.(e) The Rural Economic Development Center, Inc., shall:

(1) By January 15, 2006, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division the following information:

a. State fiscal year 2004-2005 program activities, objectives, and accomplishments;

b. State fiscal year 2004-2005 itemized expenditures and fund sources;

c. State fiscal year 2005-2006 planned activities, objectives, and accomplishments, including actual results through December 31, 2005; and

d. State fiscal year 2005-2006 estimated itemized expenditures and fund sources, including actual expenditures and fund sources through December 31, 2005.

(2) By January 15, 2007, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division the following information:

a. State fiscal year 2005-2006 program activities, objectives, and accomplishments;

b. State fiscal year 2005-2006 itemized expenditures and fund sources;

c. State fiscal year 2006-2007 planned activities, objectives, and accomplishments, including actual results through December 31, 2006; and

d. State fiscal year 2006-2007 estimated itemized expenditures and fund sources, including actual expenditures and fund sources through December 31, 2006.

(3) Provide to the Fiscal Research Division a copy of each grant recipient's annual audited financial statement within 30 days of issuance of the statement.

SECTION 13.11.(f) No funds appropriated under this act shall be released to a community development corporation, as defined in this section, unless the corporation can demonstrate that there are no outstanding or proposed assessments or other collection actions against the corporation for any State or federal taxes, including related penalties, interest, and fees.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2005

DRAFT
SPECIAL PROVISION

2005-COMM-H18(S13.12)i

Department of Commerce/Economic Development
Appropriations Subcommittee on Natural and Economic Resources

Requested by: Representative

RURAL ECONOMIC DEVELOPMENT CENTER

SECTION 13.12.(a) Of the funds appropriated in this act to the Rural Economic Development Center, Inc., the sum of twenty million dollars ($20,000,000) for the 2005-2006 fiscal year and the sum of twenty million dollars ($20,000,000) for the 2006-2007 fiscal year shall be allocated as follows:

(1) To continue the North Carolina Infrastructure Program. The purpose of the Program is to provide grants to local governments to construct critical water and wastewater facilities and to provide other infrastructure needs, including technology needs, to sites where these facilities will generate private job-creating investment. At least fifteen million dollars ($15,000,000) of the funds appropriated in this act for each year of the biennium must be used to provide grants under this Program.

(2) To provide matching grants to local governments in distressed areas and equity investments in public-private ventures that will productively reuse vacant buildings and properties, with priority given to towns or communities with populations of less than 5,000.

(3) To provide economic development research and demonstration grants.

SECTION 13.12.(b) The funds appropriated in this act to the Rural Economic Development Center, Inc., shall be recurring funds.

SECTION 13.12.(c) The Rural Economic Development Center, Inc., may contract with other State agencies, constituent institutions of The University of North Carolina, and colleges within the North Carolina Community College System for certain aspects of the North Carolina Infrastructure Program, including design of Program guidelines and evaluation of Program results.

SECTION 13.12.(d) During each year of the 2005-2007 biennium, the Rural Economic Development Center, Inc., may use up to two percent (2%) of the funds appropriated in this act to cover its expenses in administering the North Carolina Economic Infrastructure Program.

SECTION 13.12.(e) No later than January 15 each year, the Rural Economic Development Center, Inc., shall submit an annual report to the Joint Legislative Commission on Governmental Operations concerning the progress of the North Carolina Economic Infrastructure Program.

SECTION 13.12.(f) Of the funds appropriated in this act to the Rural Economic Development Center, Inc., the sum of five hundred thousand dollars

($500,000) for the 2005-2006 fiscal year and the sum of five hundred thousand dollars ($500,000) for the 2006-2007 fiscal year shall be allocated to the e-NC Authority.

The e-NC Authority may:

(1) Contract with other State agencies, The University of North Carolina, the North Carolina Community College System, and nonprofit organizations to assist with program development and the evaluation of program activities.

(2) Use up to five percent (5%) of the funds allocated in this section to cover its expenses in program development and implementation of activity areas.

The e-NC Authority shall report to the 2006 General Assembly on the following:

(1) The activities necessary to be undertaken in distressed urban areas of the State to enhance the capability of citizens and businesses residing in these areas to access the high-speed Internet.

(2) An implementation plan for the training of citizens and businesses in distressed urban areas.

(3) The technology and digital literacy training necessary to assist citizens and existing businesses to create new technology-based enterprises in these communities and to use the Internet to enhance the productivity of their businesses.

The e-NC Authority shall, by January 31, 2006, and quarterly thereafter, report to the Joint Legislative Commission on Governmental Operations on program development and the evaluation of program activities.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2005

DRAFT
SPECIAL PROVISION

2005-COMM-H19(S13.13)i

Department of Commerce/Economic Development
Appropriations Subcommittee on Natural and Economic Resources

Requested by: Representative

OPPORTUNITIES INDUSTRIALIZATION CENTER FUNDS

SECTION 13.13.(a) Of the funds appropriated in this act to the Rural Economic Development Center, Inc., the sum of three hundred sixty-one thousand dollars ($361,000) for the 2005-2006 fiscal year and the sum of three hundred sixty-one thousand dollars ($361,000) for the 2006-2007 fiscal year shall be equally distributed among the certified Opportunities Industrialization Centers for ongoing job training programs.

SECTION 13.13.(b) For each of the Opportunities Industrialization Centers receiving funds pursuant to subsection (a) of this section, the Rural Economic Development Center, Inc., shall:

(1) By January 15, 2006, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division the following information:
   a. State fiscal year 2004-2005 program activities, objectives, and accomplishments;
   b. State fiscal year 2004-2005 itemized expenditures and fund sources;
   c. State fiscal year 2005-2006 planned activities, objectives, and accomplishments, including actual results through December 31, 2005; and
   d. State fiscal year 2005-2006 estimated itemized expenditures and fund sources, including actual expenditures and fund sources through December 31, 2005.

(2) By January 15, 2007, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division the following information:
   a. State fiscal year 2005-2006 program activities, objectives, and accomplishments;
   b. State fiscal year 2005-2006 itemized expenditures and fund sources;
   c. State fiscal year 2006-2007 planned activities, objectives, and accomplishments, including actual results through December 31, 2006; and

d. State fiscal year 2006-2007 estimated itemized expenditures and fund sources, including actual expenditures and fund sources through December 31, 2006.

(3) Notwithstanding G.S. 143-6.1(d), file annually with the State Auditor a financial statement in the form and on the schedule prescribed by the State Auditor. The financial statements must be audited in accordance with standards prescribed by the State Auditor to assure that State funds are used for the purposes provided by law.

(4) Provide to the Fiscal Research Division a copy of the annual audited financial statement required in subdivision (3) of this subsection within 30 days of issuance of the statement.

SECTION 13.13.(c) No funds appropriated under this act shall be released to an Opportunities Industrialization Center (hereinafter Center) listed in subsection (a) of this section if the Center has any overdue tax debts, as that term is defined in G.S. 105-243.1, at the federal or State level.

Attachment 5

VISITOR REGISTRATION SHEET

NER
Name of Committee

5/18/05
Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Becky Brown	NCDOL
Art Britt	↓
David McLeod	NCDA&CS
Joanna Wright	e.NC Authority
H McInnis	NC Rural Center
Bill McNeil	NC Rural Center
Sheryl Stephens	OSBM
David Brown	OSBM
Thomas Cheek	OSBM
Johanna Reese	DENR
Alice Garland	NC DOC

VISITOR REGISTRATION SHEET

NER — 5/18/05

Name of Committee — Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Shannon Hobby	Commerce
Buck Lattimore	Industrial Commission
Denise A. Seasons	Commerce
Dempsey Benton	DENR
Erin Kinsey	NC Conservation Network
Lucius Pullen	Counsel NC Mining Assoc.
Cathey Cuttle	DENR
Linda McNeal	DENR
Cathy Hondy	DENR
Doug Lassiter	NCSTA
John Bowdish	Museum of Life & Science

VISITOR REGISTRATION SHEET

NER — 5/18/05

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Sandra Long	Martin Marietta
[illegible]	WCE6
Lori Ann Harris	UNA
Betsy Bennett	Museum of Natural Sciences
Jamie DiMent	"
Jim Dohun	FRD
Steve Woodson	NC Farm Bureau

MINUTES
JOINT HOUSE SENATE
APPROPRIATIONS SUBCOMMITTEE ON
NATURAL AND ECONOMIC RESOURCES

May 18, 2005
1:30 p.m.

The House Appropriations Subcommittee on Natural and Economic Resources met in Room 423 of the Legislative Office Building on May 18, 2005. The following committee members were present: Co-Chairs Representatives Hunter and Warren, Rep. Lucy Allen, Rep. Tracy Walker, Rep. Arlie Culp, Rep. Pricey Harrison Rep. James Langdon, Rep. Winkie Wilkins, and Rep. Michael Wray. Susan Morgan, Jennifer Haygood and Joy Hicks, Fiscal Research Staff, were in attendance. A Visitor Registration sheet is made a part of these minutes. **(Attachment 1)**

Rep. Hunter called the meeting to order. The agenda for this meeting is to discuss the House Special Provisions.**(Attachment 2)** Susan Morgan was called on to begin the presentation. Susan pointed out that on the top of the pages of this handout if there is a lower case (i) it means that these items are identical to the senate provisions. Jennifer Haygood, Susan Morgan and Joy Hicks discussed each item in this handout that was not the same as the senate.

There was a question regarding an item in the House Money Report, page H4, item 22 – Shift Mine and Quarry Bureau to Receipt Support. Art Britt, of the Department of Labor answered questions and elaborated on this item.

There were no questions regarding the House Special Provisions. Rep. Hunter made remarks about the lack of money. He stated that there is no money to fund everything requested and that we cannot raise revenue. He advised those who have pots of money stored away, should start spending that money. If you still have it next year, it will go back to the general fund. He stated that nothing is etched in stone at this point The package is still being worked on.

The meeting was adjourned.

Respectfully submitted:

Representative Howard J. Hunter, Jr.
Co-Chair

Barbara Y. Phillips
Committee Assistant

Attachments

Attachment 1

VISITOR REGISTRATION SHEET

APPROPRIATIONS SUBCOMMITTEE
ON NATURAL AND ECONOMIC RESOURCES — 5-18-05

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Denise A. Seasons	Commerce
Bill Marvel	NC Regional Council Director
Joanne Wright	e. NC Authority
David McLeod	NCDA&CS
Fred Allen	NC Aggregates Assn.
Sandra Long	Martin Marietta
Lori Ann Harris	CAHA
Doug Lassiter	NCSTA

Attachment 2

NER House Subcommittee

Draft House Special Provisions

May 18th, 2005

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2005

DRAFT
SPECIAL PROVISION

2005-COMM-H20(S5.2)i

Department of Commerce/Economic Development
Appropriations Subcommittee on Natural and Economic Resources

Requested by: Representative

NER BLOCK GRANTS

SECTION 5.2.(a) Appropriations from federal block grant funds are made for fiscal year ending June 30, 2006, 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 – 2006 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) Department of Commerce Demonstration Grants in Partnership with Rural Economic Development Center, Inc. – The Department of Commerce, in partnership with the Rural Economic Development Center, Inc., shall award up to two million two hundred fifty thousand dollars ($2,250,000) in demonstration grants to local governments in very distressed rural areas of the State. These grants shall be used to address critical infrastructure and entrepreneurial needs and to provide small business assistance.

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.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2005

DRAFT
SPECIAL PROVISION

2005-AGRIC-H1(S11.1)i

Department of Agriculture and Consumer Services
Appropriations Subcommittee on Natural and Economic Resources

Requested by: Representatives Hunter, Warren

PESTICIDE DISPOSAL PROGRAM

SECTION 11.1. G.S. 143-468(b) reads as rewritten:

"(b) The Pesticide Environmental Trust Fund is established as a nonreverting account within the Department of Agriculture and Consumer Services. The Department of Agriculture and Consumer Services shall administer the Fund. The additional assessment imposed by G.S. 143-442(b) on the registration of a brand or grade of pesticide shall be credited to the Fund. The Department shall distribute money in the Fund as follows:

(1) Two and one-half percent (2.5%) to North Carolina State University Cooperative Extension Service to enhance its agromedicine efforts in cooperation with East Carolina University School of Medicine.

(2) Two and one-half percent (2.5%) to East Carolina University School of Medicine to enhance its agromedicine efforts in cooperation with North Carolina State University Cooperative Extension Service.

(3) Twenty percent (20%) to North Carolina State University, Department of Toxicology, to establish and maintain an extension agromedicine specialist position.

(4) Seventy-five percent (75%) to the Department of Agriculture and Consumer Services <u>for the costs of administering its pesticide disposal program, including the salaries and support of staff for the pesticide disposal program, and</u> for its environmental programs, as directed by the Board, including establishing a pesticide container management program to enhance its pesticide disposal program and its water quality initiatives."

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2005

DRAFT
SPECIAL PROVISION

2005-AGRIC-H2(S11.2)i

Department of Agriculture and Consumer Services
Appropriations Subcommittee on Natural and Economic Resources

Requested by: Representatives Hunter, Warren

TIMBER SALES RECEIPTS FOR CAPITAL IMPROVEMENTS AT AGRICULTURAL RESEARCH STATIONS AND FARMS

SECTION 11.2. The sum of one million thirty-three thousand one hundred dollars ($1,033,100) 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, 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.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2005

DRAFT
SPECIAL PROVISION

2005-AGRIC-H3(S11.3)i

Department of Agriculture and Consumer Services
Appropriations Subcommittee on Natural and Economic Resources

Requested by: Representatives Hunter, Warren

PLANT CONSERVATION PROGRAM FUNDS

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) shall be transferred to the Department of Agriculture and Consumer Services to be used 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.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2005

DRAFT
SPECIAL PROVISION

2005-AGRIC-H4(S11.4)i

Department of Agriculture and Consumer Services
Appropriations Subcommittee on Natural and Economic Resources

Requested by: Representatives Hunter, Warren

INCREASE FUNDS FOR NORTH CAROLINA GRAPE GROWERS COUNCIL

SECTION 11.4. G.S. 105-113.81A reads as rewritten:

"**§ 105-113.81A. Distribution of part of wine taxes attributable to North Carolina wine.**

The Secretary shall on a quarterly basis credit to the Department of Agriculture and Consumer Services the net proceeds of the excise tax collected on unfortified wine bottled in North Carolina during the previous quarter and the net proceeds of the excise tax collected on fortified wine bottled in North Carolina during the previous quarter, except that the amount credited to the Department of Agriculture and Consumer Services under this section shall not exceed ~~three hundred fifty thousand dollars ($350,000)~~ five hundred thousand dollars ($500,000) per fiscal year. The Department of Agriculture and Consumer Services shall allocate the funds received under this section to the North Carolina Grape Growers Council to be used to promote the North Carolina grape and wine industry and to contract for research and development services to improve viticultural and enological practices in North Carolina. Any funds credited to the Department of Agriculture and Consumer Services under this section that are not expended by June 30 of any fiscal year may not revert to the General Fund, but shall remain available to the Department for the uses set forth in this section."

New Language

Department of Labor Fee Study

Conduct a study that explores the possibility of implementing fee increases and new fees to make the Department of Labor fully receipt-supported.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2005

DRAFT
SPECIAL PROVISION

2005-ENV-H1(S12.1)i

Environment and Natural Resources
Appropriations Subcommittee on Natural and Economic Resources

Requested by: Representatives Hunter, Warren

STATE MATCH FOR FEDERAL SAFE DRINKING WATER ACT FUNDS

SECTION 12.1. Notwithstanding the provisions of Chapter 159G of the General Statutes, the Department of Environment and Natural Resources may transfer from the General Water Supply Revolving Loan Account up to one million five hundred thousand dollars ($1,500,000) to the Department of Environment and Natural Resources to be used to match the federal grant moneys authorized by section 1452 of the federal Safe Drinking Water Act amendments of 1996 for the 2005-2006 fiscal year. The General Water Supply Revolving Loan Account is an account under the Clean Water Revolving Loan and Grant Fund and is established under G.S. 159G-4. The Clean Water Revolving Loan and Grant Fund is established by G.S. 159G-5.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2005

DRAFT
SPECIAL PROVISION

2005-ENV-H2(S12.2)i

Environment and Natural Resources
Appropriations Subcommittee on Natural and Economic Resources

Requested by: Representatives Hunter, Warren

EXPAND EXPRESS REVIEW PROGRAM STATEWIDE

SECTION 12.2.(a) Part 1 of Article 7 of Chapter 143B of the General Statutes is amended by adding two new sections to read:

"**§ 143B-279.13. Express permit and certification reviews.**

(a) The Department of Environment and Natural Resources shall develop an express review program to provide express permit and certification reviews in all of its regional offices. Participation in the express review program is voluntary, and the program is to become supported by the fees determined pursuant to subsection (b) of this section. The Department of Environment and Natural Resources shall determine the project applications to review under the express review program from those who request to participate in the program. The express review program may be applied to any one or all of the permits, approvals, or certifications in the following programs: the erosion and sedimentation control program, the coastal management program, and the water quality programs, including water quality certifications and stormwater management. The express review program shall focus on the following permits or certifications:

(1) Stormwater permits under Part 1 of Article 21 of Chapter 143 of the General Statutes.

(2) Stream origination certifications under Article 21 of Chapter 143 of the General Statutes.

(3) Water quality certification under Article 21 of Chapter 143 of the General Statutes.

(4) Erosion and sedimentation control permits under Article 4 of Chapter 113A of the General Statutes.

(5) Permits under the Coastal Area Management Act (CAMA), Part 4 of Article 7 of Chapter 113A of the General Statutes.

(b) The Department of Environment and Natural Resources may determine the fees for express application review under the express review program. Notwithstanding G.S. 143-215.3D, the maximum permit application fee to be charged under subsection (a) of this section for the express review of a project application requiring all of the permits under subdivisions (1) through (5) of subsection (a) of this section shall not exceed five thousand five hundred dollars ($5,500). Notwithstanding G.S. 143-215.3D, the maximum permit application fee to be charged for the express review of a project application requiring all of the permits under subdivisions (1) through (4) of subsection (a) of this section shall not exceed four thousand five hundred dollars ($4,500). Notwithstanding G.S. 143-215.3D, the maximum permit application fee charged for the express review of a project application for any other combination of permits under

subdivisions (1) through (5) of subsection (a) of this section shall not exceed four thousand dollars ($4,000). Express review of a project application involving additional permits or certifications issued by the Department of Environment and Natural Resources other than those under subdivisions (1) through (5) of subsection (a) of this section may be allowed by the Department, and, notwithstanding G.S. 143-215.3D or any other statute or rule that sets a permit fee, the maximum permit application fee charged for the express review of a project application shall not exceed four thousand dollars ($4,000), plus one hundred fifty percent (150%) of the fee that would otherwise apply by statute or rule for that particular permit or certification. Additional fees, not to exceed fifty percent (50%) of the original permit application fee under this section, may be charged for subsequent reviews due to the insufficiency of the permit applications. The Department of Environment and Natural Resources may establish the procedure by which the amount of the fees under this subsection is determined, and the fees and procedures are not rules under G.S. 150B-2(8a) for the express review program under this section.

(c) No later than March 1 of each year, the Department of Environment and Natural Resources shall report to the Fiscal Research Division and the Environmental Review Commission its findings on the success of the program under this section and any other findings or recommendations, including any legislative proposals that it deems pertinent.

"**§ 143B-279.14. Express Review Fund.**

The Express Review Fund is created as a special nonreverting fund. All fees collected under G.S. 143B-279.13 shall be credited to the Express Review Fund. The Express Review Fund shall be used for the costs of implementing the express review program under G.S. 143B-279.13 and the costs of administering the program, including the salaries and support of the program's staff. If the express review program is abolished, the funds in the Express Review Fund shall be credited to the General Fund."

SECTION 12.2.(b) The Department of Environment and Natural Resources shall expand to a statewide program that operates in each regional office of the Department the Express Review Pilot Program established by Section 11.4A of S.L. 2003-284 and expanded by Section 12.9 of S.L. 2004-124, and the provisions of G.S. 143B-279.13, as enacted by subsection (a) of this section, shall apply to this statewide program.

SECTION 12.2.(c) The Department of Environment and Natural Resources shall establish and support 12 additional positions to administer the statewide express review program under G.S. 143B-279.13, as enacted by subsection (a) of this section. Up to seven hundred thirty-six thousand six hundred twenty-nine dollars ($736,629) for the 2005-2006 fiscal year and up to six hundred seventy-one thousand four hundred nine dollars ($671,409) for the 2006-2007 fiscal year shall be allocated from the Express Review Fund created in G.S. 143B-279.14, as enacted by subsection (a) of this section, to establish and support these 12 positions.

SECTION 12.2.(d) The Department of Environment and Natural Resources shall continue and support the four positions established under Section 12.9(c) of S.L. 2004-124 to administer the statewide express review program under G.S. 143B-279.13, as enacted by subsection (a) of this section. Up to two hundred twenty-three thousand eight hundred three dollars ($223,803) for the 2005-2006 fiscal year and up to two

hundred twenty-three thousand eight hundred three dollars ($223,803) for the 2006-2007 fiscal year shall be allocated from the Express Review Fund created in G.S. 143B-279.14, as enacted by subsection (a) of this section, to continue and support these four positions.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2005

DRAFT
SPECIAL PROVISION

2005-ENV-H3(S12.3)i

Environment and Natural Resources
Appropriations Subcommittee on Natural and Economic Resources

Requested by: Representatives Hunter, Warren

SEDIMENTATION EDUCATION FUNDS

SECTION 12.3. The Department of Environment and Natural Resources shall use the funds appropriated in this act to the Department of Environment and Natural Resources for the 2005-2006 fiscal year and for the 2006-2007 fiscal year for sedimentation education for only the following:

(1) Sedimentation education activities that provide technical assistance to local erosion and sedimentation control programs under G.S. 113A-60; or

(2) Sedimentation education to professionals involved in developing erosion and sedimentation control plans for which prior approval is required under Article 4 of Chapter 113A of the General Statutes.

Modified

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2005

DRAFT
SPECIAL PROVISION

2005-ENV-H4(S12.4)

Environment and Natural Resources
Appropriations Subcommittee on Natural and Economic Resources

Requested by: Representatives Hunter, Warren

FUNDS TO IMPLEMENT FISHING LICENSE REQUIREMENTS LEGISLATION/CONTINGENT REPEAL OF SALTWATER FISHING LICENSE REQUIREMENT

SECTION 12.4.(a) The Wildlife Resources Commission may disburse up to one million dollars ($1,000,000) from the Wildlife Resources Fund to implement Senate Bill 1126 (Amend Fishing License Requirements-2) or House Bill 1092 (Amend Fishing License Requirements) if either bill becomes law no later than 30 days after adjournment of the 2005 Regular Session.

SECTION 12.4.(b) The State Treasurer shall transfer a sum equal to the sum of funds disbursed pursuant to subsection (a) of this section from the Marine Resources Fund to the Wildlife Resources Fund on July 1, 2010.

Different from Senate
Section C omit included

Different from Senate Modified

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2005

Joy

DRAFT
SPECIAL PROVISION

2005-NATRES-H1A(S12.5)

Environment and Natural Resources
Appropriations Subcommittee on Natural and Economic Resources

Requested by: Representatives Hunter, Warren

GRASSROOTS SCIENCE PROGRAM

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 is allocated as grants-in-aid for each fiscal year as follows:

	2005-2006
Aurora Fossil Museum	$58,794
Cape Fear Museum	$157,784
Carolina Raptor Center	$110,369
Catawba Science Center	$131,007
Colburn Gem and Mineral Museum, Inc.	$73,833
Discovery Place	$645,072
Eastern NC Regional Science Center	$50,000
Fascinate-U	$79,849
Granville County Museum Commission, Inc.–Harris Gallery	$56,236
Greensboro Children's Museum	$132,606
The Health Adventure Museum of Pack Place Education, Arts and Science Center, Inc.	$132,046
Highlands Nature Center	$78,418
Imagination Station	$84,988
Iredell Children's Museum	$59,452
Kidsenses	$50,000
Museum of Coastal Carolina	$73,489
Natural Science Center of Greensboro	$182,395
North Carolina Museum of Life and Science	$370,250
Port Discover: Northeastern North Carolina's Center for Hands-on Science, Inc.	$50,000
Rocky Mount Children's Museum	$71,608
Schiele Museum of Natural History	$224,334
Sci Works Science Center and Environmental Park of Forsyth County	$143,697

Western North Carolina Nature Center	$111,054
Wilmington Children's Museum	$70,481
Total	$3,197,762

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.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2005

DRAFT
SPECIAL PROVISION

2005-NATRES-H3(S12.7)i

Environment and Natural Resources
Appropriations Subcommittee on Natural and Economic Resources

Requested by: Representatives Hunter, Warren

EXTEND AND EXPAND PILOT PROGRAM FOR INSPECTION OF ANIMAL WASTE MANAGEMENT SYSTEMS

SECTION 12.7.(a) Section 15.4(a) of S.L. 1997-443, as amended by Section 3.1 of S.L. 1999-329, Section 5 of S.L. 2001-254, Section 1.1 of S.L. 2002-176, and Section 6.1 of S.L. 2003-340, reads as rewritten:

"(a) The Department of Environment and Natural Resources shall develop and implement a pilot program to begin no later than 1 November 1997, and to terminate 1 September ~~2005,~~ 2007, regarding the annual inspections of animal operations that are subject to a permit under Article 21 of Chapter 143 of the General Statutes. The Department shall select two counties located in a part of the State that has a high concentration of swine farms to participate in this pilot program. In addition, Brunswick County and Pender County shall be added to the program. Notwithstanding G.S. 143-215.10F, the Division of Soil and Water Conservation of the Department of Environment and Natural Resources shall conduct inspections of all animal operations that are subject to a permit under Article 21 of Chapter 143 of the General Statutes in these ~~three~~ four counties at least once a year to determine whether any animal waste management system is causing a violation of water quality standards and whether the system is in compliance with its animal waste management plan or any other condition of the permit. The personnel of the Division of Soil and Water Conservation who are to conduct these inspections in each of these ~~three~~ four counties shall be located in an office in the county in which that person will be conducting inspections. As part of this pilot program, the Department of Environment and Natural Resources shall establish procedures whereby resources within the local Soil and Water Conservation Districts serving the ~~three~~ four counties are used for the quick response to complaints and reported problems previously referred only to the Division of Water Quality of the Department of Environment and Natural Resources."

