2006

JOINT APPROPRIATIONS – NATURAL & ECONOMIC RESOURCES

COMMITTEE MINUTES

SEBATE APPROPRIATIONS SUBCOMMITTEE
ON
NATURAL AND ECONOMIC RESOURCES
2005 – 2006

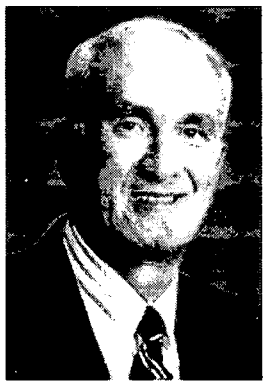
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CHARLES W. ALBERTSON, VICE-CHAIRMAN
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KRISTIN WALKER

COMMITTEE ASSISTANT
DEE BAGLEY, SENATE

SENATE APPROPRIATIONS SUBCOMMITTEE
ON
NATURAL AND ECONOMIC RESOURCES
2005-2006



Senator David F. Weinstein
Chairman



Senator Charles W. Albertson
Vice Chairman



Senator Jerry W. Tillman
Ranking Minority Member



Senator William Miller

Joint Appropriations Subcommittee on Natural and Economic Resources

Wednesday, May 3rd, 2006

Representative Edith Warren, Representative Howard Hunter,
And Senator David Weinstein – Co-Chairs

Senator David Weinstein, Presiding
2:00 p.m. Room 423

Co-Chairs Comments

- **NER Team Assignment Areas** — *Susan Morgan, Fiscal Research*
- **NER Budget Overview** — *Joy Hicks, Fiscal Research*

Department of Environment and Natural Resources

- Budget Overview — *Joy Hicks, Fiscal Research*
- Critical Issues for FY 06/07 — *Secretary William Ross*

Department of Commerce

- Budget Overview — *Susan Morgan, Fiscal Research*
- Critical Issues for FY 06/07 — *Secretary Jim Fain*

Department of Labor

- Budget Overview — *Susan Morgan, Fiscal Research*
- Critical Issues for FY 06/07 — *Commissioner Cheri Berry*

Department of Agriculture and Consumer Services

- Budget Overview — *Joy Hicks, Fiscal Research*
- Critical Issues for FY 06/07 — *Commissioner Steve Troxler*

Closing Remarks – Senator Weinstein

Adjourn

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MINUTES

Joint Appropriations Subcommittee
on
Natural and Economic Resources
Wednesday, May 3, 2006, 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, May 3, 2006, in Room 423 of the Legislative Office Building. Two members of the Senate subcommittee attended along with Representatives Warren, Allen, Walker, Culp, Langdon, Setzer, Wilkins, and Wray. Senator David Weinstein presided.

The meeting was called to order and the subcommittee and interested parties were welcomed. The following served the meeting: Sergeant at Arms - Ernie Sherrell and Ron Spann (Senate), and James Worth and Willie Dixon (House); and the Fiscal Research NER Team – Joy Hicks, Susan Morgan, and Kristin Walker. After brief introductions of the Subcommittee, Senator Weinstein proceeded with the Agenda (Attachment 1).

Susan Morgan, NER Team Leader, referred the subcommittee to a handout which lists the subject areas that the three team members cover (Attachment 2). She introduced the new NER Team member, Kristin Walker, and then proceeded with review of the Department/Assignments. At the end of her presentation, Ms. Morgan entertained questions and/or comments from the Subcommittee.

Joy Hicks, NER Team, was recognized to give a general overview of the NER Subcommittee. She referred to the overview handout (Attachment 3). Page 1 reflects additional programs and boards and commissions under the four NER agencies that are now in the subcommittee's purview; Page 2 gives an idea of how in terms of the entire General Fund Budget for this current fiscal year ending in 06, NER only has 2% under its purview; Page 3 shows that for this fiscal year the Certified Budget is roughly $457,000,000, which is up from the actual expenditures of general funds of $357,000,000 in 05; and Page 4 illustrates how it is broken out within the agencies. Ms. Hicks concluded her presentation by entertaining questions and/or comments from the subcommittee.

Ms. Hicks referred the subcommittee to the largest agency of the General Fund under NER, the Department of Environment and Natural Resources (DENR). She referred to the DENR Overview handout (Attachment 4). Page 1 gives an overview of the departmental functions (Clean Water Management Trust Fund and the Wildlife Resources Commission are not included) and General Fund. She interrupted her presentation to point out that this presentation references the certified budget as the focal point because the certified budget is what was passed in the money report and bill. The agencies are currently using an authorized budget. State Budget takes the money report

and bill and translates that into a line item budget. The agencies then take the line item budget and create an authorized budget. The certified budget does not reflect salary adjustments, grants and federal aid (depending on what the grant cycle is for federal government), and other departmental transfers so some agencies that are heavy with personnel may have an authorized budget that looks different from their certified budget. The authorized budget can change on a daily basis as agencies have more flexibility to move money within line. All of NER's presentations will refer to the certified budget, and when they talk about post changes to the budget for this fiscal year or for next fiscal year they will reference the authorized budget. Ms. Hicks then resumed her presentation. Page 2 graphs DENR's five-year General Fund history; Page 3 breaks up DENR's General Fund by expenditure type; Page 4 displays the General Fund sources; Page 5 shows the 2005-2006 Certified Budget by division (includes special funds); Page 6 depicts the Certified General Fund by function; and Page 7 reflects the Certified Budget requirements by function and demonstrates why it is so important to talk about DENR's special funds (Natural Resource 46% and Environmental 43%). Ms. Hicks concluded her presentation by entertaining questions and/or comments from the subcommittee.

Secretary William Ross was recognized to speak to the subcommittee regarding the upcoming session and what DENR perceives as important. Assuring a safe and reliable drinking water supply is one of the issues DENR would like to focus on this session. Assistance is needed in one, closing the main gap that exists in the coverage of DENR's safe drinking water programs (i.e. private wells as a source of drinking water) by providing some oversight over the source of drinking water and providing dollars to counties that will be responsible for implementing that oversight across the state; and two, increasing the resources to augment the oversight and assistance with compliance of the various regulatory requirements of water systems across the state. Another issue of importance to DENR is continuing to implement their natural resource conservation initiative (One North Carolina Naturally). DENR would like to find ways to continue to take advantage of special opportunities that come along (i.e. expansion of State Park at Lake James and the International Paper transaction that is in the process of being implemented) and put a special focus on other parts of conservation initiatives such as conservation on private lands and a focus on coastal waters and critical fisheries habitats. Secretary Ross concluded by entertaining questions and/or comments from the subcommittee.

Susan Morgan, NER Team Leader, was recognized to make a presentation regarding the Department of Commerce (DOC) Budget Overview. She drew the subcommittee's attention to the Department of Commerce Budget Overview handout (Attachment 5) and pointed out that this budget is basically their operating budget. It does not include money for various commissions (about $130M) that are completely self supportive, $63M that goes to Commerce State Aid, and $204M that goes to the Employment Security Commission. Page 1 gives an overview of the Departmental functions and the General Fund Budget (there was a net increase in positions from 2004-2005 Actual to 2005-2006 of 425 to 442 due to a reduction and addition in positions last year); Page 2 displays Certified Fund sources; Page 3 charts the General Fund Appropriations five-year history (Commerce's certified budget is higher than what their actual expenditures were last year

because there was a lot of one-time money appropriated for various initiatives); Page 4 breaks up the Certified General Fund requirements by function; and Page 5 depicts the Certified General Fund requirements by expenditure types. Ms. Morgan concluded her presentation by entertaining questions and/or comments from the Subcommittee.

Secretary Jim Fain, Department of Commerce, was recognized to speak to the subcommittee regarding DOC's critical issues for fiscal year 2006/2007. A handout was distributed entitled Department of Commerce Selected Budget Priorities (Attachment 6) and Secretary Fain reviewed the items one by one. Regarding the Assist 21st Centuries Communities Program, the 21st Century Report (Attachment 7) was distributed to the subcommittee for their review. It was stipulated that of the budget priorities, the Department of Commerce has the following four top priorities: putting three positions back into their Division of Community Assistance; $10M to $20M in appropriations for the One North Carolina Fund and making it a recurring appropriation; making the One North Carolina Small Business Fund a stand-alone item with a significant appropriation; and modifying the JDIG Program (i.e. increasing the cap). Secretary Fain concluded his remarks by entertaining questions and/or comments from the subcommittee.

Susan Morgan, NER Team Leader, was recognized to give a presentation regarding the Department of Labor (DOL). She referred to the DOL Overview handout (Attachment 8). Page 1 gives an overview of the DOL functions and General Fund; Page 2 charts DOL's General Fund Appropriations for the past five years; Page 3 breaks up the FY 2005-06 Certified Budget by expenditure type; Page 4 shows DOL's Certified Budget by fund sources; and Page 5 charts DOL's FY 2005-2006 Certified General Fund Appropriation by function. Ms. Morgan concluded her presentation by entertaining questions and/or comments from the subcommittee.

Commissioner Cheri Berry, Department of Labor, was recognized for remarks regarding the budget priorities for DOL. DOL requests additional funding for: employee travel (71% of their employees travel the State focusing on safety); replacement of the Mining Quarry appropriations which were cut in half last session; and for their Occupational Safety and Health Division. Two additional inspector positions for the Elevator and Amusement Devise Bureau were also requested however this is a receipt-supported Bureau and has no impact on the General Fund. Commissioner Berry concluded her remarks by entertaining questions and/or comments from the subcommittee.

Joy Hicks, NER Team, was recognized to give a presentation regarding the Department of Agriculture and Consumer Services (DACS). She referred to the DACS Overview handout (Attachment 9). Page 1 gives an overview of DACS functions and General Fund (numbers do not reflect three enterprise funds); Page 2 graphs DACS' five-year funding history (2006 is greater than 2007 because there are about $700,000.00 worth pass-through nonrecurring monies that were within DACS' budget); Page 3 charts how the agencies expend the Certified Budget; Page 4 breaks up DACS' certified budget by fund sources; and Page 5 depicts the fund codes for the divisions (includes enterprise funds which are totally receipt supported; under % of Appropriation, Marketing supports 107 STE, Veterinary Services supports 154 STE, Meat and Poultry Inspection supports 117

STE, and Research Stations supports 165 STE). Ms. Hicks concluded her presentation by entertaining questions and/or comments from the subcommittee.

Commissioner Steve Troxler, Department of Agriculture and Consumer Services, was recognized to speak regarding DACS top critical expansion needs. Two handouts (Attachments 10 and 11) were distributed from which Commissioner Troxler made his comments; and he concluded his remarks by entertaining questions and/or comments from the subcommittee.

Senator Weinstein thanked the secretaries and commissioners for their presentations and the NER staff for their hard work. He asked if there were any further comments or business. There were none and the meeting adjourned at 3:30 p.m.

Senator David Weinstein
Co-Chairman

Jane M. "Dee" Bagley
Senate Committee Assistant

Attachment 1

Joint Appropriations Subcommittee on Natural and Economic Resources

Wednesday, May 3rd, 2006

Representative Edith Warren, Representative Howard Hunter,
And Senator David Weinstein – Co-Chairs

Senator David Weinstein, Presiding
2:00 p.m. Room 423

Co-Chairs Comments

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Department of Environment and Natural Resources

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Department of Agriculture and Consumer Services

- Budget Overview — *Joy Hicks, Fiscal Research*
- Critical Issues for FY 06/07 — *Commissioner Steve Troxler*

Closing Remarks – Senator Weinstein

Adjourn

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NCGA FISCAL RESEARCH DIVISION
NATURAL AND ECONOMIC RESOURCES

Team email: frdnerteam@ncleg.net

ANALYSTS	E-MAIL ADDRESS	PHONE
Susan Morgan –Team Lead	Susanmo@ncleg.net	919-733-4910
Joy Hicks	Joyh@ncleg.net	919 733-4910
Kristin Walker	Kristinw@ncleg.net	919-733-4910

DEPARTMENTS/ASSIGNMENTS	ANALYST	(BACKUP)
Department of Agriculture	Joy Hicks	(Kristin Walker)
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		
Department of Labor	Kristin Walker	(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		
Wine and Grape Growers Council		
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)
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		
Tobacco Trust Fund		
Advanced Vehicle Research Center	Susan Morgan	(Joy Hicks)
Biotechnology Center		
Regional Economic Development Partnerships		
Roanoke Rapids Entertainment Complex		
Technological Development Authority		

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

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

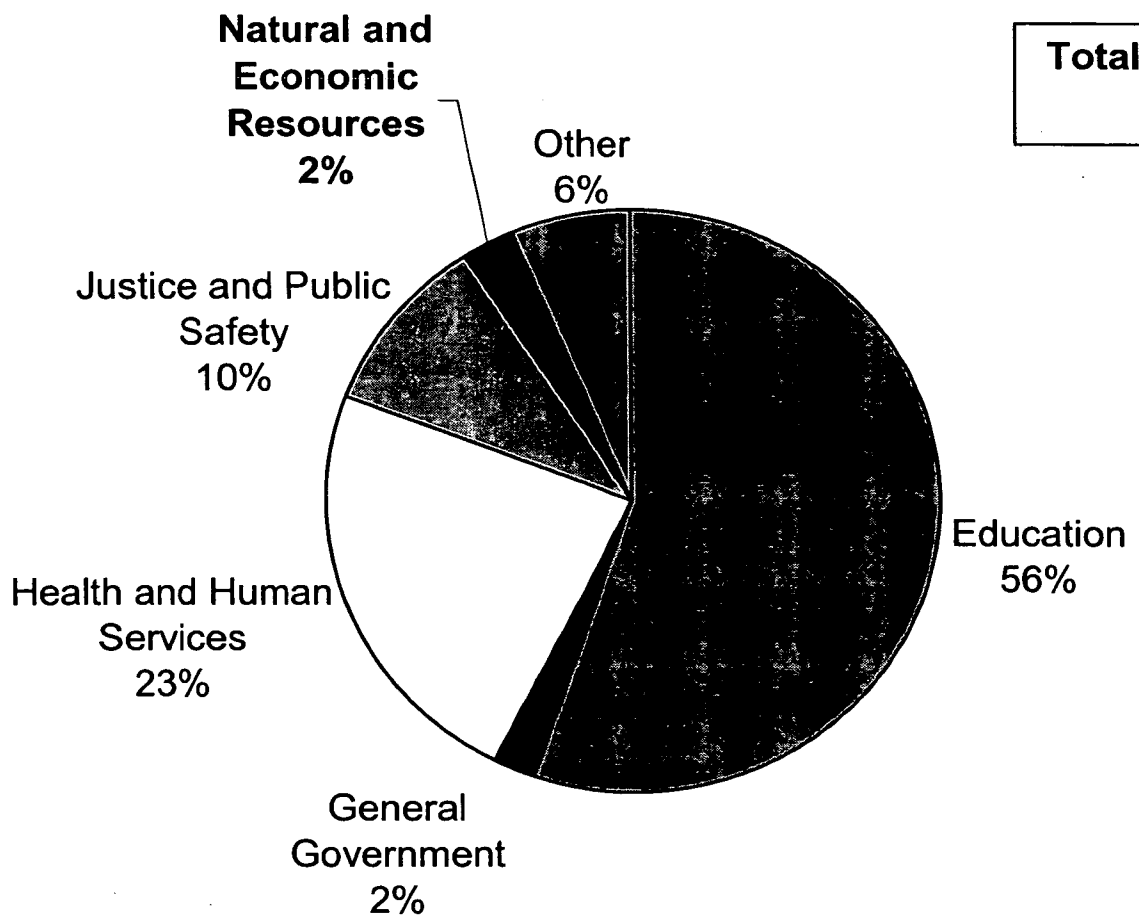
DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES

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

DEPARTMENT OF LABOR

NATURAL AND ECONOMIC RESOURCES APPROPRIATIONS SUBCOMMITTEE

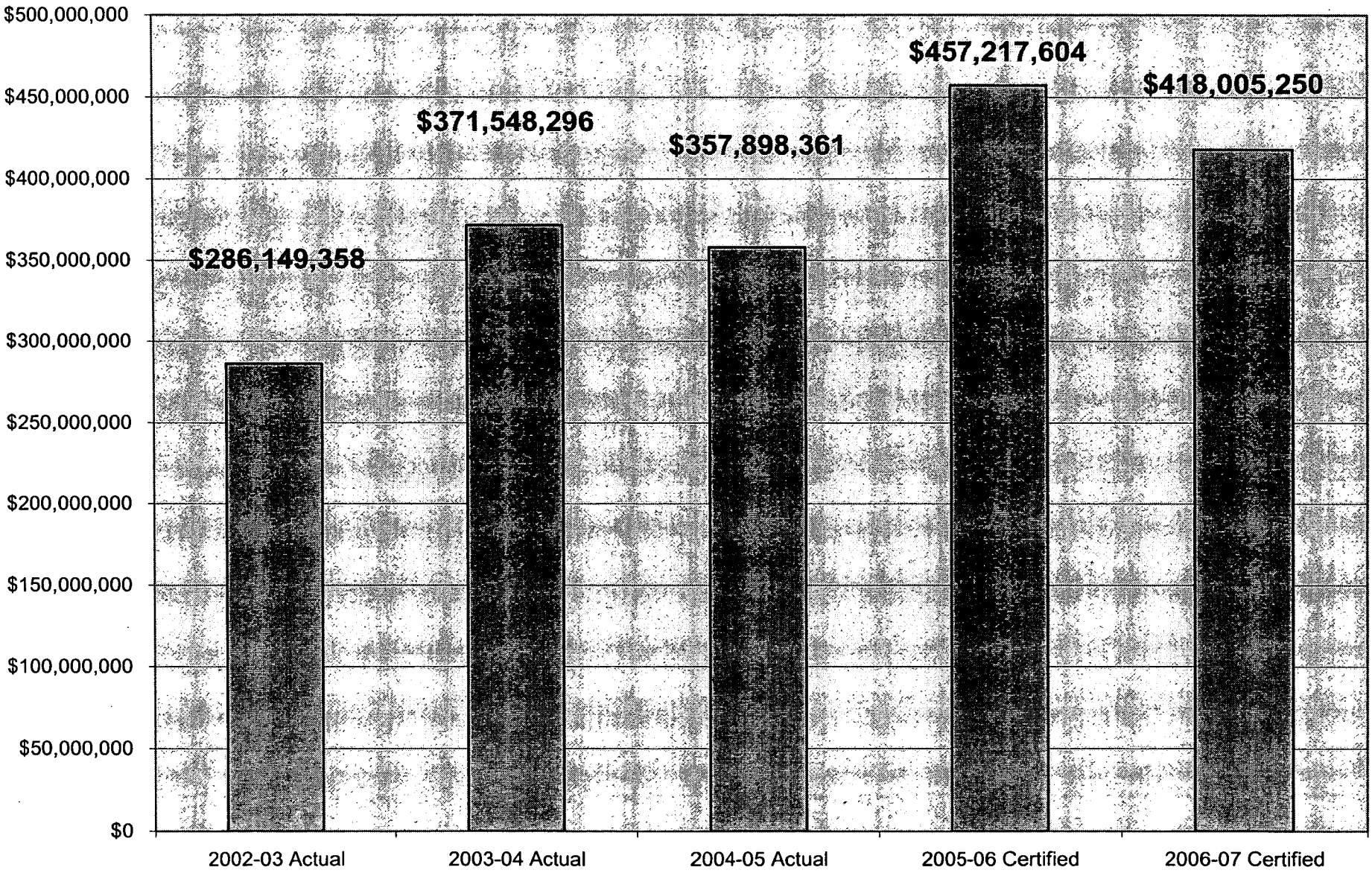
FY 2005-06 GENERAL FUND BUDGET BY AREA



Total General Fund Budget: $17.2 billion

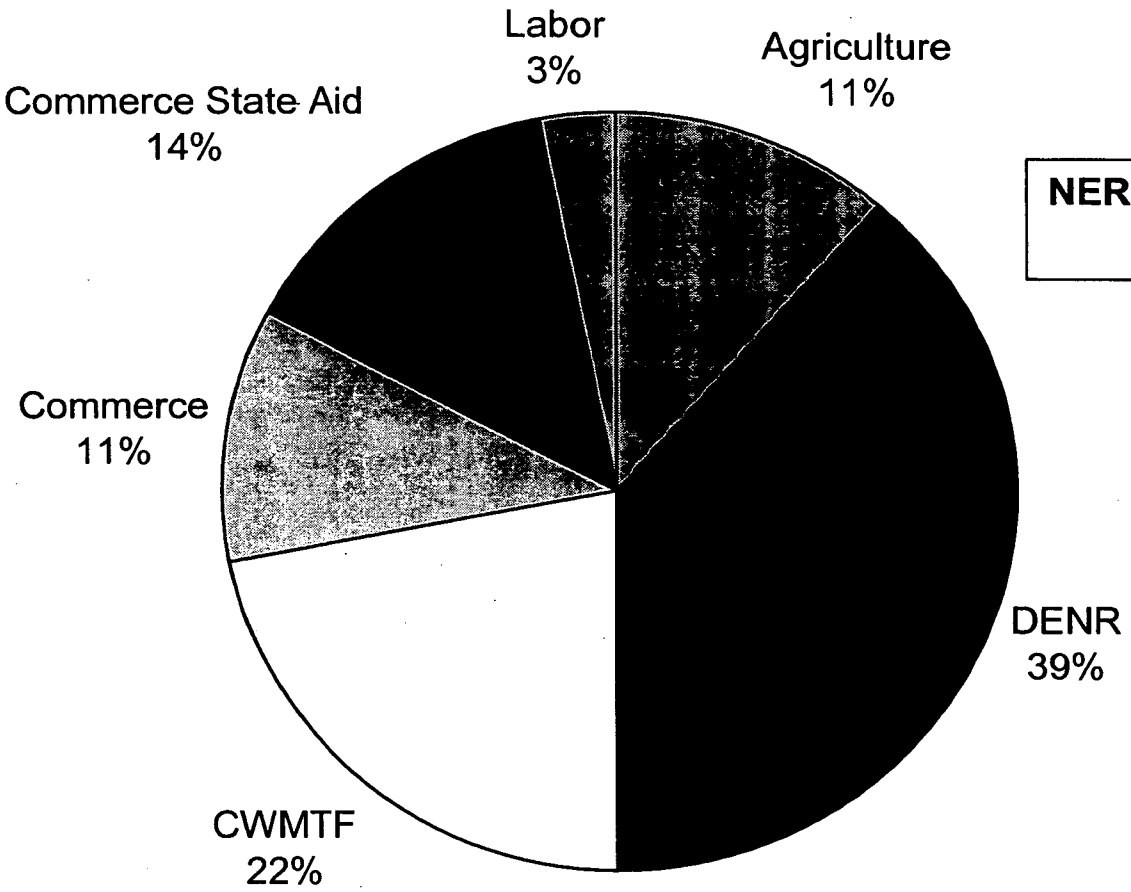
NATURAL AND ECONOMIC RESOURCES APPROPRIATIONS SUBCOMMITTEE

NER GENERAL FUND APPROPRIATIONS: FY 2002-2007



NATURAL AND ECONOMIC RESOURCES APPROPRIATIONS SUBCOMMITTEE

FY 2005-06 GENERAL FUND APPROPRIATION BY DEPARTMENT



NER Total General Fund Budget: $457.2 million

NATURAL AND ECONOMIC RESOURCES APPROPRIATIONS SUBCOMMITTEE

DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES (DENR) OVERVIEW

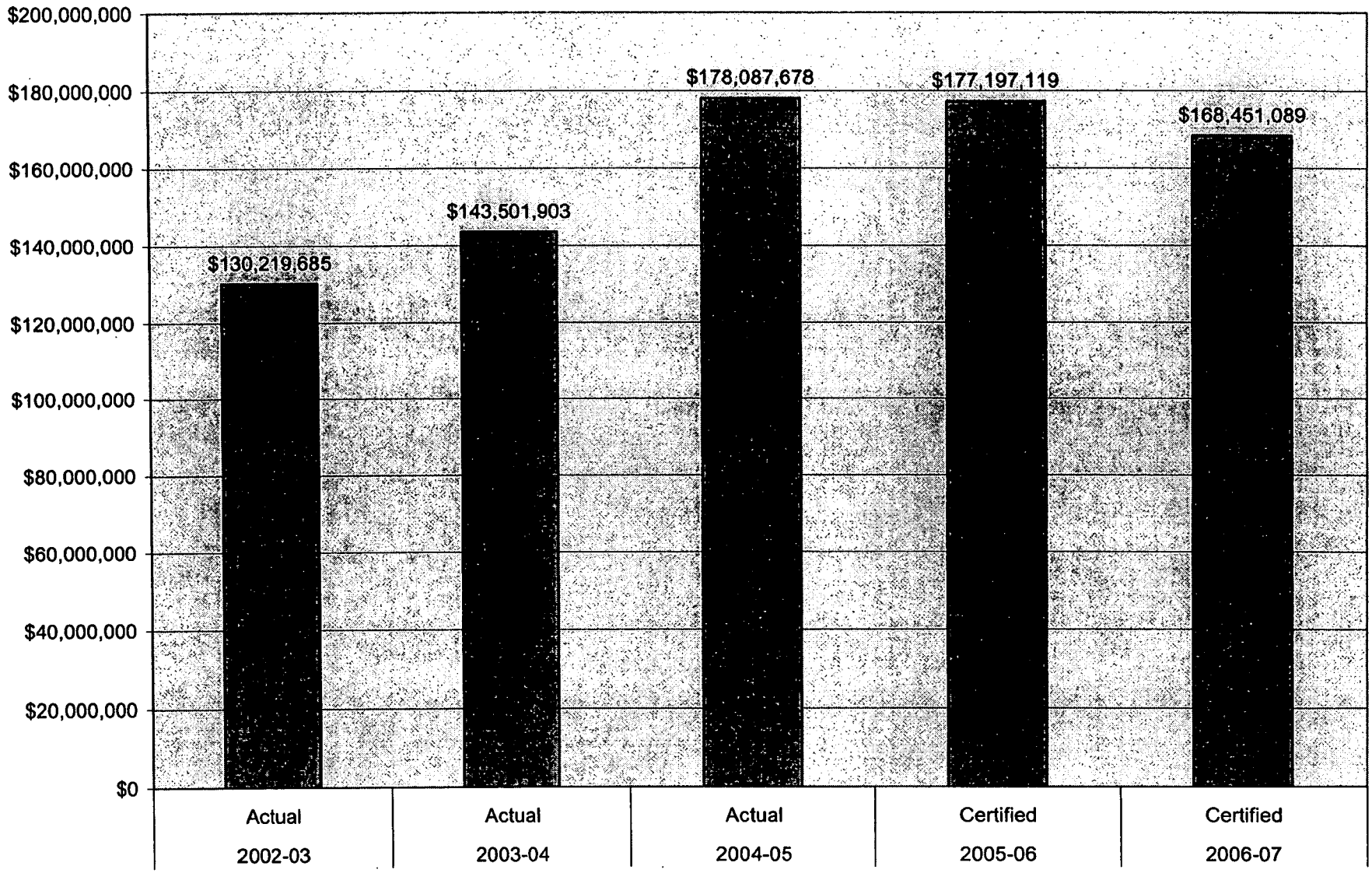
Departmental Functions:

- Administration & Special Programs
- Environmental Protection: 8 Divisions
- Natural Resources: 8 Divisions
- Other
  - Clean Water Management Trust Fund
  - Wildlife Resources Commission

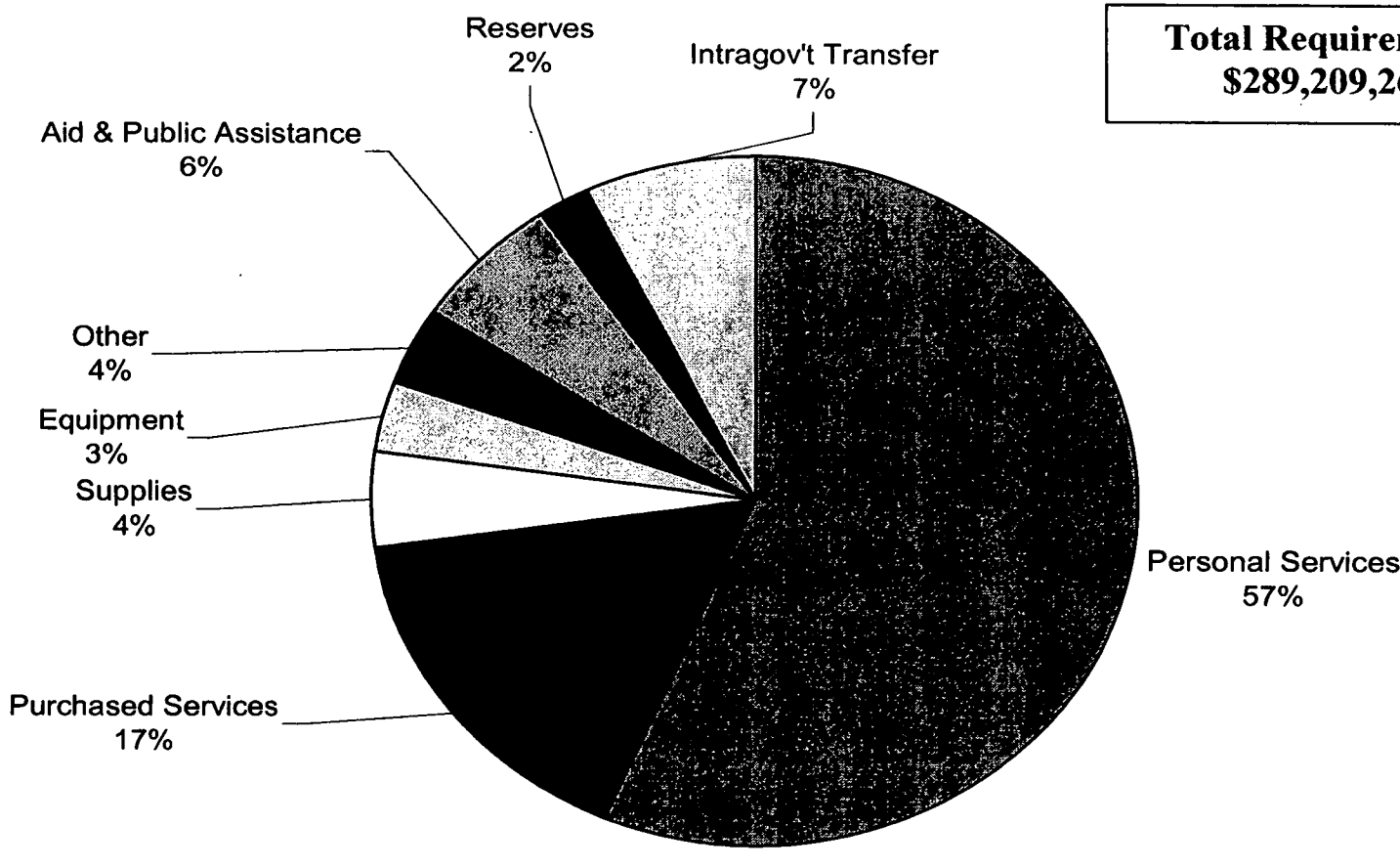
Department of Environment and Natural Resources General Fund Departmental Overview				
	2003-2004 Actual	2004-2005 Actual	2005-2006 Certified	2006-2007 Certified
Expenditures	268,080,316	289,209,264	289,209,264	280,386,294
Less Receipts	(124,578,413)	(111,121,586)	(112,012,145)	(111,935,205)
State Appropriations	*143,501,903*	*178,087,678*	*177,197,119*	*168,451,089*

Attachment 4

DENR: General Fund 5-year History

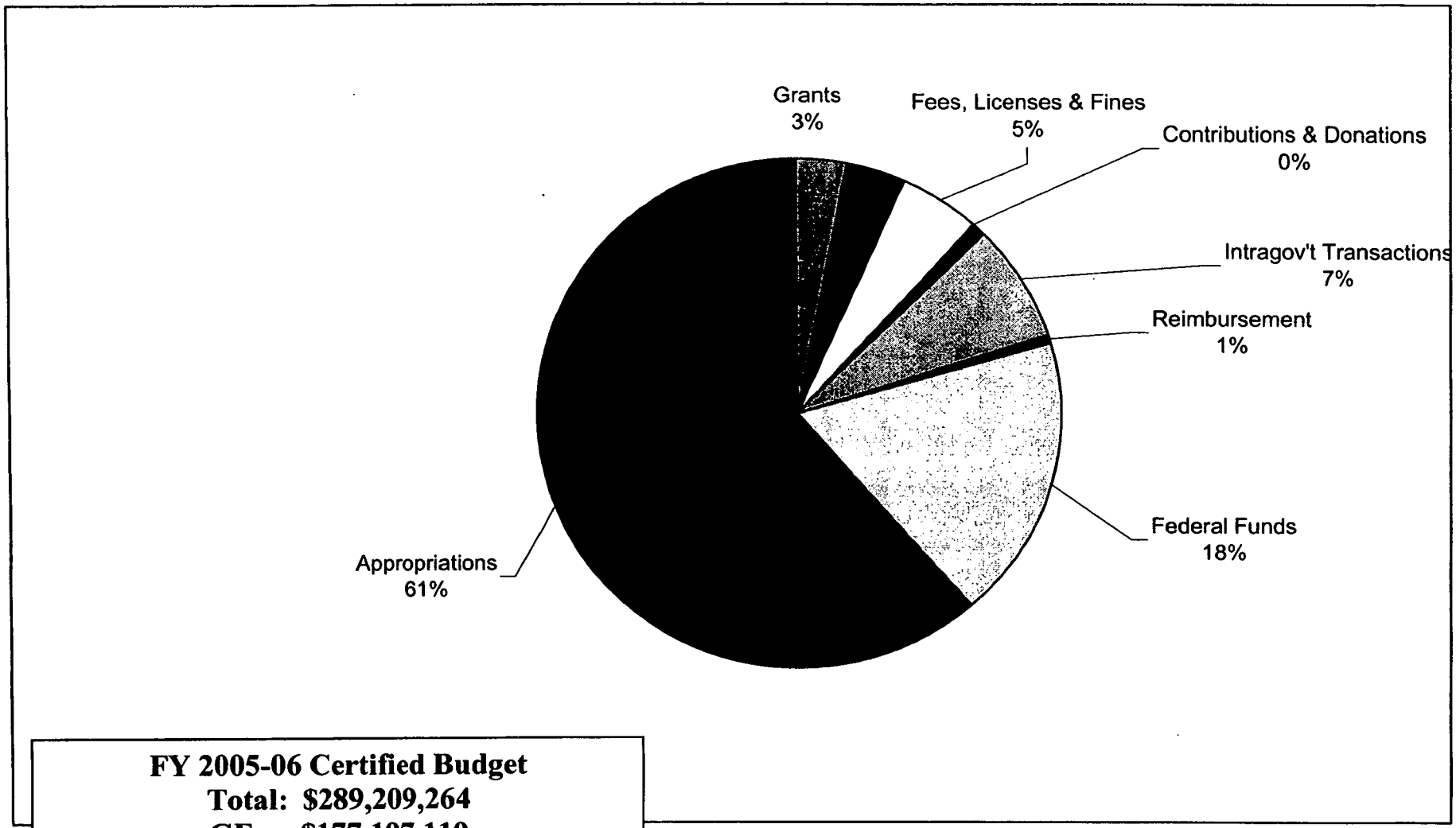


DENR General Fund: FY 2005-06 Certified Budget by Expenditure Type



Total Requirements
$289,209,264

DENR General Fund: FY 2005-06 Certified Fund Sources



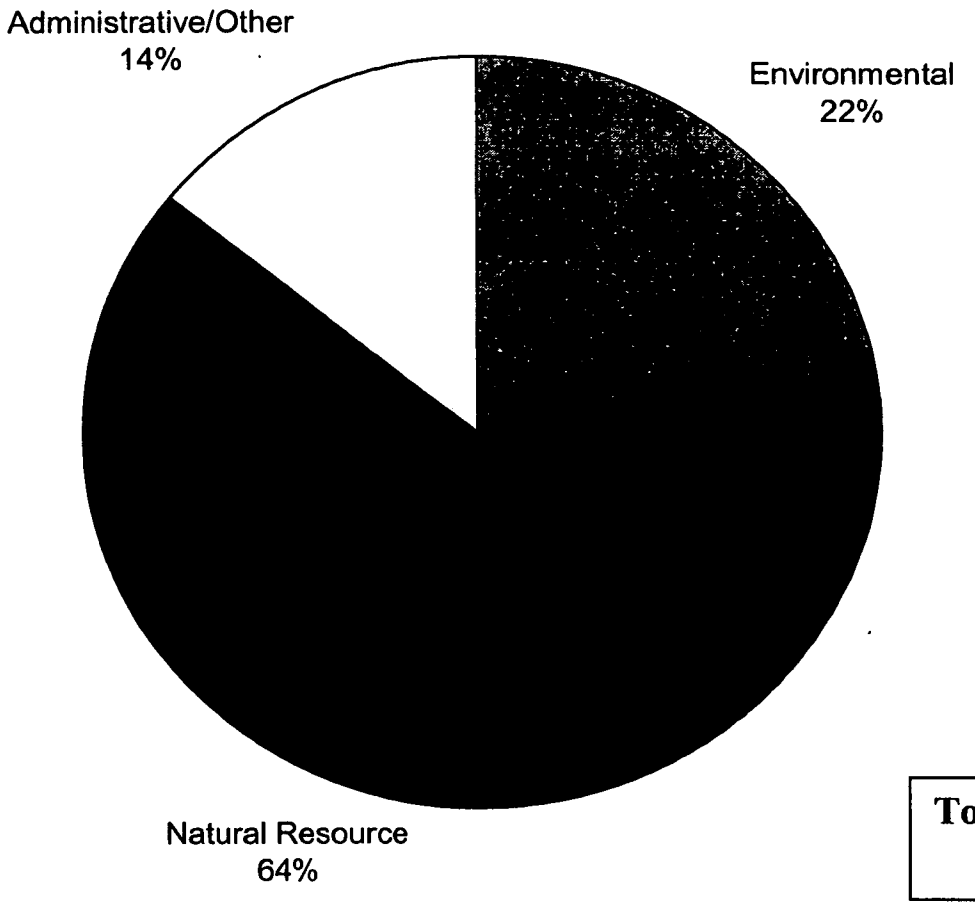
FY 2005-06 Certified Budget
Total: $289,209,264
GF: $177,197,119