SECTION 12.7.(b) Section 3.3 of S.L. 1999-329, as amended by Section 6 of S.L. 2001-254, Section 1.2 of S.L. 2002-176, and Section 6.2 of S.L. 2003-340, reads as rewritten:

"Section 3.3. The Department of Environment and Natural Resources, in consultation with both the Division of Water Quality and the Division of Soil and Water Conservation, shall submit semiannual interim reports no later than 15 April and 15 October of each year beginning 15 October 1999 ~~and shall submit a final report no later than 15 October 2005~~ to the Environmental Review ~~Commission and to~~Commission, the Fiscal Research ~~Division.~~Division, and the Appropriations Subcommittees on Natural and Economic Resources in both the Senate and the House of Representatives.

These reports shall indicate whether the pilot program has increased the effectiveness of the annual inspections program or the response to complaints and reported problems, specifically whether the pilot program had resulted in identifying violations earlier, taking corrective actions earlier, increasing compliance with the animal waste management plans and permit conditions, improving the time to respond to discharges, complaints, and reported problems, improving communications between farmers and Department employees, and any other consequences deemed pertinent by the Department. These reports shall also compare the costs of conducting operations reviews and inspections under the pilot program with the costs of conducting operations reviews and inspections pursuant to G.S. 143-215.10D and G.S. 143-215.10F and the resources that would be required to expand the pilot program to all counties. ~~The final report shall include a recommendation as to whether to continue or expand the pilot program under this act. The Environmental Review Commission may recommend to the General Assembly whether to continue or expand the pilot program under this act and may make any related legislative proposals.~~"

SECTION 12.7.(c) No later than October 15, 2005, the Department of Environment and Natural Resources shall recommend to the Environmental Review Commission and the General Assembly whether to continue or expand the pilot program under this section. The Environmental Review Commission shall recommend to the 2006 Session of the General Assembly whether to continue or expand the pilot program under this section and may make any related legislative proposals.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2005

DRAFT
SPECIAL PROVISION

2005-COMM-H7(S13.2)i

Department of Commerce/Economic Development
Appropriations Subcommittee on Natural and Economic Resources

Requested by: Representative

COUNCIL OF GOVERNMENT FUNDS

SECTION 13.2.(a) Of the funds appropriated in this act to the Department of Commerce, eight hundred thirty-two thousand one hundred fifty dollars ($832,150) for the 2005-2006 fiscal year and eight hundred thirty-two thousand one hundred fifty dollars ($832,150) for the 2006-2007 fiscal year shall only be used as provided by this section. Each regional council of government or lead regional organization is allocated up to forty-eight thousand nine hundred fifty dollars ($48,950) for the 2005-2006 and the 2006-2007 fiscal years.

SECTION 13.2.(b) A regional council of government may use funds appropriated by this section only to assist local governments in grant applications, economic development, community development, support of local industrial development activities, and other activities as deemed appropriate by the member governments.

SECTION 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, 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, as specified in subdivision (e)(2) of this section.

SECTION 13.2.(d) Funds appropriated by this section shall not be used for payment of dues or assessments by the member governments and shall not supplant funds appropriated by the member governments.

SECTION 13.2.(e) Each council of government or lead regional organization shall do the following:

(1) By January 15, 2006, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division the following information:
   a. State fiscal year 2004-2005 program activities, objectives, and accomplishments;
   b. State fiscal year 2004-2005 itemized expenditures and fund sources;
   c. State fiscal year 2005-2006 planned activities, objectives, and accomplishments, including actual results through December 31, 2005; and

d. State fiscal year 2005-2006 estimated itemized expenditures and fund sources, including actual expenditures and fund sources through December 31, 2005.

(2) By January 15, 2007, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division the following information:

a. State fiscal year 2005-2006 program activities, objectives, and accomplishments;

b. State fiscal year 2005-2006 itemized expenditures and fund sources;

c. State fiscal year 2006-2007 planned activities, objectives, and accomplishments, including actual results through December 31, 2006; and

d. State fiscal year 2006-2007 estimated itemized expenditures and fund sources, including actual expenditures and fund sources through December 31, 2006.

(3) Provide to the Fiscal Research Division a copy of the organization's annual audited financial statement within 30 days of issuance of the statement.

Modified

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2005

DRAFT
SPECIAL PROVISION

2005-COMM-H8(S13.3)

Department of Commerce/Economic Development
Appropriations Subcommittee on Natural and Economic Resources

Requested by: Representative

TOURISM PROMOTION GRANTS

SECTION 13.3.(a) Tourism promotion funds appropriated to the Department of Commerce shall be allocated to counties based on need. Determination of counties that are most in need of State assistance shall be made in accordance with the existing state tier formula provided in G.S. 105-129.3.

SECTION 13.3.(b) Funds appropriated in this act to the Department of Commerce for tourism promotion grants shall be allocated according to the economic development tier assigned by the Department of Commerce in the following manner:

(1) Eligible organizations in counties with a Tier 1 or 2 designation are each eligible to receive a maximum grant of seven thousand five hundred dollars ($7,500) for each fiscal year, provided these funds are matched on the basis of one non-State dollar ($1.00) for every four State dollars ($4.00).

(2) Eligible organizations in counties with a Tier 3 or 4 designation are each eligible to receive a maximum grant of three thousand five hundred dollars ($3,500) for two of the next three fiscal years, provided these funds are matched on the basis of one non-State dollar ($1.00) for every three State dollars ($3.00).

(3) Eligible organizations in counties with a Tier 5 designation are each eligible to receive a maximum grant of three thousand five hundred dollars ($3,500) in alternating fiscal years provided these funds are matched on the basis of two non-State dollars ($2.00) for every one State dollar ($1.00).

SECTION 13.3.(c) An eligible organization that applies for but does not receive tourism promotion grant funds may apply for and be awarded funds in the following fiscal year. The fact that one or more eligible organizations in a county are awarded tourism promotion grant funds in a given fiscal year shall not bar other eligible organizations in that county from applying for and being awarded funds in the next fiscal year.

Existing Tier system

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2005

DRAFT
SPECIAL PROVISION

2005-COMM-H9(S13.4)i

Department of Commerce/Economic Development
Appropriations Subcommittee on Natural and Economic Resources

Requested by: Representative

EMPLOYMENT SECURITY FUNDS

SECTION 13.4. There is appropriated from the Special Employment Security Administration 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 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.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2005

DRAFT
SPECIAL PROVISION

2005-COMM-H10(S13.4A)i

Department of Commerce/Economic Development
Appropriations Subcommittee on Natural and Economic Resources

Requested by: Representative

TRADE JOBS FOR SUCCESS REPORTING

SECTION 13.4A.(a) In addition to the statutory reporting requirements pursuant to G.S. 143B-438.17, the Employment Security Commission, Department of Commerce, and the Community Colleges System Office shall make a joint written progress report on their compliance with Section 13.7A of S.L. 2004-124, as to the following:

(1) The actions taken to obtain from the U.S. Department of Labor as quickly as possible a waiver under the Trade Adjustment Act to allow the Trade Jobs for Success initiative to (i) serve persons regardless of their age, (ii) use unemployment funds to provide direct monetary incentives to participating employers and direct income to eligible workers in the retraining program, and (iii) use funds for in-State relocation assistance.

(2) Whether waivers have been sought for other program components.

(3) The progress made in implementing the Trade Jobs for Success initiative in the counties hardest hit by trade-impacted job losses, particularly the counties having an unemployment rate of eight percent (8%) and the extent to which these counties have received priority consideration.

(4) The efforts of the Department of Commerce seeking and receiving private grants and federal funds for the Trade Jobs for Success initiative.

(5) Any reasons why legislative mandates have not been followed or the statutory goals have not been achieved.

The progress report shall be submitted to the Joint Legislative Commission on Governmental Operations and to the Chairs of the Appropriations Committees of the Senate and the House of Representatives by August 1, 2005.

SECTION 13.4A.(b) G.S. 143B-438.17 reads as rewritten:

"**§ 143B-438.17. Reporting.**

(a) Beginning July 1, 2005, ~~The~~ the Department of Commerce, in conjunction with the Employment Security Commission and the Community Colleges System Office, shall publish a ~~quarterly~~ monthly written report on the Trade Jobs for Success (TJS) initiative. The monthly report shall provide information on the commitment, disbursement, and use of funds and the status of any grant proposals or waivers

requested on behalf of the Trade Jobs for Success initiative. The monthly report shall be submitted to the Governor and to the Fiscal Research Division of the General Assembly.

(b) Beginning October 1, 2005, the Department of Commerce, in conjunction with the Employment Security Commission and the Community Colleges System Office, shall publish a quarterly written report on the Trade Jobs for Success initiative. The quarterly report shall ~~also~~ include legislative proposals and recommendations regarding statutory changes needed to maximize the effectiveness and flexibility of the TJS initiative. Copies of the quarterly report shall be provided to the Joint Legislative Commission on Governmental Operations, to the chairs of the Senate and House of Representatives Appropriations Committees, and to the Fiscal Research Division of the General Assembly.

(c) Beginning January 1, 2006, the Department of Commerce, in conjunction with the Employment Security Commission and the Community Colleges System Office, shall publish a comprehensive annual written report on the Trade Jobs for Success initiative. The annual report shall include a detailed explanation of outcomes and future planning for the TJS initiative. Copies of the annual report shall be provided to the Governor, to the Joint Legislative Commission on Governmental Operations, to the chairs of the Senate and House of Representatives Appropriations Committees, and to the Fiscal Research Division of the General Assembly."

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2005

DRAFT
SPECIAL PROVISION

2005-COMM-H11(S13.5)i

Department of Commerce/Economic Development
Appropriations Subcommittee on Natural and Economic Resources

Requested by: Representative

INDUSTRIAL DEVELOPMENT FUND

SECTION 13.5. 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, ~~or~~ electrical utility distribution lines or ~~equipment~~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, ~~or~~ electrical utility lines or ~~facilities~~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.

...

(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, in creating jobs in eligible industries. The Department of Commerce shall adopt rules providing for the administration of the program. Except as otherwise provided in this subsection, those rules shall be consistent with the rules adopted with respect to the Industrial Development Fund. The rules shall provide that the funds in the Utility Account may be used only for construction of or improvements to new or existing water, sewer, gas, telecommunications, high-speed broadband, ~~or~~ electrical utility distribution lines or ~~equipment~~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, ~~or~~ electrical utility lines or ~~facilities~~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.

...."

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2005

DRAFT
SPECIAL PROVISION

2005-COMM-H12(S13.6)i

Department of Commerce/Economic Development
Appropriations Subcommittee on Natural and Economic Resources

Requested by: Representative

ONE NORTH CAROLINA FUND

SECTION 13.6. Of the funds appropriated in Section 1(a) of S.L. 2004-88 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 fiscal year.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2005

DRAFT
SPECIAL PROVISION

2005-COMM-H13(S13.7)i

Department of Commerce/Economic Development
Appropriations Subcommittee on Natural and Economic Resources

Requested by: Representative

REGIONAL ECONOMIC DEVELOPMENT COMMISSION ALLOCATIONS

SECTION 13.7.(a) Funds appropriated in this act to the Department of Commerce for regional economic development commissions shall be allocated to the following Commissions in accordance with subsection (b) of this section: Western North Carolina Regional Economic Development Commission, Research Triangle Regional Commission, Southeastern North Carolina Regional Economic Development Commission, Piedmont Triad Partnership, Northeastern North Carolina Regional Economic Development Commission, Global TransPark Development Commission, and Carolinas Partnership, Inc.

SECTION 13.7.(b) Funds appropriated pursuant to subsection (a) of this section shall be allocated to each Regional Economic Development Commission as follows:

(1) First, the Department shall establish each Commission's allocation by determining the sum of allocations to each county that is a member of that Commission. Each county's allocation shall be determined by dividing the county's enterprise factor by the sum of the enterprise factors for eligible counties and multiplying the resulting percentage by the amount of the appropriation. As used in this subdivision, the term "enterprise factor" means a county's enterprise factor as calculated under G.S. 105-129.3; and

(2) Next, the Department shall subtract from funds allocated to the Global TransPark Development Commission the sum of one hundred eighteen thousand one hundred twenty-nine dollars ($118,129) in the 2005-2006 fiscal year and one hundred eighteen thousand four hundred seventy-seven dollars ($118,477) in the 2006-2007 fiscal year, which sum represents the interest earnings in each fiscal year on the estimated balance of seven million five hundred thousand dollars ($7,500,000) appropriated to the Global TransPark Development Zone in Section 6 of Chapter 561 of the 1993 Session Laws; and

(3) Next, the Department shall redistribute the sum of one hundred eighteen thousand one hundred twenty-nine dollars ($118,129) in the 2005-2006 fiscal year and one hundred eighteen thousand four hundred seventy-seven dollars ($118,477) in the 2006-2007 fiscal year to the seven Regional Economic Development Commissions named in subsection (a) of this section. Each Commission's share of this

redistribution shall be determined according to the enterprise factor formula set out in subdivision (1) of this subsection. This redistribution shall be in addition to each Commission's allocation determined under subdivision (1) of this subsection.

New Jay

Regional Economic Development Partnerships

Appropriates from the General Fund to the seven regional economic development partnerships, the sum of one million seven hundred fifty thousand dollars ($1,750,000) for the 2005-2006 fiscal year. From these funds, each regional economic development partnership shall receive two hundred fifty thousand dollars ($250,000). These funds shall be used by each partnership to develop and implement a strategic economic development plan.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2005

DRAFT
SPECIAL PROVISION

2005-COMM-H14(S13.8)i

Department of Commerce/Economic Development
Appropriations Subcommittee on Natural and Economic Resources

Requested by: **Representative**

REGIONAL ECONOMIC DEVELOPMENT COMMISSION REPORTS

SECTION 13.8.(a) By February 15 of each fiscal year, the seven regional economic development commissions shall report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division the following information:

(1) The preceding fiscal year's program activities, objectives, and accomplishments.

(2) The preceding fiscal year's itemized expenditures and fund sources.

(3) Demonstration of how the commission's regional economic development and marketing strategy aligns with the State's overall economic development and marketing strategies.

(4) To the extent they are involved in promotion activities such as trade shows, visits to prospects and consultants, advertising and media placement, the commissions shall demonstrate how they have generated qualified leads.

SECTION 13.8.(b) Each of the commissions shall provide to the Fiscal Research Division a copy of their annual audited financial statement within 30 days of issuance of the statement.

SECTION 13.8.(c) The reporting requirements for regional economic development commissions, as provided in subsection (a) of this section, shall be reviewed annually by the North Carolina Partnership for Economic Development, and recommendations for changes to the reporting requirements shall be made to the Fiscal Research Division, the President Pro Tempore of the Senate, and the Speaker of the House of Representatives.

SECTION 13.8.(d) Regional economic development commissions shall receive quarterly allocations of the funds appropriated in this act to the Department of Commerce for regional economic development commissions.

SECTION 13.8.(e) Regional economic development commissions shall remain in the Department of Commerce's Budget Code 14601 with other State-aided nonprofit entities.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2005

DRAFT
SPECIAL PROVISION

2005-COMM-H15(S13.9)i

Department of Commerce/Economic Development
Appropriations Subcommittee on Natural and Economic Resources

Requested by: Representative

NONPROFIT REPORTING REQUIREMENTS

SECTION 13.9.(a) The N.C. Institute for Minority Economic Development, Inc., Land Loss Prevention Project, North Carolina Minority Support Center, North Carolina Community Development Initiative, Inc., North Carolina Association of Community Development Corporations, Inc., Coalition of Farm and Rural Families, and Partnership for the Sounds, Inc., shall do the following:

(1) By January 15, 2006, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division the following information:
   a. State fiscal year 2004-2005 program activities, objectives, and accomplishments;
   b. State fiscal year 2004-2005 itemized expenditures and fund sources;
   c. State fiscal year 2005-2006 planned activities, objectives, and accomplishments including actual results through December 31, 2005; and
   d. State fiscal year 2005-2006 estimated itemized expenditures and fund sources including actual expenditures and fund sources through December 31, 2005.

(2) By January 15, 2007, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division the following information:
   a. State fiscal year 2005-2006 program activities, objectives, and accomplishments;
   b. State fiscal year 2005-2006 itemized expenditures and fund sources;
   c. State fiscal year 2006-2007 planned activities, objectives, and accomplishments including actual results through December 31, 2006; and
   d. State fiscal year 2006-2007 estimated itemized expenditures and fund sources including actual expenditures and fund sources through December 31, 2006.

(3) Provide to the Fiscal Research Division a copy of the organization's annual audited financial statement within 30 days of issuance of the statement.

SECTION 13.9.(b) No funds appropriated under this act shall be released to a nonprofit organization listed in subsection (a) of this section until the organization has satisfied the reporting requirement for January 15, 2005. Fourth quarter allotments shall not be released to any nonprofit organization that does not satisfy the reporting requirements by January 15, 2006, or January 15, 2007.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2005

DRAFT
SPECIAL PROVISION

2005-COMM-H16(S13.10)i

Department of Commerce/Economic Development
Appropriations Subcommittee on Natural and Economic Resources

Requested by: Representative

BIOTECHNOLOGY CENTER

SECTION 13.10.(a) The North Carolina Biotechnology Center shall recapture funds spent in support of successful research and development efforts in the for-profit private sector.

SECTION 13.10.(b) The North Carolina Biotechnology Center shall provide funding for biotechnology, biomedical, and related bioscience applications under its Business and Science Technology Programs.

SECTION 13.10.(c) The North Carolina Biotechnology Center shall:

(1) By January 15, 2006, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division the following information:
   a. State fiscal year 2004-2005 program activities, objectives, and accomplishments;
   b. State fiscal year 2004-2005 itemized expenditures and fund sources;
   c. State fiscal year 2005-2006 planned activities, objectives, and accomplishments, including actual results through December 31, 2005; and
   d. State fiscal year 2005-2006 estimated itemized expenditures and fund sources, including actual expenditures and fund sources through December 31, 2005.

(2) By January 15, 2007, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division the following information:
   a. State fiscal year 2005-2006 program activities, objectives, and accomplishments;
   b. State fiscal year 2005-2006 itemized expenditures and fund sources;
   c. State fiscal year 2006-2007 planned activities, objectives, and accomplishments, including actual results through December 31, 2006; and
   d. State fiscal year 2006-2007 estimated itemized expenditures and fund sources, including actual expenditures and fund sources through December 31, 2006.

(3) Provide to the Fiscal Research Division a copy of the organization's annual audited financial statement within 30 days of issuance of the statement.

SECTION 13.10.(d) The North Carolina Biotechnology Center shall provide a report containing detailed budget, personnel, and salary information to the Office of State Budget and Management and to the Fiscal Research Division in the same manner as State departments and agencies in preparation for biennium budget requests.

Modified

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2005

DRAFT
SPECIAL PROVISION

2005-COMM-H17(S13.11)

Department of Commerce/Economic Development
Appropriations Subcommittee on Natural and Economic Resources

Requested by: **Representative**

RURAL ECONOMIC DEVELOPMENT CENTER

SECTION 13.11.(a) Of the funds appropriated in this act to the Rural Economic Development Center, Inc., the sum of two million twenty-five thousand six hundred ninety-seven dollars ($2,025,697) for the 2005-2006 fiscal year and the sum of two million twenty-five thousand six hundred ninety-seven dollars ($2,025,697) for the 2006-2007 fiscal year shall be allocated as follows:

	2005-2006	2006-2007
Research and Demonstration Grants	$370,000	$370,000
Technical Assistance and Center Administration of Research and Demonstration Grants	444,399	444,399
Center Administration, Oversight, and Other Programs	604,298	604,298
Administration of Clean Water/ Natural Gas Critical Needs Bond Act of 1998	199,722	199,722
Additional Administration of Supplemental Funding Program	138,278	138,278
Administration of Capacity Building Assistance Program (1998 Bond Act)	125,000	125,000
Institute for Rural Entrepreneurship	144,000	144,000.

SECTION 13.11.(b) The Rural Economic Development Center, Inc., shall provide a report containing detailed budget, personnel, and salary information to the Office of State Budget and Management in the same manner as State departments and agencies in preparation for biennium budget requests.

SECTION 13.11.(c) For purposes of this section, the term "community development corporation" means a nonprofit corporation:

(1) Chartered pursuant to Chapter 55A of the General Statutes;

(2) Tax-exempt pursuant to section 501(c)(3) of the Internal Revenue Code of 1986;

(3) Whose primary mission is to develop and improve low-income communities and neighborhoods through economic and related development;

(4) Whose activities and decisions are initiated, managed, and controlled by the constituents of those local communities; and

(5) Whose primary function is to act as deal-maker and packager of projects and activities that will increase their constituencies' opportunities to become owners, managers, and producers of small businesses, affordable housing, and jobs designed to produce positive cash flow and curb blight in the targeted community.

SECTION 13.11.(d) Of the funds appropriated in this act to the Rural Economic Development Center, Inc., the sum of two million nine hundred fifteen thousand nine hundred ten dollars ($2,915,910) for the 2005-2006 fiscal year and the sum of two million nine hundred fifteen thousand nine hundred ten dollars ($2,915,910) for the 2006-2007 fiscal year shall be allocated as follows:

(1) $1,547,410 in each fiscal year for community development grants to support development projects and activities within the State's minority communities. Any community development corporation as defined in this section is eligible to apply for funds. The Rural Economic Development Center, Inc., shall establish performance-based criteria for determining which community development corporation will receive a grant and the grant amount. The Rural Economic Development Center, Inc., shall allocate these funds as follows:

a. $1,497,410 for direct grants to local community development corporations to support operations and project activities.

b. $50,000 in each fiscal year to the Rural Economic Development Center, Inc., to be used to cover expenses in administering this section.

(2) $195,000 in each fiscal year to the Microenterprise Loan Program to support the loan fund and operations of the Program; and

(3) $983,000 in each fiscal year shall be used for a program to provide supplemental funding for matching requirements for projects and activities authorized under this subsection. The Center shall allocate these funds as follows:

a. $675,000 in each fiscal year to make grants to local governments and nonprofit corporations to provide funds necessary to match federal grants or other grants for:

1. Necessary economic development projects and activities in economically distressed areas;

2. Necessary water and sewer projects and activities in economically distressed communities to address health or environmental quality problems except that funds shall not be expended for the repair or replacement of low-pressure pipe wastewater systems. If a grant is awarded under this sub-subdivision, then the grant shall be matched on a dollar-for-dollar basis in the amount of the grant awarded; or

3. Projects that demonstrate alternative water and waste management processes for local governments. Special consideration should be given to cost-effectiveness,

efficacy, management efficiency, and the ability of the demonstration project to be replicated.

b. $208,000 in each fiscal year to make grants to local governments and nonprofit corporations to provide funds necessary to match federal grants or other grants related to water, sewer, or business development projects.

c. $100,000 in each fiscal year to support the update of the statewide water and sewer database and to support the development of a statewide water management plan.

(4) $190,500 in each fiscal year for the Agricultural Advancement Consortium. These funds shall be placed in a reserve and allocated as follows:

a. $75,000 in each fiscal year for operating expenses associated with the Consortium; and

b. $115,500 in each fiscal year for research initiatives funded by the Consortium.

The Consortium shall facilitate discussions among interested parties and shall develop recommendations to improve the State's economic development through farming and agricultural interests.

The grant recipients in this subsection shall be selected on the basis of need.

SECTION 13.11.(e) The Rural Economic Development Center, Inc., shall:

(1) By January 15, 2006, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division the following information:

a. State fiscal year 2004-2005 program activities, objectives, and accomplishments;

b. State fiscal year 2004-2005 itemized expenditures and fund sources;

c. State fiscal year 2005-2006 planned activities, objectives, and accomplishments, including actual results through December 31, 2005; and

d. State fiscal year 2005-2006 estimated itemized expenditures and fund sources, including actual expenditures and fund sources through December 31, 2005.

(2) By January 15, 2007, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division the following information:

a. State fiscal year 2005-2006 program activities, objectives, and accomplishments;

b. State fiscal year 2005-2006 itemized expenditures and fund sources;

c. State fiscal year 2006-2007 planned activities, objectives, and accomplishments, including actual results through December 31, 2006; and

d. State fiscal year 2006-2007 estimated itemized expenditures and fund sources, including actual expenditures and fund sources through December 31, 2006.

(3) Provide to the Fiscal Research Division a copy of each grant recipient's annual audited financial statement within 30 days of issuance of the statement.

SECTION 13.11.(f) No funds appropriated under this act shall be released to a community development corporation, as defined in this section, unless the corporation can demonstrate that there are no outstanding or proposed assessments or other collection actions against the corporation for any State or federal taxes, including related penalties, interest, and fees.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2005

DRAFT
SPECIAL PROVISION

2005-COMM-H18(S13.12)i

Department of Commerce/Economic Development
Appropriations Subcommittee on Natural and Economic Resources

Requested by: Representative

RURAL ECONOMIC DEVELOPMENT CENTER

SECTION 13.12.(a) Of the funds appropriated in this act to the Rural Economic Development Center, Inc., the sum of twenty million dollars ($20,000,000) for the 2005-2006 fiscal year and the sum of twenty million dollars ($20,000,000) for the 2006-2007 fiscal year shall be allocated as follows:

(1) To continue the North Carolina Infrastructure Program. The purpose of the Program is to provide grants to local governments to construct critical water and wastewater facilities and to provide other infrastructure needs, including technology needs, to sites where these facilities will generate private job-creating investment. At least fifteen million dollars ($15,000,000) of the funds appropriated in this act for each year of the biennium must be used to provide grants under this Program.

(2) To provide matching grants to local governments in distressed areas and equity investments in public-private ventures that will productively reuse vacant buildings and properties, with priority given to towns or communities with populations of less than 5,000.

(3) To provide economic development research and demonstration grants.

SECTION 13.12.(b) The funds appropriated in this act to the Rural Economic Development Center, Inc., shall be recurring funds.

SECTION 13.12.(c) The Rural Economic Development Center, Inc., may contract with other State agencies, constituent institutions of The University of North Carolina, and colleges within the North Carolina Community College System for certain aspects of the North Carolina Infrastructure Program, including design of Program guidelines and evaluation of Program results.

SECTION 13.12.(d) During each year of the 2005-2007 biennium, the Rural Economic Development Center, Inc., may use up to two percent (2%) of the funds appropriated in this act to cover its expenses in administering the North Carolina Economic Infrastructure Program.

SECTION 13.12.(e) No later than January 15 each year, the Rural Economic Development Center, Inc., shall submit an annual report to the Joint Legislative Commission on Governmental Operations concerning the progress of the North Carolina Economic Infrastructure Program.

SECTION 13.12.(f) Of the funds appropriated in this act to the Rural Economic Development Center, Inc., the sum of five hundred thousand dollars

($500,000) for the 2005-2006 fiscal year and the sum of five hundred thousand dollars ($500,000) for the 2006-2007 fiscal year shall be allocated to the e-NC Authority.

The e-NC Authority may:

(1) Contract with other State agencies, The University of North Carolina, the North Carolina Community College System, and nonprofit organizations to assist with program development and the evaluation of program activities.

(2) Use up to five percent (5%) of the funds allocated in this section to cover its expenses in program development and implementation of activity areas.

The e-NC Authority shall report to the 2006 General Assembly on the following:

(1) The activities necessary to be undertaken in distressed urban areas of the State to enhance the capability of citizens and businesses residing in these areas to access the high-speed Internet.

(2) An implementation plan for the training of citizens and businesses in distressed urban areas.

(3) The technology and digital literacy training necessary to assist citizens and existing businesses to create new technology-based enterprises in these communities and to use the Internet to enhance the productivity of their businesses.

The e-NC Authority shall, by January 31, 2006, and quarterly thereafter, report to the Joint Legislative Commission on Governmental Operations on program development and the evaluation of program activities.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2005

DRAFT
SPECIAL PROVISION

2005-COMM-H19(S13.13)i

Department of Commerce/Economic Development
Appropriations Subcommittee on Natural and Economic Resources

Requested by: Representative

OPPORTUNITIES INDUSTRIALIZATION CENTER FUNDS

SECTION 13.13.(a) Of the funds appropriated in this act to the Rural Economic Development Center, Inc., the sum of three hundred sixty-one thousand dollars ($361,000) for the 2005-2006 fiscal year and the sum of three hundred sixty-one thousand dollars ($361,000) for the 2006-2007 fiscal year shall be equally distributed among the certified Opportunities Industrialization Centers for ongoing job training programs.

SECTION 13.13.(b) For each of the Opportunities Industrialization Centers receiving funds pursuant to subsection (a) of this section, the Rural Economic Development Center, Inc., shall:

(1) By January 15, 2006, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division the following information:
   a. State fiscal year 2004-2005 program activities, objectives, and accomplishments;
   b. State fiscal year 2004-2005 itemized expenditures and fund sources;
   c. State fiscal year 2005-2006 planned activities, objectives, and accomplishments, including actual results through December 31, 2005; and
   d. State fiscal year 2005-2006 estimated itemized expenditures and fund sources, including actual expenditures and fund sources through December 31, 2005.

(2) By January 15, 2007, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division the following information:
   a. State fiscal year 2005-2006 program activities, objectives, and accomplishments;
   b. State fiscal year 2005-2006 itemized expenditures and fund sources;
   c. State fiscal year 2006-2007 planned activities, objectives, and accomplishments, including actual results through December 31, 2006; and

d. State fiscal year 2006-2007 estimated itemized expenditures and fund sources, including actual expenditures and fund sources through December 31, 2006.

(3) Notwithstanding G.S. 143-6.1(d), file annually with the State Auditor a financial statement in the form and on the schedule prescribed by the State Auditor. The financial statements must be audited in accordance with standards prescribed by the State Auditor to assure that State funds are used for the purposes provided by law.

(4) Provide to the Fiscal Research Division a copy of the annual audited financial statement required in subdivision (3) of this subsection within 30 days of issuance of the statement.

SECTION 13.13.(c) No funds appropriated under this act shall be released to an Opportunities Industrialization Center (hereinafter Center) listed in subsection (a) of this section if the Center has any overdue tax debts, as that term is defined in G.S. 105-243.1, at the federal or State level.

MINUTES

HOUSE APPROPRIATIONS SUBCOMMITTEE ON NATURAL & ECONOMIC RESOURCES

May 19, 2005

The House Appropriations Subcommittee on Natural & Economic Resources met in Room 423 of the Legislative Office Building on May 19, 2005, at 9:30 a.m. Representative Howard called the meeting to order and introduced the Sergeant-At-Arms, James Worth, and Martha Gadison, and the House Pages, Chelsea King and Jenna Halford. The following Subcommittee members were present: Co-Chairs: Representatives Hunter and Warren; Vice Chairs: Representatives Allen and Walker; Members: Representatives Culp, Langdon, and Wray; and Ex-Officio member, Representative Culpepper. Susan Morgan, Jennifer Haygood and Joy Hicks, Staff Counsel, were in attendance. Notice of Meeting is attached as **Attachment 1**. There was no printed Agenda for the meeting. A Visitor Registration list is attached and made part of the minutes. See **Attachment 6.** The following bill was considered:

HB 1136, entitled: A BILL TO BE ENTITLED AN ACT TO REDUCE THE RELEASE OF MERCURY INTO THE ENVIRONMENT BY THE REMOVAL, COLLECTION, AND RECOVERY OF MERCURY SWITCHES FROM CERTAIN MOTOR VEHICLES. (Attachment 2) Fiscal Note is attached as **Attachment 3**. Representative Howard called on Representative Culpepper to explain the bill and stated that he would entertain a motion. Representative Allen made a motion to bring the Proposed Committee Substitute (**See Attachment 4**) before the committee, seconded by Representative Warren. Representative Culpepper proceeded to explain the original HB 1136, changes that had been made and the Proposed Committee Substitute Number 3. At the time the bill was originally before the Finance Committee, it was basically a self-liquidating bill because it raises enough receipt money to implement it. In the original Fiscal Note, it does have a slight fiscal impact. Work is continuing to be done of the Fiscal Note and by the time the bill is considered by the Senate, there will be a new Note and the bill will not require any money. In order to comply with the rules at this time, the bill needed to be referred to Appropriations and re-referred to this Subcommittee that handles the Department of Environment and Natural Resources. Representative Culpepper then explained the changes that had been made to the bill to include funding to establish a switch to remove the emission of mercury. Representative Culp moved for a favorable report as to the Committee Substitute Bill #3, unfavorable as to Committee Substitute #2 and for the report to be made directly to the floor of the House. Motion was seconded by Representative Allen and subsequently passed.

There being no further business, the meeting was adjourned at 10: a.m.

Respectfully submitted,

Representative Howard J. Hunter, Jr.
Chair

Nancy S. Willis
Assistant to the Committee

ATTACHMENTS:
Notice of Meeting
HB 1136, Committee Substitute #2
Fiscal Note
Proposed Committee Substitute #3
Subcommittee Report
Visitor Registration Sheet

Attachment 1

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

You are hereby notified that the Appropriations Subcommittee on **Natural and Economic Resources** will meet as follows:

DAY & DATE: **Thursday, May 19, 2005**

TIME: **9:30 a.m.**

LOCATION: **423 LOB**

The following bills will be considered (Bill # & Short Title & Bill Sponsor):
HB 1136 - Mercury Switch Removal - Reps. Culpepper, Hackney, Hunter

Respectfully,

Representatives Hunter and Warren
Co-chairs

I hereby certify this notice was filed by the committee clerk at the following offices at **8:45 a.m.** on **May 19, 2005**.

___Principal Clerk
___Reading Clerk - House Chamber

Nancy Willis (Committee Assistant)

Attachment 2

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2005

H 3

HOUSE BILL 1136

Committee Substitute Favorable 4/20/05
Committee Substitute #2 Favorable 5/10/05

Short Title: Mercury Switch Removal-2. (Public)

Sponsors:

Referred to:

April 6, 2005

A BILL TO BE ENTITLED

AN ACT TO REDUCE THE RELEASE OF MERCURY INTO THE ENVIRONMENT BY THE REMOVAL, COLLECTION, AND RECOVERY OF MERCURY SWITCHES FROM CERTAIN MOTOR VEHICLES.

The General Assembly of North Carolina enacts:

SECTION 1. Article 9 of Chapter 130A of the General Statutes is amended by adding a new Part to read:

"Part 6. Mercury Switch Removal Act of 2005.

"**§ 130A-310.50. Short title.**

This Part may be cited as the Mercury Switch Removal Act of 2005.

"**§ 130A-310.51. Definitions.**

As used in this Part:

(1) "Capture rate" means the annual removal, collection, and recovery of mercury switches as a percentage of the total number of mercury switches available for removal from end-of-life vehicles.

(2) "End-of-life vehicle" means a vehicle that is sold, given, or otherwise conveyed to a vehicle recycler or scrap metal recycling facility for the purpose of recycling.

(3) "Manufacturer" means a person, firm, association, partnership, corporation, governmental entity, organization, combination, or joint venture that is the last person in the production or assembly process of a new vehicle that utilizes mercury switches, or in the case of an imported vehicle, the importer or domestic distributor of the vehicle.

(4) "Mercury minimization plan" means a plan for removing, collecting, and recovering mercury switches from end-of-life vehicles that is prepared as provided in G.S. 130A-310.53.

(5) "Mercury switch" means each mercury-containing capsule, commonly known as a "bullet", that is part of a convenience light switch assembly installed in a vehicle.

(6) "Scrap metal recycling facility" means a fixed location where machinery and equipment are used to process scrap metal into specific grades of scrap metal for sale and whose primary product is scrap iron, scrap steel, or nonferrous metallic scrap.

(7) "Vehicle" means any passenger automobile or passenger car, station wagon, truck, van, or sport utility vehicle with a gross vehicle weight rating of less than 12,000 pounds.

(8) "Vehicle recycler" means an individual or entity engaged in the business of acquiring, dismantling, or destroying six or more end-of-life vehicles in a calendar year for the primary purpose of resale of parts of the vehicle.

"**§ 130A-310.52. Purpose.**

The purpose of this Part is to reduce the quantity of mercury that is released into the environment by removing mercury switches from end-of-life vehicles and by creating a removal, collection, and recovery program for mercury switches that are removed from end-of-life vehicles in this State.

"**§ 130A-310.53. Mercury minimization plan.**

(a) Every manufacturer of vehicles sold within this State shall develop a mercury minimization plan prepared pursuant to this section and submit the plan to the Department for review and approval pursuant to G.S. 130A-310.54. Manufacturers of vehicles may develop and submit a plan either individually or as part of a group of manufacturers. A manufacturer shall not be required to develop or implement a mercury minimization plan if the manufacturer demonstrates to the satisfaction of the Department that there is no significant risk of a release of mercury from any vehicle manufactured by the manufacturer.

(b) The mercury minimization plan prepared and submitted pursuant to this section shall include at a minimum all of the following:

(1) The make, model, and year of any vehicle, including current and anticipated future production models, that are sold or offered for sale by the vehicle manufacturer and that may contain one or more mercury switches. For each make, model, and year the vehicle manufacturer shall provide a description and the location of each mercury switch in the vehicle and all safe and environmentally sound methods for removal of mercury switches from end-of-life vehicles. If the manufacturer does not know or is uncertain as to whether or not a switch contains mercury, the plan shall be based on a presumption that the switch does contain mercury.

(2) A system to mark end-of-life vehicles that are to be shredded or crushed to indicate the presence or absence of a mercury switch.

(3) Educational materials to assist a vehicle recycler or a scrap metal recycling facility in undertaking a safe and environmentally sound

method for the removal of the mercury switches from end-of-life vehicles. The materials shall include information on hazards related to mercury and on the proper handling of mercury.

(4) A proposed method for storage and disposal of the mercury switches, including packaging and shipping of mercury switches to permitted recycling, storage, or disposal facilities. To the extent adequate, affordable, and environmentally sound mercury switch disposal technology is unavailable, the plan shall provide for the temporary storage of mercury switches.

(5) A proposed procedure for the transfer of information among entities subject to the mercury minimization plan to enable vehicle manufacturers and the Department to comply with the reporting requirements set out in G.S. 130A-310.56.

(6) A proposal to implement and finance the plan in accordance with subsection (d) of this section.

(c) To the extent practicable, a mercury minimization plan shall utilize the currently available end-of-life vehicle recycling infrastructure. To the extent adequate, affordable, and environmentally sound end-of-life vehicle recycling infrastructure is unavailable, the plan shall provide for the development of this infrastructure.

(d) A mercury minimization plan shall provide a method to finance the removal, collection, and recovery of mercury switches installed in vehicles manufactured by the manufacturer and its predecessors and affiliates. In order to ensure that the costs of removal, collection, and recovery of mercury switches are not borne by automobile dealers, consumers, vehicle recyclers, scrap metal recycling facilities, the State or local governments, or other persons who become responsible for end-of-life vehicles, these costs shall be borne by the manufacturers of vehicles sold in the State. The plan shall provide for prompt reimbursement by manufacturers to vehicle recyclers, scrap metal recycling facilities, the Department, and others of any costs incurred for removal, collection, and recovery of mercury switches. Costs shall include, but are not limited to, the following:

(1) A minimum of five dollars ($5.00) for each mercury switch removed by a vehicle recycler pursuant to G.S. 130A-310.55(a) as partial compensation for the labor and other costs incurred by a vehicle recycler in the removal of the mercury switch.

(2) A minimum of five dollars ($5.00) for each mercury switch removed by a scrap metal recycling facility pursuant to G.S. 130A-310.55(b) as partial compensation for the labor and other costs incurred by a scrap metal recycling facility in the removal of the mercury switch.

(3) One dollar ($1.00) for each mercury switch removed by a vehicle recycler pursuant to G.S. 130A-310.55(a) or by a scrap metal recycling facility pursuant to G.S. 130A-310.55(b) as partial compensation to the Department for costs incurred in administering and enforcing the provisions of this Part.

(4) The cost of packaging necessary to store or transport mercury switches to recycling, storage, or disposal facilities.

(5) The cost of shipping mercury switches to recycling, storage, or disposal facilities.

(6) The cost of recycling, storage, or disposal of mercury switches.

(7) The preparation and distribution to vehicle recyclers and scrap metal recycling facilities of the educational materials required by subdivision (3) of subsection (b) of this section.

(8) Maintenance of all appropriate record-keeping systems.

(e) Manufacturers of vehicles sold within this State shall reimburse vehicle recyclers or scrap metal recycling facilities for each mercury switch removed, collected, and recovered as provided in this section. Manufacturers shall reimburse vehicle recyclers or scrap metal recycling facilities that maintain the records required by G.S. 130A-310.55 for each mercury switch as provided in this section without regard to the date on which the mercury switch is removed, collected, or recovered.

"**§ 130A-310.54. Plan approval and implementation.**

(a) The Department shall review a mercury minimization plan within 120 days after receiving the plan. As a part of its review the Department shall consider comments received from vehicle recyclers, persons who operate scrap metal recycling facilities, and other interested parties. The Department may approve or disapprove the entire plan or may approve part of the plan and disapprove the remainder of the plan. If the Department approves the plan in its entirety, the manufacturer shall begin implementation of the plan within 30 days unless the Department approves a later implementation date. If the Department disapproves the plan in its entirety, the Department shall notify the manufacturer of the reasons for the disapproval. The manufacturer shall submit a revised mercury minimization plan within 30 days. If the Department approves a mercury minimization plan in part, the manufacturer shall implement the approved parts of the mercury minimization plan within 30 days unless the Department approves a later implementation date and shall submit a revision of those parts of the plan that are disapproved within 30 days. Any part of a mercury minimization plan that is not approved or disapproved within 120 days shall be deemed approved, and the manufacturer shall begin implementation within 30 days.

(b) A manufacturer must obtain approval of all required parts of a mercury minimization plan within 240 days of the date on which the manufacturer is required to submit a plan for review under this Part. If a manufacturer fails to obtain approval of all required parts of a mercury minimization plan within the 240 days, the Department shall prepare a plan, notify the manufacturer of the plan, and direct the manufacturer to begin implementation of the plan within 30 days.

(c) The Department may review an approved mercury minimization plan and recommend or require the manufacturer to modify the plan at anytime upon finding that the approved mercury minimization plan as implemented no longer meets the requirements of this Part.

"**§ 130A-310.55. Removal of mercury switches from end-of-life vehicles.**

(a) A vehicle recycler that is subject to an approved mercury minimization plan and that conveys ownership of an end-of-life vehicle to a scrap metal recycling facility shall remove all mercury switches identified in the mercury minimization plan prior to delivery of the vehicle to the scrap metal recycling facility. If a mercury switch is inaccessible due to the condition of the vehicle, the fact that the mercury switch remains in the vehicle shall be noted on the vehicle recycler's invoice.

(b) A scrap metal recycling facility that is subject to an approved mercury minimization plan and that accepts an end-of-life vehicle that has not been flattened, crushed, baled, or shredded and that contains mercury switches shall remove the mercury switches before the end-of-life vehicle is flattened, crushed, baled, or shredded unless the mercury switch is inaccessible due to the condition of the vehicle.

(c) It shall be unlawful for any person to knowingly flatten, crush, bale, shred, or otherwise alter the condition of a vehicle from which accessible mercury switches have not been removed.

(d) A mercury switch is inaccessible if, due to the condition of the vehicle, the switch cannot be removed in accordance with the approved mercury minimization plan and removal of the switch would significantly increase the risk of a release of mercury into the environment.

(e) A vehicle recycler or scrap metal recycling facility that removes mercury switches pursuant to subsection (a) or (b) of this section shall maintain records of:

(1) The number of vehicles of each make that are processed for recycling.

(2) The number of mercury switches removed from each vehicle make, model, and year.

(3) The number of vehicles processed for recycling.

(f) Each vehicle recycler and scrap metal recycling facility that is required to maintain records under subsection (e) of this section shall retain the records for a minimum of three years and shall make the records available for inspection by the Department upon request.

(g) It shall be unlawful for a person who is required to remove mercury switches under this Part to willfully fail to do so. It shall be unlawful for a person who is required to make and maintain records under this Part to willfully fail to do so. It shall be unlawful to knowingly make a false report that a mercury switch has been removed from an end-of-life vehicle.

(h) Mercury switches that are removed from end-of-life vehicles shall be considered 'universal waste' as defined in 40 Code of Federal Regulations § 273.9 (1 July 2004 Edition). Mercury switches that are removed from end-of-life vehicles shall be collected, transported, treated, stored, disposed of, and otherwise handled in accordance with rules adopted by the Commission governing universal waste.

(i) Mercury switches shall be removed from end-of-life vehicles so as to achieve a capture rate of at least ninety percent (90%).

"**§ 130A-310.56. Evaluation of vehicle design changes that affect mercury recyclability; reporting requirements.**

(a) Each vehicle manufacturer shall, either individually or as part of a group, prepare an annual report that describes in detail the status of vehicle design changes that

are intended to facilitate recycling of vehicle components that contain mercury. At a minimum, the report shall include all of the following:

(1) For each make and model, a list of all vehicle components that contain mercury for the previous three model years, the current model year, and the next upcoming model year.

(2) A description of all design changes that each manufacturer has implemented or will implement to reduce or eliminate vehicle components that contain mercury, the achieved or anticipated amount of each reduction, and when the design change will be implemented.

(3) A summary of all policies that each manufacturer has implemented or will implement to ensure that the manufacturers' vehicles are designed to be recycled in a safe, cost-effective, and environmentally sound manner.

(4) A summary of any recommendations, complaints, or reports that the manufacturer has received within the previous 12 months from vehicle recyclers, scrap metal recycling facilities, government entities, or other persons, as well as any other information available to the manufacturer, regarding vehicle design features that adversely affect the recyclability of vehicle components that contain mercury.

(b) A vehicle manufacturer or group of vehicle manufacturers that submits the report required by subsection (a) of this section may designate any information in the report that constitutes a trade secret, as defined in G.S. 66-152, as confidential information in accordance with G.S. 132-1.2. Information so designated shall be protected as provided in G.S. 130A-304.

(c) Each vehicle manufacturer shall submit, either individually or as part of a group, the report required by subsection (a) of this section on or before 1 July of each year.

(d) The Department may evaluate the extent to which vehicle design promotes or impedes recycling of vehicle components that contain mercury. The Department may conduct hearings from time to time to receive public comment regarding vehicle design changes that affect recycling of vehicle components that contain mercury. The Department may develop recommendations as to changes in vehicle design that would further promote the recyclability of these components. The Department shall report its findings and recommendations, including any legislative proposals, to the Environmental Review Commission on or before 1 October of each year.

(e) Each vehicle manufacturer that is required to implement a mercury minimization plan shall prepare, either individually or as part of a group, an annual report on the implementation of the plan. The report shall be submitted to the Department within 90 days after the end of the anniversary of the date on which the manufacturer is required to begin implementation of the plan. The report shall include, at a minimum, all of the following:

(1) A detailed description and documentation of the capture rate achieved.

(2) In the event that a capture rate of at least ninety percent (90%) is not achieved, a description of additional or alternative actions that may be

implemented to improve the mercury minimization plan and its implementation.

(3) The number of mercury switches collected, the number of end-of-life vehicles containing mercury switches, the number of end-of-life vehicles processed for recycling, and a description of how the mercury switches were managed.

(4) A statement that details the costs required to implement the mercury minimization plan.

"**§ 130A-310.57. Adoption of rules; administrative procedure; enforcement.**

(a) The Commission may adopt rules to implement this Part.

(b) Chapter 150B of the General Statutes governs implementation of this Part.

(c) This Part may be enforced as provided in Part 2 of Article 1 of this Chapter."

SECTION 2. The Commission for Health Services shall amend 15A NCAC 13A .0119 to adopt rules governing the management of waste mercury-containing devices, as defined in the Notice of Proposed Rulemaking published on 12 June 2002 in the Federal Register, Volume 67, Number 113, Page 40507 through 40528, as universal waste.

SECTION 3. G.S. 130A-310.53, as enacted by Section 1 of this act, becomes effective 1 January 2006. G.S. 130A-310.56, as enacted by Section 1 of this act, becomes effective 1 July 2007. All other provisions of Part 6 of Article 9 of Chapter 130A of the General Statutes, as enacted by Section 1 of this act and Sections 2 and 3 of this act, become effective when this act becomes law. This act expires on 1 July 2026.

Attachment 3

GENERAL ASSEMBLY OF NORTH CAROLINA

Session 2005

Legislative Fiscal Note

BILL NUMBER: House Bill 1136 (Third Edition)

SHORT TITLE: Mercury Switch Removal-2.

SPONSOR(S): Representatives Culpepper, Hackney, and Hunter

FISCAL IMPACT

	Yes (X)	No ( )	No Estimate Available ( )		
	FY 2005-06	FY 2006-07	FY 2007-08	FY 2008-09	FY 2009-10
REVENUES:	$73,700	$140,379	$132,935	$123,013	$113,606
EXPENDITURES:	$163,204	$169,149	$175,171	$181,244	$187,395
POSITIONS (cumulative):	3.0	3.0	3.0	3.0	3.0

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

EFFECTIVE DATE: The requirement to develop a mercury minimization plan becomes effective January 1, 2006. Other provisions become effective when bill becomes law.

BILL SUMMARY:

House Bill 1136 would require manufacturers of vehicles sold in the State to develop, submit, and implement a mercury minimization plan (plan) that provides for the removal, collection, and recovery of mercury switches from end-of-life vehicles in order to reduce the quantity of mercury that is released into the environment. The bill would also require: (i) vehicle recyclers and scrap metal recycling facilities subject to an approved plan to remove all accessible mercury switches from end-of-life vehicles, and specifies procedures for inaccessible switches; (ii) maintenance of certain records by manufacturers, vehicle recyclers, and scrap metal recycling facilities; and (iii) that mercury switches be removed from end-of-life vehicles so as to achieve a capture rate of at least 90%. The bill would make it unlawful for anyone to: knowingly flatten, crush, bale, or shred a vehicle from which accessible mercury switches have not been removed; willfully fail to remove switches if required to do so; willfully fail to maintain records as required; knowingly make a false report that a switch has been removed from an end-of-life vehicle. The bill would create various reporting requirements. The bill's provisions sunset on July 1, 2026.

ASSUMPTIONS AND METHODOLOGY:

Revenues: The bill provides that manufacturers of vehicles sold in North Carolina shall reimburse DENR one dollar ($1.00) for each mercury switch removed by a vehicle recycler as partial compensation for costs incurred in administered and enforcing the bill's provisions. Because mercury switches are not currently removed from end-of-life vehicles, there is no historical data that would indicate the number of switches removed each year. However, the Clean Car Campaign has estimated the number of mercury switches that will be retired each year. Assuming that a 90% capture rate is achieved, Table 1 estimates the number of mercury lighting switches removed each year and the corresponding reimbursement provided to DENR by vehicle manufacturers. This estimate is based on the assumption that manufacturer reimbursements would not begin until after the mercury minimization plan requirement becomes effective on January 1, 2006; therefore, DENR would only realize about half of expected reimbursements in the first fiscal year.