DENR: FY 2005-06 CERTIFIED BUDGET BY DIVISION

	FY 2005-06			
	Requirements	**Receipts**	**Appropriation**	**%**
Division				
Environmental				
Air Quality*	27,379,357	27,379,357	0	
Coastal Management	5,064,889	3,326,821	1,738,068	1.0%
Environmental Health	21,432,071	11,778,180	9,653,891	5.4%
Land Resources	8,398,444	3,521,341	4,877,103	2.8%
PPEA	1,829,119	601,365	1,227,754	0.7%
Waste Management	30,235,731	26,378,571	3,857,160	2.2%
Water Quality	46,292,932	31,272,759	15,056,173	8.5%
Water Resources	3,462,715	377,748	3,084,967	1.7%
Total	**144,095,258**	**104,636,142**	**39,495,116**	**22.3%**
Natural Resource				
Aquariums	10,404,290	2,873,797	7,530,493	4.2%
Environmental Education	532,889	10,000	522,889	0.3%
Forest Resources	58,398,316	20,625,270	37,773,046	21.3%
Marine Fisheries	19,639,374	6,549,756	13,089,618	7.4%
Museum of Natural Sciences	7,227,279	71,040	7,156,239	4.0%
Parks and Recreation	33,961,570	8,063,013	25,898,557	14.6%
Soil and Water Conservation	11,228,823	138,605	11,090,218	6.3%
Zoological Park	14,549,992	5,197,733	9,352,259	5.3%
Total	**155,942,533**	**43,529,214**	**112,413,319**	**63.4%**
Administrative/Other				
Administration/Special Programs	19,163,558	8,164,435	10,999,123	6.2%
Reserves/Transfers	16,742,340	2,452,779	14,289,561	8.1%
Total	**35,905,898**	**10,617,214**	**25,288,684**	**14.3%**
Total*	**335,943,689**	**158,782,570**	**177,197,119**	100.0%

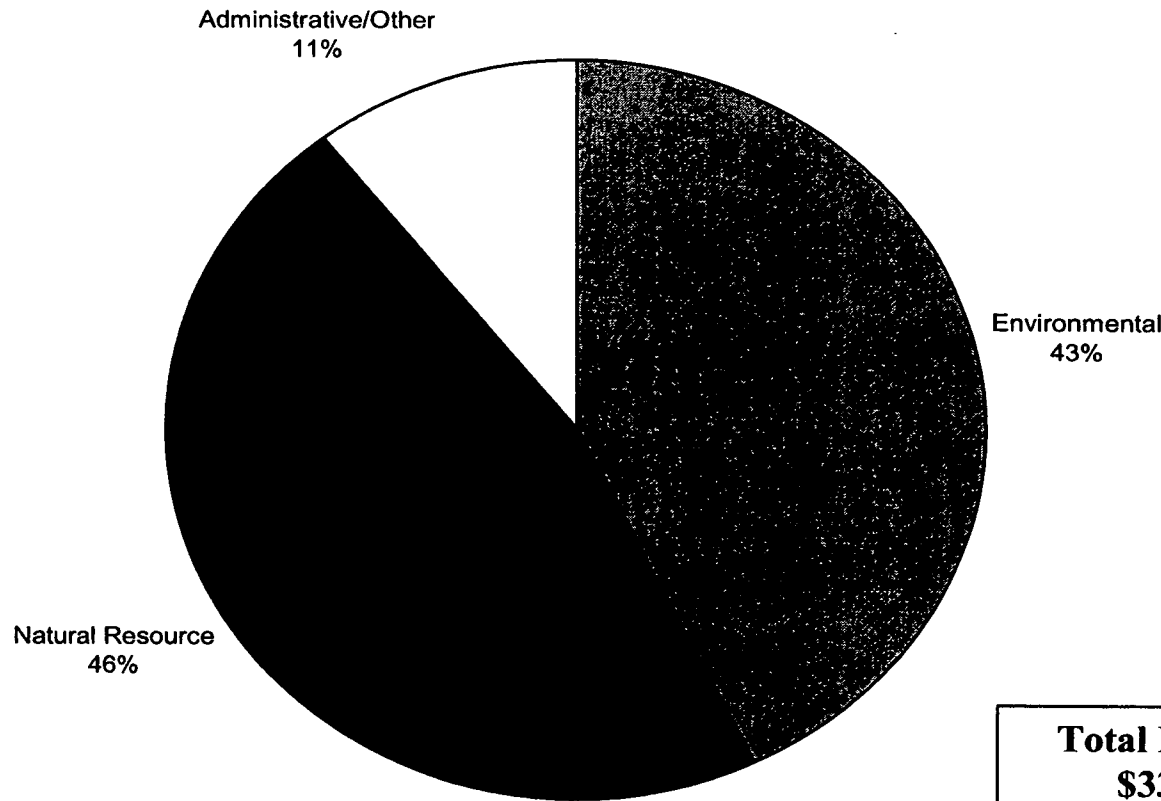
* Includes all budgeted funds.

DENR: FY 2005-06 CERTIFIED GENERAL FUND APPROPRIATION BY FUNCTION



Total GF Appropriation
$177,197,119

DENR: FY 2005-06 CERTIFIED BUDGET REQUIREMENTS BY FUNCTION



Total Requirements
$335,943,689

Department of Commerce
Budget Overview

Departmental Functions:

- ❖ Administrative Support
- ❖ Business and Industry Development
- ❖ Finance Center
- ❖ Industrial Trade
- ❖ Tourism, Film and Sports Development
- ❖ Community Assistance
- ❖ Employment, Training and Workforce Development

General Fund Budget Overview

	2002-2003 Actual	2003-2004 Actual	2004-2005 Actual	Current Fiscal Year 2005-2006 Certified	2006-2007 Certified
Expenditures	$77,281,865	$127,557,344	$130,667,798	$101,359,287	$88,275,553
Less Receipts	($64,102,362)	($61,693,563)	($97,620,670)	($51,672,288)	($51,547,288)
State Appropriations	***$13,179,503***	***$65,863,781***	***$33,047,128***	***$49,686,999***	***$36,728,265***
Positions	**426.13**	**415.88**	**425.93**	**442.93**	**442.93**

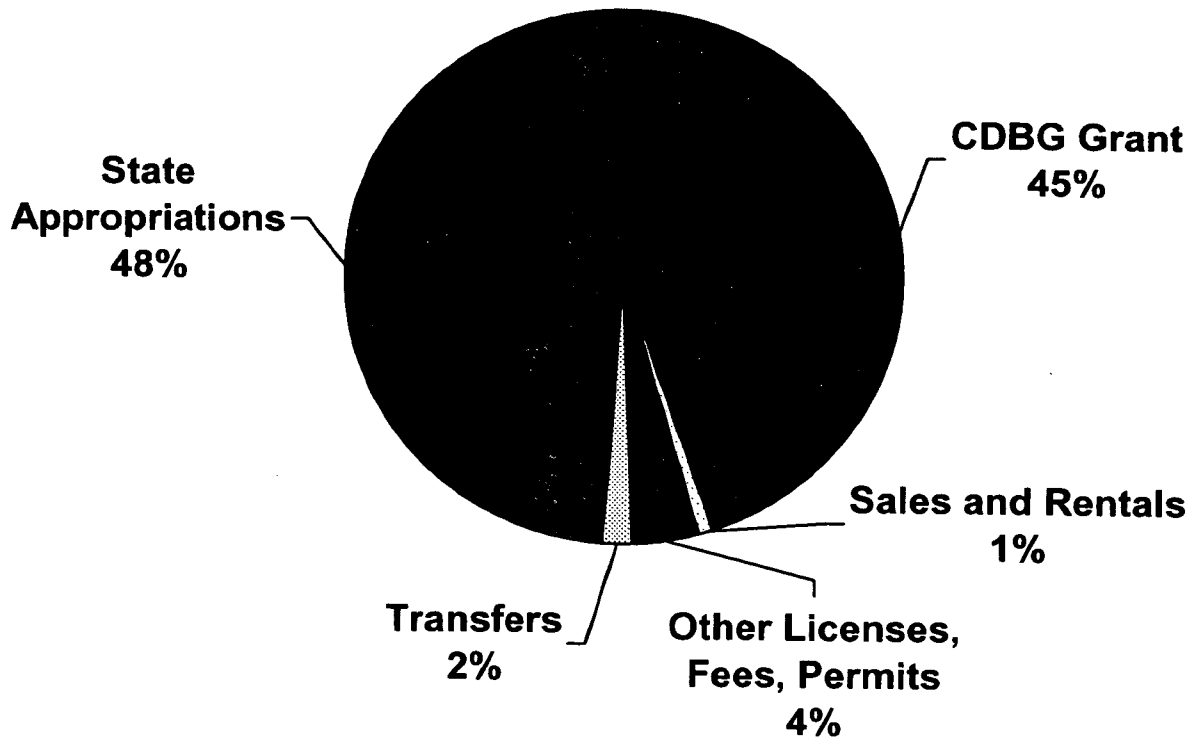
Note: Chart does not include funds for Commerce – State Aid or special funds.

Attachment 5

Department of Commerce
Budget Overview

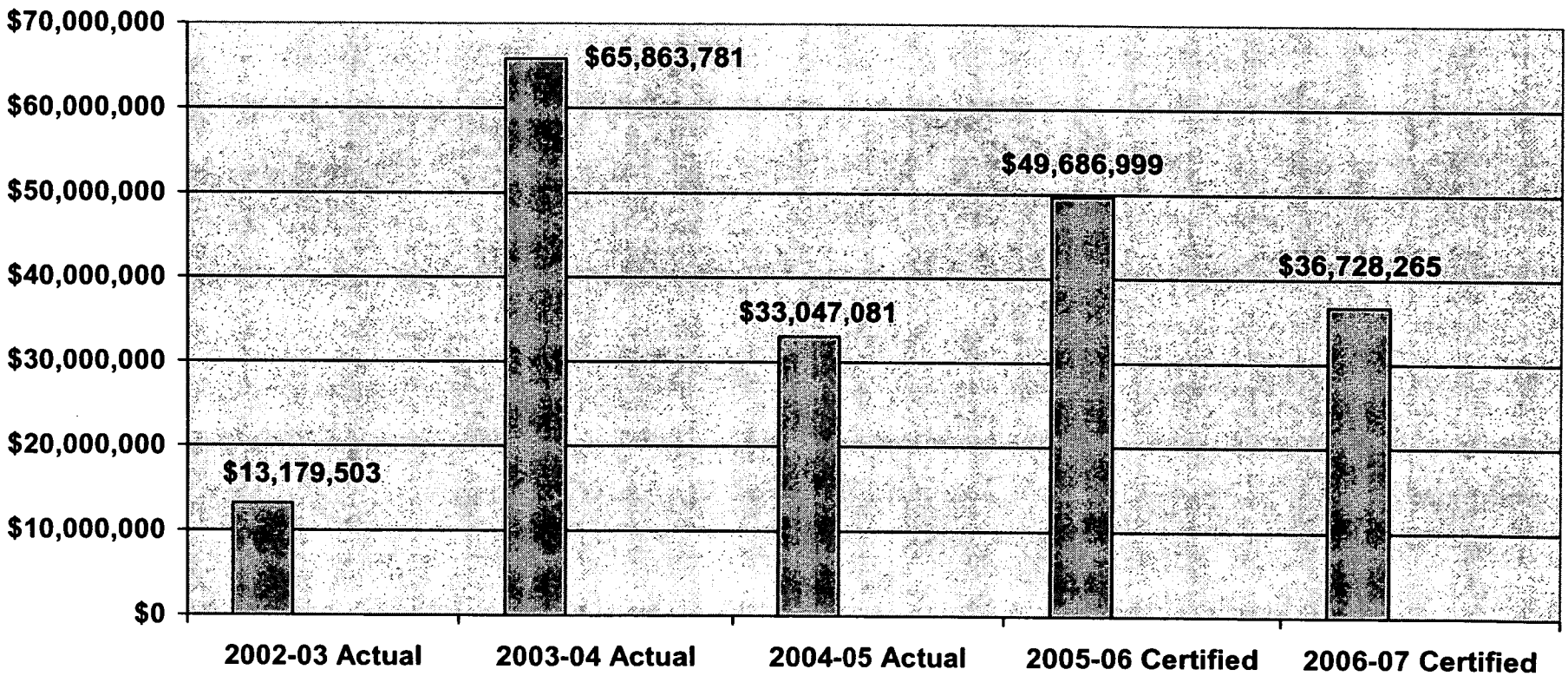
2005-06 Certified Fund Sources

2005-2006 Certified General Fund Requirements = $101,359,287



Department of Commerce
Budget Overview

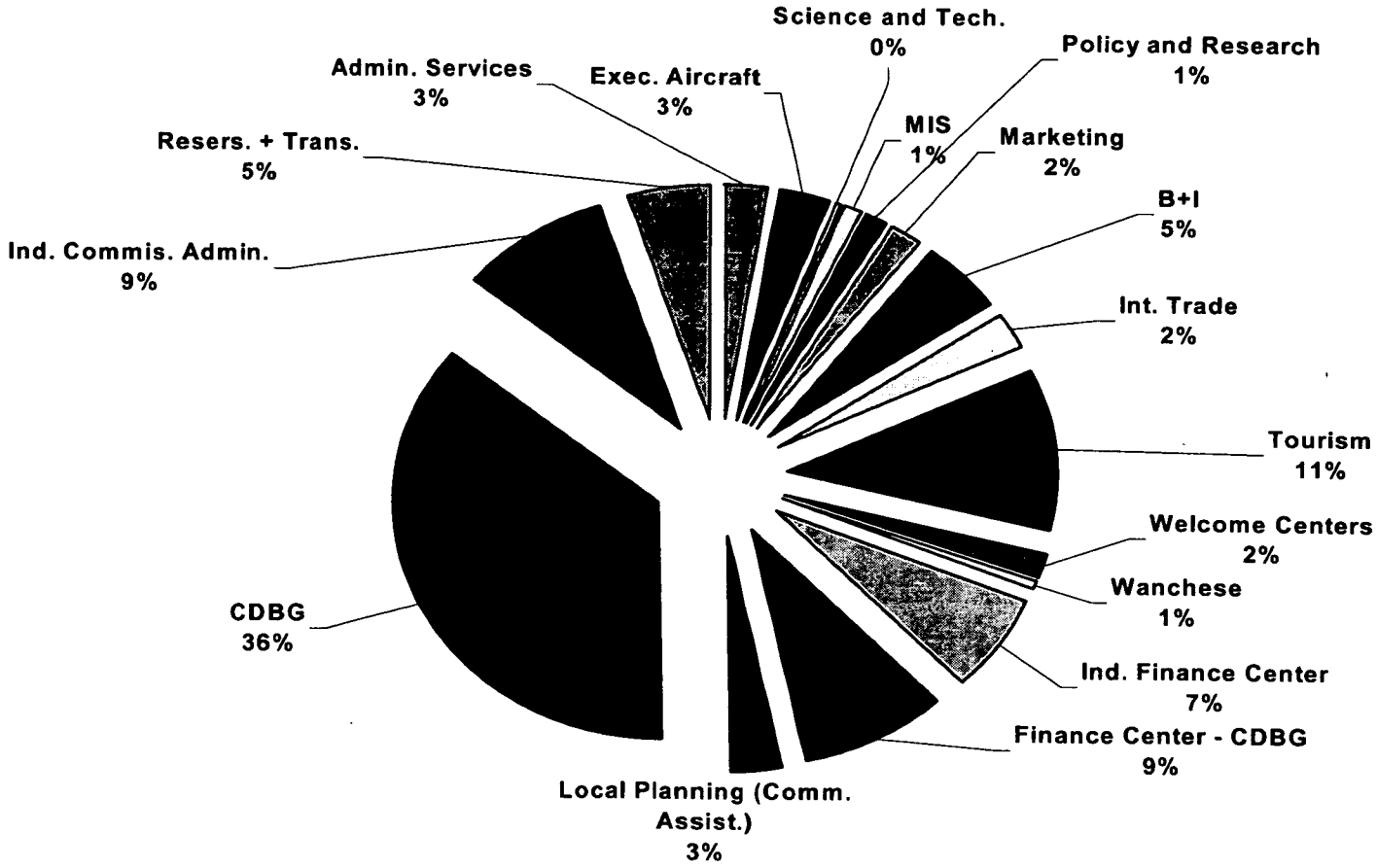
General Fund Appropriations 5-Year History



Department of Commerce
Budget Overview

2005-06 Certified General Fund Requirements by Function

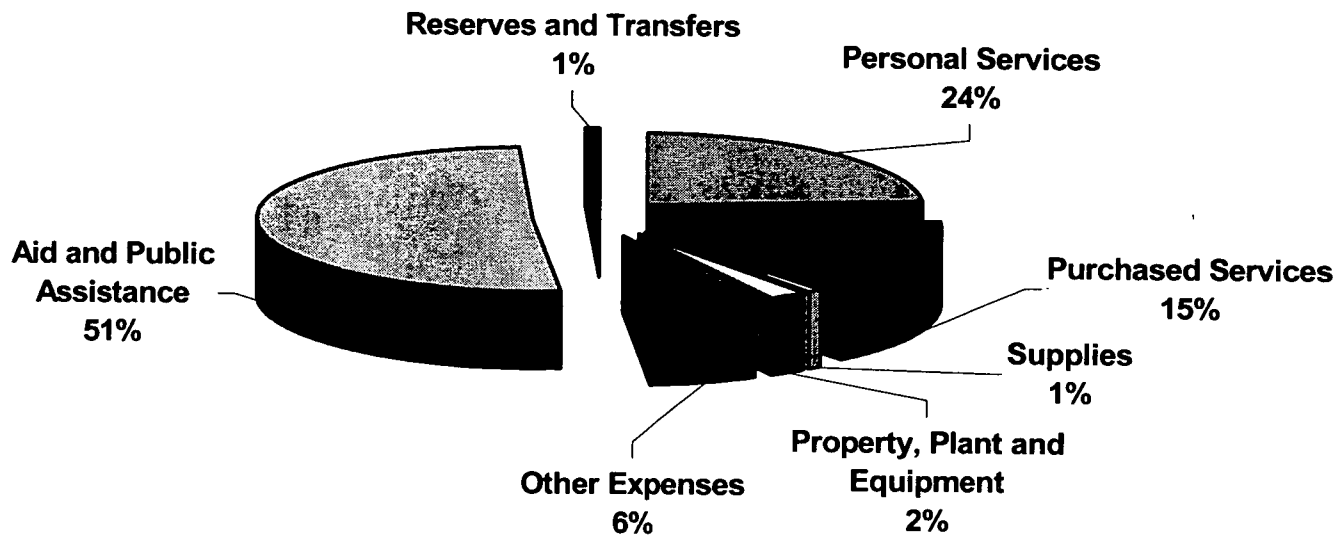
2005-2006 Certified General Fund Requirements = $101,359,287



Department of Commerce
Budget Overview

2005-06 Certified General Fund Requirements by Expenditure Type

2005-2006 Certified General Fund Requirements = $101,359,287



Department of Commerce

Selected Budget Priorities

Presentation to NER Subcommittee May 3, 2006

The following are the primary items for which the Department of Commerce seeks funding in the 2006-2007 Fiscal Year. It is expected that the Governor's budget will include some additional budget items not included in this list. This list is no particular order.