Table 1: Estimated Cost Reimbursement to DENR

Year	Mercury Lighting Switches Retired*	Mercury Switches Recovered (90%)	Reimbursement to DENR ($1/switch)
2006	163,778	147,400	$73,700
2007	155,977	140,379	$140,379
2008	147,705	132,935	$132,935
2009	136,681	123,013	$123,013
2010	126,229	113,606	$113,606

*Based on Clean Car Campaign estimates.

Note that U.S. automobile manufacturers voluntarily discontinued the domestic use of mercury switches in new automobiles in 2003 after the enactment of the Maine Mercury Switch Removal Act of 2002. Some companies, mainly in Japan, have never used mercury switches. Consequently, the number of mercury switches in the nation's motor fleet will diminish over time.

Expenditures: Based on the experience of other states, DENR estimates that 3.0 FTEs—1.0 Waste Management Specialist, 2.0 Environmental Engineer II—would be needed to complete the following tasks: writing program rules, review and approval of mercury minimization plans, inspection of recycling facilities to ensure compliance, review of annual reports of manufacturers, and preparation of annual reports to the legislature. Each position would also need approximately $6,000 per year for various operating expenses. Table 2 summarizes the expected expenditures required in FY 05-06 to implement this bill. This estimate assumes the minimum salary for each salary grade.

Table 2: Estimated FY 05-06 Expenditures

	Salary Grade	Base Salary	Fringes	Operating	Total
Waste Specialist	71	$34,284	$8,048	$6,000	$48,332
Environmental Engineer II	76	$42,307	$9,129	$6,000	$57,436
Environmental Engineer II	76	$42,307	$9,129	$6,000	$57,436
		$118,898	$26,306	$18,000	$163,204

Table 3 shows the estimated annual expenditures for FY 05-06 through FY 09-10, taking into account the impact of inflation.

Table 3: Estimated Annual Expenditures

	FY 05-06	FY 06-07	FY 07-08	FY 08-09	FY 09-10
Salaries	$118,898	$123,773	$128,724	$133,744	$138,826
Salary Inflation Rate		4.1%	4.0%	3.9%	3.8%
Fringes	$26,306	$26,962	$27,629	$28,305	$28,989
Operating Expenses	$18,000	$18,414	$18,819	$19,195	$19,579
Operating Inflation Rate		2.3%	2.2%	2.0%	2.0%
	$163,204	$169,149	$175,171	$181,244	$187,395

SOURCES OF DATA: Clean Car Campaign, DENR, Economy.com

TECHNICAL CONSIDERATIONS: None

FISCAL RESEARCH DIVISION: (919) 733-4910

PREPARED BY: Jennifer Haygood

APPROVED BY: James D. Johnson, Director
DATE: May 18, 2005

Signed Copy Located in the NCGA Principal Clerk's Offices

Attachment 4.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2005

H D

HOUSE BILL 1136

Committee Substitute Favorable 4/20/05
Committee Substitute #2 Favorable 5/10/05
PROPOSED COMMITTEE SUBSTITUTE H1136-PCS60473-SYxf-16

Short Title: Mercury Switch Removal-2. (Public)

Sponsors:

Referred to:

April 6, 2005

A BILL TO BE ENTITLED

AN ACT TO REDUCE THE RELEASE OF MERCURY INTO THE ENVIRONMENT BY THE REMOVAL, COLLECTION, AND RECOVERY OF MERCURY SWITCHES FROM CERTAIN MOTOR VEHICLES.

The General Assembly of North Carolina enacts:

SECTION 1. Article 9 of Chapter 130A of the General Statutes is amended by adding a new Part to read:

"Part 6. Mercury Switch Removal Act of 2005.

"**§ 130A-310.50. Short title.**

This Part may be cited as the Mercury Switch Removal Act of 2005.

"**§ 130A-310.51. Definitions.**

As used in this Part:

(1) "Capture rate" means the annual removal, collection, and recovery of mercury switches as a percentage of the total number of mercury switches available for removal from end-of-life vehicles.

(2) "End-of-life vehicle" means a vehicle that is sold, given, or otherwise conveyed to a vehicle recycler or scrap metal recycling facility for the purpose of recycling.

(3) "Manufacturer" means a person, firm, association, partnership, corporation, governmental entity, organization, combination, or joint venture that is the last person in the production or assembly process of a new vehicle that utilizes mercury switches, or in the case of an imported vehicle, the importer or domestic distributor of the vehicle.

(4) "Mercury minimization plan" means a plan for removing, collecting, and recovering mercury switches from end-of-life vehicles that is prepared as provided in G.S. 130A-310.53.

(5) "Mercury switch" means each mercury-containing capsule, commonly known as a "bullet", that is part of a convenience light switch assembly installed in a vehicle.

(6) "Scrap metal recycling facility" means a fixed location where machinery and equipment are used to process scrap metal into specific grades of scrap metal for sale and whose primary product is scrap iron, scrap steel, or nonferrous metallic scrap.

(7) "Vehicle" means any passenger automobile or passenger car, station wagon, truck, van, or sport utility vehicle with a gross vehicle weight rating of less than 12,000 pounds.

(8) "Vehicle recycler" means an individual or entity engaged in the business of acquiring, dismantling, or destroying six or more end-of-life vehicles in a calendar year for the primary purpose of resale of parts of the vehicle.

"**§ 130A-310.52. Purpose.**

The purpose of this Part is to reduce the quantity of mercury that is released into the environment by removing mercury switches from end-of-life vehicles and by creating a removal, collection, and recovery program for mercury switches that are removed from end-of-life vehicles in this State.

"**§ 130A-310.53. Mercury minimization plan.**

(a) Every manufacturer of vehicles sold within this State shall develop a mercury minimization plan prepared pursuant to this section and submit the plan to the Department for review and approval pursuant to G.S. 130A-310.54. Manufacturers of vehicles may develop and submit a plan either individually or as part of a group of manufacturers. A manufacturer shall not be required to develop or implement a mercury minimization plan if the manufacturer demonstrates to the satisfaction of the Department that there is no significant risk of a release of mercury from any vehicle manufactured by the manufacturer.

(b) The mercury minimization plan prepared and submitted pursuant to this section shall include at a minimum all of the following:

(1) The make, model, and year of any vehicle, including current and anticipated future production models, that are sold or offered for sale by the vehicle manufacturer and that may contain one or more mercury switches. For each make, model, and year, the vehicle manufacturer shall provide a description and the location of each mercury switch in the vehicle and all safe and environmentally sound methods for removal of mercury switches from end-of-life vehicles. If the manufacturer does not know or is uncertain as to whether or not a switch contains mercury, the plan shall be based on a presumption that the switch does contain mercury.

(2) A system to mark end-of-life vehicles that are to be shredded or crushed to indicate the presence or absence of a mercury switch.

(3) Educational materials to assist a vehicle recycler or a scrap metal recycling facility in undertaking a safe and environmentally sound

method for the removal of the mercury switches from end-of-life vehicles. The materials shall include information on hazards related to mercury and on the proper handling of mercury.

(4) A proposed method for storage and disposal of the mercury switches, including packaging and shipping of mercury switches to permitted recycling, storage, or disposal facilities. To the extent adequate, affordable, and environmentally sound mercury switch disposal technology is unavailable, the plan shall provide for the temporary storage of mercury switches.

(5) A proposed procedure for the transfer of information among entities subject to the mercury minimization plan to enable vehicle manufacturers and the Department to comply with the reporting requirements set out in G.S. 130A-310.56.

(6) A proposal to implement and finance the plan in accordance with subsection (d) of this section.

(c) To the extent practicable, a mercury minimization plan shall utilize the currently available end-of-life vehicle recycling infrastructure. To the extent adequate, affordable, and environmentally sound end-of-life vehicle recycling infrastructure is unavailable, the plan shall provide for the development of this infrastructure.

(d) A mercury minimization plan shall provide a method to finance the removal, collection, and recovery of mercury switches installed in vehicles manufactured by the manufacturer and its predecessors and affiliates. In order to ensure that the costs of removal, collection, and recovery of mercury switches are not borne by automobile dealers, consumers, vehicle recyclers, scrap metal recycling facilities, the State or local governments, or other persons who become responsible for end-of-life vehicles, these costs shall be borne by the manufacturers of vehicles sold in the State. The plan shall provide for prompt reimbursement by manufacturers to vehicle recyclers, scrap metal recycling facilities, the Department, and others of any costs incurred for removal, collection, and recovery of mercury switches. Costs shall include, but are not limited to, the following:

(1) Five dollars ($5.00) for each mercury switch removed by a vehicle recycler pursuant to G.S. 130A-310.55(a) as partial compensation for the labor and other costs incurred by a vehicle recycler in the removal of the mercury switch.

(2) Five dollars ($5.00) for each mercury switch removed by a scrap metal recycling facility pursuant to G.S. 130A-310.55(b) as partial compensation for the labor and other costs incurred by a scrap metal recycling facility in the removal of the mercury switch.

(3) One dollar ($1.00) for each mercury switch removed by a vehicle recycler pursuant to G.S. 130A-310.55(a) or by a scrap metal recycling facility pursuant to G.S. 130A-310.55(b) as partial compensation to the Department for costs incurred in administering and enforcing the provisions of this Part.

(4) The cost of packaging necessary to store or transport mercury switches to recycling, storage, or disposal facilities.
(5) The cost of shipping mercury switches to recycling, storage, or disposal facilities.
(6) The cost of recycling, storage, or disposal of mercury switches.
(7) The preparation and distribution to vehicle recyclers and scrap metal recycling facilities of the educational materials required by subdivision (3) of subsection (b) of this section.
(8) Maintenance of all appropriate record-keeping systems.

(e) Manufacturers of vehicles sold within this State shall reimburse vehicle recyclers or scrap metal recycling facilities for each mercury switch removed, collected, and recovered as provided in this section. Manufacturers shall reimburse vehicle recyclers or scrap metal recycling facilities that maintain the records required by G.S. 130A-310.55 for each mercury switch as provided in this section without regard to the date on which the mercury switch is removed, collected, or recovered.

"**§ 130A-310.54. Plan approval and implementation.**

(a) The Department shall review a mercury minimization plan within 120 days after receiving the plan. As a part of its review, the Department shall consider comments received from vehicle recyclers, persons who operate scrap metal recycling facilities, and other interested parties. The Department may approve or disapprove the entire plan or may approve part of the plan and disapprove the remainder of the plan. If the Department approves the plan in its entirety, the manufacturer shall begin implementation of the plan within 30 days unless the Department approves a later implementation date. If the Department disapproves the plan in its entirety, the Department shall notify the manufacturer of the reasons for the disapproval. The manufacturer shall submit a revised mercury minimization plan within 30 days. If the Department approves a mercury minimization plan in part, the manufacturer shall implement the approved parts of the mercury minimization plan within 30 days unless the Department approves a later implementation date and shall submit a revision of those parts of the plan that are disapproved within 30 days. Any part of a mercury minimization plan that is not approved or disapproved within 120 days shall be deemed approved, and the manufacturer shall begin implementation within 30 days.

(b) A manufacturer must obtain approval of all required parts of a mercury minimization plan within 240 days of the date on which the manufacturer is required to submit a plan for review under this Part. If a manufacturer fails to obtain approval of all required parts of a mercury minimization plan within the 240 days, the Department shall prepare a plan, notify the manufacturer of the plan, and direct the manufacturer to begin implementation of the plan within 30 days.

(c) The Department may review an approved mercury minimization plan and recommend or require the manufacturer to modify the plan at anytime upon finding that the approved mercury minimization plan as implemented no longer meets the requirements of this Part.

"**§ 130A-310.55. Removal of mercury switches from end-of-life vehicles.**

(a) A vehicle recycler that is subject to an approved mercury minimization plan and that conveys ownership of an end-of-life vehicle to a scrap metal recycling facility shall remove all mercury switches identified in the mercury minimization plan prior to delivery of the vehicle to the scrap metal recycling facility. If a mercury switch is inaccessible due to the condition of the vehicle, the fact that the mercury switch remains in the vehicle shall be noted on the vehicle recycler's invoice.

(b) A scrap metal recycling facility that is subject to an approved mercury minimization plan and that accepts an end-of-life vehicle that has not been flattened, crushed, baled, or shredded and that contains mercury switches shall remove the mercury switches before the end-of-life vehicle is flattened, crushed, baled, or shredded unless the mercury switch is inaccessible due to the condition of the vehicle.

(c) It shall be unlawful for any person to knowingly flatten, crush, bale, shred, or otherwise alter the condition of a vehicle from which accessible mercury switches have not been removed.

(d) A mercury switch is inaccessible if, due to the condition of the vehicle, the switch cannot be removed in accordance with the approved mercury minimization plan and removal of the switch would significantly increase the risk of a release of mercury into the environment.

(e) A vehicle recycler or scrap metal recycling facility that removes mercury switches pursuant to subsection (a) or (b) of this section shall maintain records of:

(1) The number of vehicles of each make that are processed for recycling.

(2) The number of mercury switches removed from each vehicle make, model, and year.

(3) The number of vehicles processed for recycling.

(f) Each vehicle recycler and scrap metal recycling facility that is required to maintain records under subsection (e) of this section shall retain the records for a minimum of three years and shall make the records available for inspection by the Department upon request.

(g) It shall be unlawful for a person who is required to remove mercury switches under this Part to willfully fail to do so. It shall be unlawful for a person who is required to make and maintain records under this Part to willfully fail to do so. It shall be unlawful to knowingly make a false report that a mercury switch has been removed from an end-of-life vehicle.

(h) Mercury switches that are removed from end-of-life vehicles shall be considered 'universal waste' as defined in 40 Code of Federal Regulations § 273.9 (1 July 2004 Edition). Mercury switches that are removed from end-of-life vehicles shall be collected, transported, treated, stored, disposed of, and otherwise handled in accordance with rules adopted by the Commission governing universal waste.

(i) Mercury switches shall be removed from end-of-life vehicles so as to achieve a capture rate of at least ninety percent (90%).

"**§ 130A-310.56. Evaluation of vehicle design changes that affect mercury recyclability; reporting requirements.**

(a) Each vehicle manufacturer shall, either individually or as part of a group, prepare an annual report that describes in detail the status of vehicle design changes that

are intended to facilitate recycling of vehicle components that contain mercury. At a minimum, the report shall include all of the following:

(1) For each make and model, a list of all vehicle components that contain mercury for the previous three model years, the current model year, and the next upcoming model year.

(2) A description of all design changes that each manufacturer has implemented or will implement to reduce or eliminate vehicle components that contain mercury, the achieved or anticipated amount of each reduction, and when the design change will be implemented.

(3) A summary of all policies that each manufacturer has implemented or will implement to ensure that the manufacturers' vehicles are designed to be recycled in a safe, cost-effective, and environmentally sound manner.

(4) A summary of any recommendations, complaints, or reports that the manufacturer has received within the previous 12 months from vehicle recyclers, scrap metal recycling facilities, government entities, or other persons, as well as any other information available to the manufacturer, regarding vehicle design features that adversely affect the recyclability of vehicle components that contain mercury.

(b) A vehicle manufacturer or group of vehicle manufacturers that submits the report required by subsection (a) of this section may designate any information in the report that constitutes a trade secret, as defined in G.S. 66-152, as confidential information in accordance with G.S. 132-1.2. Information so designated shall be protected as provided in G.S. 130A-304.

(c) Each vehicle manufacturer shall submit, either individually or as part of a group, the report required by subsection (a) of this section on or before 1 July of each year.

(d) The Department may evaluate the extent to which vehicle design promotes or impedes recycling of vehicle components that contain mercury. The Department may conduct hearings from time to time to receive public comment regarding vehicle design changes that affect recycling of vehicle components that contain mercury. The Department may develop recommendations as to changes in vehicle design that would further promote the recyclability of these components. The Department shall report its findings and recommendations, including any legislative proposals, to the Environmental Review Commission on or before 1 October of each year.

(e) Each vehicle manufacturer that is required to implement a mercury minimization plan shall prepare, either individually or as part of a group, an annual report on the implementation of the plan. The report shall be submitted to the Department within 90 days after the end of the anniversary of the date on which the manufacturer is required to begin implementation of the plan. The report shall include, at a minimum, all of the following:

(1) A detailed description and documentation of the capture rate achieved.

(2) In the event that a capture rate of at least ninety percent (90%) is not achieved, a description of additional or alternative actions that may be

implemented to improve the mercury minimization plan and its implementation.

(3) The number of mercury switches collected, the number of end-of-life vehicles containing mercury switches, the number of end-of-life vehicles processed for recycling, and a description of how the mercury switches were managed.

(4) A statement that details the costs required to implement the mercury minimization plan.

"**§ 130A-310.57. Adoption of rules; administrative procedure; enforcement.**

(a) The Commission may adopt rules to implement this Part.

(b) Chapter 150B of the General Statutes governs implementation of this Part.

(c) This Part may be enforced as provided in Part 2 of Article 1 of this Chapter."

SECTION 2. The Commission for Health Services shall amend 15A NCAC 13A .0119 to adopt rules governing the management of waste mercury-containing devices, as defined in the Notice of Proposed Rulemaking published on 12 June 2002 in the Federal Register, Volume 67, Number 113, Page 40507 through 40528, as universal waste.

SECTION 3. There is appropriated from the General Fund to the Department of Environment and Natural Resources the sum of eighty-nine thousand five hundred four dollars ($89,504) for the 2005-2006 fiscal year and the sum of twenty-eight thousand seven hundred seventy dollars ($28,770) for the 2006-2007 fiscal year to implement the provisions of this act.

SECTION 4. G.S. 130A-310.53, as enacted by Section 1 of this act, becomes effective 1 January 2006. G.S. 130A-310.56, as enacted by Section 1 of this act, becomes effective 1 July 2007. Section 3 of this act becomes effective 1 July 2005. All other provisions of Part 6 of Article 9 of Chapter 130A of the General Statutes, as enacted by Section 1 of this act and Sections 2 and 4 of this act, become effective when this act becomes law. Section 3 of this act becomes effective 1 July 2005 except that Section 3 of this act shall become effective only if the 2005 Regular Session of the General Assembly appropriates funds to implement this act in the Appropriations Act of 2005. This act expires on 1 July 2026.

Attachment 5

2005 PERMANENT SUBCOMMITTEE REPORT
HOUSE OF REPRESENTATIVES

FOR RECOMMENDING BILLS TO STANDING COMMITTEE OR TO THE FLOOR OF THE HOUSE
The following report(s) from permanent sub committee(s) is/are presented:

By Representatives **Hunter and Warren** (Chairs) for the **APPROPRIATIONS** Subcommittee on **Natural and Economic Resources** .

☒ Committee Substitute #2 for
H.B. 1136 A BILL TO BE ENTITLED AN ACT TO REDUCE THE RELEASE OF MERCURY INTO THE ENVIRONMENT BY THE REMOVAL, COLLECTION, AND RECOVERY OF MERCURY SWITCHES FROM CERTAIN MOTOR VEHICLES.

REPORTED TO THE STANDING COMMITTEE ON

RECOMMENDED ACTION:

☐ With a favorable recommendation.

☐ With a favorable recommendation and recommend that the bill be re-referred to the Committee on

☐ With a favorable recommendation, as amended.

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

☐ With an unfavorable recommendation.

☐ With a favorable recommendation as to proposed committee substitute bill, ☐ which changes the title, unfavorable as to original bill.

☐ With a favorable recommendation as to proposed House committee substitute bill, ☐ which changes the title, unfavorable as to Senate committee substitute bill.

☐ Without prejudice.

☐ Other recommended action: _____.

WITH APPROVAL OF STANDING COMMITTEE CHAIR(S) FOR REPORT TO BE MADE DIRECTLY TO THE FLOOR OF THE HOUSE:

Representatives Clary, Crawford, Earle, Nye, Owens and Sherrill for the Standing Committee on APPROPRIATIONS.

s/ W. C. Owens Jr.

☐ With a favorable report.
☐ With a favorable report, as amended.
☒ With a favorable report as to the committee substitute bill #3, unfavorable as to committee substitute #2.

03/26/03

Attachment 6

VISITOR REGISTRATION SHEET

NER — 5-19-05

Name of Committee — Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Paula Hopper	Moore: Van Allen
Kathrin Miller	Moore: Van Allen
Becky Brewer	NC DOL
Art Brith	NC DOL
Rebecca Fowler	NCACC
Joanna Wright	e. NC Authority
Bill McNeil	NC Rural Center
David McLeod	NCDA&CS
Dianne Beasley	Forestry
Alice Garland	NCDOC
Henry Jones	Attorney Raleigh

VISITOR REGISTRATION SHEET

Name of Committee | Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Johanna Reese	DENR
Kay Emanuel	Commerce - Parks & Comm
Buck Lattimore	Industrial Commission
John Boardish	Museum of Life & Science
Erin Kinsey	NC Conservation Network
Missa Dolan	NC Conservation Network.
Thomas Chuh	OSBM
Sheryl Stephens	S

MINUTES

HOUSE APPROPRIATIONS SUBCOMMITTEE ON NATURAL & ECONOMIC RESOURCES

June 10, 2005

The House Appropriations Subcommittee on Natural & Economic Resources met in Room 423 of the Legislative Office Building on June 10, 2005, at 8:30 a.m. Representative Hunter called the meeting to order and introduced the Sergeant-At-Arms, James Worth, Frank Prevo and Bill Sullivan The following Subcommittee members were present: Co-Chairs: Representatives Hunter and Warren; Vice Chairs: Representative Allen; Members: Representatives Culp, Harrison, Langdon, Wilkins, and Wray. Representative Bill Owens of the Full Appropriations was also in attendance. Susan Morgan, Jennifer Haygood and Joy Hicks, Staff Counsel, were in attendance. A copy of the Notice of Meeting is attached as **Attachment 1**. The Agenda for the meeting is attached as **Attachment 2**. A Visitor Registration list is attached and made part of the minutes. See **Attachment 13 .**

Representative Hunter announced that the Subcommittee had been given Rules to be followed by the Big Chairs. He proceeded to review these rules with the members. (See **Attachment 3**)

Susan Morgan again reviewed the rules with the members. Ms. Morgan, Jennifer Haygood and Joy Hicks then reviewed the NER House Subcommittee Money Report (See **Attachment 4**) pointing out modified or changed items, new items, and House only items. After a question and response period in which questions were asked of the staff by Representatives Allen, Culp, Wilkins, and Harrison.

At this time, the NER House Subcommittee Special Provisions were handed out. (See **Attachment 5**) Representative Warren asked the staff to begin the review of these special provisions setting out changes, new provisions and modifications. Discussion followed. A short recess followed to allow members to prepare their amendments.

The meeting was called back to order by Representative Howard who recognized Representatives Culp, Harrison and Wilkins for questions about the Money Report.

Representative Warren moved to bring an amendment (See **Amendment 1** attached) before Subcommittee. Jennifer Haygood explained the amendment to the Money Report. After some discussion, the amendment passed.

Representative Harrison moved to bring an amendment (See **Amendment 2** attached) before the Subcommittee to amend the Special Provisions Report and the Money Report. Johanna Reese further explained the amendment. After some discussion, the amendment passed.

Representative Warren moved to bring an amendment (See **Amendment 3** attached) before the Subcommittee to amend the Money Report. After some discussion, the amendment passed.

Representative Harrison moved to bring an amendment (See **Amendment 4** attached) before the Subcommittee to amend the Money Report. After an explanation, the amendment passed.

Representative Warren moved to bring an amendment (See **Amendment 5** attached) before the Subcommittee to amend the Special Provisions Report. The amendment was explained by Representative Hunter to clarify the contents of the provision. The amendment passed.

Representative Harrison moved to bring an amendment (See **Amendment 6** attached) before the Subcommittee to amend the Money Report. After an explanation of the amendment, the amendment passed.

Representative Wilkins moved to bring an amendment (See Amendment 7 attached) before the Subcommittee to amend the Money Report. After explanation and discussion of the amendment, the amendment passed.

Representative Wilkins made a Motion to approve the Subcommittee Report with all the corrections, and to allow staff to make any technical corrections that need to be made. The Motion was seconded by Representative Harrison. The vote was in favor of the Motion.

Representative Wilkins asked to address the chairs and staff. He offered thanks to both the chairs and the staff for their consideration and willingness to listen to the members' needs and wishes.

There being no further business, the meeting was adjourned at 10:20 a.m.

Respectfully submitted,

Representative Howard J. Hunter, Jr.
Chair

Nancy S. Willis
Assistant to the Committee

ATTACHMENTS:
Notice of Meeting
Agenda
Rules for House Appropriations Subcommittees
NER House Subcommittee Money Report
NER House Subcommittee Special Provisions
Amendment 1
Amendment 2
Amendment 3
Amendment 4
Amendment 5
Amendment 6
Amendment 7
Visitor Registration Sheet

Attachment 1

CORRECTED NOTICE
DATE IS FRIDAY, JUNE 10, 2005

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

You are hereby notified that the House Appropriations Subcommittee on **Natural and Economic Resources** will meet as follows:

DAY & DATE: **Friday, June 10, 2005**

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

LOCATION: **423 LOB**

Respectfully,

Representatives Hunter and Warren
Co-chairs

I hereby certify this notice was filed by the committee clerk at the following offices at **11:30 p.m.** on **June 9, 2005**.

___Principal Clerk
___Reading Clerk - House Chamber

Nancy Willis (Committee Assistant)

Attachment 2

House Appropriations Subcommittee on Natural and Economic Resources

Friday, June 10th, 2005
Representative Howard Hunter, Presiding
8:30 a.m. Room 423

Chair's Comments	*Representative Hunter*
House Money Report	*Fiscal Research Staff*
House Special Provisions	*Fiscal Research Staff*
Closing Remarks	*Representative Hunter*
Adjourn	

Attachment 3

RULES FOR HOUSE APPROPRIATIONS SUBCOMMITTEES

June 10, 2005

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

1. Amendments cannot increase total spending within the draft subcommittee report presented by the subcommittee chairs.

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

3. Amendments cannot spend reversions.

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

Attachment 4

NER House Subcommittee

Money Report

June 10, 2005

Agriculture and Consumer Services

	GENERAL FUND			
	FY 05-06		FY 06-07	
Recommended Budget	**$52,243,772**		**$51,965,810**	

Legislative Changes

Administration

1 Reduce Inflationary Increases ($202,701) R ($202,701) R

Reduce increases in the continuation budget for workers compensation, longevity and other expenses.

Agronomic Services

Modified **2 Replace General Funds with Receipts** ($74,300) R ($74,300) R

Replace General Funds for operations with revenue generated by implementing new fees for Agronomic Sampling services.

Establishes a maximum $14.00 fee for out-of-state nematode samples;
$26.00 fee for out-of-state plant, waste and solution samples; and a various fees for other out-of-state services.

Modified **3 Replace General Funds with Receipts** ($88,600) R ($88,600) R

Replace General Funds for operations with revenue generated by increasing fees for Agronomic Sampling services to no more than the following maximum amounts:

Increase fees for routine nematode samples from $2.00 to $3.00 generating $25,000 in additional revenue.

Increase fees for routine waste samples from $4.00 to $5.00 generating $20,000 in additional revenue.

Increase research fees for soil and nematode samples from $2.00 to $12.00 generating $10,000 in additional revenue.

Increase research fees for plant, waste and solution samples from $4.00 to $12.00 generating $33,600 in additional revenue.

	FY 05-06		FY 06-07	
Commercial Feed and Pet Food				
modified 4 **Replace General Funds with Receipts** Increase registration fees for non-canned pet food registration to no more than the following maximum amounts: Increase existing registration fees from $3.00 to $5.00; Increase existing registration fees from $30.00 to $40.00; and Increase existing registration fees from $33.00 to $45.00. Increases the registration fee for canned pet food from $10.00 to $12.00.	($60,200)	R	($60,200)	R
Marketing				
modified **Reduce Funds for Farmer's Market** Reduce funds for the Southeast Agriculture Center.	($141,375) -3.00	R	($141,375) -3.00	R
6 **Reduce Funds for Farmer's Markets** Reduce the appropriation for farmer's markets by 10%.	($90,537)	R	($90,537)	R
7 **Fund-Shift One Position** Fund shift one position with the Cooperative Inspection Service to receipts.	($35,685) -1.00	R	($35,685) -1.00	R
Pesticide Section				
8 **Pesticide Disposal Program** Replace General Funds with funds from the Environmental Trust Fund for the pesticide disposal program.	($222,407) -1.00	R	($222,407) -1.00	R
Plant Industry				
House 9 **Federal Inspection/Certification Funds** Provide funds for the Plant Industry Division to hire additional temporary staff and provide training for employees required to inspect and issue certificates for agricultural commodities that are to be exported out of the country.	$127,213	NR		
Seed Testing				
10 **Replace General Funds with Receipts** Increase seed inspection fees to a maximum of $.04 per 10 lb container.	($124,587)	R	($124,587)	R
State Fair				
11 **Establish Receipt-Supported Positions** Establish twenty (20) receipt-supported general utility workers and eight (8) building custodians at the North Carolina State Fair. General Utility Workers 20.0 $522,500 Building Custodians 8.0 $170,080				

	FY 05-06		FY 06-07	
Statistics Division				
House **12 Cash Rents Survey** Provide funds to conduct a survey of cash rents paid for farmland for use by the Department of Revenue and the Use-Value Advisory Board in administering the Agriculture Present Use-Value property tax program.	$25,000	R	$25,000	R
13 Establish Receipt Supported Position Establish one (1.0) federally-funded Printing Equipment Operator II position with a total cost of $30,097.				
Structural Pest Control				
14 Adjust Budgeted Receipts Reduce General Funds based on an increase in receipts.	($18,000)	R	($18,000)	R
Veterinary Services				
modified **15 Replace General Funds with Receipts** Increase histopath fee to maximum of $30.00 generating $113,233 in additional revenue. Increase EIA fee to a maximum of $6.00 generating $39,082 in additional revenue.	($152,315)	R	($152,315)	R
modified **16 Replace General Funds with Receipts** Establish a maximum fee of $1.00 for blood pour off and a $.04 vacuum tube handling fee.	($56,000)	R	($56,000)	R
Weights and Measures				
17 Fund Shift One Position Fund existing position with Highway Funds transferred to the Department.	($28,394) -1.00	R	($28,394) -1.00	R
modified **18 Replace General Funds with Receipts** Increase public weighmaster fees to a maximum of $19.00, generating $32,200 in additional revenue. Increases various calibration fees at the Standards Lab generating $35,000 in additional revenue.	($67,200)	R	($67,200)	R
modified **19 Replace General Funds with Receipts** Establish a maximum fee of $20 for a Scale Technician License.	($12,000)	R	($12,000)	R
Total Legislative Changes	**($1,349,301)** **$127,213**	R NR	**($1,349,301)**	R
Total Position Changes	-6.00		-6.00	
Revised Budget	**$51,021,684**		**$50,616,509**	

Labor

	GENERAL FUND			
	FY 05-06		FY 06-07	
Recommended Budget	**$14,198,496**		**$14,213,868**	
Legislative Changes				
Administration				
20 Eliminate 1.0 Vacant Position Eliminate Office Assistant position in Commissioner's Office.	($31,878) -1.00	R	($31,878) -1.00	R
21 Fund Shift 1.0 Position to Receipt Support Fund shift Accounting Clerk position in Administrative Services to elevator receipt support.	($36,030) -1.00	R	($36,030) -1.00	R
22 Eliminate Inflationary Increases Eliminate inflationary increases allowed in the continuation budget for Administrative Services, Information Technology, and the Commissioner's Office.	($1,755)	R	($1,755)	R
23 Reduce Operating Reduce various operating line items in Administrative Services, Labor Statistics, Information Technology, and the Information Office.	($24,461)	R	($24,461)	R
Labor Standards and Inspections				
24 Eliminate Inflationary Increases Modified Eliminate inflationary increases allowed in the continuation budget for Apprenticeship, Employment Discrimination, Wage and Hour, and Mine and Quarry.	($7,715)	R	($7,715)	R
25 Reduce Operating Modified Reduce various operating line items in Apprenticeship, Employment Discrimination, Wage and Hour, and Mine and Quarry.	($22,800)	R	($22,800)	R
26 Continue to Fund Apprenticeship Program General Fund dollars will partly restore funding for the Apprenticeship Program that is no longer available through the Worker Training Trust Fund.	$663,374 10.00	R	$663,374 10.00	R
OSH				
27 Eliminate Inflationary Increases Eliminate inflationary increases allowed in continuation budget for Occupational Safety and Health.	($47,424)	R	($47,424)	R
28 Reduce Operating Reduce various operating line items in Occupational Safety and Health.	($5,000)	R	($5,000)	R

	FY 05-06		FY 06-07	
Total Legislative Changes	**$486,311**	R	**$486,311**	R
Total Position Changes	8.00		8.00	
Revised Budget	**$14,684,807**		**$14,700,179**	

Environment & Natural Resources

	GENERAL FUND			
	FY 05-06		FY 06-07	
Recommended Budget	**$167,189,338**		**$168,187,593**	

Legislative Changes

(1.0) Administration

29 Eliminate 1.0 Vacant Position Eliminate vacant Federal Legislative Programs Coordinator position.	($74,070) -1.00	R	($74,070) -1.00	R
30 Reduce Rent Reduce Regional Office rent line item.	($50,000)	R	($50,000)	R
31 Fund One-Stop Permitting Program Positions Provide General Fund support for 2.0 One-Stop Permitting Program positions that have previously been supported through available funds.	$113,168 2.00	R	$113,168 2.00	R
32 Expand Express Permitting Program Statewide Expand the Express Permitting Program statewide by establishing and supporting 12.0 positions using existing receipts in the Express Review Fund.				

(1.0) Ecosystem Enhancement Program

33 Fund Shift Ecosystem Enhancement Program Fund shift remainder of Ecosystem Enhancement Program to receipt support.	($235,439) -5.00	R	($235,439) -5.00	R

(1.0) Office of Conservation and Community Affairs

34 Fund Shift Natural Heritage Program Fund shift remainder of Natural Heritage Program to Natural Heritage Trust Fund support.	($250,851) -4.50	R	($250,851) -4.50	R

(2.0) Coastal Management

35 Increase CAMA Fees Replaces General Funds for operations with revenue generated by increasing Coastal Area Management Act (CAMA) permit fees by 100%.	($289,950)	R	($386,600)	R
36 Reduce Purchased Services Reduce various purchased services line items.	($10,000)	R	($10,000)	R
37 Reduce Supplies Reduce various supply line items.	($3,200)	R	($3,200)	R

House

	FY 05-06		FY 06-07	
38 Reduce Equipment Reduce various equipment line items.	($3,000)	R	($3,000)	R
(2.0) Environmental Health				
39 Eliminate 1.0 Vacant Position Eliminate Environmental Specialist III position in the On-Site Wastewater Section.	($61,040) -1.00	R	($61,040) -1.00	R
40 Reduce Purchased Services Reduce various purchased services line items.	($26,500)	R	($26,500)	R
41 Reduce Supplies Reduce various supply line items.	($10,000)	R	($10,000)	R
42 Reduce Equipment Reduce various equipment line items.	($2,000)	R	($2,000)	R
43 Reduce Other Expenses Reduce expenditures in the "Other Expenses" line item.	($3,000)	R	($3,000)	R
44 Fund Shift Position to General Fund Support Fund shift West Nile Virus Control position previously supported through federal CDC grant funds to General Fund support.	$54,113 1.00	R	$54,113 1.00	R
(2.0) Land Resources				
45 Eliminate Mining Education Funds Eliminate funding for mining education programs.	($15,450)	R	($15,450)	R
46 Eliminate Inflationary Increases Eliminate inflationary increases allowed in the continuation budget for utilities and travel.	($10,407)	R	($10,407)	R
47 Reduce Contractual Services Reduce contractual services for county boundary program.	($50,000)	R	($50,000)	R
48 Reduce Operating Reduce various operating line items.	($20,000)	R	($20,000)	R
(2.0) Marine Fisheries				
49 Eliminate Fishery Resource Grants Eliminate transfer to NC State for Fishery Resource Grant (also known as the Sea Grant) program.	($1,000,000)	R	($1,000,000)	R

House

House Subcommittee on Natural and Economic Resources	FY 05-06		FY 06-07	
50 Reduce Boat Replacement Continuation Increase Reduce continuation increase for boat replacement and maintain current replacement schedule.	($14,693) ($92,000)	R NR	($14,693)	R
House **51 Eliminate Position** Eliminate 1.0 Marine Fisheries Biologist II position.	($45,613) -1.00	R	($45,613) -1.00	R
52 Reduce Board Support Reduce transportation and subsistence line items for the Marine Fisheries Commission.	($30,000)	R	($30,000)	R
Modified **53 Reduce Operating** Reduce various operating line items.	($50,000)	R	($50,000)	R
54 Oyster Rehabilitation Program House Provide funds for a permanent oyster rehabilitation program.	$700,000 4.00	R	$700,000 4.00	R
55 Receipt-Supported Position Establish 1.0 time-limited, permanent position supported by Atlantic Coastal Cooperative Statistics Program Grant funds. This position will collaborate with the National Marine Fisheries Service and help fulfill federal fishery data requirements. Computer Consultant II (1.0) $49,217				
(2.0) Pollution Prevention and Env. Assistance				
56 Fund Shift Position House Fund shift a position from 60% federal receipts to 100% federal receipts.	($18,676) -0.40	R	($18,676) -0.40	R
(2.0) Waste Management				
57 Fund Shift Position Modified Fund shift Information/Communications Specialist III position to hazardous waste receipts.	($48,673) -1.00	R	($48,673) -1.00	R
58 Reduce Purchased Services Reduce various purchased services line items.	($94,000)	R	($94,000)	R
59 Reduce Supplies Reduce various supply line items.	($20,000)	R	($20,000)	R
60 Reduce Aid and Public Assistance Reduce the aid and public assistance line items.	($24,235)	R	($24,235)	R

	FY 05-06		FY 06-07	
61 Mercury Switch Removal Program Funds House Provides funds to help support the implementation of the provisions of the Mercury Switch Removal bill. These funds are contingent upon the passage of House Bill 1136.	$89,504	R	$28,770	R
(2.0) Water Quality				
62 Fund Shift Positions Fund shift 5.0 vacant positions to federal 106 grant receipts. Modified	($226,563) -5.00	R	($226,563) -5.00	R
Environmental Specialist II (1.0) ($40,807) Processing Assistant V (1.0) ($34,869) Environmental Supervisor I (1.0) ($49,455) Soil Scientist II (1.0) ($47,362) Environmental Engineer II (1.0) ($54,070)				
63 Reduce Inflationary Increases Reduce inflationary increases allowed in the continuation budget for electrical services.	($23,908)	R	($23,908)	R
64 Reduce Purchased Services Reduce various purchased services line items.	($65,000)	R	($65,000)	R
65 Reduce Supplies Reduce various supply line items.	($60,000)	R	($60,000)	R
66 Reduce Equipment Reduce various equipment line items.	($3,000)	R	($3,000)	R
67 Reduce Operating Reduce various operating line items.	($250,000)	R	($250,000)	R
68 Receipt-Supported Position Establish 1.0 permanent position supported by federal EPA 106 grant funds. This position will plan, coordinate, and support the NPDES Discharge Monitoring Coalition program. Environmental Specialist III (1.0) $47,189				
(2.0) Water Resources				
69 Reduce Contractual Services Reduce the contractual services line item.	($50,000)	R	($50,000)	R
70 Reduce Purchased Services Reduce various purchased services line items.	($10,000)	R	($10,000)	R
71 Reduce Supplies Reduce various supply line items.	($5,000)	R	($5,000)	R

	FY 05-06		FY 06-07	
(3.0) Aquariums				
72 Reduce Equipment Purchases and Replacements Eliminate the increase allowed in the continuation budget for equipment purchases and replacements for Fort Fisher and Roanoke Island Aquariums	($37,391) ($64,000)	R NR	($37,391)	R
73 Reduce Operating Support Reduce various operational increases allowed in the continuation budget within the Division of Aquariums.	($126,731)	R	($126,731)	R
(3.0) Forest Resources				
74 Reduce Funding for Equipment and Vehicles Reduce funding increases allowed in the continuation budget for equipment and vehicles within the Division of Forest Resources. With the reduction, the Division would still receive a $1,809,500 increase to these line items in the continuation budget.	($1,036,921)	R	($1,036,921)	R
75 Reduce Operating Support Reduce operating support to the Division of Forest Resources.	($25,000)	R	($25,000)	R
76 Establish 3.0 positions for Fire Suppression Provide funding for 3.0 new Forestry Pilot II positions. These positions would aid in improving early detection of wildland fire and providing initial attack support.	$297,618 3.00	R	$297,618 3.00	R
77 Provide funding for planning and design Provide funding to conduct the planning, design, site preparation, and other activities necessary for the relocation and construction of the District 9 Forestry Office for the Sylva District of the Forest Resources Division, the first phase of the State satisfying the condition of the land exchange between Southwestern Community College and the Forest Resources Division.	$300,000	NR		
78 Establish 3.0 Water Quality Forester positions Provide funding for 3.0 Water Quality Forester positions. These positions would be responsible for preventing and controlling water quality degradation.	$132,879 3.00	R	$132,879 3.00	R
79 Forest Resources Receipt Supported Position Allows for the establishment of 1.0 full-time permanent position with the Division of Forest Resources from aircraft deployment receipts. This position will be responsible for the Division's fixed wing and rotary wing fleet parts program. Program Assistant V 1.0 $31,941				

	FY 05-06		FY 06-07	
80 Forest Resources Receipt Supported Positions Establish 3.0 time-limited positions in the Division of Forest Resources upon receipt of federal grant funds. No state funds will be expended on these positions. Fire & Rescue Training Instructor 1.0 $45,605 Extension Education & Training Specialist I 1.0 $37,892 Forester III 1.0 $44,755				
(3.0) NC Zoological Park				
House **81 Eliminate Vacant Position** Eliminate a vacant Marketing Director position.	($60,165) -1.00	R	($60,165) -1.00	R
82 NC Zoological Park Receipt Supported Positions Establish 4.0 two-year time-limited, full-time positions in the Division of the NC Zoological Park from non-capital gift revenue. These positions are involved in the construction of a new Elephant/Rhino exhibit and holding facilities. Maintenance Mechanic II 4.0 $136,500				
(3.0) Parks and Recreation				
83 Reduce Operating Reserve Reduce the increase in operating reserve support allowed in the continuation budget for the Division of Parks and Recreation. With this reduction, the Division would receive a $2.2 million increase in operating reserve support in FY 2005-06.	($1,000,000)	R	($1,000,000)	R
84 Reduce Operating Support Reduce operating support for the Division of Parks and Recreation.	($25,000)	R	($25,000)	R
85 Parks and Recreation Receipt Supported Position Establish 1.0 permanent, full-time position in the Division of Parks and Recreation. This position will plan, supervise and monitor design and construction contracts for park facilities funded by the Parks and Recreation Trust Fund. Facility Engineering Specialist 1.0 $43,907				
(3.0) Soil and Water Conservation				
86 Eliminate Vacant Position Eliminate a vacant Soil Specialist position.	($40,718) -1.00	R	($40,718) -1.00	R
87 Reduce Operating Support Reduce various operating line items within the Division of Soil and Water Conservation	($40,000)	R	($40,000)	R

	FY 05-06		FY 06-07	
88 Establish 1.0 Position Establish 1.0 permanent position in the Division of Soil and Water Conservation for the expansion of a pilot program that inspects animal waste management systems. Environmental Specialist II 1.0	$40,808 1.00	R	$40,808 1.00	R
(4.0) Reserves and Transfers				
89 Eliminate Water Quality Workgroup Funds Eliminate funding for Water Quality Workgroup research grants.	($87,300)	R	($87,300)	R
90 Shift Beaver Management Assistance Program funding to receipt support Fund shift the Beaver Management Assistance Program from General Fund support to receipt support in the Wildlife Resources Commission.	($449,000)	R	($449,000)	R
91 Shift LEO Salary Adjustment Support to Receipts Shift funding for a LEO salary adjustment that has been historically funded with General Fund monies to existing Wildlife Resources Commission receipts.	($456,481)	R	($456,481)	R
92 Resource Conservation and Development Councils Provides each of the State's ten Resource Conservation and Development Councils with a grant of $50,000.	$500,000	NR		
93 Partnership for the Sounds Increase funding to enhance tourism marketing and economic development in the region.	$1,000,000	NR		
94 Superfund State Match Funds Provides funds to meet the 10% state match requirement for drawing down the maximum available federal funds for the clean up of National Priority List sites.	$1,000,000	NR		
95 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.	$3,889,571	NR		
96 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.	$1,415,980	NR		
97 Increase Grassroots Funding Increase funding to the Grassroots Science Museums for two additional museums: Eastern and Elizabeth City.	$100,000	R	$100,000	R

	FY 05-06		FY 06-07	

98 Wildlife Resources Commission Receipt Supported Positions

Allows for the establishment of the following 8.0 positions.

Wildlife Technician II	3.0	$107,886	75% Federal/25% Wildlife
Wildlife Technician III	1.0	$ 32,662	NMFS and FWS Section 6
Wildlife Technician III	1.0	$ 32,662	Waterfowl Fund
Processing Assistant V	1.0	$ 29,814	Wildlife Fund
Applications Analyst	1.0	$ 69,806	Wildlife Fund
Applications Specialist	1.0	$ 91,250	Wildlife Fund

Total Legislative Changes	**($5,010,885)**	**R**	**($5,168,269)**	**R**
	$7,949,551	**NR**		
Total Position Changes	-6.90		-6.90	
Revised Budget	**$170,128,004**		**$163,019,324**	

Environment & Natural Resources - Clean Water

	FY 05-06		FY 06-07	
Recommended Budget	**$100,000,000**		**$100,000,000**	
Legislative Changes				
Clean Water Management Trust Fund				
99 Reduce Appropriation	($38,000,000)	R	($38,000,000)	R
Reduce appropriation to the Clean Water Management Trust Fund by 38% in each fiscal year.				
Total Legislative Changes	**($38,000,000)**	R	**($38,000,000)**	R
Total Position Changes				
Revised Budget	**$62,000,000**		**$62,000,000**	

House

Commerce

	GENERAL FUND			
	FY 05-06		FY 06-07	
Recommended Budget	**$35,532,306**		**$35,583,572**	

Legislative Changes

Administrative Services

modified

100 Reduce Inflationary Increases ($23,287) R ($23,287) R

Reduce increases for office equipment and legal services.

101 Eliminate Vacant Position ($48,287) R ($48,287) R

Eliminate one Community Development Specialist position for the Wanchese Seafood Industrial Park that has not been filled since 3/31/2000. -1.00 -1.00

102 Wanchese Seafood Industrial Park $48,287 R $48,287 R

Provide operating funds for security at the Park.

Business and Industry

103 Reduce Funds for Purchased Services and Equipment ($67,000) R ($67,000) R

Reduce expenditures for operations based on historical reversions.

Community Assistance

104 Eliminate Vacant Position ($53,377) R ($53,377) R

Eliminate one Community Development Planner I position that has not been filled since 7/1/04. -1.00 -1.00

modified

105 Reduce Funds for Purchased Services and Equipment ($36,000) R ($36,000) R

Reduce expenditures for operations based on historical reversions.

Executive Aircraft

106 Reduce Funds for Purchased Services, Supplies and Equipment ($100,000) R ($100,000) R

Reduce expenditures for operations based on historical reversions.

107 Reduce Inflationary Increases ($43,150) R ($123,150) R

Reduce increases for purchased services for FY 05/06 and reduces funds for purchased services and repairs for FY 06/07.