- **Increased Staff and Funding for Industry Research**
  - 7 positions and operating expenses in recurring funding
  - High quality research is integral to finding new industry prospects and developing strategies to attract them.
  - North Carolina's competitors outspend us by a significant margin in this area.
  - Economic Development Board and Ticknor Study recommendation.

- **Staff and Funding for DOC Website**
  - 3 positions and operating expenses in recurring funding
  - In today's environment, a state's Commerce website is its front door to business. North Carolina's website has been underfunded and is behind the times.
  - Economic Development Board and Ticknor Study recommendation.

- **Funding to Promote NC as a Business Destination**
  - Recurring funding for advertising, marketing and public relations activities.
  - Marketing North Carolina to businesses worldwide as a location for expansion and investment is essential to economic development success.
  - Marketing at a statewide level has been notably underfunded in recent years, and the state is now at a competitive disadvantage.
  - Economic Development Board and Ticknor Study recommendation.

- **Funding to Assist 21st Centuries Communities Program**
  - 3 positions sought to replace regional staff cut in recent years.
  - This program is very popular with less prosperous counties. It provides them with state expertise in designing workable plans to achieve economic development.

- **One North Carolina Fund Recurring Appropriation**
  - The Department will require additional funds for industry recruitment in the range of $10 to $20 million.

- **SBIR/STTR Grant Program Appropriation**
  - The Department will seek additional, separate funding for this small business innovation grant program.

- **JDIG Program Modifications**

- **Funding for Science & Technology Board's Nanotechnology Initiatives**

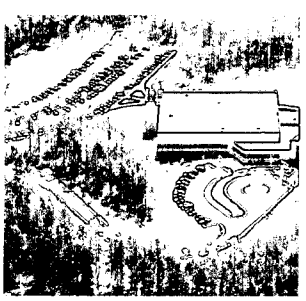
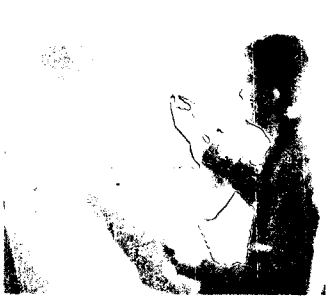
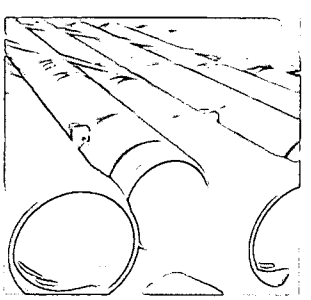
- **Administrative Request for Auditing Positions**
  - 3 positions, recurring funding.
  - Necessary to implement new nonprofit monitoring requirements.

21st century Report

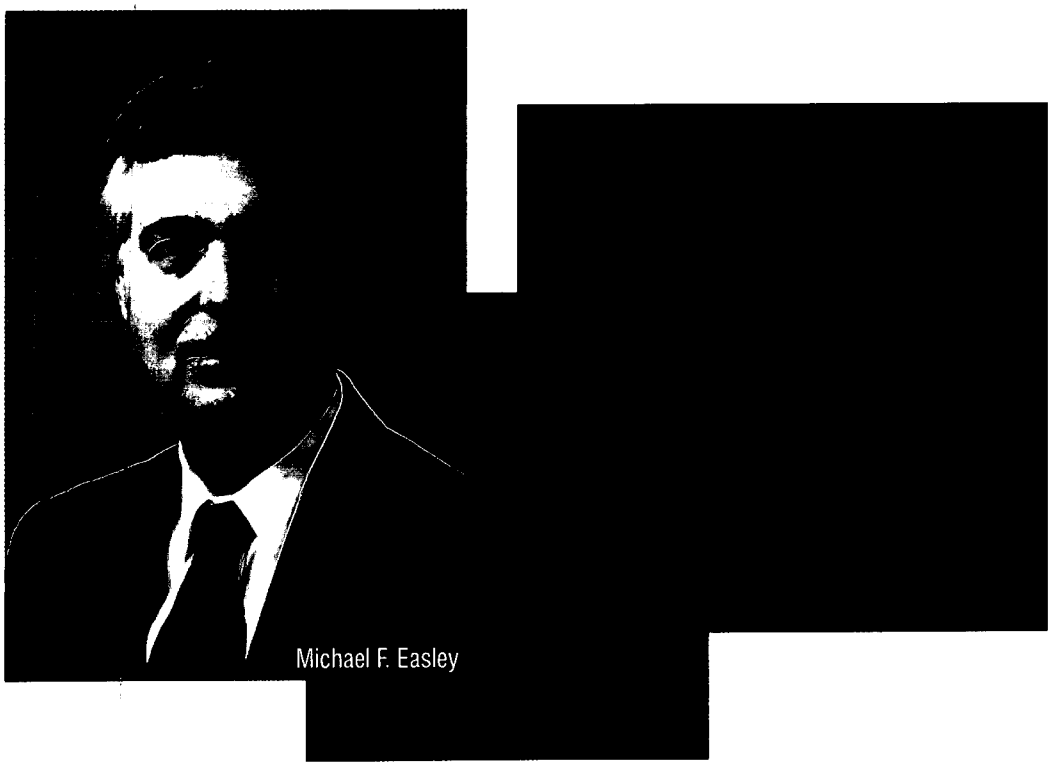
21st century communities

progress to the future

October 2005


Letter from the Governor


Michael F. Easley

Dear Fellow North Carolinians,

The Department of Commerce's 21st Century Communities program is an innovative initiative that helps bring economic growth to North Carolina's most challenged counties. Through broad collaborations and partnerships, a great number of resources are harnessed to assist our 21st Century Communities in keeping pace in the new global economy.

The innovation of our 21st Century Communities has not gone unnoticed. The World Bank requested a presentation on the program and is considering using it as a model to help developing nations around the world improve their economic prosperity.

As you read this report, you will learn about the details of this program, how it works and see highlights of the successes it has achieved. I'm sure then you'll agree that the 21st Century Communities is a unique and beneficial program that deserves our full support.

For additional information, I invite you to contact Ken Flowers in the Department of Commerce's 21st Century Communities program at (919) 733-4979.

With kindest regards, I remain

Very truly yours,

Michael F. Easley

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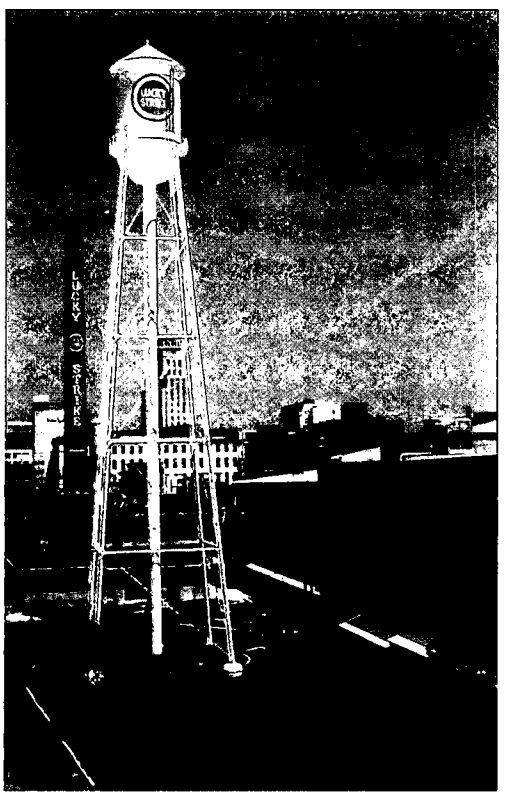
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Program Introduction

With its eye on the future, the North Carolina Department of Commerce has responded to the ever-changing needs of our state's economy and the communities that it affects. Through innovative strategies that foster long-term, comprehensive economic development, the department provides a level of support to communities that enhances both local and statewide economic sustainability.

In 2001, in response to a series of business and industry closures, and the loss of thousands of jobs in the manufacturing and textile industries, the department initiated the 21st Century Communities program. With this initiative, the department has positively impacted the economies of some of the state's most challenged communities, and helped jump start their economic development planning efforts. The program established creative partnerships that help direct human and financial resources, and provide technical assistance to targeted communities that support the development of broad-based and comprehensive economic development plans and initiatives.

The 21st Century Communities program is filling a measurable void and all of these successes are being achieved without any additional resources. The 21st Century Communities program operates without a special staff or appropriation. All the accomplishments are the result of existing Department of Commerce resources.

Our Program

The department identifies communities that are experiencing economic sustainability challenges and helps them move forward in today's global economy. The program pledges the full support of the Department of Commerce, its available programs and resources to ensure success at the local level. The primary premises of the program are:

- Economic development success comes from investing in education and a skilled workforce, attractive and prepared communities, and an exceptional business climate.





- Targeting counties that are economically challenged but have local leaders committed to making progress will yield the greatest results.

- Building upon the specific strengths of each county is essential in the formation of economic development strategies.

The 21st Century Communities program now comprises 20 counties: Burke, Caswell, Columbus, Cherokee, Duplin, Gaston, Halifax, Hertford, Hoke, Hyde, Mitchell, Montgomery, Northampton, Robeson, Rockingham, Rutherford, Sampson, Warren, Washington and Yancey.

Our Process

The Department believes that effective implementation of our 21st Century Communities program will achieve long-term, positive outcomes that support increased economic development competitiveness at both the state and local levels.

To achieve those goals we will:

- Conduct a complete assessment of the local economy
- Meet with local leaders to identify areas of greatest concern
- Assess economic development assets such as available building sites and vacant facilities
- Identify infrastructure needs
- Develop a comprehensive economic development plan
- Coordinate available resources to maximize impact

The Department of Commerce's 21st Century Communities is an end-to-end program, with assistance, guidance and expertise from the application process through implementation of the action plan.

The 21st Century Communities program includes a competitive application process open to all North Carolina counties. County selection is based on objective criteria that include specific economic and demographic variables, and subjective criteria that assess a county's ability to partner effectively with Commerce and successfully implement the program.

Each 21st Century community is required to complete a Community Self-Assessment that provides general information about the local economic development environment and general strategic planning needs in the county. The department uses this document to specifically tailor a plan to the needs of each individual county and its residents.

Our Partners

The Department of Commerce has engaged a diverse group of key partners that have worked to support our communities.

To date, our partners have played a vital role in our success. From being involved with the community assessment process, to providing economic development planning and policy assistance, our partners provide invaluable assistance. Most importantly, our partners have provided direct financial support to 21st Century Communities projects that have significantly impacted a number of our designated counties.

Partners of the 21st Century Communities program include: participating county and municipal governments, the regional partnerships, N.C. Department of Transportation, N.C. Department of Environment and Natural Resources, N.C. Department of Public Instruction, N.C. Department of Cultural Resources, N.C. Community College System, the N.C. Cooperative Extension Service, N.C. Department of Agriculture, the Appalachian Regional Commission, the Institute of Government, the Rural Center, the Golden LEAF Foundation, the U.S. Department of Agriculture and the N.C. Partnership for Children.



World Bank Presentation

The 21st Century Communities program was presented at the World Bank's Workshop on Regional and Local Development on July 12, 2005, in Washington, D.C. The briefing was presented by Cleve Simpson, assistant secretary for Community Development. The World Bank requested a presentation on how North Carolina is transitioning itself in the new global economy.

The briefing covered North Carolina's strategy to invest in education and research, the role of state governments in promoting economic development and what the Department of Commerce does to further this role.

The 21st Century Communities program and the Rural Center's Homegrown Jobs Initiative were presented as examples since they cover the highest priority issues, both urban and rural.

The workshop was sponsored by the Europe and Central Asia (ECA) Region of the World Bank. World Bank officials stated that North Carolina's initiatives, particularly the 21st Century Communities program, are the models they are seeking to possibly adopt in Europe and Central Asia.

Caswell



Caswell County, a second-round selection to the 21st Century Communities program, has completed and is in the process of implementing its strategic plan.

"The 21st Century Communities program provided a 'neutral territory' free of personal or political agendas that enabled us to look introspectively at the existing conditions in the county and develop a strategic plan that addresses the broad-based community needs and economic development issues that are and will be critical to the future growth of Caswell County."

— Tom Edmonds, Caswell Economic Development Director

Current projects underway include:

Second Annual 21st Century Regional Agri-Tourism Exposition

The N.C. Cooperative Extension Service's second annual 21st Century Regional Agri-Expo is scheduled for November, 2005.

Race to the Dan Driving Tour

Tourism development is important to Caswell County. One idea being developed is a driving tour based on Caswell County's Revolutionary War history. The project will trace the movements of the depleted Colonial forces in their desperate and ultimately successful attempt to reach and cross the Dan River to safety ahead of the rapidly pursuing British Army.

Caswell 21st Century Development Corporation

Another key recommendation of the strategic plan was to create a non-profit corporation to continue to build upon the work of the 21st Century Community Steering Committee and to assist in implementation of the strategic plan. In February of 2005, the Caswell 21st Century Development Corporation was created.

Columbus



Columbus County has been with the 21st Century Communities program from the beginning. Local leaders say the program has been instrumental in creating a strong community vision. The county created its Economic Development Strategic Plan which includes:

- Infrastructure Development/Planning/Natural Resources
- Workforce Development
- Job Creation/Development
- Marketing/Capitalizing on proximity to beaches
- Unity in community and economic development



Several project plans have been completed:

- The Columbus Economic Development Strategic Plan
- The Whiteville Downtown Plan
- The Chadbourn Community Appearance Action Plan
- The Town of Fair Bluff Hazard Mitigation Plan

The Department of Commerce continues to assist with several projects including a Columbus County Land Use Plan, Subdivision Ordinance and Manufactured Home Park Ordinance.

Cherokee

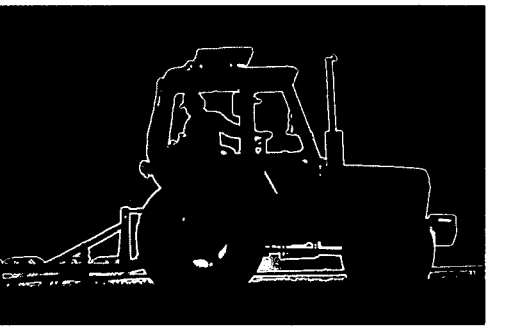


A team from the Department of Commerce visited Cherokee County in September 2001 and interviewed community leaders about their views on local economic development issues. Ultimately, a total of 22 people from a broad range of stakeholders were interviewed including business, education, government and civic leaders.

Several recommendations were developed and included in the county's 2001 Strategic Plan, including the need for Certified Industrial Sites to lure new business investment, and the suggestion of capitalizing on Cherokee County's natural beauty to boost eco-tourism.

Noted accomplishments since then include:

- A new machinist program at Tri-County Community College to support local industry.
- Improvements to the county airport to accommodate business aircraft.
- A CDBG grant to extend sewer service to a new commercial development, creating 120 new jobs.
- All industrial buildings in the county are now occupied.



Duplin



The Duplin County 21st Century Committee decided that a strategic planning process was not only the best way to identify its needs; it was also the best method of garnering broad public participation. An implementation committee, named Vision 21, was established to oversee the task forces appointed to develop strategies for the following key issues:

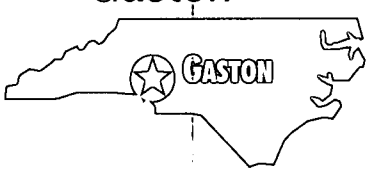
- Education
- Community Building
- Economic Development
- Community Facilities

During the process, four municipalities received special assistance for small town development. Faison, Calypso, Rose Hill and Magnolia participated in the Small Town Revitalization program administered by the Conservation Fund.

The Department of Commerce staff continues to provide assistance to Duplin County in the following areas:

- Town of Kenansville technical planning assistance
- Town of Faison zoning ordinance amendments
- Town of Teachey visioning and technical planning assistance
- Duplin County technical advice for airport zoning district

Gaston





Gaston County, having suffered severe unemployment due to textile industry losses, was chosen in the first round of the 21st Century Communities program. At the time, 6 million square feet of commercial space was vacant and downtown Gastonia was in great need of revitalization. The 21st Century Communities program helped consolidate a fragmented approach to the economic development effort. Since then a number of positive results have been realized.