108 Eliminate Vacant Position ($64,634) R ($64,634) R

Eliminate vacant Executive Pilot II position that has not been filled since 7/1/2004. -1.00 -1.00

	FY 05-06		FY 06-07	
Finance Center				
109 Funds for One North Carolina Fund				
Provide funds for the One North Carolina Fund for FY 05/06.	$5,000,000	NR		
Industrial Commission				
House 110 **Budget Over-Collected Receipts**				
Require the Department to reduce General Funds for the Industrial Commission based on a projected over-collection of fees.	($250,000)	NR		
111 Establish Receipt-Supported Positions				
Establish four (4) receipt-supported positions with the Industrial Commission.				
Legal Specialist I — 1.0 — $45,280				
Program Assistant V — 1.0 — $29,516				
Special Deputy Commissioners — 2.0 — $113,438				
112 Establish Receipt-Supported Positions				
Establish thirteen (13) receipt-supported positions in the Industrial Commission with revenue generated by implementing a fee for the required review of Form 21 Agreements.				
Administrative Officer II Positions (Workers' Comp. Fraud Investigators) — 2.0				
Administrative Officer II Positions (Ombudsman) — 2.0				
Program Assistant V — 2.0				
Receptionist III — 1.0				
Industrial Safety Representative II — 4.0				
Special Deputy Commissioners — 2.0				
Total Receipts Required — $628,099				
International Trade				
113 Eliminate Inflationary Increase for Purchased Services	($38,144)	R	($38,144)	R
Eliminate an increase for purchased services for the biennium.				
Marketing				
modified 114 **Industrial Marketing**				
Provide funds to promote North Carolina industries, including the furniture industry.	$1,000,000	NR		
Policy and Research				
115 Eliminate Vacant Position	($26,244)	R	($26,244)	R
Eliminate a vacant Processing Assistant III position that has not been filled since 1/1/04.	-1.00		-1.00	

House Subcommittee on Natural and Economic Resources	FY 05-06		FY 06-07	
modified **116 North Carolina Economic Development Information System**	$297,898	R	$297,898	R
Establish one (1.0) Data Base Administrator position and provide operating support for the NC EDIS.	$500,000 1.00	NR	 1.00	
Reserves and Transfers				
House **117 Pilot Economic Development Project**				
Provide general funds to Kerr-Tar Regional Hub, Inc for a four-county, pilot economic development project designed by the University of North Carolina at Chapel Hill.	$6,000,000	NR		
Science and Technology				
118 Reduce Funds for Purchased Services and Equipment	($20,000)	R	($20,000)	R
Reduce expenditures for operations based on historical reversions.				
119 Reduce Inflationary Increase				
Eliminate an increase for a miscellaneous services contract and allows for the contract to continue to be paid with lapsed salary funds.	($41,929)	NR		
Travel and Tourism				
modified **120 Eliminate Inflationary Increase**	($40,369)	R	($40,369)	R
Eliminate increase for legal services for both years of the biennium.				
121 Reduce Funds for Purchased Services, Supplies and Equipment	($200,000)	R	($200,000)	R
Reduce expenditures for operations based on historical reversions.				
modified **122 Statewide Marketing Reserve**				
Provide funds for promoting travel and tourism statewide.	$500,000	NR		
House **123 Heritage Tourism**	$50,000	R	$50,000	R
Provide funds for operations for Blue Ridge National Heritage Area.				
House **124 Heritage Tourism - Piedmont Triad Heritage Officer position**	$50,000	R	$50,000	R
Provide $50,000 R funding to the Division of Travel and Tourism to support a Piedmont Triad Heritage Tourism Officer position. This position would cover a twelve county region.	1.00		1.00	
House **125 Tourism Promotion**				
Provide promotional funds for an entertainment complex in Roanoke Rapids	$750,000	NR		
House **126 Sports Promotion**				
Provide funds to promote the Central Intercollegiate Athletic Association (CIAA) annual tournament.	$500,000	NR		

	FY 05-06		FY 06-07	
Utilities Commission				
127 Establish Receipt-Supported Position Establish one (1.0) Attorney IV position at $94,204 for the Utilities Commission Public Staff.				
Welcome Centers				
modified **128 Reduce Funds for Purchased Services, Supplies and Equipment** Reduce expenditures for operations based on historical reversions.	($46,000)	R	($46,000)	R
Total Legislative Changes	**($360,307)**	**R**	**($440,307)**	**R**
	$13,958,071	**NR**		
Total Position Changes	-2.00		-2.00	
Revised Budget	**$49,130,070**		**$35,143,265**	

Commerce - State Aid

	FY 05-06		FY 06-07	
Recommended Budget	**$11,222,085**		**$11,222,085**	
Legislative Changes				
129 Minority Support Center				
House Provide $5 million NR for the Minority Support Center to be allocated as follows: $2.5 million to the Generations Credit Union and $2.5 million to the Latino Community Credit Union.	$5,000,000	NR		
Community Development Initiative (CDI)				
130 Increase funding for CDI	$1,000,000	R	$1,000,000	R
House Increase the General Fund appropriation for CDI by $1 million recurring and $1 million non-recurring.	$1,000,000	NR		
Regional Economic Development Commissions				
131 Funding for Vision Plan Implementation				
House Provide $250,000 to each of the seven Regional Economic Development Commission for the continued implementation of their vision plans.	$1,750,000	NR		
132 Advanced Vehicle Research Center				
House Provide a $7.5 million NR appropriation to the Northeast Regional Economic Development Partnership for the construction and operation of an advanced vehicle research center.	$7,500,000	NR		
Total Legislative Changes	**$1,000,000**	R	**$1,000,000**	R
	$15,250,000	NR		
Total Position Changes				
Revised Budget	**$27,472,085**		**$12,222,085**	

N.C. Biotechnology Center

	GENERAL FUND			
	FY 05-06		FY 06-07	
Recommended Budget	**$9,083,395**		**$9,083,395**	
Legislative Changes				
NC Biotechnology Center				
133 Increase funding for the NC Biotechnology Center	$1,500,000	R	$1,500,000	R
Increase support for New Jobs Across North Carolina: A Strategic Plan for Growing the Economy Statewide through Biotechnology.	$1,500,000	NR		
Total Legislative Changes	**$1,500,000**	R	**$1,500,000**	R
	$1,500,000	NR		
Total Position Changes				
Revised Budget	**$12,083,395**		**$10,583,395**	

Rural Economic Development Center

GENERAL FUND

	FY 05-06		FY 06-07	
Recommended Budget	**$4,802,607**		**$4,802,607**	
Legislative Changes				
134 Rural Economic Infrastructure Program Provide funding to continue the North Carolina Infrastructure Program and provide matching grants to local governments. $500,000 shall be allocated to the e-NC Authority.	$20,000,000	R	$20,000,000	R
House **135 Community Development Centers Grants Program** Provide $500,000 R to increase the CDC Grants Program, providing additional assistance to minority community development corporations.	$500,000	R	$500,000	R
House **136 Increase Research and Demonstration Grants** Provide additional funding for the Research and Demonstration Grant program to be allocated to the e-NC Authority for Business and Technology Telecenters.	$250,000	R	$250,000	R
House **137 Grant-in-Aid for Rural Development** Provide funding for rural development projects in Pitt, Martin and Hertford County.	$300,000	NR		
Total Legislative Changes	**$20,750,000** **$300,000**	R NR	**$20,750,000**	R
Total Position Changes				
Revised Budget	**$25,852,607**		**$25,552,607**	

Attachment 5

NER House Subcommittee

Special Provisions

June 10, 2005

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2005

DRAFT
SPECIAL PROVISION

2005-COMM-H20(S5.2)i-P

Department of Commerce/Economic Development
Appropriations Subcommittee on Natural and Economic Resources

Requested by: Representatives Hunter, Warren

NER BLOCK GRANTS

SECTION 5.2.(a) Appropriations from federal block grant funds are made for fiscal year ending June 30, 2006, 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 – 2006 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) Department of Commerce Demonstration Grants in Partnership with Rural Economic Development Center, Inc. – The Department of Commerce, in partnership with the Rural Economic Development Center, Inc., shall award up to two million two hundred fifty thousand dollars ($2,250,000) in demonstration grants to local governments in very distressed rural areas of the State. These grants shall be used to address critical infrastructure and entrepreneurial needs and to provide small business assistance.

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.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2005

DRAFT
SPECIAL PROVISION

2005-AGRIC-H1(S11.1)i-P

Department of Agriculture and Consumer Services
Appropriations Subcommittee on Natural and Economic Resources

Requested by: Representatives Hunter, Warren

PESTICIDE DISPOSAL PROGRAM

SECTION 11.1. G.S. 143-468(b) reads as rewritten:

"(b) The Pesticide Environmental Trust Fund is established as a nonreverting account within the Department of Agriculture and Consumer Services. The Department of Agriculture and Consumer Services shall administer the Fund. The additional assessment imposed by G.S. 143-442(b) on the registration of a brand or grade of pesticide shall be credited to the Fund. The Department shall distribute money in the Fund as follows:

(1) Two and one-half percent (2.5%) to North Carolina State University Cooperative Extension Service to enhance its agromedicine efforts in cooperation with East Carolina University School of Medicine.

(2) Two and one-half percent (2.5%) to East Carolina University School of Medicine to enhance its agromedicine efforts in cooperation with North Carolina State University Cooperative Extension Service.

(3) Twenty percent (20%) to North Carolina State University, Department of Toxicology, to establish and maintain an extension agromedicine specialist position.

(4) Seventy-five percent (75%) to the Department of Agriculture and Consumer Services for the costs of administering its pesticide disposal program, including the salaries and support of staff for the pesticide disposal program, and for its environmental programs, as directed by the Board, including establishing a pesticide container management program to enhance its pesticide disposal program and its water quality initiatives."

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2005

DRAFT
SPECIAL PROVISION

2005-AGRIC-H2(S11.2)i-P

Department of Agriculture and Consumer Services
Appropriations Subcommittee on Natural and Economic Resources

Requested by: Representatives Hunter, Warren

TIMBER SALES RECEIPTS FOR CAPITAL IMPROVEMENTS AT AGRICULTURAL RESEARCH STATIONS AND FARMS

SECTION 11.2. The sum of one million thirty-three thousand one hundred dollars ($1,033,100) 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, 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.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2005

DRAFT
SPECIAL PROVISION

2005-AGRIC-H3(S11.3)i-P

Department of Agriculture and Consumer Services
Appropriations Subcommittee on Natural and Economic Resources

Requested by: Representatives Hunter, Warren

PLANT CONSERVATION PROGRAM FUNDS

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) shall be transferred to the Department of Agriculture and Consumer Services to be used 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.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2005

DRAFT
SPECIAL PROVISION

2005-AGRIC-H4(S11.4)i-P

Department of Agriculture and Consumer Services
Appropriations Subcommittee on Natural and Economic Resources

Requested by: Representatives Hunter, Warren

INCREASE FUNDS FOR NORTH CAROLINA GRAPE GROWERS COUNCIL

SECTION 11.4. G.S. 105-113.81A reads as rewritten:

"**§ 105-113.81A. Distribution of part of wine taxes attributable to North Carolina wine.**

The Secretary shall on a quarterly basis credit to the Department of Agriculture and Consumer Services the net proceeds of the excise tax collected on unfortified wine bottled in North Carolina during the previous quarter and the net proceeds of the excise tax collected on fortified wine bottled in North Carolina during the previous quarter, except that the amount credited to the Department of Agriculture and Consumer Services under this section shall not exceed ~~three hundred fifty thousand dollars ($350,000)~~ five hundred thousand dollars ($500,000) per fiscal year. The Department of Agriculture and Consumer Services shall allocate the funds received under this section to the North Carolina Grape Growers Council to be used to promote the North Carolina grape and wine industry and to contract for research and development services to improve viticultural and enological practices in North Carolina. Any funds credited to the Department of Agriculture and Consumer Services under this section that are not expended by June 30 of any fiscal year may not revert to the General Fund, but shall remain available to the Department for the uses set forth in this section."

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2005

DRAFT
SPECIAL PROVISION

2005-ENV-H1(S12.1)i-P

Environment and Natural Resources
Appropriations Subcommittee on Natural and Economic Resources

Requested by: Representatives Hunter, Warren

STATE MATCH FOR FEDERAL SAFE DRINKING WATER ACT FUNDS

SECTION 12.1. Notwithstanding the provisions of Chapter 159G of the General Statutes, the Department of Environment and Natural Resources may transfer from the General Water Supply Revolving Loan Account up to one million five hundred thousand dollars ($1,500,000) to the Department of Environment and Natural Resources to be used to match the federal grant moneys authorized by section 1452 of the federal Safe Drinking Water Act amendments of 1996 for the 2005-2006 fiscal year. The General Water Supply Revolving Loan Account is an account under the Clean Water Revolving Loan and Grant Fund and is established under G.S. 159G-4. The Clean Water Revolving Loan and Grant Fund is established by G.S. 159G-5.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2005

DRAFT
SPECIAL PROVISION

2005-ENV-H2(S12.2)i-P

Environment and Natural Resources
Appropriations Subcommittee on Natural and Economic Resources

Requested by: Representatives Hunter, Warren

EXPAND EXPRESS REVIEW PROGRAM STATEWIDE

SECTION 12.2.(a) Part 1 of Article 7 of Chapter 143B of the General Statutes is amended by adding two new sections to read:

"**§ 143B-279.13. Express permit and certification reviews.**

(a) The Department of Environment and Natural Resources shall develop an express review program to provide express permit and certification reviews in all of its regional offices. Participation in the express review program is voluntary, and the program is to become supported by the fees determined pursuant to subsection (b) of this section. The Department of Environment and Natural Resources shall determine the project applications to review under the express review program from those who request to participate in the program. The express review program may be applied to any one or all of the permits, approvals, or certifications in the following programs: the erosion and sedimentation control program, the coastal management program, and the water quality programs, including water quality certifications and stormwater management. The express review program shall focus on the following permits or certifications:

(1) Stormwater permits under Part 1 of Article 21 of Chapter 143 of the General Statutes.

(2) Stream origination certifications under Article 21 of Chapter 143 of the General Statutes.

(3) Water quality certification under Article 21 of Chapter 143 of the General Statutes.

(4) Erosion and sedimentation control permits under Article 4 of Chapter 113A of the General Statutes.

(5) Permits under the Coastal Area Management Act (CAMA), Part 4 of Article 7 of Chapter 113A of the General Statutes.

(b) The Department of Environment and Natural Resources may determine the fees for express application review under the express review program. Notwithstanding G.S. 143-215.3D, the maximum permit application fee to be charged under subsection (a) of this section for the express review of a project application requiring all of the permits under subdivisions (1) through (5) of subsection (a) of this section shall not exceed five thousand five hundred dollars ($5,500). Notwithstanding G.S. 143-215.3D, the maximum permit application fee to be charged for the express review of a project application requiring all of the permits under subdivisions (1) through (4) of subsection (a) of this section shall not exceed four thousand five hundred dollars ($4,500). Notwithstanding G.S. 143-215.3D, the maximum permit application fee charged for the express review of a project application for any other combination of permits under

subdivisions (1) through (5) of subsection (a) of this section shall not exceed four thousand dollars ($4,000). Express review of a project application involving additional permits or certifications issued by the Department of Environment and Natural Resources other than those under subdivisions (1) through (5) of subsection (a) of this section may be allowed by the Department, and, notwithstanding G.S. 143-215.3D or any other statute or rule that sets a permit fee, the maximum permit application fee charged for the express review of a project application shall not exceed four thousand dollars ($4,000), plus one hundred fifty percent (150%) of the fee that would otherwise apply by statute or rule for that particular permit or certification. Additional fees, not to exceed fifty percent (50%) of the original permit application fee under this section, may be charged for subsequent reviews due to the insufficiency of the permit applications. The Department of Environment and Natural Resources may establish the procedure by which the amount of the fees under this subsection is determined, and the fees and procedures are not rules under G.S. 150B-2(8a) for the express review program under this section.

(c) No later than March 1 of each year, the Department of Environment and Natural Resources shall report to the Fiscal Research Division and the Environmental Review Commission its findings on the success of the program under this section and any other findings or recommendations, including any legislative proposals that it deems pertinent.

"**§ 143B-279.14. Express Review Fund.**

The Express Review Fund is created as a special nonreverting fund. All fees collected under G.S. 143B-279.13 shall be credited to the Express Review Fund. The Express Review Fund shall be used for the costs of implementing the express review program under G.S. 143B-279.13 and the costs of administering the program, including the salaries and support of the program's staff. If the express review program is abolished, the funds in the Express Review Fund shall be credited to the General Fund."

SECTION 12.2.(b) The Department of Environment and Natural Resources shall expand to a statewide program that operates in each regional office of the Department the Express Review Pilot Program established by Section 11.4A of S.L. 2003-284 and expanded by Section 12.9 of S.L. 2004-124, and the provisions of G.S. 143B-279.13, as enacted by subsection (a) of this section, shall apply to this statewide program.

SECTION 12.2.(c) The Department of Environment and Natural Resources shall establish and support 12 additional positions to administer the statewide express review program under G.S. 143B-279.13, as enacted by subsection (a) of this section. Up to seven hundred thirty-six thousand six hundred twenty-nine dollars ($736,629) for the 2005-2006 fiscal year and up to six hundred seventy-one thousand four hundred nine dollars ($671,409) for the 2006-2007 fiscal year shall be allocated from the Express Review Fund created in G.S. 143B-279.14, as enacted by subsection (a) of this section, to establish and support these 12 positions.

SECTION 12.2.(d) The Department of Environment and Natural Resources shall continue and support the four positions established under Section 12.9(c) of S.L. 2004-124 to administer the statewide express review program under G.S. 143B-279.13, as enacted by subsection (a) of this section. Up to two hundred twenty-three thousand eight hundred three dollars ($223,803) for the 2005-2006 fiscal year and up to two

hundred twenty-three thousand eight hundred three dollars ($223,803) for the 2006-2007 fiscal year shall be allocated from the Express Review Fund created in G.S. 143B-279.14, as enacted by subsection (a) of this section, to continue and support these four positions.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2005

DRAFT
SPECIAL PROVISION

2005-ENV-H3(S12.3)i-P

Environment and Natural Resources
Appropriations Subcommittee on Natural and Economic Resources

Requested by: Representatives Hunter, Warren

SEDIMENTATION EDUCATION FUNDS

SECTION 12.3. The Department of Environment and Natural Resources shall use the funds appropriated in this act to the Department of Environment and Natural Resources for the 2005-2006 fiscal year and for the 2006-2007 fiscal year for sedimentation education for only the following:

(1) Sedimentation education activities that provide technical assistance to local erosion and sedimentation control programs under G.S. 113A-60; or

(2) Sedimentation education to professionals involved in developing erosion and sedimentation control plans for which prior approval is required under Article 4 of Chapter 113A of the General Statutes.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2005

DRAFT
SPECIAL PROVISION

2005-ENV-H9(S12.4)i-P

Environment and Natural Resources
Appropriations Subcommittee on Natural and Economic Resources

Requested by: Representatives Hunter, Warren

FUNDS TO IMPLEMENT FISHING LICENSE REQUIREMENTS LEGISLATION/CONTINGENT REPEAL OF SALTWATER FISHING LICENSE REQUIREMENT

SECTION 12.4.(a) The Wildlife Resources Commission may disburse up to one million dollars ($1,000,000) from the Wildlife Resources Fund to implement Senate Bill 1126 (Amend Fishing License Requirements-2) or House Bill 1092 (Amend Fishing License Requirements) if either bill becomes law no later than 30 days after adjournment of the 2005 Regular Session.

SECTION 12.4.(b) The State Treasurer shall transfer a sum equal to the sum of funds disbursed pursuant to subsection (a) of this section from the Marine Resources Fund to the Wildlife Resources Fund on July 1, 2010.

SECTION 12.4.(c) Sections 1 through 4 and Sections 6 through 12 of S.L. 2004-187 and Section 12.16 of S.L. 2004-124 are repealed unless Senate Bill 1126 (Amend Fishing License Requirements-2) or House Bill 1092 (Amend Fishing License Requirements) becomes law no later than 30 days after the adjournment in 2005 of the 2005 Regular Session under a joint resolution.

House

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2005

DRAFT
SPECIAL PROVISION

2005-ENV-H8-P

Environment and Natural Resources
Appropriations Subcommittee on Natural and Economic Resources

Requested by: Representatives Crawford, Clary, Earle, Nye, Owens, Sherrill, Michaux

REPORT ON NATURAL HERITAGE PROGRAM

SECTION #. No later than March 1, 2006, the Department of Environment and Natural Resources shall report to the General Assembly and to the Fiscal Research Division on the Natural Heritage Program under Article 9A of Chapter 113A of the General Statutes. The report shall include an explanation of the duties and activities of each position that serves as staff to the Program, a summary of what has been accomplished under the Program each fiscal year since its inception, and justification for continuing the Program at its current staff level.

Modified

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2005

DRAFT
SPECIAL PROVISION

2005-NATRES-H1A(S12.5)-P

Environment and Natural Resources
Appropriations Subcommittee on Natural and Economic Resources

Requested by: Representatives Hunter, Warren

GRASSROOTS SCIENCE PROGRAM

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 is allocated as grants-in-aid for each fiscal year as follows:

	2005-2006
Aurora Fossil Museum	$58,794
Cape Fear Museum	$157,784
Carolina Raptor Center	$110,369
Catawba Science Center	$131,007
Colburn Gem and Mineral Museum, Inc.	$73,833
Discovery Place	$645,072
Eastern NC Regional Science Center	$50,000
Fascinate-U	$79,849
Granville County Museum Commission, Inc.-Harris Gallery	$56,236
Greensboro Children's Museum	$132,606
The Health Adventure Museum of Pack Place Education, Arts and Science Center, Inc.	$132,046
Highlands Nature Center	$78,418
Imagination Station	$84,988
Iredell Children's Museum	$59,452
Kidsenses	$50,000
Museum of Coastal Carolina	$73,489
Natural Science Center of Greensboro	$182,395
North Carolina Museum of Life and Science	$370,250
Port Discover: Northeastern North Carolina's Center for Hands-on Science, Inc.	$50,000
Rocky Mount Children's Museum	$71,608
Schiele Museum of Natural History	$224,334
Sci Works Science Center and Environmental Park of Forsyth County	$143,697

Western North Carolina Nature Center	$111,054
Wilmington Children's Museum	$70,481
Total	$3,197,762

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.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2005

DRAFT
SPECIAL PROVISION

2005-NATRES-H3(S12.7)i-P

Environment and Natural Resources
Appropriations Subcommittee on Natural and Economic Resources

Requested by: Representatives Hunter, Warren

EXTEND AND EXPAND PILOT PROGRAM FOR INSPECTION OF ANIMAL WASTE MANAGEMENT SYSTEMS

SECTION 12.7.(a) Section 15.4(a) of S.L. 1997-443, as amended by Section 3.1 of S.L. 1999-329, Section 5 of S.L. 2001-254, Section 1.1 of S.L. 2002-176, and Section 6.1 of S.L. 2003-340, reads as rewritten:

"(a) The Department of Environment and Natural Resources shall develop and implement a pilot program to begin no later than 1 November 1997, and to terminate 1 September ~~2005,~~ 2007, regarding the annual inspections of animal operations that are subject to a permit under Article 21 of Chapter 143 of the General Statutes. The Department shall select two counties located in a part of the State that has a high concentration of swine farms to participate in this pilot program. In addition, Brunswick County and Pender County shall be added to the program. Notwithstanding G.S. 143-215.10F, the Division of Soil and Water Conservation of the Department of Environment and Natural Resources shall conduct inspections of all animal operations that are subject to a permit under Article 21 of Chapter 143 of the General Statutes in these ~~three~~ four counties at least once a year to determine whether any animal waste management system is causing a violation of water quality standards and whether the system is in compliance with its animal waste management plan or any other condition of the permit. The personnel of the Division of Soil and Water Conservation who are to conduct these inspections in each of these ~~three~~ four counties shall be located in an office in the county in which that person will be conducting inspections. As part of this pilot program, the Department of Environment and Natural Resources shall establish procedures whereby resources within the local Soil and Water Conservation Districts serving the ~~three~~ four counties are used for the quick response to complaints and reported problems previously referred only to the Division of Water Quality of the Department of Environment and Natural Resources."

SECTION 12.7.(b) Section 3.3 of S.L. 1999-329, as amended by Section 6 of S.L. 2001-254, Section 1.2 of S.L. 2002-176, and Section 6.2 of S.L. 2003-340, reads as rewritten:

"Section 3.3. The Department of Environment and Natural Resources, in consultation with both the Division of Water Quality and the Division of Soil and Water Conservation, shall submit semiannual interim reports no later than 15 April and 15 October of each year beginning 15 October 1999 ~~and shall submit a final report no later than 15 October 2005~~ to the Environmental Review ~~Commission and to~~Commission, the Fiscal Research ~~Division.~~Division, and the Appropriations Subcommittees on Natural and Economic Resources in both the Senate and the House of Representatives.

These reports shall indicate whether the pilot program has increased the effectiveness of the annual inspections program or the response to complaints and reported problems, specifically whether the pilot program had resulted in identifying violations earlier, taking corrective actions earlier, increasing compliance with the animal waste management plans and permit conditions, improving the time to respond to discharges, complaints, and reported problems, improving communications between farmers and Department employees, and any other consequences deemed pertinent by the Department. These reports shall also compare the costs of conducting operations reviews and inspections under the pilot program with the costs of conducting operations reviews and inspections pursuant to G.S. 143-215.10D and G.S. 143-215.10F and the resources that would be required to expand the pilot program to all counties. ~~The final report shall include a recommendation as to whether to continue or expand the pilot program under this act. The Environmental Review Commission may recommend to the General Assembly whether to continue or expand the pilot program under this act and may make any related legislative proposals.~~"

SECTION 12.7.(c) No later than October 15, 2005, the Department of Environment and Natural Resources shall recommend to the Environmental Review Commission and the General Assembly whether to continue or expand the pilot program under this section. The Environmental Review Commission shall recommend to the 2006 Session of the General Assembly whether to continue or expand the pilot program under this section and may make any related legislative proposals.

Modified

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2005

DRAFT
SPECIAL PROVISION

2005-NATRES-H4(S28.18)-P

Environment and Natural Resources
Appropriations Subcommittee on Natural and Economic Resources

Requested by: Representatives Hunter, Warren

BEAVER DAMAGE CONTROL PROGRAM FUNDS

SECTION #. Of the funds available to the Wildlife Resources Commission, the sum of seven hundred thousand dollars ($700,000) for the 2005-2006 fiscal year and the sum of seven hundred thousand dollars ($700,000) for the 2006-2007 fiscal year shall be used to provide the State share necessary to support the beaver damage control program established in G.S. 113-291.10, provided the sum of at least twenty-five thousand dollars ($25,000) in federal funds is available each fiscal year of the biennium to provide the federal share.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2005

DRAFT
SPECIAL PROVISION

2005-COMM-H7(S13.2)i-P

Department of Commerce/Economic Development
Appropriations Subcommittee on Natural and Economic Resources

Requested by: Representatives Hunter, Warren

COUNCIL OF GOVERNMENT FUNDS

SECTION 13.2.(a) Of the funds appropriated in this act to the Department of Commerce, eight hundred thirty-two thousand one hundred fifty dollars ($832,150) for the 2005-2006 fiscal year and eight hundred thirty-two thousand one hundred fifty dollars ($832,150) for the 2006-2007 fiscal year shall only be used as provided by this section. Each regional council of government or lead regional organization is allocated up to forty-eight thousand nine hundred fifty dollars ($48,950) for the 2005-2006 and the 2006-2007 fiscal years.

SECTION 13.2.(b) A regional council of government may use funds appropriated by this section only to assist local governments in grant applications, economic development, community development, support of local industrial development activities, and other activities as deemed appropriate by the member governments.

SECTION 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, 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, as specified in subdivision (e)(2) of this section.

SECTION 13.2.(d) Funds appropriated by this section shall not be used for payment of dues or assessments by the member governments and shall not supplant funds appropriated by the member governments.

SECTION 13.2.(e) Each council of government or lead regional organization shall do the following:

(1) By January 15, 2006, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division the following information:
   a. State fiscal year 2004-2005 program activities, objectives, and accomplishments;
   b. State fiscal year 2004-2005 itemized expenditures and fund sources;
   c. State fiscal year 2005-2006 planned activities, objectives, and accomplishments, including actual results through December 31, 2005; and
   d. State fiscal year 2005-2006 estimated itemized expenditures and fund sources, including actual expenditures and fund sources through December 31, 2005.

(2) By January 15, 2007, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division the following information:

a. State fiscal year 2005-2006 program activities, objectives, and accomplishments;

b. State fiscal year 2005-2006 itemized expenditures and fund sources;

c. State fiscal year 2006-2007 planned activities, objectives, and accomplishments, including actual results through December 31, 2006; and

d. State fiscal year 2006-2007 estimated itemized expenditures and fund sources, including actual expenditures and fund sources through December 31, 2006.

(3) Provide to the Fiscal Research Division a copy of the organization's annual audited financial statement within 30 days of issuance of the statement.

Modified

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2005

DRAFT
SPECIAL PROVISION

2005-COMM-H8(S13.3)

Department of Commerce/Economic Development
Appropriations Subcommittee on Natural and Economic Resources

Requested by: Representative

TOURISM PROMOTION GRANTS

SECTION 13.3.(a) Tourism promotion funds appropriated to the Department of Commerce shall be allocated to counties based on need. Determination of counties that are most in need of State assistance shall be made in accordance with the existing state tier formula provided in G.S. 105-129.3.

SECTION 13.3.(b) Funds appropriated in this act to the Department of Commerce for tourism promotion grants shall be allocated according to the economic development tier assigned by the Department of Commerce in the following manner:

(1) Eligible organizations in counties with a Tier 1 or 2 designation are each eligible to receive a maximum grant of seven thousand five hundred dollars ($7,500) for each fiscal year, provided these funds are matched on the basis of one non-State dollar ($1.00) for every four State dollars ($4.00).

(2) Eligible organizations in counties with a Tier 3 or 4 designation are each eligible to receive a maximum grant of three thousand five hundred dollars ($3,500) for two of the next three fiscal years, provided these funds are matched on the basis of one non-State dollar ($1.00) for every three State dollars ($3.00).

(3) Eligible organizations in counties with a Tier 5 designation are each eligible to receive a maximum grant of three thousand five hundred dollars ($3,500) in alternating fiscal years provided these funds are matched on the basis of two non-State dollars ($2.00) for every one State dollar ($1.00).

SECTION 13.3.(c) An eligible organization that applies for but does not receive tourism promotion grant funds may apply for and be awarded funds in the following fiscal year. The fact that one or more eligible organizations in a county are awarded tourism promotion grant funds in a given fiscal year shall not bar other eligible organizations in that county from applying for and being awarded funds in the next fiscal year.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2005

DRAFT
SPECIAL PROVISION

2005-COMM-H9(S13.4)i-P

Department of Commerce/Economic Development
Appropriations Subcommittee on Natural and Economic Resources

Requested by: Representatives Hunter, Warren

EMPLOYMENT SECURITY FUNDS

SECTION 13.4. There is appropriated from the Special Employment Security Administration 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 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.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2005

DRAFT
SPECIAL PROVISION

2005-COMM-H10(S13.4A)i-P

Department of Commerce/Economic Development
Appropriations Subcommittee on Natural and Economic Resources

Requested by: Representatives Hunter, Warren

TRADE JOBS FOR SUCCESS REPORTING

SECTION 13.4A.(a) In addition to the statutory reporting requirements pursuant to G.S. 143B-438.17, the Employment Security Commission, Department of Commerce, and the Community Colleges System Office shall make a joint written progress report on their compliance with Section 13.7A of S.L. 2004-124, as to the following:

(1) The actions taken to obtain from the U.S. Department of Labor as quickly as possible a waiver under the Trade Adjustment Act to allow the Trade Jobs for Success initiative to (i) serve persons regardless of their age, (ii) use unemployment funds to provide direct monetary incentives to participating employers and direct income to eligible workers in the retraining program, and (iii) use funds for in-State relocation assistance.

(2) Whether waivers have been sought for other program components.

(3) The progress made in implementing the Trade Jobs for Success initiative in the counties hardest hit by trade-impacted job losses, particularly the counties having an unemployment rate of eight percent (8%) and the extent to which these counties have received priority consideration.

(4) The efforts of the Department of Commerce seeking and receiving private grants and federal funds for the Trade Jobs for Success initiative.

(5) Any reasons why legislative mandates have not been followed or the statutory goals have not been achieved.

The progress report shall be submitted to the Joint Legislative Commission on Governmental Operations and to the Chairs of the Appropriations Committees of the Senate and the House of Representatives by August 1, 2005.

SECTION 13.4A.(b) G.S. 143B-438.17 reads as rewritten:

"**§ 143B-438.17. Reporting.**

(a) Beginning July 1, 2005, ~~The~~ the Department of Commerce, in conjunction with the Employment Security Commission and the Community Colleges System Office, shall publish a ~~quarterly~~ monthly written report on the Trade Jobs for Success (TJS) initiative. The monthly report shall provide information on the commitment, disbursement, and use of funds and the status of any grant proposals or waivers requested on behalf of the Trade Jobs for Success initiative. The monthly report shall be submitted to the Governor and to the Fiscal Research Division of the General Assembly.

(b) Beginning October 1, 2005, the Department of Commerce, in conjunction with the Employment Security Commission and the Community Colleges System Office, shall publish a quarterly written report on the Trade Jobs for Success initiative. The quarterly report shall ~~also~~ include legislative proposals and recommendations regarding statutory changes needed to maximize the effectiveness and flexibility of the TJS initiative. Copies of the quarterly report shall be provided to the Joint Legislative Commission on Governmental Operations, to the chairs of the Senate and House of Representatives Appropriations Committees, and to the Fiscal Research Division of the General Assembly.

(c) Beginning January 1, 2006, the Department of Commerce, in conjunction with the Employment Security Commission and the Community Colleges System Office, shall publish a comprehensive annual written report on the Trade Jobs for Success initiative. The annual report shall include a detailed explanation of outcomes and future planning for the TJS initiative. Copies of the annual report shall be provided to the Governor, to the Joint Legislative Commission on Governmental Operations, to the chairs of the Senate and House of Representatives Appropriations Committees, and to the Fiscal Research Division of the General Assembly."

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2005

DRAFT
SPECIAL PROVISION

2005-COMM-H11(S13.5)i-P

Department of Commerce/Economic Development
Appropriations Subcommittee on Natural and Economic Resources

Requested by: Representatives Hunter, Warren

INDUSTRIAL DEVELOPMENT FUND

SECTION 13.5. 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, ~~or~~ electrical utility distribution lines or ~~equipment~~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, ~~or~~ electrical utility lines or ~~facilities~~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.

...

(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, in creating jobs in eligible industries. The Department of Commerce shall adopt rules providing for the administration of the program. Except as otherwise provided in this subsection, those rules shall be consistent with the rules adopted with respect to the Industrial Development Fund. The rules shall provide that the funds in the Utility Account may be used only for construction of or improvements to new or existing water, sewer, gas, telecommunications, high-speed broadband, ~~or~~ electrical utility distribution lines or ~~equipment~~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, ~~or~~ electrical utility lines or ~~facilities~~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.

...."

Modified

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2005

DRAFT
SPECIAL PROVISION

2005-COMM-H12A(S13.6)

Department of Commerce/Economic Development
Appropriations Subcommittee on Natural and Economic Resources

Requested by: Representatives Hunter, Warren

ONE NORTH CAROLINA FUND

SECTION 13.6.(a) Of the funds appropriated in Section 1(a) of S.L. 2004-88 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 fiscal year.

SECTION 13.6.(b) Of the funds appropriated in Section 1(a) of S.L. 2004-88 to the One North Carolina Fund, the Department of Commerce shall allocate one million dollars ($1,000,000) for the 2005-2006 fiscal year to Johnson and Wales University for the purpose of providing financial assistance to the University.

House

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2005

DRAFT
SPECIAL PROVISION

2005-COMM-H21-P

Department of Commerce/Economic Development
Appropriations Subcommittee on Natural and Economic Resources

Requested by: Representatives Hunter, Warren

STUDY ALTERNATE FUNDING OF INDUSTRIAL COMMISSION

SECTION #. The Department of Commerce and the Industrial Commission shall jointly conduct a study to determine the feasibility of terminating General Fund support of the Industrial Commission and providing for the costs of the Commission's operations and personnel by increasing the Commission's existing fees or establishing new fees. The Department and Commission shall report the results of its study and make recommendations for alternate ways of funding the Commission to the House of Representatives Appropriations Subcommittee on Natural and Environmental Resources, the Office of State Budget and Management, and the Fiscal Research Division no later than April 1, 2006.

House

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2005

DRAFT
SPECIAL PROVISION

2005-COMM-H25

Department of Commerce/Economic Development
Appropriations Subcommittee on Natural and Economic Resources

Requested by: Representatives Hunter, Warren

ROANOKE RAPIDS MUSIC/ENTERTAINMENT COMPLEX

SECTION #. There is appropriated from the General Fund to the Department of Commerce the sum of seven hundred fifty thousand dollars ($750,000) for the 2005-2006 fiscal year to be allocated to the Roanoke Rapids Entertainment District for the construction of a music and entertainment complex in Roanoke Rapids. The Department of Commerce shall not release funds appropriated in this section until the Office of State Budget and Management has determined that the Roanoke Rapids Entertainment District has entered into the contracts necessary for the successful completion of the complex. Beginning September 1, 2005, and quarterly thereafter, the Roanoke Rapids Entertainment District shall report its progress in completing the complex and the total funds received to date to the Office of State Budget and Management, the Department of Commerce, and the Fiscal Research Division.

House

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2005

DRAFT
SPECIAL PROVISION

2005-COMM-H1-P

Department of Commerce/Economic Development
Appropriations Subcommittee on Natural and Economic Resources

Requested by: **Representatives Hunter, Warren**

REGIONAL ECONOMIC DEVELOPMENT COMMISSION

SECTION #.(a) There is appropriated from the General Fund to the Department of Commerce the sum of one million seven hundred fifty thousand dollars ($1,750,000) for the 2005-2006 fiscal year to be allocated to the seven regional economic development commissions. Of these funds, each regional economic development commission shall receive two hundred fifty thousand dollars ($250,000). These funds shall be used by each commission to develop and implement a strategic economic development plan as provided in Section 13.6 of S.L. 2004-124.

SECTION #.(b) G.S. 143B-437.21(6)d reads as rewritten:

"d. The ~~Global TransPark Development~~ Eastern North Carolina Regional Economic Development Commission created in G.S. 158-33."

SECTION #.(c) G.S. 158-32(2) reads as rewritten:

"(2) Commission. – The ~~Global TransPark Development~~ Eastern North Carolina Regional Economic Development Commission, the governing body of the Global TransPark Development Zone."

SECTION #.(d) G.S. 158-33.1(b) reads as rewritten:

"(b) Application. – The governing body of an eligible county may apply to participate in the Zone under this section by adopting a resolution to participate in the Zone. The resolution must comply with all the requirements of G.S. 158-33(a) and (b) except that it may be adopted at any time before October 1, 1994. After adopting the resolution, the county shall file a certified copy of the resolution with the ~~Global TransPark Development~~Eastern North Carolina Regional Economic Development Commission."

SECTION #.(e) G.S. 158-35(a) reads as rewritten:

"(a) Commission Membership. – The governing body of the Zone is the ~~Global TransPark Development~~Eastern North Carolina Regional Economic Development Commission. The members of the Commission must be residents of the Zone and shall be appointed as follows:"

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2005

DRAFT
SPECIAL PROVISION

2005-COMM-H13(S13.7)i-P

Department of Commerce/Economic Development
Appropriations Subcommittee on Natural and Economic Resources

Requested by: Representatives Hunter, Warren

REGIONAL ECONOMIC DEVELOPMENT COMMISSION ALLOCATIONS

SECTION 13.7.(a) Funds appropriated in this act to the Department of Commerce for regional economic development commissions shall be allocated to the following Commissions in accordance with subsection (b) of this section: Western North Carolina Regional Economic Development Commission, Research Triangle Regional Commission, Southeastern North Carolina Regional Economic Development Commission, Piedmont Triad Partnership, Northeastern North Carolina Regional Economic Development Commission, Global TransPark Development Commission, and Carolinas Partnership, Inc.

SECTION 13.7.(b) Funds appropriated pursuant to subsection (a) of this section shall be allocated to each Regional Economic Development Commission as follows:

(1) First, the Department shall establish each Commission's allocation by determining the sum of allocations to each county that is a member of that Commission. Each county's allocation shall be determined by dividing the county's enterprise factor by the sum of the enterprise factors for eligible counties and multiplying the resulting percentage by the amount of the appropriation. As used in this subdivision, the term "enterprise factor" means a county's enterprise factor as calculated under G.S. 105-129.3; and

(2) Next, the Department shall subtract from funds allocated to the Global TransPark Development Commission the sum of one hundred eighteen thousand one hundred twenty-nine dollars ($118,129) in the 2005-2006 fiscal year and one hundred eighteen thousand four hundred seventy-seven dollars ($118,477) in the 2006-2007 fiscal year, which sum represents the interest earnings in each fiscal year on the estimated balance of seven million five hundred thousand dollars ($7,500,000) appropriated to the Global TransPark Development Zone in Section 6 of Chapter 561 of the 1993 Session Laws; and

(3) Next, the Department shall redistribute the sum of one hundred eighteen thousand one hundred twenty-nine dollars ($118,129) in the 2005-2006 fiscal year and one hundred eighteen thousand four hundred seventy-seven dollars ($118,477) in the 2006-2007 fiscal year to the seven Regional Economic Development Commissions named in subsection (a) of this section. Each Commission's share of this redistribution shall be determined according to the enterprise factor

formula set out in subdivision (1) of this subsection. This redistribution shall be in addition to each Commission's allocation determined under subdivision (1) of this subsection.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2005

DRAFT
SPECIAL PROVISION

2005-COMM-H14(S13.8)i-P

Department of Commerce/Economic Development
Appropriations Subcommittee on Natural and Economic Resources

Requested by: Representatives Hunter, Warren

REGIONAL ECONOMIC DEVELOPMENT COMMISSION REPORTS

SECTION 13.8.(a) By February 15 of each fiscal year, the seven regional economic development commissions shall report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division the following information:

(1) The preceding fiscal year's program activities, objectives, and accomplishments.

(2) The preceding fiscal year's itemized expenditures and fund sources.

(3) Demonstration of how the commission's regional economic development and marketing strategy aligns with the State's overall economic development and marketing strategies.

(4) To the extent they are involved in promotion activities such as trade shows, visits to prospects and consultants, advertising and media placement, the commissions shall demonstrate how they have generated qualified leads.

SECTION 13.8.(b) Each of the commissions shall provide to the Fiscal Research Division a copy of their annual audited financial statement within 30 days of issuance of the statement.

SECTION 13.8.(c) The reporting requirements for regional economic development commissions, as provided in subsection (a) of this section, shall be reviewed annually by the North Carolina Partnership for Economic Development, and recommendations for changes to the reporting requirements shall be made to the Fiscal Research Division, the President Pro Tempore of the Senate, and the Speaker of the House of Representatives.

SECTION 13.8.(d) Regional economic development commissions shall receive quarterly allocations of the funds appropriated in this act to the Department of Commerce for regional economic development commissions.

SECTION 13.8.(e) Regional economic development commissions shall remain in the Department of Commerce's Budget Code 14601 with other State-aided nonprofit entities.

House

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2005

DRAFT
SPECIAL PROVISION

2005-COMM-H24

Department of Commerce/Economic Development
Appropriations Subcommittee on Natural and Economic Resources

Requested by: Representatives Hunter, Warren

NORTHEASTERN NORTH CAROLINA REGIONAL ECONOMIC DEVELOPMENT COMMISSION

SECTION #. There is appropriated from the General Fund to the Department of Commerce the sum of seven million five hundred thousand dollars ($7,500,000) for the 2005-2006 fiscal year to be allocated to the Northeastern North Carolina Regional Economic Development Commission (Commission) for the construction and operation of the Advanced Vehicle Research Center (Center). The Department of Commerce shall not release funds appropriated in this section until the Office of State Budget and Management has determined that the Commission has entered into the contracts necessary for the successful completion of the Center. Beginning September 1, 2005, and quarterly thereafter, the Commission shall report its progress in completing the Center and the total funds received to date to the Office of State Budget and Management, the Department of Commerce, and the Fiscal Research Division.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2005

DRAFT
SPECIAL PROVISION

2005-COMM-H15(S13.9)i-P

Department of Commerce/Economic Development
Appropriations Subcommittee on Natural and Economic Resources

Requested by: Representatives Hunter, Warren

NONPROFIT REPORTING REQUIREMENTS

SECTION 13.9.(a) The N.C. Institute for Minority Economic Development, Inc., Land Loss Prevention Project, North Carolina Minority Support Center, North Carolina Community Development Initiative, Inc., North Carolina Association of Community Development Corporations, Inc., Coalition of Farm and Rural Families, and Partnership for the Sounds, Inc., shall do the following:

(1) By January 15, 2006, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division the following information:
   a. State fiscal year 2004-2005 program activities, objectives, and accomplishments;
   b. State fiscal year 2004-2005 itemized expenditures and fund sources;
   c. State fiscal year 2005-2006 planned activities, objectives, and accomplishments including actual results through December 31, 2005; and
   d. State fiscal year 2005-2006 estimated itemized expenditures and fund sources including actual expenditures and fund sources through December 31, 2005.

(2) By January 15, 2007, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division the following information:
   a. State fiscal year 2005-2006 program activities, objectives, and accomplishments;
   b. State fiscal year 2005-2006 itemized expenditures and fund sources;
   c. State fiscal year 2006-2007 planned activities, objectives, and accomplishments including actual results through December 31, 2006; and
   d. State fiscal year 2006-2007 estimated itemized expenditures and fund sources including actual expenditures and fund sources through December 31, 2006.

(3) Provide to the Fiscal Research Division a copy of the organization's annual audited financial statement within 30 days of issuance of the statement.

SECTION 13.9.(b) No funds appropriated under this act shall be released to a nonprofit organization listed in subsection (a) of this section until the organization has satisfied the reporting requirement for January 15, 2005. Fourth quarter allotments shall not be released to any nonprofit organization that does not satisfy the reporting requirements by January 15, 2006, or January 15, 2007.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2005

DRAFT
SPECIAL PROVISION

2005-COMM-H16(S13.10)i-P

Department of Commerce/Economic Development
Appropriations Subcommittee on Natural and Economic Resources

Requested by: Representatives Hunter, Warren

BIOTECHNOLOGY CENTER

SECTION 13.10.(a) The North Carolina Biotechnology Center shall recapture funds spent in support of successful research and development efforts in the for-profit private sector.

SECTION 13.10.(b) The North Carolina Biotechnology Center shall provide funding for biotechnology, biomedical, and related bioscience applications under its Business and Science Technology Programs.

SECTION 13.10.(c) The North Carolina Biotechnology Center shall:

(1) By January 15, 2006, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division the following information:
   a. State fiscal year 2004-2005 program activities, objectives, and accomplishments;
   b. State fiscal year 2004-2005 itemized expenditures and fund sources;
   c. State fiscal year 2005-2006 planned activities, objectives, and accomplishments, including actual results through December 31, 2005; and
   d. State fiscal year 2005-2006 estimated itemized expenditures and fund sources, including actual expenditures and fund sources through December 31, 2005.

(2) By January 15, 2007, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division the following information:
   a. State fiscal year 2005-2006 program activities, objectives, and accomplishments;
   b. State fiscal year 2005-2006 itemized expenditures and fund sources;
   c. State fiscal year 2006-2007 planned activities, objectives, and accomplishments, including actual results through December 31, 2006; and
   d. State fiscal year 2006-2007 estimated itemized expenditures and fund sources, including actual expenditures and fund sources through December 31, 2006.

(3) Provide to the Fiscal Research Division a copy of the organization's annual audited financial statement within 30 days of issuance of the statement.

SECTION 13.10.(d) The North Carolina Biotechnology Center shall provide a report containing detailed budget, personnel, and salary information to the Office of State Budget and Management and to the Fiscal Research Division in the same manner as State departments and agencies in preparation for biennium budget requests.

Modified

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2005

DRAFT
SPECIAL PROVISION

2005-COMM-H17(S13.11)

Department of Commerce/Economic Development
Appropriations Subcommittee on Natural and Economic Resources

Requested by: Representatives Hunter, Warren

RURAL ECONOMIC DEVELOPMENT CENTER

SECTION 13.11.(a) Of the funds appropriated in this act to the Rural Economic Development Center, Inc., the sum of two million five hundred seventy-five thousand six hundred ninety-seven dollars ($2,575,697) for the 2005-2006 fiscal year and the sum of two million two hundred seventy-five thousand six hundred ninety-seven dollars ($2,275,697) for the 2006-2007 fiscal year shall be allocated as follows:

	2005-2006	2006-2007
Research and Demonstration Grants	$620,000	$620,000
Technical Assistance and Center Administration of Research and Demonstration Grants	444,399	444,399
Center Administration, Oversight, and Other Programs	604,298	604,298
Administration of Clean Water/ Natural Gas Critical Needs Bond Act of 1998	199,722	199,722
Additional Administration of Supplemental Funding Program	438,278	138,278
Administration of Capacity Building Assistance Program (1998 Bond Act)	125,000	125,000
Institute for Rural Entrepreneurship	144,000	144,000.

SECTION 13.11.(b) Of the funds allocated for Research and Demonstration Grants for fiscal year 2005-2006 and fiscal year 2006-2007 in subsection (a) of this section, the sum of two hundred fifty thousand dollars ($250,000) may be allocated to the e-NC Authority to establish Business and Technology Telecenters.

SECTION 13.11.(c) Of the funds allocated for Additional Administration of Supplemental Funding Program for fiscal year 2005-2006 and fiscal year 2006-2007 in subsection (a) of this section, the sum of one hundred fifty thousand dollars ($150,000) may be allocated to Pitt County, the sum of seventy-five thousand dollars ($75,000) to Martin County, and the sum of seventy-five thousand dollars ($75,000) to Hertford County, for the purpose of water or wastewater projects.

SECTION 13.11.(d) The Rural Economic Development Center, Inc., shall provide a report containing detailed budget, personnel, and salary information to the Office of State Budget and Management in the same manner as State departments and agencies in preparation for biennium budget requests.

SECTION 13.11.(e) For purposes of this section, the term "community development corporation" means a nonprofit corporation:

(1) Chartered pursuant to Chapter 55A of the General Statutes;

(2) Tax-exempt pursuant to section 501(c)(3) of the Internal Revenue Code of 1986;

(3) Whose primary mission is to develop and improve low-income communities and neighborhoods through economic and related development;

(4) Whose activities and decisions are initiated, managed, and controlled by the constituents of those local communities; and

(5) Whose primary function is to act as deal-maker and packager of projects and activities that will increase their constituencies' opportunities to become owners, managers, and producers of small businesses, affordable housing, and jobs designed to produce positive cash flow and curb blight in the targeted community.

SECTION 13.11.(f) Of the funds appropriated in this act to the Rural Economic Development Center, Inc., the sum of two million nine hundred fifteen thousand nine hundred ten dollars ($2,915,910) for the 2005-2006 fiscal year and the sum of two million nine hundred fifteen thousand nine hundred ten dollars ($2,915,910) for the 2006-2007 fiscal year shall be allocated as follows:

(1) $1,547,410 in each fiscal year for community development grants to support development projects and activities within the State's minority communities. Any community development corporation as defined in this section is eligible to apply for funds. The Rural Economic Development Center, Inc., shall establish performance-based criteria for determining which community development corporation will receive a grant and the grant amount. The Rural Economic Development Center, Inc., shall allocate these funds as follows:

a. $1,497,410 for direct grants to local community development corporations to support operations and project activities.

b. $50,000 in each fiscal year to the Rural Economic Development Center, Inc., to be used to cover expenses in administering this section.

(2) $195,000 in each fiscal year to the Microenterprise Loan Program to support the loan fund and operations of the Program; and

(3) $983,000 in each fiscal year shall be used for a program to provide supplemental funding for matching requirements for projects and activities authorized under this subsection. The Center shall allocate these funds as follows:

a. $675,000 in each fiscal year to make grants to local governments and nonprofit corporations to provide funds necessary to match federal grants or other grants for:

1. Necessary economic development projects and activities in economically distressed areas;

2. Necessary water and sewer projects and activities in economically distressed communities to address health

or environmental quality problems except that funds shall not be expended for the repair or replacement of low-pressure pipe wastewater systems. If a grant is awarded under this sub-subdivision, then the grant shall be matched on a dollar-for-dollar basis in the amount of the grant awarded; or

3. Projects that demonstrate alternative water and waste management processes for local governments. Special consideration should be given to cost-effectiveness, efficacy, management efficiency, and the ability of the demonstration project to be replicated.

b. $208,000 in each fiscal year to make grants to local governments and nonprofit corporations to provide funds necessary to match federal grants or other grants related to water, sewer, or business development projects.

c. $100,000 in each fiscal year to support the update of the statewide water and sewer database and to support the development of a statewide water management plan.

(4) $190,500 in each fiscal year for the Agricultural Advancement Consortium. These funds shall be placed in a reserve and allocated as follows:

a. $75,000 in each fiscal year for operating expenses associated with the Consortium; and

b. $115,500 in each fiscal year for research initiatives funded by the Consortium.

The Consortium shall facilitate discussions among interested parties and shall develop recommendations to improve the State's economic development through farming and agricultural interests.

The grant recipients in this subsection shall be selected on the basis of need.

SECTION 13.11.(g) The Rural Economic Development Center, Inc., shall:

(1) By January 15, 2006, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division the following information:

a. State fiscal year 2004-2005 program activities, objectives, and accomplishments;

b. State fiscal year 2004-2005 itemized expenditures and fund sources;

c. State fiscal year 2005-2006 planned activities, objectives, and accomplishments, including actual results through December 31, 2005; and

d. State fiscal year 2005-2006 estimated itemized expenditures and fund sources, including actual expenditures and fund sources through December 31, 2005.

(2) By January 15, 2007, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division the following information:

a. State fiscal year 2005-2006 program activities, objectives, and accomplishments;

b. State fiscal year 2005-2006 itemized expenditures and fund sources;

c. State fiscal year 2006-2007 planned activities, objectives, and accomplishments, including actual results through December 31, 2006; and

d. State fiscal year 2006-2007 estimated itemized expenditures and fund sources, including actual expenditures and fund sources through December 31, 2006.

(3) Provide to the Fiscal Research Division a copy of each grant recipient's annual audited financial statement within 30 days of issuance of the statement.

SECTION 13.11.(h) No funds appropriated under this act shall be released to a community development corporation, as defined in this section, unless the corporation can demonstrate that there are no outstanding or proposed assessments or other collection actions against the corporation for any State or federal taxes, including related penalties, interest, and fees.