- Several new industries have located in the region, some capitalizing on the NASCAR image of the Charlotte area.
- The Economic Development Commission was reorganized.
- A downtown manager for Gastonia was hired.
- A strategic plan was developed that gave direction to the economic development efforts of the county.

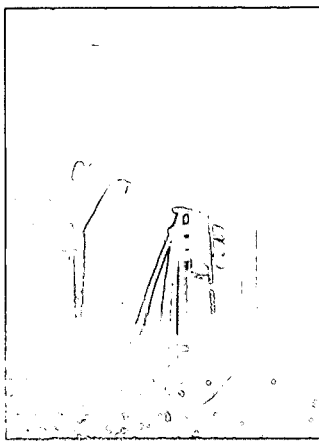
Halifax



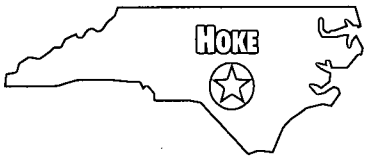
Halifax County was selected as a participating county in the first round of the 21st Century Communities program. The cornerstone of the 21st Century Communities program is a locally adopted strategic plan. Halifax County, at the time of its selection, had recently undergone several planning initiatives, including the Halifax County Comprehensive Plan and an assessment of the county's economic development program. In lieu of creating yet another planning document, Halifax County decided to proceed directly into implementation of its existing documents. Additionally, the N.C. Department of Commerce provided the county with a situational analysis that included economic development recommendations.

Since beginning the 21st Century Communities program, the county has accomplished several major objectives. These accomplishments include:

- International Paper invested $17 million in its Roanoke Rapids plant.
- Lowe's opened a 100,000 square foot store.
- Halifax and Northampton Counties broke ground on a new regional airport.
- Weldon Steel doubled the size of its operation.
- Window Fashion Resource (100 jobs) located in Littleton.
- PCB Piezontronics announced it will invest more than $5 million and bring 500 new jobs to the area over the next 10 years.
- AirBoss of America opened a 102,000 square foot manufacturing complex in Scotland Neck.
- Roanoke Rapids Entertainment District announced its first phase, a $129 million investment.



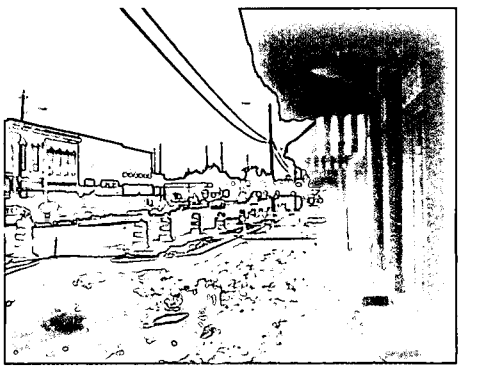
Hoke



A second-round participant in the program, Hoke County moved right to the implementation phase since several strategic plans were recently completed.

Four specific projects were identified:

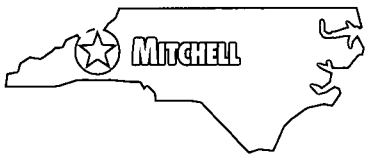
- Development of an industrial park master plan for the Pate property.
- A master plan for future growth at Carolina Horse Park.
- Development of a plan for a wastewater treatment system to serve Eastern Hoke County.
- Advancement of the City of Raeford's downtown revitalization efforts.



Major results and current efforts underway:

- A site plan was developed for an extremely large industrial site that is now included in the Department of Commerce's Certified Site program.
- A master plan was developed and implemented for Carolina Horse Park.
- A $1 million grant was received from Community Development Block Grant (CDBG) to finance a major sewer line.
- Financing was secured for a $3 million downtown renovation. Construction is now underway with several utilities moved underground and new sidewalks in place.

Mitchell

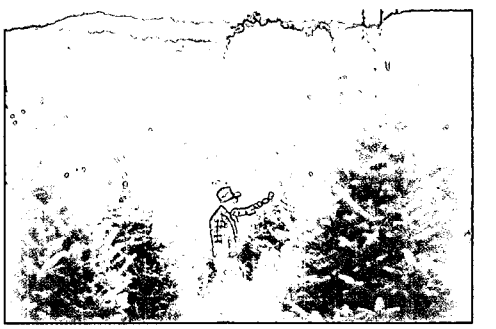


The 21st Century Communities program selected Mitchell County in the second round. The county worked quickly to implement its strategic plan and has accomplished several major objectives.

- Preparation of a comprehensive infrastructure improvement plan resulting in more than $1 million in sewer and water projects and planning work.
- Preparation of a marketing plan including the completion of a marketing video and updates of the EDC/Chamber Web site.
- Recruitment of Genesis Furniture Inc. creating 206 new manufacturing jobs.
- The donation of an industrial building to Mayland Community College.
- Establishment of the Home of the Perfect Christmas Tree program and the licensing of 15 professional crafters to sell products under this program.
- Establishment of the restoration committees/task forces for the renovations to the Carolina Theatre, a project now in progress.
- Establishment of the 007 Mission of Lifetime program.

"The 21st Century Communities program has helped us through the planning process, and their continued assistance with implementation is critical."

— *Shirley Hise*
Executive Director
Mitchell County Chamber of Commerce



Northampton & Hertford





Northampton and Hertford counties formed the only regional 21st Century Communities partnership and were selected in 2003. Although each county has unique challenges, county leaders felt they could have greater success by joining forces on certain issues that crossed county lines. The strategic planning process is underway and nearing completion, and progress already is being noted.



- Several municipalities interested in downtown development created a task force and have recognized the need for coordinated promotions and are investigating potential grants. Cooperative festivals are being considered in addition to those already established.
- One major concern was for the widening of US Highway 158. An effort has been undertaken to get the project moved higher on the Transportation Improvement Plan to allow construction to begin sooner than originally projected.

Robeson



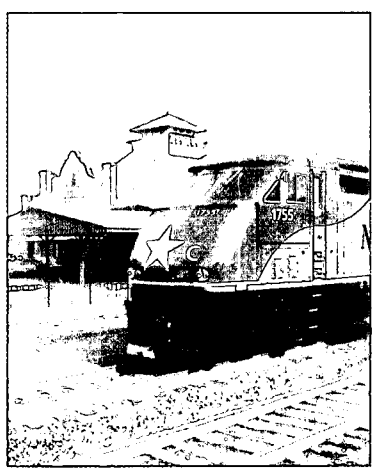
Robeson County, a first-round 21st Century community, recently completed a strategic plan and opted to move forward to the implementation phase. Local leaders identified two projects on which to focus during the 21st Century Communities process -- the Parkton-Red Springs Train Project/Tourism Initiative and the I-95/US-74 Commerce and Industrial Park master plan.

Parkton-Red Springs Train Project

- Grant received from N.C. Department of Transportation to enhance the depot.
- Parkton-Red Springs Northern Railroad Foundation received a donated locomotive for the passenger rail tourism project and continues to provide up-keep of the rail lines.
- Potential economic development interest in the line has also been noted.

I-95 / US-74 Commerce and Industrial Park master plan

- The city and county are currently implementing the plan. The county controls the zoning authority and the city is making plans to provide the necessary infrastructure to the site.



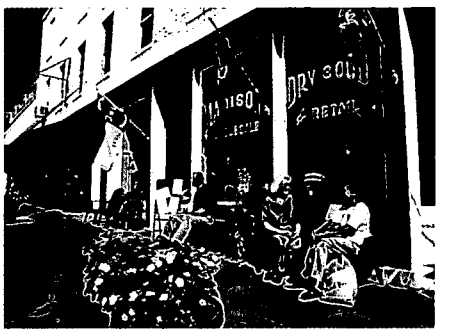
Rockingham



In the summer of 2001, Rockingham County was selected by the North Carolina Department of Commerce as one of 10 communities to participate in its 21st Century Communities program. Several large-scale, countywide initiatives had been completed previously and helped to achieve a sense of direction and consensus on economic development issues within the county.

Several major issues and strategic directions emerged through the 21st Century Community assessment process and related studies:

- Job Creation/Retention/Diversification
- Workforce Development
- Infrastructure
- Unity and Communication
- Appearance and Image



Since being part of the 21st Century program, several accomplishments can be listed:

- CDBG Concentrated Needs grants totaling $700,000 have been secured.
- At the August 2002 Small Cities CDBG conference, the City of Eden's Island Mill project was named Best Rehabilitation Project of the CDBG Program.

Rutherford

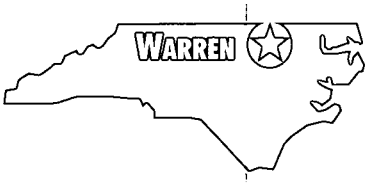


Rutherford County is a first-round 21st Century Communities participant. At the time of its selection, Rutherford County was in the initial stages of a strategic planning effort financed through private contributions. Rather than creating an additional strategic planning document, the county decided to utilize the 21st Century Communities program in a supporting role.

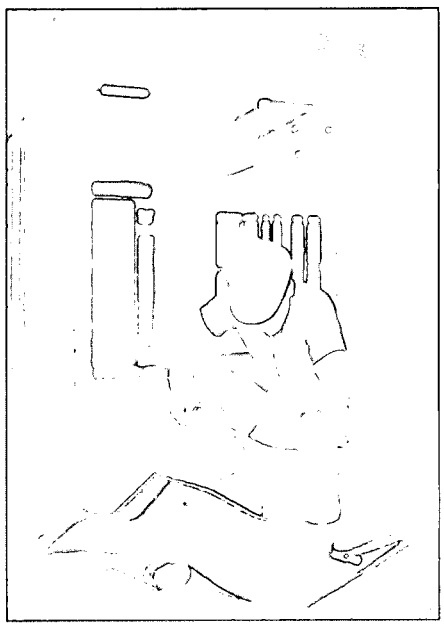
The county has had significant success in addressing several of the identified major issues.

- Local government officials now meet quarterly to discuss areas of mutual concern and explore opportunities for greater cooperation.
- A comprehensive land use plan has recently been prepared and the county has employed its first full-time planner.
- The county has established a funding mechanism to finance water extensions to outlying areas. Forest City worked in conjunction with the Broad River Water Authority to construct two interconnects between the water systems to provide a means of sharing water in drought situations.

Warren



Warren County is a first-round 21st Century Communities participant and benefited from a Department of Commerce community assessment in the Spring of 2002.



A strategic plan was developed to capitalize on the county's assets of solid infrastructure, industrial sites, access to major highways, proximity to the Triangle area, architecturally significant buildings and antique shops as well as proximity to Kerr Lake and Lake Gaston.

The most important result of the 21st Century Communities process and the resulting action plan was the **creation of the Warren County Chamber of Commerce.** From its beginning in 2003, the chamber has grown to over 150 members and has created a promotional Web site. Local leaders believe the creation of a chamber was a great achievement for the county and affords the opportunity to coordinate local economic development efforts.

Washington



Washington County was selected for participation in the second round of the 21st Century Communities program and is currently undergoing its strategic planning process. The Department of Commerce continues to provide the county with technical assistance in development and implementation of recommendations.



Current projects underway that have grown out of the 21st Century Communities process include:

- **Washington County Visitors Center**
  This project is a priority for Washington County. A $250,000 grant application has been submitted to the Golden LEAF Foundation for this project.

- **Plymouth Municipal Airport**
  Extending the airport's runway to accommodate larger aircraft would help Washington County in its business recruitment efforts. Plymouth has completed Phase I of the airport project. Phase II will include the extension of the runway to 5,500 feet, land acquisition, and building corporate and rental hangars.

Yancey



Yancey County is a first-round 21st Century Communities participant. An ambitious action plan focusing on several simultaneous initiatives is underway:

- New business recruitment incentives
- Improved water and sewer infrastructure
- Encouragement of downtown revitalization
- Access to high-speed Internet access
- Investigation of arts and crafts as a job-creating industry

To date, many of the plan's components have been achieved:

- Purchase of a former industrial site for use as a new industry recruitment tool.
- Installation of high-speed Internet infrastructure nearing completion.
- Construction of a downtown performance center and gallery space.
- Grants secured from the Rural Center, Appalachian Regional Commission and TVA for the establishment of the Yancey County Mountain Heritage Center, a business incubator and marketing center for the arts and crafts industry.
- Grant secured from the Rural Center for a $3 million extension of sewer and water lines to the eastern end of the county in support of existing industries.

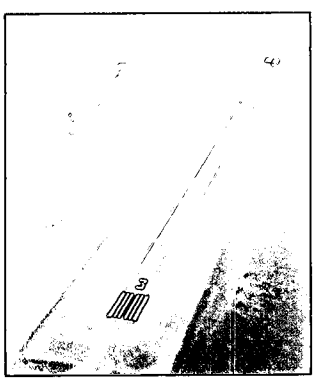


Program Highlights

Plymouth Airport Modernization for Economic Development

The Plymouth Airport Modernization for Economic Development project is finishing the $1.5 million Phase I, which includes runway, apron and taxiway resurfacing, runway and approach lighting upgrades, an FAA approved Airport Layout Plan, environmental assessment and engineering/project oversight.

They are now transitioning into Phase II, which entails lengthening the runway to 5,500 feet and construction of several hangars. This project will allow additional corporate aircraft direct access to new commerce opportunities and existing business interests throughout the region.



Annette Pierce, Roanoke Beacon Newspaper

21st Century Communities provided guidance in efforts to identify resources for Phase 1 and continues to assist in securing funding from numerous other sources. Large corporations and small businesses all have an interest in seeing this airport expanded.

"The success of this project is a direct result of our outstanding relationship with the Department of Commerce," said Gene Roberts, Plymouth Airport Committee Chairman. "They are proactive and they care about our community."

"The 21st Century Communities program has been everything I thought it would be and much more. In our case, we had an excellent economic development strategy in place but needed help in securing sufficient funds from multiple sources. The 21st Century Communities program has been instrumental in coordinating the necessary networking. As a direct result, we now have Phase I of a 'brick and mortar' project in place at our airport and are transitioning into Phase II with more construction to come."

— Plymouth Mayor Brian Roth

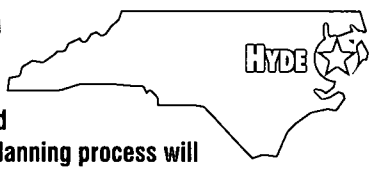
Burke



The Burke Partnership for Economic Development (BPED) is confident the 21st Century Communities program will provide opportunities to increase job creation and economic development. The county has identified several projects for its initial focus:

- Burke and four municipalities within the county have purchased 83 acres adjacent to Interstate 40. These jurisdictions plan to work cooperatively to develop an industrial park on the site.
- The City of Morganton has purchased a 31-acre site along Interstate 40 for industrial development and is welcoming partners to develop the property.

Hyde



Several communities in Hyde County have recently undergone small area planning and the county's strategic planning process will build upon these small area plans. The result will be Hyde's first countywide strategic plan.

Hyde County has traditionally focused on farming and fishing. Recent changes in both industries have caused the county to reach out to new and existing industries. Accomplishments that will facilitate the county's strategy are:

- Adoption of countywide subdivision regulations to prepare for growth.
- Adoption of a development ordinance for Ocracoke.
- Rose Acres Farms announced the construction of an egg production facility, employing 125 people.
- East Carolina Bank announced it would continue to make Hyde County its headquarters.

Montgomery



Montgomery County began its strategic planning process recently and has identified three key issues on which to focus its economic development planning efforts.

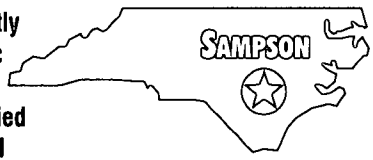
A task force is now being appointed to study each issue, with the Department of Commerce assisting in the prioritization and implementation of the final recommendations.

- Infrastructure
- Tourism
- Education

"We are very excited that the N.C. Department of Commerce has chosen Montgomery County to be a 21st Century Community. Textiles, our industrial base, have declined significantly and we are in a critical transitional time right now. We look forward to the attention and resources that will be directed our way through this program."

— Judy Stevens, Montgomery County Economic Development Director

Sampson



Sampson County recently completed an economic development strategic plan project and identified several projects in need of attention.

A Shell Building Analysis
A committee was established to survey available industrial buildings.

Countywide Industrial Site Master Plan
An industrial site committee is in place and is preparing a map identifying potential sites.

Distribution Center Area Plan
A 700-acre site near Interstate 40 has been identified as a potential distribution center site. A feasibility study is underway.

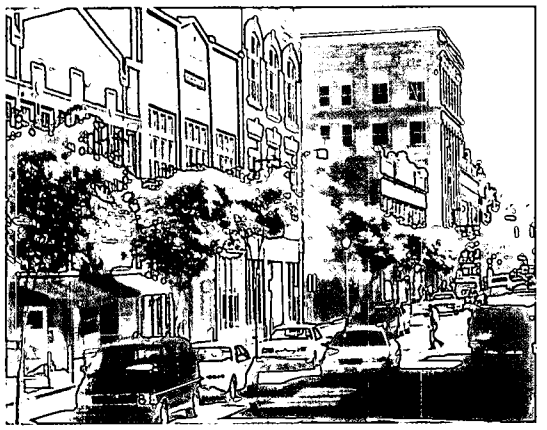
Agri-Business Development Plan
Local leaders are forming a committee with local agricultural experts to assess agri-business opportunities.

The 21st Century communities have benefited from the collaborative efforts of state, regional, local and federal agencies, local education agencies, community colleges, and private and nonprofit organizations. Each county's assets and strengths are highlighted and built upon while fully recognizing that what might work in one county may not work in another.

Several common themes have emerged during the first 16 projects. Layoffs and plant closings in textiles and other traditional manufacturing segments have accelerated the need for workforce retraining. Another challenge includes the lack of suitable business settings, often without ample infrastructure and utility services. Citizens frequently cite K-12 education, housing stock and water and sewer utilities as areas also in need of attention.

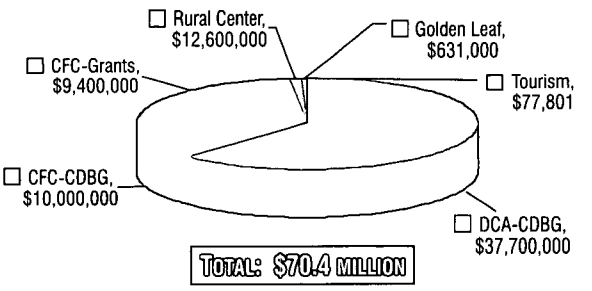
Roughly 25 percent of grant funding was allocated to water and sewer projects, 20 percent for infrastructure and economic development projects, 18 percent for competitive Community Development Block Grant (CDGB) applications and 10 percent for community revitalization.

During 2005, through September, the 21st Century communities realized an additional **$352 million in Department of Commerce-assisted business investment and 2,000 new jobs. In addition, the communities realized $7 million in CDBG awards, $2.2 million in One North Carolina funding, $4 million in Industrial Revenue Bonds, and $650,000 in Industrial Development Fund grants.** The partnerships that have been created have helped leverage financial packages and technical assistance.



From 2002 through 2004, the 21st Century communities benefited from $70.6 million in grant funding from state, federal and non-profit sources. Planning and collaboration among partners stimulated grant applications and increased the likelihood of funding. Note that a number of the partners are federal or quasi-governmental organizations.

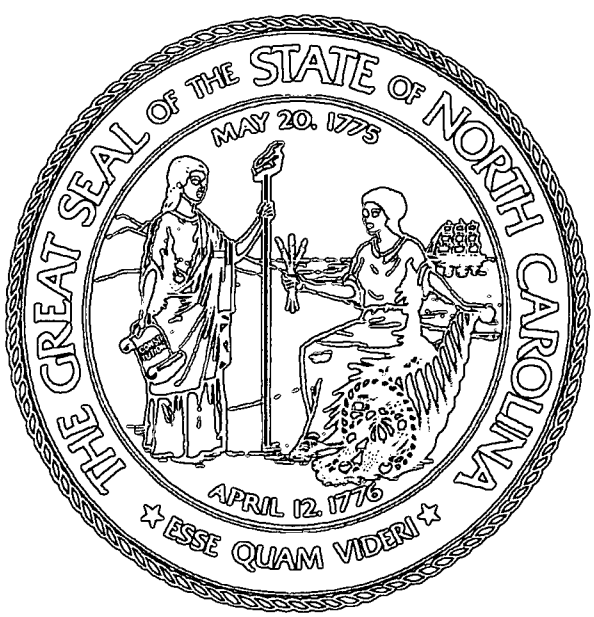
Funding by Source
2002 to 2005 (Q3)



Many of the 21st Century program recommendations have been completed, while others are on-going. Study proposals led to downtown development initiatives, countywide master planning, tourism development, infrastructure projects, new economic development organizations, and the establishment of a local chamber of commerce.

The 21st Century Communities program gives an important boost to community and economic development by focusing attention, activating citizen groups, and reinvigorating community activity and efforts.

As indicated by the statistics cited above, the program has generated results and has leveraged the sweat equity invested by 21st Century partners and communities.



North Carolina Department of Commerce ○ 301 North Wilmington Street

4301 Mail Service Center ○ Raleigh, NC 27699

500 copies of this public document were printed at a cost of $1,3250.

NATURAL AND ECONOMIC RESOURCES APPROPRIATIONS SUBCOMMITTEE

DEPARTMENT OF LABOR OVERVIEW

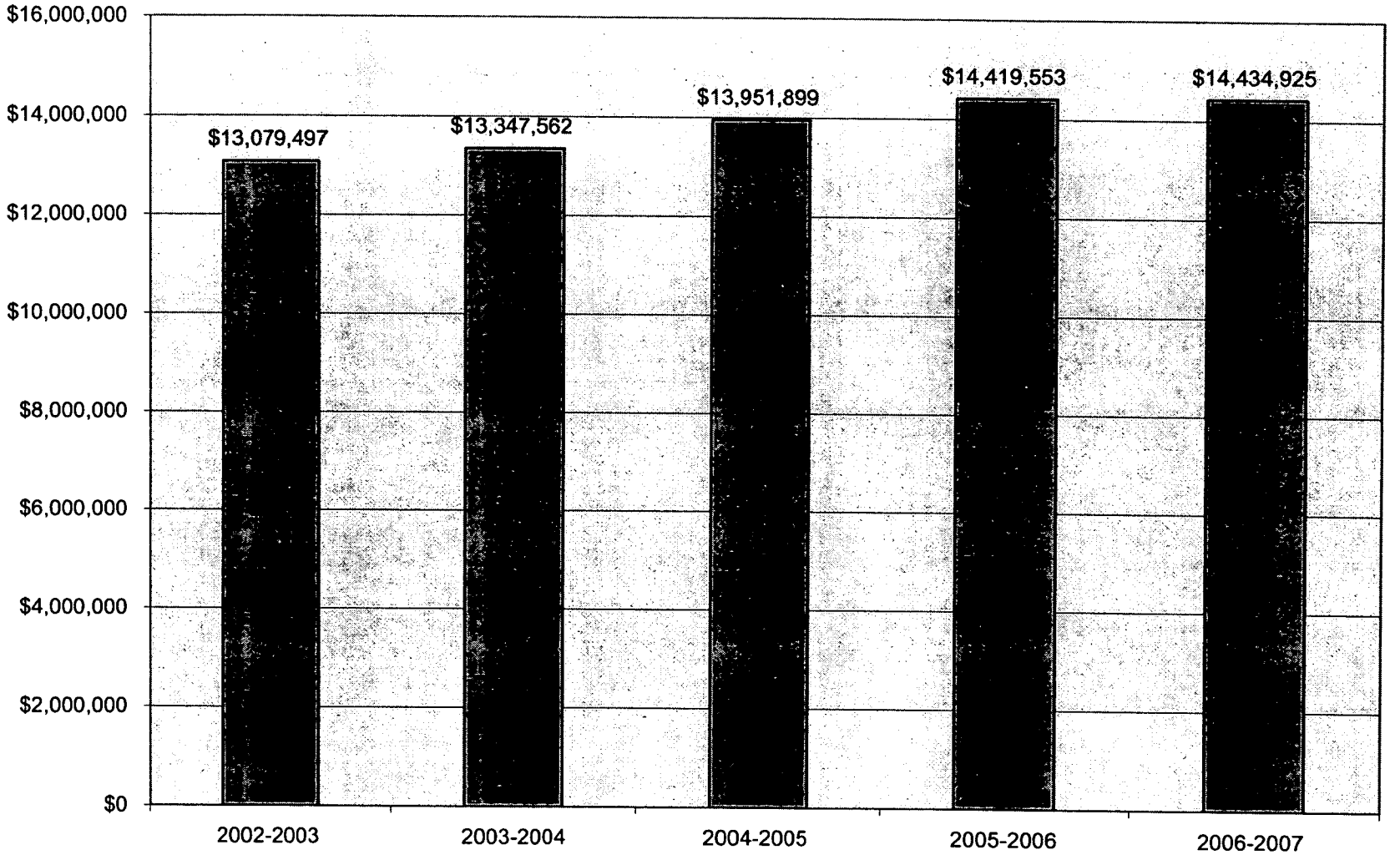
Departmental Functions:

- ❖Administration
- ❖Occupational Safety and Health
- ❖Labor Standards and Inspections

General Fund Departmental Overview					
	2002-2003 Actual	2003-2004 Actual	2004-2005 Actual	2005-2006 Certified	2006-2007 Certified
Expenditures	27,183,318	27,324,838	28,823,685	27,242,564	27,269,328
Less Receipts	(13,772,397)	(14,112,460)	(14,456,436)	(12,823,011)	(12,834,403)
Cash Balance (+/-)	(331,425)	135,184	(415,350)	0	0
State Appropriations	*$13,079,497*	*$13,347,562*	*$13,951,899*	*$14,419,553*	*$14,434,925*
Positions	441.75	436.00	436.00	432.00	432.00

Attachment 8

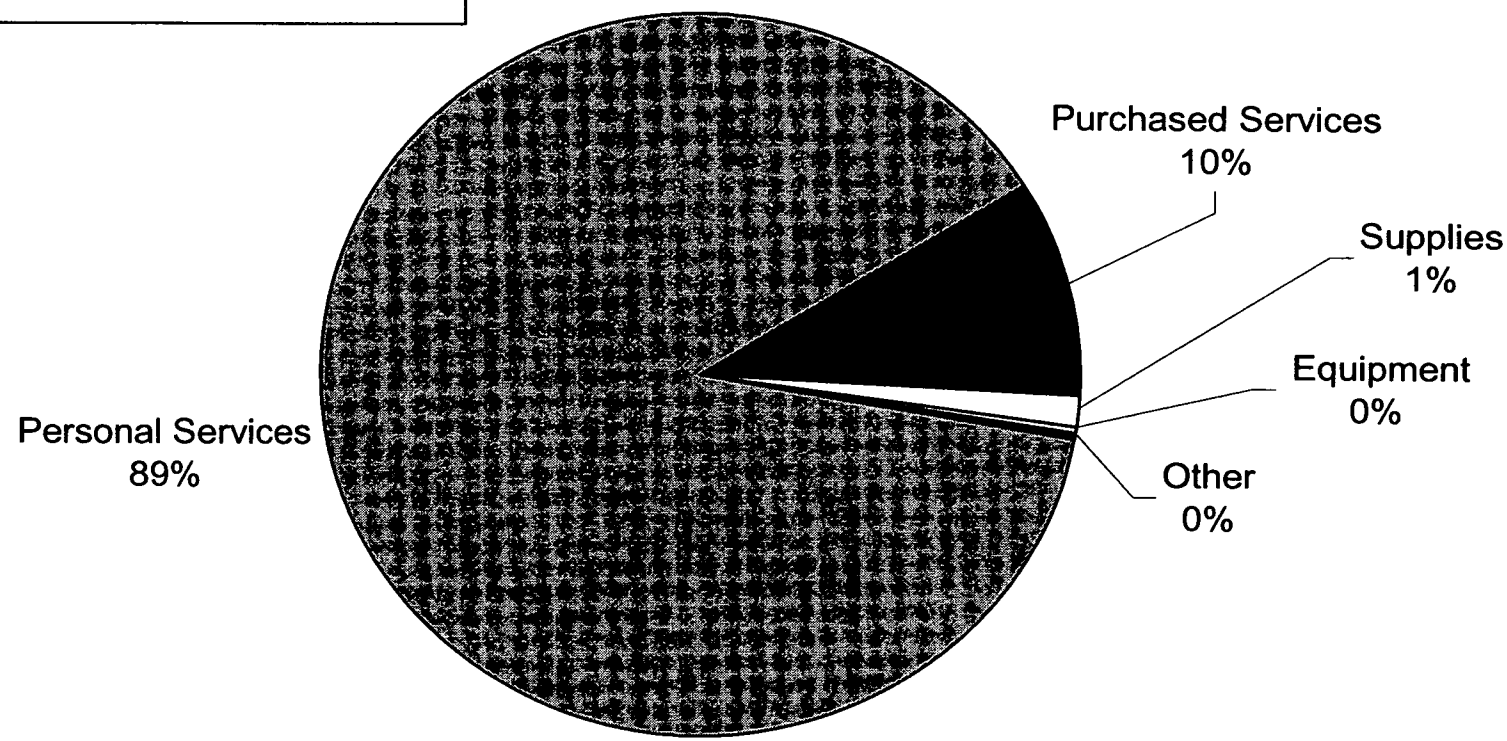
LABOR: GENERAL FUND APPROPRIATIONS 5-YEAR HISTORY



DEPARTMENT OF LABOR

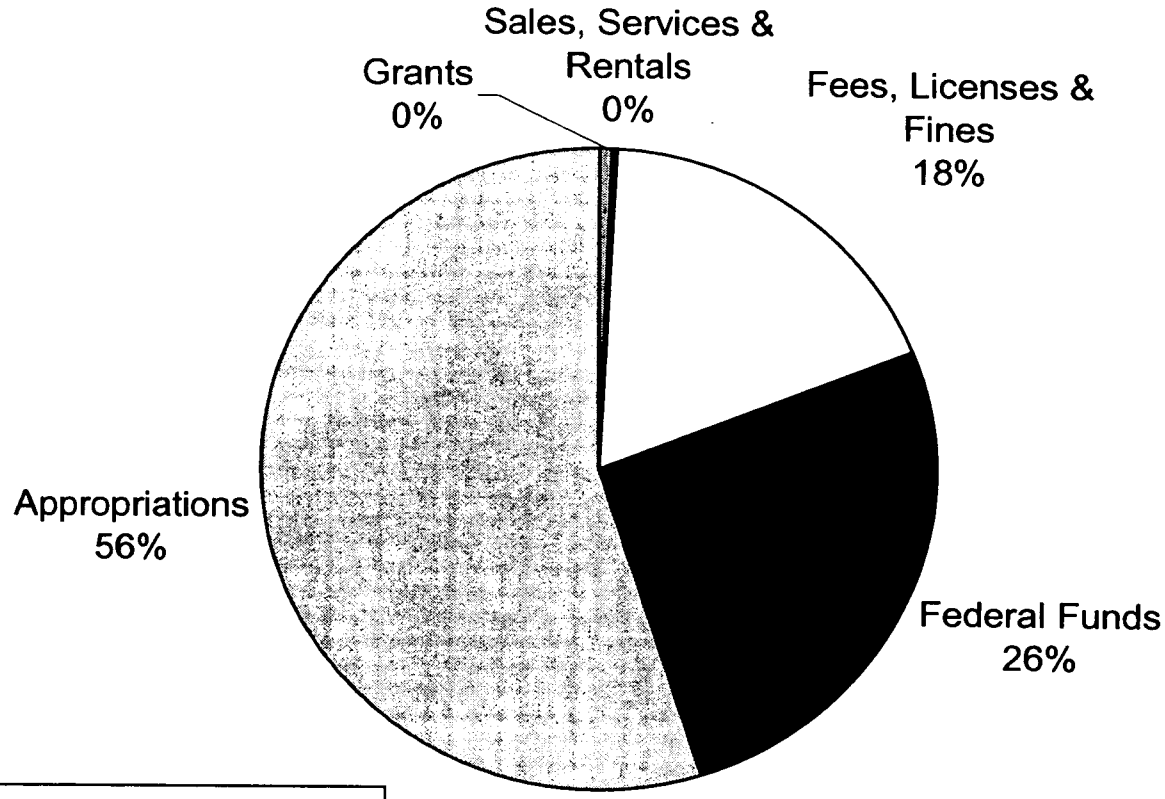
FY 2005-06 CERTIFIED BUDGET BY EXPENDITURE TYPE

FY 2005-06 Requirements
$27,242,564



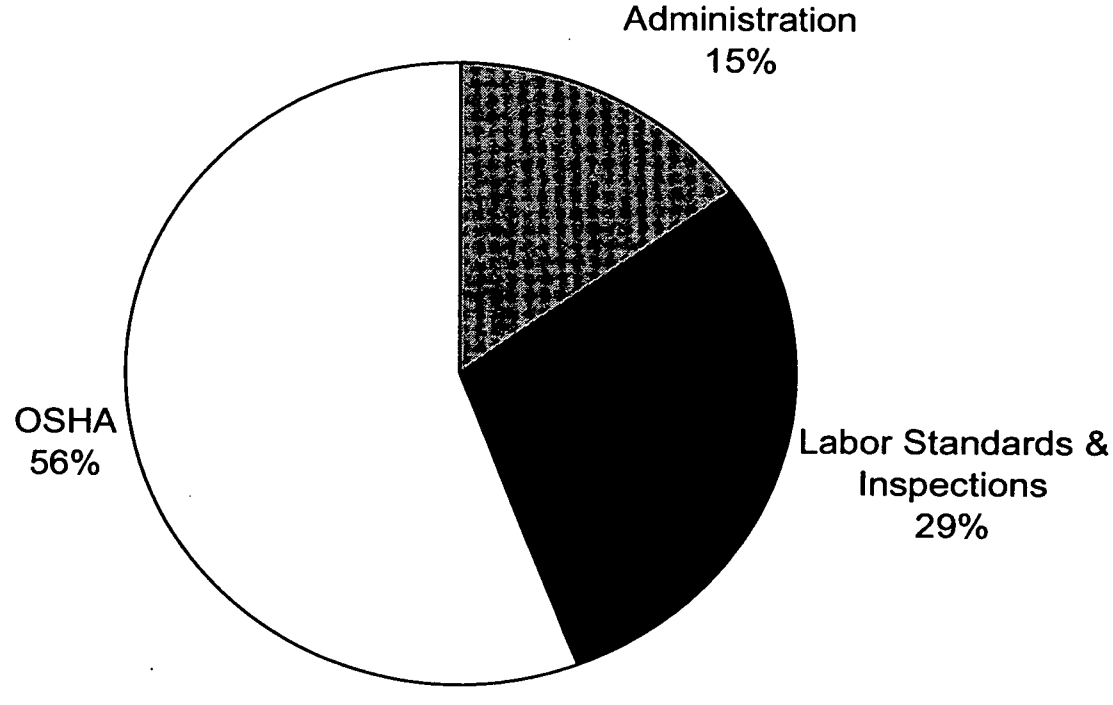
DEPARTMENT OF LABOR

FY 2005-06 CERTIFIED FUND SOURCES



FY 2005-06 Certified Budget
Total: $27,242,564
GF: $14,419,553

LABOR: FY 2005-06 Certified General Fund Appropriation By Function



The North Carolina Department of Agriculture & Consumer Services

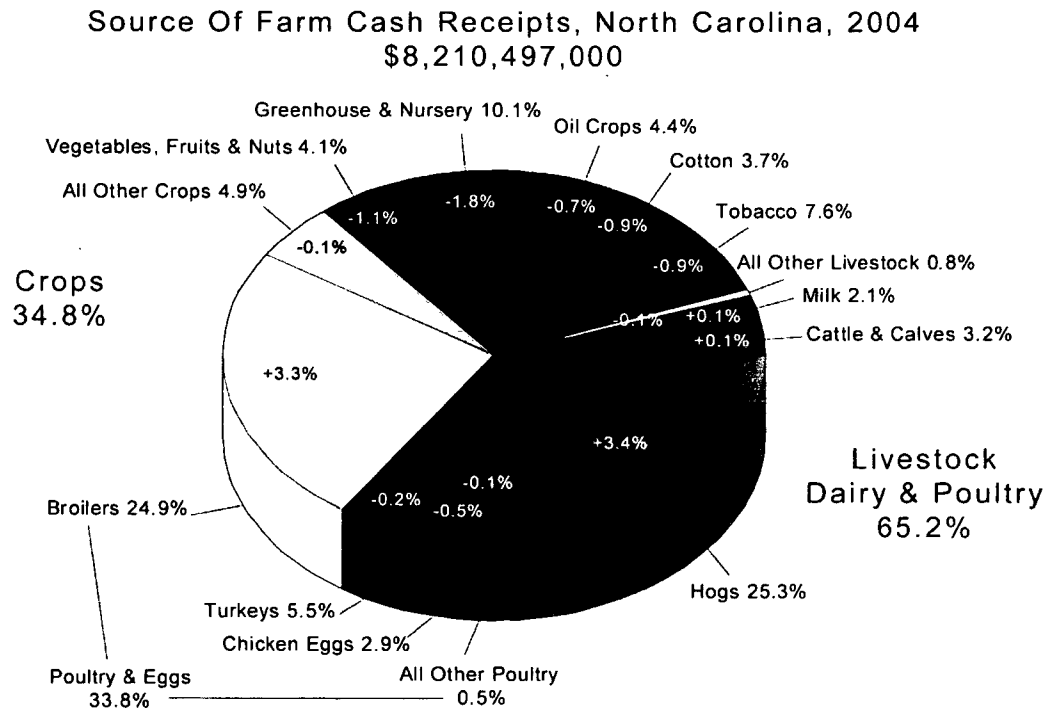
Protecting and Enhancing North Carolina's Number One Industry – Agriculture



Agriculture:
$59 billion dollar industry

Nearly 18% of the state's workforce is employed in agriculture or agribusiness.