Modified

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2005

DRAFT
SPECIAL PROVISION

2005-COMM-H18(S13.12)-P

Department of Commerce/Economic Development
Appropriations Subcommittee on Natural and Economic Resources

Requested by: Representatives Hunter, Warren

RURAL ECONOMIC DEVELOPMENT CENTER

SECTION 13.12.(a) Of the funds appropriated in this act to the Rural Economic Development Center, Inc., the sum of twenty million dollars ($20,000,000) for the 2005-2006 fiscal year and the sum of twenty million dollars ($20,000,000) for the 2006-2007 fiscal year shall be allocated as follows:

(1) To continue the North Carolina Infrastructure Program. The purpose of the Program is to provide grants to local governments to construct critical water and wastewater facilities and to provide other infrastructure needs, including technology needs, to sites where these facilities will generate private job-creating investment. At least fifteen million dollars ($15,000,000) of the funds appropriated in this act for each year of the biennium must be used to provide grants under this Program.

(2) To provide matching grants to local governments in distressed areas and equity investments in public-private ventures that will productively reuse vacant buildings and properties, with priority given to towns or communities with populations of less than 5,000.

(3) To provide economic development research and demonstration grants.

SECTION 13.12.(b) The funds appropriated in this act to the Rural Economic Development Center, Inc., shall be recurring funds.

SECTION 13.12.(c) The Rural Economic Development Center, Inc., may contract with other State agencies, constituent institutions of The University of North Carolina, and colleges within the North Carolina Community College System for certain aspects of the North Carolina Infrastructure Program, including design of Program guidelines and evaluation of Program results.

SECTION 13.12.(d) During each year of the 2005-2007 biennium, the Rural Economic Development Center, Inc., may use up to two percent (2%) of the funds appropriated in this act to cover its expenses in administering the North Carolina Economic Infrastructure Program.

SECTION 13.12.(e) No later than January 15 each year, the Rural Economic Development Center, Inc., shall submit an annual report to the Joint Legislative Commission on Governmental Operations concerning the progress of the North Carolina Economic Infrastructure Program.

SECTION 13.12.(f) Of the funds appropriated in this act to the Rural Economic Development Center, Inc., the sum of five hundred thousand dollars

($500,000) for the 2005-2006 fiscal year and the sum of five hundred thousand dollars ($500,000) for the 2006-2007 fiscal year shall be allocated to the e-NC Authority.

The e-NC Authority may contract with other State agencies, The University of North Carolina, the North Carolina Community College System, and nonprofit organizations to assist with program development and the evaluation of program activities.

The e-NC Authority shall report to the 2006 General Assembly on the following:

(1) The activities necessary to be undertaken in distressed urban areas of the State to enhance the capability of citizens and businesses residing in these areas to access the high-speed Internet.

(2) An implementation plan for the training of citizens and businesses in distressed urban areas.

(3) The technology and digital literacy training necessary to assist citizens and existing businesses to create new technology-based enterprises in these communities and to use the Internet to enhance the productivity of their businesses.

The e-NC Authority shall, by January 31, 2006, and quarterly thereafter, report to the Joint Legislative Commission on Governmental Operations on program development and the evaluation of program activities.

SECTION 13.12.(g) G.S. 143B-437.46(b) reads as rewritten:

"(b) Commission. – The Authority shall be governed by a Commission. The Commission shall consist of ~~nine voting members and six non-voting ex officio~~ 15 voting members, as follows:

(1) Three members appointed by the Governor.

(2) Three members appointed by the General Assembly upon the recommendation of the President Pro Tempore of the Senate in accordance with G.S. 120-121.

(3) Three members appointed by the General Assembly upon the recommendation of the Speaker of the House of Representatives in accordance with G.S. 120-121.

(4) Six ~~ex officio, non-voting~~ ex officio members to include the Secretary of Commerce, the State Chief Information Officer, the President of the North Carolina Rural Economic Development Center, Inc., the Executive Director of the North Carolina Justice and Community Development Center, the Executive Director of the North Carolina League of Municipalities, the Executive Director of the North Carolina Association of County Commissioners, or their designees.

It is the intent of the General Assembly that the appointing authorities, in making appointments, shall consider members who represent the geographic, gender, and racial diversity of the State, members who represent rural counties, members who represent distressed urban areas, members who represent the regional partnerships, and members who represent the communications industry. For the purpose of this subsection, the term "communications industry" includes local telephone exchange companies, rural telephone cooperatives, Internet service providers, commercial wireless

communications carriers, cable television companies, satellite companies, and other communications businesses."

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2005

DRAFT
SPECIAL PROVISION

2005-COMM-H19(S13.13)i-P

Department of Commerce/Economic Development
Appropriations Subcommittee on Natural and Economic Resources

Requested by: Representatives Hunter, Warren

OPPORTUNITIES INDUSTRIALIZATION CENTER FUNDS

SECTION 13.13.(a) Of the funds appropriated in this act to the Rural Economic Development Center, Inc., the sum of three hundred sixty-one thousand dollars ($361,000) for the 2005-2006 fiscal year and the sum of three hundred sixty-one thousand dollars ($361,000) for the 2006-2007 fiscal year shall be equally distributed among the certified Opportunities Industrialization Centers for ongoing job training programs.

SECTION 13.13.(b) For each of the Opportunities Industrialization Centers receiving funds pursuant to subsection (a) of this section, the Rural Economic Development Center, Inc., shall:

(1) By January 15, 2006, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division the following information:
   a. State fiscal year 2004-2005 program activities, objectives, and accomplishments;
   b. State fiscal year 2004-2005 itemized expenditures and fund sources;
   c. State fiscal year 2005-2006 planned activities, objectives, and accomplishments, including actual results through December 31, 2005; and
   d. State fiscal year 2005-2006 estimated itemized expenditures and fund sources, including actual expenditures and fund sources through December 31, 2005.

(2) By January 15, 2007, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division the following information:
   a. State fiscal year 2005-2006 program activities, objectives, and accomplishments;
   b. State fiscal year 2005-2006 itemized expenditures and fund sources;
   c. State fiscal year 2006-2007 planned activities, objectives, and accomplishments, including actual results through December 31, 2006; and
   d. State fiscal year 2006-2007 estimated itemized expenditures and fund sources, including actual expenditures and fund sources through December 31, 2006.

(3) Notwithstanding G.S: 143-6.1(d), file annually with the State Auditor a financial statement in the form and on the schedule prescribed by the State Auditor. The financial statements must be audited in accordance with standards prescribed by the State Auditor to assure that State funds are used for the purposes provided by law.

(4) Provide to the Fiscal Research Division a copy of the annual audited financial statement required in subdivision (3) of this subsection within 30 days of issuance of the statement.

SECTION 13.13.(c) No funds appropriated under this act shall be released to an Opportunities Industrialization Center (hereinafter Center) listed in subsection (a) of this section if the Center has any overdue tax debts, as that term is defined in G.S. 105-243.1, at the federal or State level.

PLEASE PRESS HARD - 5 COPIES Amendment 1

NORTH CAROLINA GENERAL ASSEMBLY AMENDMENT

(Please type or use ballpoint pen)

EDITION No. _____

H. B. No. _____ DATE _____

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

COMMITTEE SUBSTITUTE _____

(Rep.) Warren
Sen.)

NER House Subcommittee Money Report (June 10, 2005)

moves to amend the ~~bill~~ on page #8, ~~line~~ item 54

( ) WHICH CHANGES THE TITLE

by reducing the amount of funds for the Oyster Rehabilitation Program for the 2005-2006 fiscal year and for the 2006-2007 fiscal year by the sum of $125,000; and

on page #9, after item 71, by adding the following:

"71A Groundwater Monitoring $125,000R $125,000R"

SIGNED Edith D. Warren

Amendment 2

PLEASE PRESS HARD - 5 COPIES

NORTH CAROLINA GENERAL ASSEMBLY AMENDMENT

(Please type or use ballpoint pen)

EDITION No. _____

H. B. No. _____ DATE _____

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

COMMITTEE SUBSTITUTE _____

(Rep.) Harrison
Sen.)

NER House Subcommittee Special Provisions Report (June 10, 2005)

moves to amend the ~~bill~~ on page S 15 ~~and H~~, line S 1 through 36
~~( ) WHICH CHANGES THE TITLE~~ and pg 16, lines 1 through 21,
by deleting those lines; and
amends the NER House Subcommittee Money Report
(June 10, 2005) on page #12, item 88, by deleting
that item; and

on page #6, item 34, by reducing the reduction
by $250,851 for the 2005-2006 fiscal year and for the
2006-2007 fiscal year by the sum of $40,808.

SIGNED _____

Amendment 3

PLEASE PRESS HARD - 5 COPIES

NORTH CAROLINA GENERAL ASSEMBLY AMENDMENT

(Please type or use ballpoint pen)

EDITION No. _____

H. B. No. _____ DATE _____

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

COMMITTEE SUBSTITUTE _____

(Rep.) Warren

Sen.)

NER House Subcommittee Money Report (June 10, 2005)

moves to amend the ~~bill~~ on page H1, line 1

( ) WHICH CHANGES THE TITLE

by increasing the reduction of $202,701 for the 2005-2006 fiscal year and for the 2006-2007 fiscal year by the sum of $50,000; and

on page H1, by adding a new item after item 1 to read:

"1A Future Farmers of America, Inc. $50,000 R - $50,000 R
Funds for the 4-H camp located in Bladen County".

SIGNED Edith D Warren

ADOPTED _____ FAILED _____ TABLED _____

Amendment 4

PLEASE PRESS HARD - 5 COPIES

NORTH CAROLINA GENERAL ASSEMBLY AMENDMENT

(Please type or use ballpoint pen)

EDITION No. _____

H. B. No. _____ DATE _____

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

COMMITTEE SUBSTITUTE _____

Rep.) Harrison
Sen.)

NER House Subcommittee Money Report (June 10, 2005)

moves to amend the ~~bill~~ on page #11, line Item 83

( ) WHICH CHANGES THE TITLE

by decreasing the reduction by $1,000,000 for the 2005-2006 fiscal year and for the 2006-2007 fiscal year by the sum of $1,000; and

on page #9, Item 67, by increasing the reduction by $250,000 for the 2005-2006 fiscal year and for the 2006-2007 fiscal year by the sum of $1,000.

SIGNED _____

Reorder from: MEL DAVIS & ASSOC., P.O. Box 27523, Raleigh, NC 27611, (919) 828-0637 685

NORTH CAROLINA GENERAL ASSEMBLY AMENDMENT

(Please type or use ballpoint pen)

H. B. No. _____ DATE _____

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

Rep.) Hunter
Sen.)

moves to amend the ~~bill~~ NER House Sub committee Special Provisions (June 10, 2005) on page 37, line 23

by inserting after "ANY" and before "community" the phrase "New or previously funded".

SIGNED _____

ADOPTED _____ FAILED _____ TABLED _____

PLEASE PRESS HARD - 5 COPIES

NORTH CAROLINA GENERAL ASSEMBLY AMENDMENT Amendment 6

(Please type or use ballpoint pen)

EDITION No. _____

H. B. No. _____ DATE _____

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

COMMITTEE SUBSTITUTE _____

(Rep.) Harrison
Sen.)

NER House Subcommittee Money Report (June 10, 2005)

moves to amend the ~~bill~~ on page H4, ~~line~~ after item 68

( ) WHICH CHANGES THE TITLE

by adding a new item to read:

"68A Ferry Mon Program $300,000 NR" ~~$300,000 NR";~~

and on page H 13, after item 98, by adding a new item to read:

"98A Dry Cleaning Solvent Cleanup Fund ($300,000) NR"; ~~($300,000) NR~~

and these changes apply to the 2005-2006 fiscal year only.

SIGNED P Harrison

ADOPTED _____ FAILED _____ TABLED _____

PLEASE PRESS HARD - 5 COPIES

Amendment 7

NORTH CAROLINA GENERAL ASSEMBLY AMENDMENT

(Please type or use ballpoint pen)

EDITION No. _____

H. B. No. _____ DATE _____

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

COMMITTEE SUBSTITUTE _____

(Rep.) Wilkins
Sen.)

NER House Subcommittee Money Report. (June 10, 2005)

moves to amend the ~~bill~~ on page H6, line Item 29

( ) WHICH CHANGES THE TITLE

by ~~decreasing~~ increasing the reduction of $74,070 for the 2005-2006 fiscal year and for the 2006-2007 fiscal year by the sum of $1,000; and

on Page H6, Item 30, by ~~decreasing~~ increasing the reduction of $50,000 for the 2005-2006 fiscal year and the 2006-2007 fiscal year by the sum of $1,000.

SIGNED _____

ADOPTED _____ FAILED _____ TABLED _____

Attachment 13

6-10-05

VISITOR REGISTRATION SHEET

House Approp. Subcommittee on Natural & Economic Resources
Name of Committee **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
N. David Smith	Agriculture
Clara Gay	Agriculture
RYAN NOCAN	Granville Soil & Water Conservation Dist.
Wm Schmidt	DOC
Shannon Hobby	Commerce
Jennifer Story	NC MSC
Erin Ichiuchi	NC Conservation Network
Barbara Powell	Rep. Walker's Office
Bonnie Alexander	NCCDF
Scott Mooney	The Insider
Liz Clarke	Intern - Weiss

VISITOR REGISTRATION SHEET

House Sub-committee on Nat + Econ Resources 6-10-05

Name of Committee **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Gerald Barlowe	Agriculture Education - NCATA
Jimmy Roberts	NCATA - Ag Ed
Amy Joyner	Agrim Hum Education - NCATA
Jim Haven	GWI
Benji Forest	2293 Sis Mills Rd. Grimesland, NC. 27837
DFF	NCFB
Alice Garland	NCDOC
Thomas Chesh	OSBM
Johanna Reese	DENR
Cheryl Stephens	OSBM
Sandra L Lang	Martin Marietta

VISITOR REGISTRATION SHEET

House Sub-Committee on N.R. Econ — 6-10-05

Name of Committee **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Robin Diehl	NC Commerce
John Goodman	Alley Associates
Lucius Pullen	NC Mining Association
Larry Bewley	GIC
Amy Hobbs	HANC
Olivia Hill	DOC
Marianne Frederick	DOC
John Wells	
Bill Rowe	NC Justice Ctr
Jim Broom	OSBM

VISITOR REGISTRATION SHEET

Approp. of Natural & Economic — 6/10/05

Name of Committee — Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
June Patterson	Rural Center
LORI Ann HARRIS	LAHA
L. Gunn	NCIMED
Deadlle Gardner	NCdC
Art Bn. II	DCSOL
Becky Brown	NCDOL
John Mueller	DFS
Casey Hanon	DENR
Dempsey Benton	DENR
Anita McNeal	DENR
Bill Holman	CWMTF

MINUTES

HOUSE APPROPRIATIONS SUBCOMMITTEE ON NATURAL & ECONOMIC RESOURCES

August 23, 2005
12:45 p.m.

The House Appropriations Subcommittee on Natural & Economic Resources met around the Chamber desk of Representative Hunter on August 23, 2005, at 12:45 p.m.. The following Subcommittee members were present: Co-Chairs: Representatives Hunter and Warren; Vice Chairs: Representative Allen; Members: Representatives Harrison and Setzer. There was no printed Agenda for the meeting. The following bill was considered:

HB 892 entitled: A BILL TO BE ENTITLED AN ACT REGULATING THE SALE OF KEGS CONTAINING MALT BEVERAGES. Representative Martha Alexander was recognized to explain the bill. After some discussion, Rep. Setzer made a Motion for a favorable report and that the bill be reported directly to the floor; the motion was seconded by Representative Allen. The vote was in favor of the motion.

There being no further business, the meeting was adjourned at 12:50 p.m..

Respectfully submitted,

Representative Howard J. Hunter, Jr.
Chair

Nancy S. Willis
Assistant to the Committee

ATTACHMENTS:
Subcommittee Report

Note: The Report from the Subcommittee was not filed. The edition of the bill was incorrect.

Attachment 1

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2005

H 3

HOUSE BILL 892*
Committee Substitute Favorable 5/25/05
Committee Substitute #2 Favorable 6/8/05

Short Title: Regulate Sale of Malt Beverage Kegs. (Public)

Sponsors:

Referred to:

March 24, 2005

A BILL TO BE ENTITLED

AN ACT REGULATING THE SALE OF KEGS CONTAINING MALT BEVERAGES.

The General Assembly of North Carolina enacts:

SECTION 1. Article 3 of Chapter 18B of the General Statutes is amended by adding a new section to read:

"**§ 18B-310. Keg sales of malt beverages.**

(a) As used in this section, the term 'keg' means a container capable of holding at least seven and three-quarters gallons of malt beverage.

(b) The sale of malt beverages in kegs is subject to all of the following:

(1) Every keg of malt beverages resold by a retail seller, while outside the retail seller's possession or control, shall be tagged with a uniquely numbered and coded tag or adhesive label that meets all of the following requirements:

a. It shall be issued by the Alcoholic Beverage Control Commission to the malt beverage retailer.

b. It shall be used for a single sale of the marked keg.

(2) The retail seller of the keg shall require the retail purchaser of the keg to complete a form that is provided to the retail seller by the Alcoholic Beverage Control Commission. The form shall include all of the following:

a. The retail purchaser's name.

b. The retail purchaser's address.

c. The retail purchaser's telephone number.

d. The retail purchaser's date of birth, verified by viewing a valid drivers license, a special identification card issued under G.S. 20-37.7, a military identification card, or a passport showing his age to be at least the required age for purchase and

bearing a physical description of the person named on the card reasonably describing the purchaser.

e. The keg's unique tag number or code.

f. The date the keg is due to be returned.

g. The form will summarize all of the following information:

1. The requirements of this section.

2. The penalties for violating any provision of this section.

3. The penalties for providing malt beverages to underage persons.

h. The signature of the retail purchaser.

(3) The retail purchaser shall return the coded tag or adhesive label along with the keg to the retail seller. The retail seller shall remove the coded tag or adhesive label and return the keg to the beverage wholesaler. The retail seller shall maintain a copy of the signed form required by subdivision (2) of this subsection for a period of one year from the date of purchase. The signed form shall be made available to law enforcement personnel upon request.

(c) The Alcoholic Beverage Control Commission may charge fees to the malt beverage retailer to cover the cost of producing the coded tag or adhesive label and the forms required under subdivisions (b)(1) and (b)(2) of this section.

(d) The following penalties shall apply to violations of the provisions of this section:

(1) Any person, other than an ABC permittee or law enforcement officer or agent, who defaces or removes the coded tag or adhesive label provided by the Alcoholic Beverage Control Commission on a keg or who possesses an unlabeled or untagged keg containing or having contained malt beverages shall be guilty of a Class 1 misdemeanor and shall be fined not less than fifty dollars ($50.00).

(2) Any retail purchaser who fails either to return a keg or to provide the retail seller with the reason for the failure to return the keg within 30 days of the date the keg is due to be returned shall be guilty of a Class 1 misdemeanor and shall be fined not less than fifty dollars ($50.00)."

SECTION 2. This act becomes effective December 1, 2005, and applies to offenses committed on or after that date.

MINUTES

HOUSE APPROPRIATIONS SUBCOMMITTEE ON NATURAL & ECONOMIC RESOURCES

August 23, 2005
7:50 p.m.

The House Appropriations Subcommittee on Natural & Economic Resources met around the Chamber desk of Representative Warren on August 23, 2005, at 7:50 p.m. The following Subcommittee members were present: Co-Chair: Representative Warren; Vice Chair: Representative Allen; Members: Representatives Harrison, Langdon, Wilkins and Wray. There was no printed Agenda for the meeting. The following bill was considered:

HB 892 entitled: A BILL TO BE ENTITLED AN ACT REGULATING THE SALE OF KEGS CONTAINING MALT BEVERAGES. Representative Martha Alexander was recognized to explain this bill needed to be reconsidered because the edition of the bill was not correct. The Proposed Committee Substitute #3 (**See Attachment 1**) is the correct version. After further discussion and explanation by Michael Gross of Research, Rep. Allen made a Motion for a favorable report as to Committee Substitute #3, unfavorable to Committee Substitute #2 and that the bill be reported directly to the House floor; the motion was seconded by Representative Wray. The vote was in favor of the motion.

There being no further business, the meeting was adjourned at 8:00 p.m..

Respectfully submitted,

Edith D Warren
Representative Edith D. Warren
Chair

Nancy S. Willis
Nancy S. Willis
Assistant to the Committee

ATTACHMENTS:
Proposed Committee Substitute #3
Subcommittee Report

Attachment 1

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2005

H D

HOUSE BILL 892*
Committee Substitute Favorable 5/25/05
Committee Substitute #2 Favorable 6/8/05
PROPOSED COMMITTEE SUBSTITUTE H892-PCS30379-RU-72

Short Title: Regulate Sale of Malt Beverage Kegs. (Public)

Sponsors:

Referred to:

March 24, 2005

A BILL TO BE ENTITLED

AN ACT REGULATING THE SALE OF KEGS CONTAINING MALT BEVERAGES.

The General Assembly of North Carolina enacts:

SECTION 1. Article 3 of Chapter 18B of the General Statutes is amended by adding a new section to read:

"**§ 18B-310. Keg sales of malt beverages.**

(a) As used in this section, the term 'keg' means a container capable of holding at least seven and three-quarters gallons of malt beverage.

(b) The sale of malt beverages in kegs is subject to all of the following:

(1) Every keg of malt beverages resold by a retail seller, while outside the retail seller's possession or control, shall be tagged with a uniquely numbered and coded tag or adhesive label that meets all of the following requirements:

a. It shall be issued by the Alcoholic Beverage Control Commission to the malt beverage retailer.

b. It shall be used for a single sale of the marked keg.

(2) The retail seller of the keg shall require the retail purchaser of the keg to complete a form that is provided to the retail seller by the Alcoholic Beverage Control Commission. The form shall include all of the following:

a. The retail purchaser's name.

b. The retail purchaser's address.

c. The retail purchaser's telephone number.

d. The retail purchaser's date of birth, verified by viewing a valid drivers license, a special identification card issued under

G.S. 20-37.7, a military identification card, or a passport showing his age to be at least the required age for purchase and bearing a physical description of the person named on the card reasonably describing the purchaser.

e. The keg's unique tag number or code.

f. The date the keg is due to be returned.

g. The form will summarize all of the following information:

1. The requirements of this section.
2. The penalties for violating any provision of this section.
3. The penalties for providing malt beverages to underage persons.

h. The signature of the retail purchaser.

(3) The retail purchaser shall return the coded tag or adhesive label along with the keg to the retail seller. The retail seller shall remove the coded tag or adhesive label and return the keg to the beverage wholesaler. The retail seller shall maintain a copy of the signed form required by subdivision (2) of this subsection for a period of one year from the date of purchase. The signed form shall be made available to law enforcement personnel upon request.

(c) The Alcoholic Beverage Control Commission shall charge fees to the malt beverage retailer to cover the costs connected with producing and distributing the coded tag or adhesive label and the forms required under subdivisions (b)(1) and (b)(2) of this section and maintaining a database of registration numbers issued to permitted retailers. Notwithstanding any other provision of law, fees collected by the Commission pursuant to this subsection shall be credited to the ABC Commission Fund established by G.S. 18B-208(b) and, at the end of each fiscal year, the Commission shall transfer from that fund to the General Fund any fee revenue collected pursuant to this subsection that exceeds the actual costs upon which the fees are based.

(d) The following penalties shall apply to violations of the provisions of this section:

(1) Any person, other than an ABC permittee or law enforcement officer or agent, who defaces or removes the coded tag or adhesive label provided by the Alcoholic Beverage Control Commission on a keg or who possesses an unlabeled or untagged keg containing or having contained malt beverages shall be guilty of a Class 1 misdemeanor and shall be fined not less than fifty dollars ($50.00).

(2) Any retail purchaser who fails either to return a keg or to provide the retail seller with the reason for the failure to return the keg within 30 days of the date the keg is due to be returned shall be guilty of a Class 1 misdemeanor and shall be fined not less than fifty dollars ($50.00)."

SECTION 2. This act becomes effective December 1, 2005, and applies to offenses committed on or after that date.

Attachment 2

2005 PERMANENT SUBCOMMITTEE REPORT
HOUSE OF REPRESENTATIVES

FOR RECOMMENDING BILLS TO STANDING COMMITTEE OR TO THE FLOOR OF THE HOUSE
The following report(s) from standing committee(s) is/are presented:

By Representative(s) Hunter, Warren (Chairs) for the Appropriations Subcommittee on Natural and Economic Resources.

☒Committee Substitute #2 for
HB 892 A BILL TO BE ENTITLED AN ACT REGULATING THE SALE OF KEGS CONTAINING MALT BEVERAGES.

WITH APPROVAL OF STANDING COMMITTEE CHAIR(S) FOR REPORT TO BE MADE DIRECTLY TO THE FLOOR OF THE HOUSE:

Representative Clary, Crawford, Earle, Nye, Owens, Sherrill (Chairs) for the Standing Committee on Appropriations,

s/ _____

☒With a favorable report as to committee substitute bill #3, unfavorable as to Committee Substitute Bill 2.

(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.

2005 PERMANENT SUBCOMMITTEE REPORT
HOUSE OF REPRESENTATIVES

FOR RECOMMENDING BILLS TO STANDING COMMITTEE OR TO THE FLOOR OF THE HOUSE
The following report(s) from standing committee(s) is/are presented:

By Representative(s) Hunter, Warren (Chairs) for the Appropriations Subcommittee on Natural and Economic Resources.

☒Committee Substitute #2 for
HB 892 A BILL TO BE ENTITLED AN ACT REGULATING THE SALE OF KEGS CONTAINING MALT BEVERAGES.

WITH APPROVAL OF STANDING COMMITTEE CHAIR(S) FOR REPORT TO BE MADE DIRECTLY TO THE FLOOR OF THE HOUSE:

Representative Clary, Crawford, Earle, Nye, Owens, Sherrill (Chairs) for the Standing Committee on Appropriations,

s/ _____

☒With a favorable report as to committee substitute bill #3, unfavorable as to Committee Substitute Bill 2.

(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.