Livestock and Poultry: 65% of cash receipts



Farmland Preservation

North Carolina led the nation in 2005 in loss of farms

Critical Expansion Needs

Goal:
Replace Unrealized Receipts

Increase appropriations for

- Research Stations Division
- Plant Industry Division – Fertilizer Section

Research Stations Division

- Tobacco program receipts reduced by 43%
  - Due to loss of Federal program
- Peanut program receipts reduced by 49%
  - Due to loss of Federal program
- Dairy program receipts reduced by 51%
  - Due to consolidation and closing of two facilities
- Swine program receipts reduced by 84%
  - Due to consolidation and closing of facilities
  - Change in focus of research projects

Plant Industry Division - Fertilizer Section

- Tonnage receipts in 2005 down 26%
  - Due to increased use of precision farming
  - A change in types of crops currently grown

Goal:
Critical Emergency Preparedness

Meet staffing and facility needs for:

- Emergency Programs Division
- Food & Drug Division
- Veterinary Division
- Meat & Poultry Division

Critical Emergency Preparedness

- Critical emergency preparedness items endorsed by the Public Health/ Bioterrorism Issues Subcommittee on Emergency Preparedness:
  - Emergency Programs Division
  - Food & Drug Division
  - Veterinary Division

Emergency Programs Division

- Support of Multi Hazard Threat Database (MHTD)
  - Request
    - $348,000 – 4 positions
      - Application Analyst Programmer II
    - $614,000 – hardware/supplies/training
  - Benefits
    - Reduce turnover
    - Retain experienced technical staff

Food & Drug Division

- Constable Lab
  - Request
    - $1.8 million for equipment and system replacements
      - Equipment outdated and not supported by manufacturer
  - Benefits
    - Maintain facilities
    - Increase efficiency for emergency response
    - Facilitate ISO 17025 accreditation
    - Improve data management

Food & Drug Division

- Constable Lab
  - Request
    - $180,378 – 4 positions
      - Chemist II (2)
      - Microbiologists II (2)
  - Benefits
    - Decrease sample turnaround time
    - Enhance laboratory efficiency

Veterinary Division

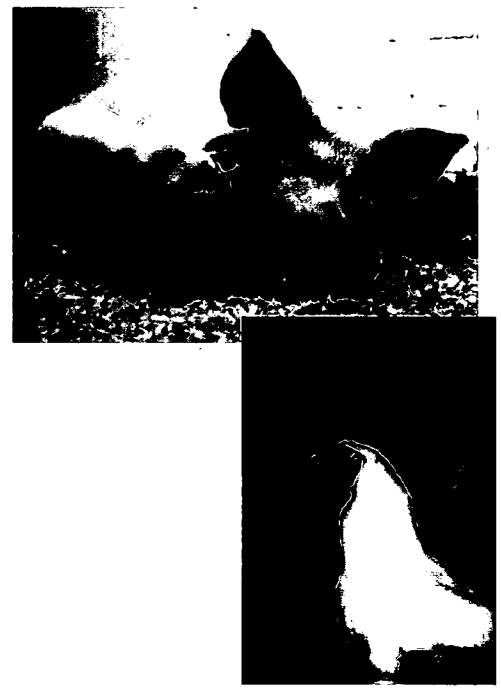
- Rollins Laboratory Renovation
  - Request
    - $250,000
      - To enhance AI testing
      - To be leveraged with $290,000 Federal funds for equipment purchases



- Capital Planning
  - Request
    - $1.25 million
      - Capital planning funds for improvements to the NCVDL system
      - Included in 06-07 Capital Budget Request

Veterinary Division

- Benefits
  - Increase level of testing for avian influenza, classical swine fever and other domestic and foreign animal diseases
  - Decrease turnaround time for critical lab results



Veterinary Division

- Position
  - Request
    - $147,172 – 1 position
      - Scientific Director for the five Veterinary Diagnostic Laboratories
  - Benefits
    - Direct oversight of all five labs
    - Maintain lab accreditation



Goal: Enhance Meat & Poultry and Food & Drug Inspection Divisions

Add staff to meet demand for inspections in growing industry

Meat & Poultry Division

- Positions
  - Request
    - $163,000 – 6 Inspectors
      - Funding to be matched equally with Federal dollars
  - Benefit
    - Meet the demand for the rising number of inspections due to the expanding meat and poultry industry

Food & Drug Division

- Food Compliance and Regulatory
  - Request
    - $336,000 – 7 positions
      - Food Compliance Officer I (1)
      - Food Regulatory Specialists (6)
  - Benefits
    - Increase inspection capabilities with goal of 100% completion rate
    - Improve emergency response capability

Goal:
Domestic Marketing

"Got to be NC"

- Promote
  North Carolina products

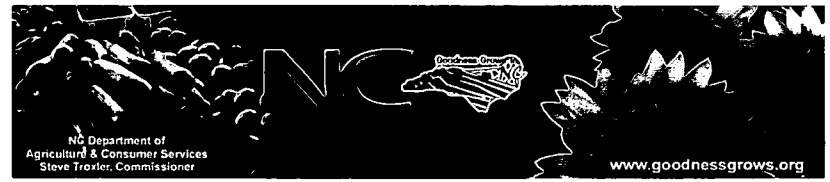
got to be

Goodness Grows In NC

AGRICULTURE

Domestic Marketing

- Got to be NC
  - Request
    - $540,000
      - Raise market awareness



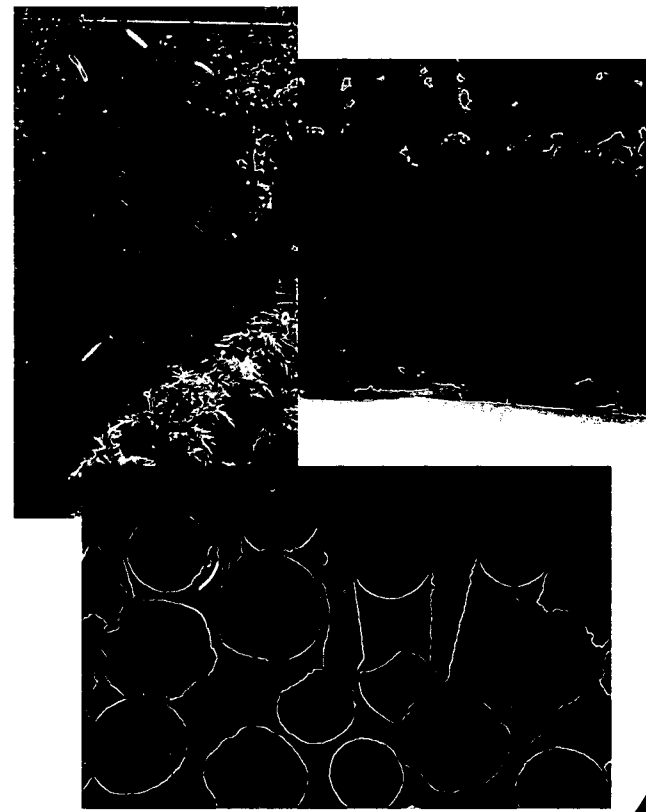
  - Benefit
    - Elevate the visibility of NC agricultural products with consumers

Goal:
Plant Industry Division

Improve Export Certification Program

Plant Industry Division

- Position
  - Request
    - $116,646 – 2 positions
      - Inspections in the export certification program
  - Benefits
    - Improve efficiency in issuing phytosanitary certificates
    - Reduce trade delays



Goal:
Human Resources Division

Increase staffing to service department-wide HR needs

Human Resources Division

- Position
  - Request
    - $97,382 – 1 position and support



  - Benefit
    - Enhance employee recruitment and retention
    - Facilitate career banding and employee benefits

Goal:
Standards Division

Timely and accurate inspections of gas pumps, price scanners, scales and other tools of commerce



Standards Division

- Positions
  - Request
    - $95,506
      - 2 Inspectors
  - Benefit
    - Reduce time intervals between inspections



Goal:
Agricultural Review

Continue publication of respected and valuable resource

Agricultural Review

- Resources
  - Request
    - $40,000
  - Benefits
    - Offset rising postage costs
    - Restore to monthly publication

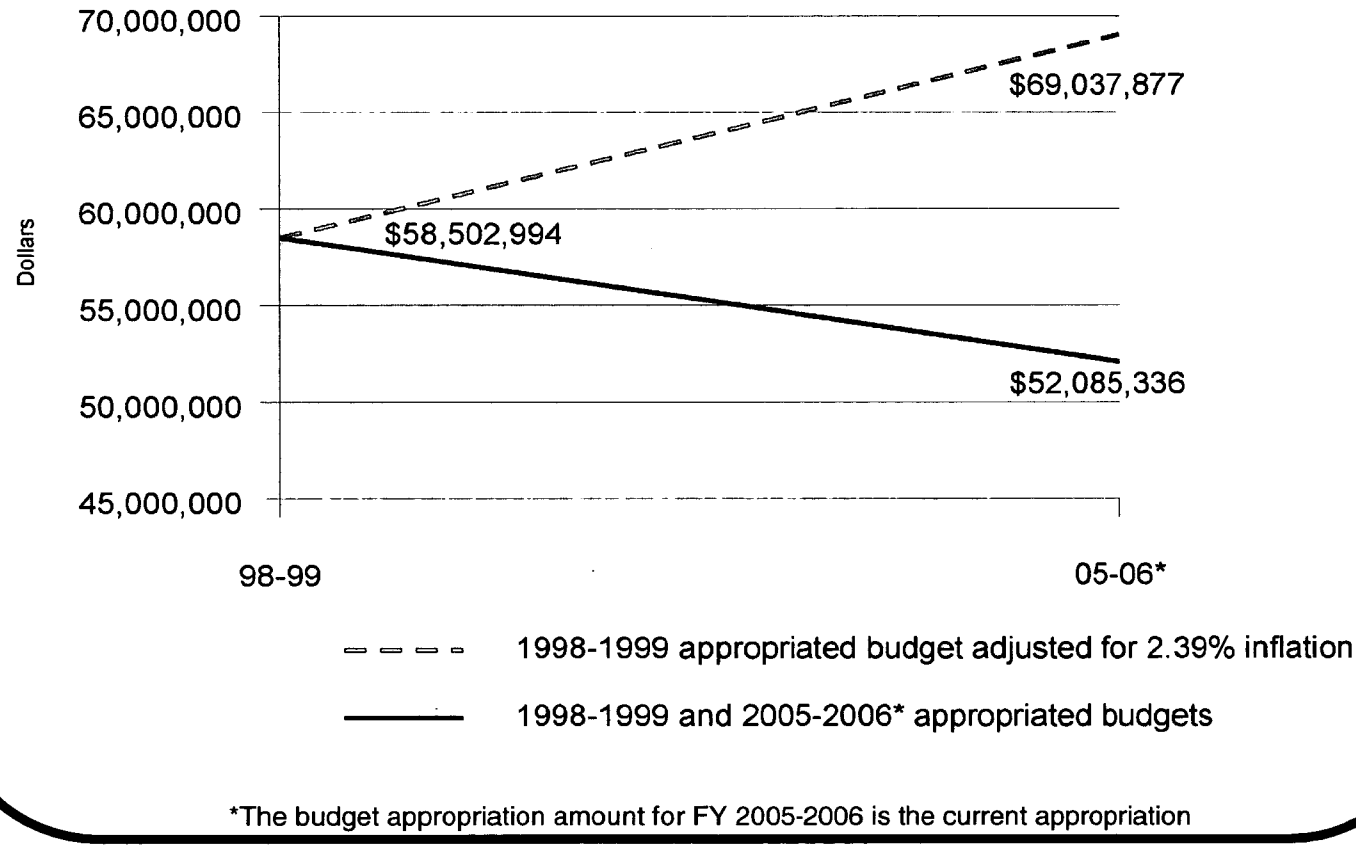
Goal:
Pesticide Staffing Support

Limit potential pesticide impacts on health and environmental quality

Pesticide Staffing Support

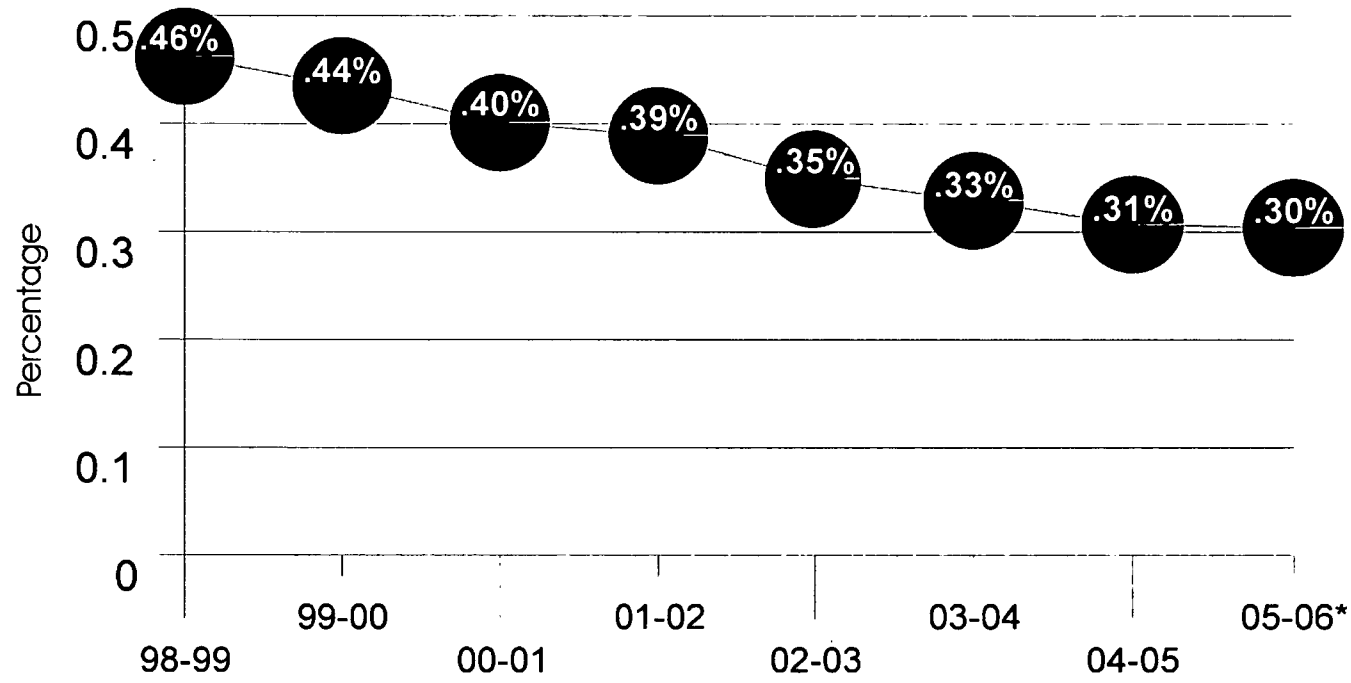
- Positions
  - Request
    - $200,758 – 3 positions
      - Environmental Toxicologist
      - Bilingual Pesticide Specialist
      - Pesticide Environment Investigative Specialist
  - Benefits
    - Protect public health
    - Protect environment
    - Expand public service capacity

Inflation & The NCDA&CS Budget



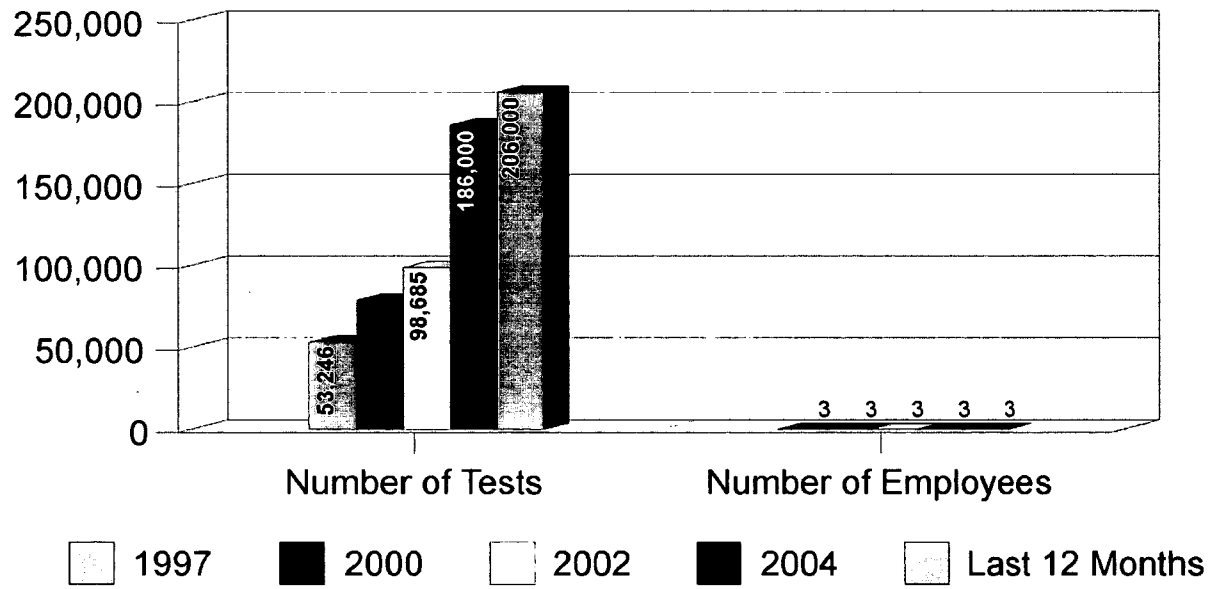
*The budget appropriation amount for FY 2005-2006 is the current appropriation

Agriculture's Percentage of Total Appropriated State Budget

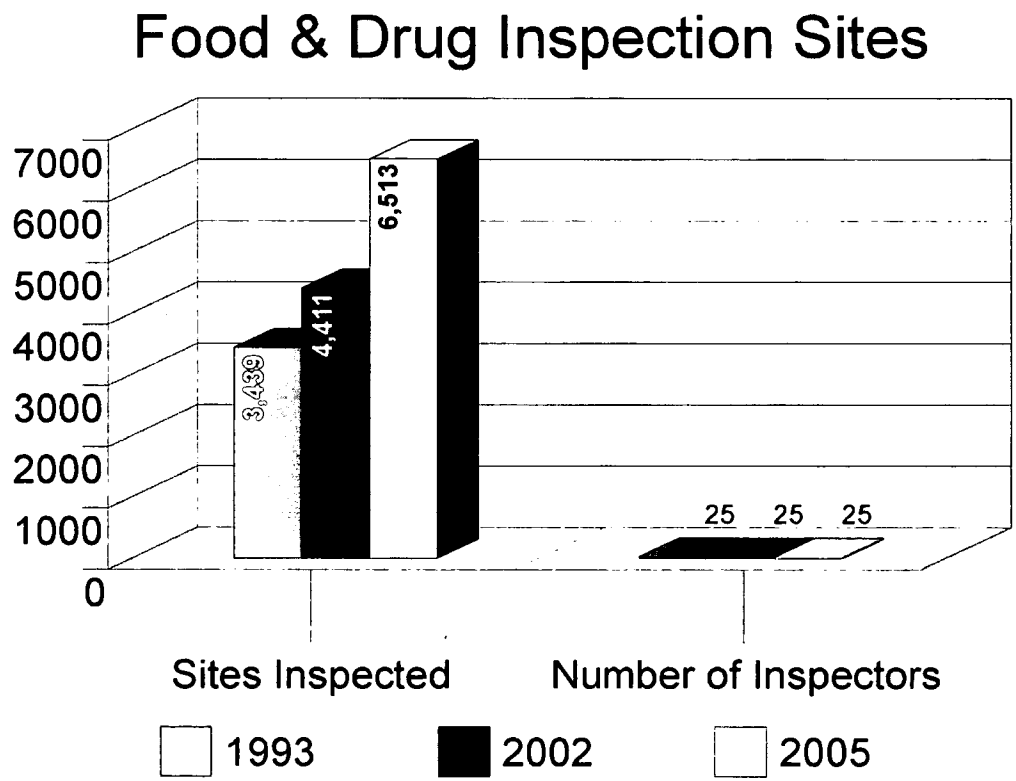


*The budget appropriation amount for FY 2005-2006 is the current appropriation

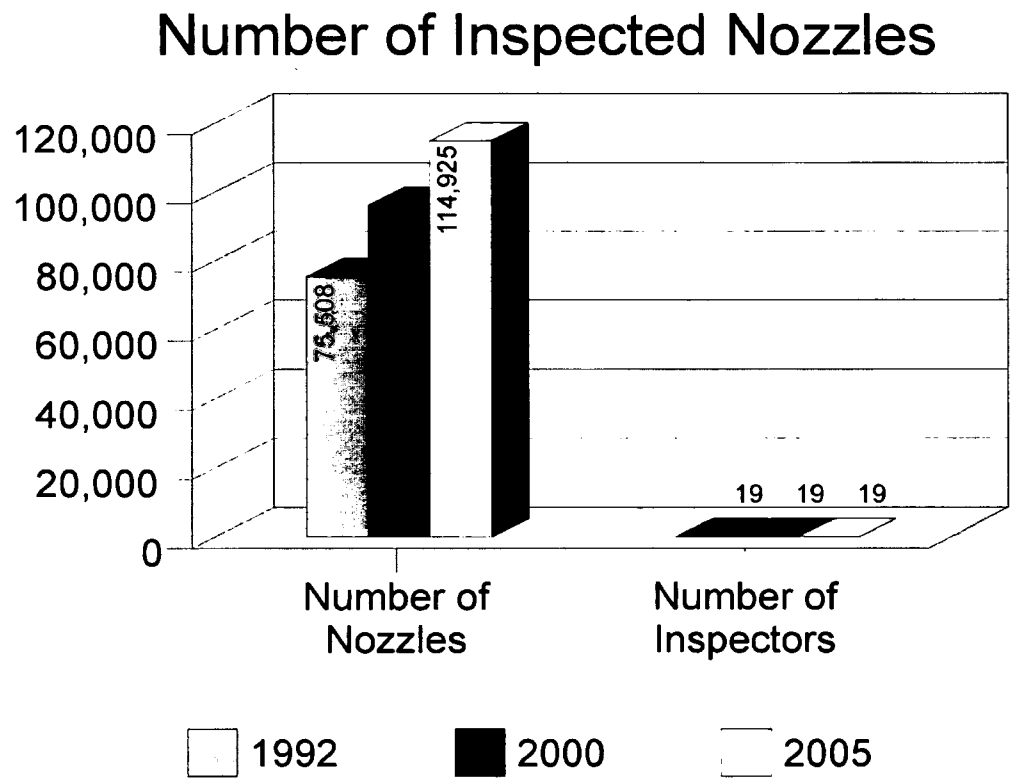
Sampling for Avian Influenza



Food Regulatory Specialists



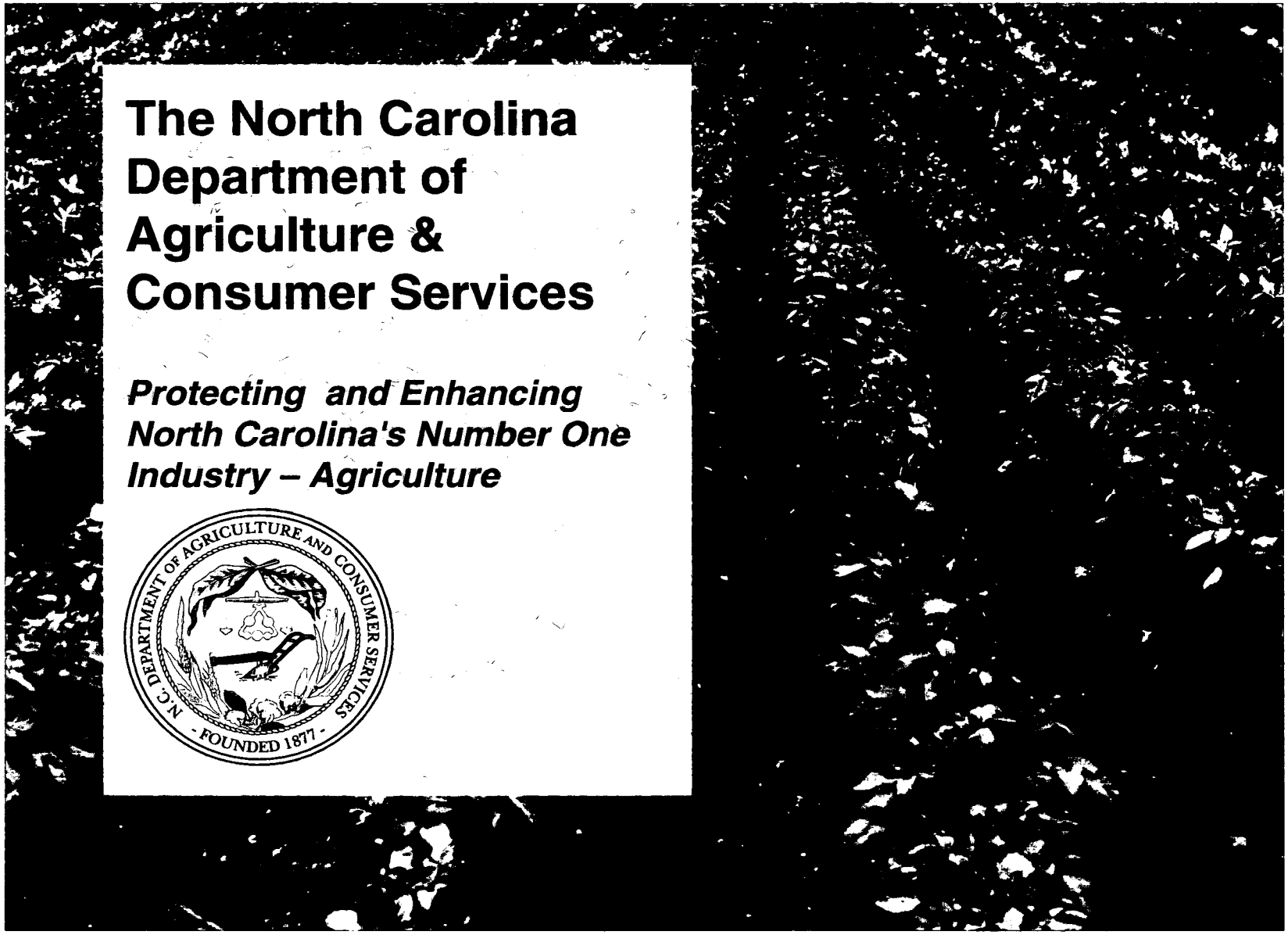
Increase In Gas Dispensers



Multi-Hazard Threat Database

- Benefits
  - Disease management and surveillance
  - Bio-security
  - Emergency preparation and response




The North Carolina Department of Agriculture & Consumer Services
Protecting and Enhancing North Carolina's Number One Industry – Agriculture
N.C. DEPARTMENT OF AGRICULTURE AND CONSUMER SERVICES
- FOUNDED 1877 -

NATURAL AND ECONOMIC RESOURCES APPROPRIATIONS SUBCOMMITTEE

DEPARTMENT OF AGRICULTURE AND CONSUMER SERVICES (DACS) OVERVIEW

Departmental Functions:

- ❖Administration & Special Programs
- ❖Agricultural Services: 6 Divisions
- ❖Consumer Protection: 6 Divisions

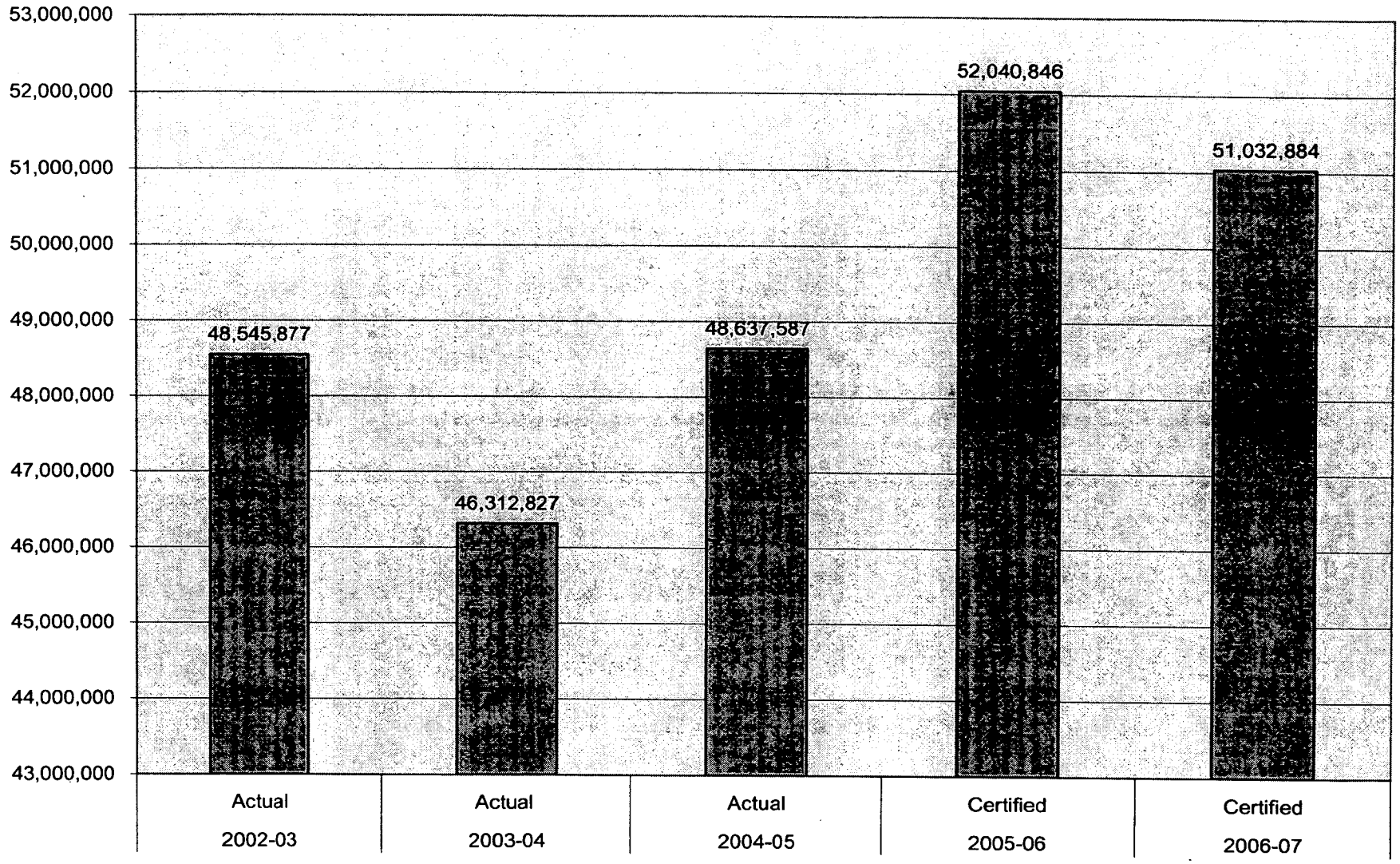
Department of Agriculture and Consumer Services

General Fund Departmental Overview					
	2002-03 Actual	2003-04 Actual	2004-05 Actual	2005-06 Certified	2006-07 Certified
Requirements	75,158,286	75,894,197	78,137,199	75,178,833	*74,289,632*
Less Receipts	(26,612,409)	(29,581,370)	(29,500,551)	(23,137,987)	*(23,256,748)*
State Appropriations	*48,545,877*	*$ 46,312,827*	*$ 48,636,648*	*$ 52,040,846*	*$ 51,032,884*
Positions		1,173.00	1,164.75	1,173.75	1,173.50

* Note: Does not include information on DAC's enterprise funds.

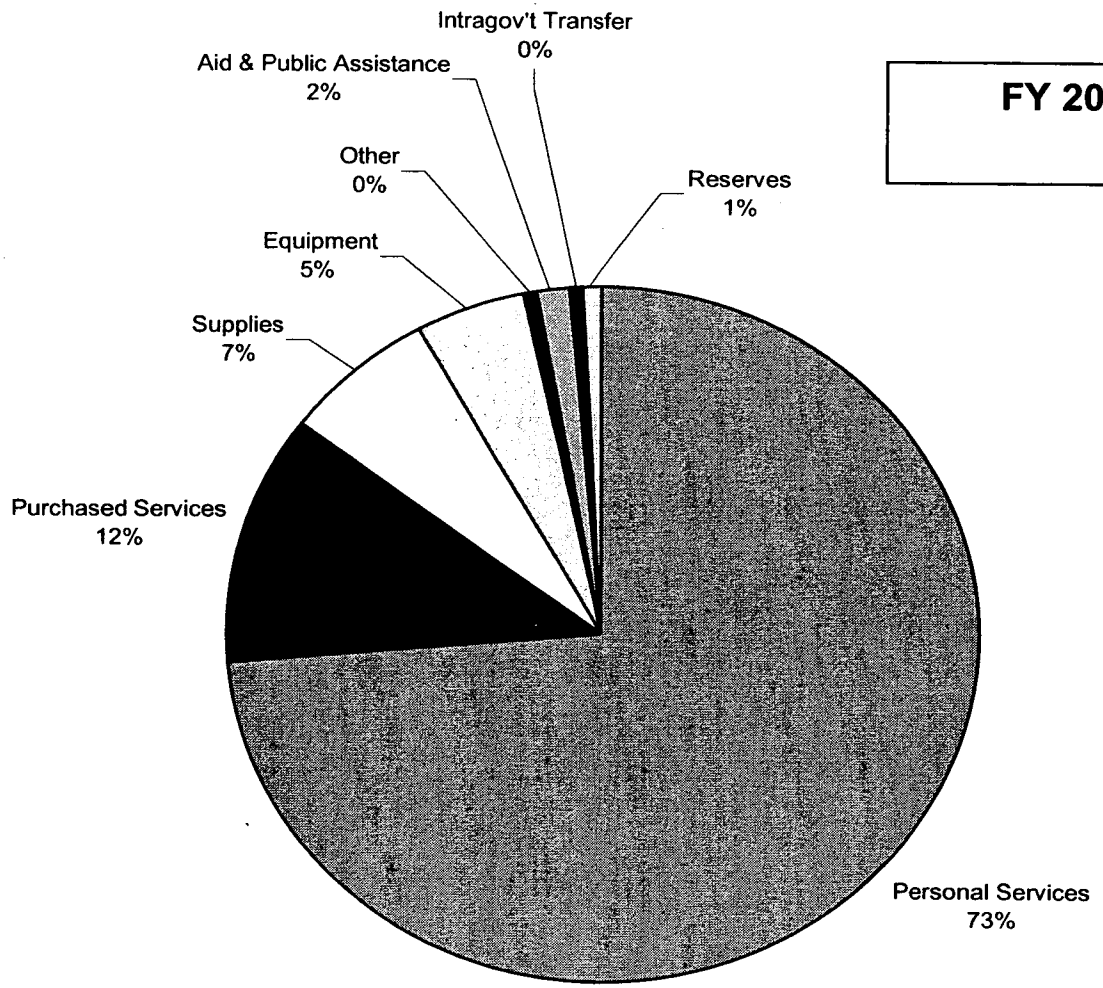
Attachment 10

DACS: General Fund 5-year History



DEPARTMENT AGRICULTURE & CONSUMER SERVICES

FY 2005-06 CERTIFIED BUDGET BY EXPENDITURE TYPE

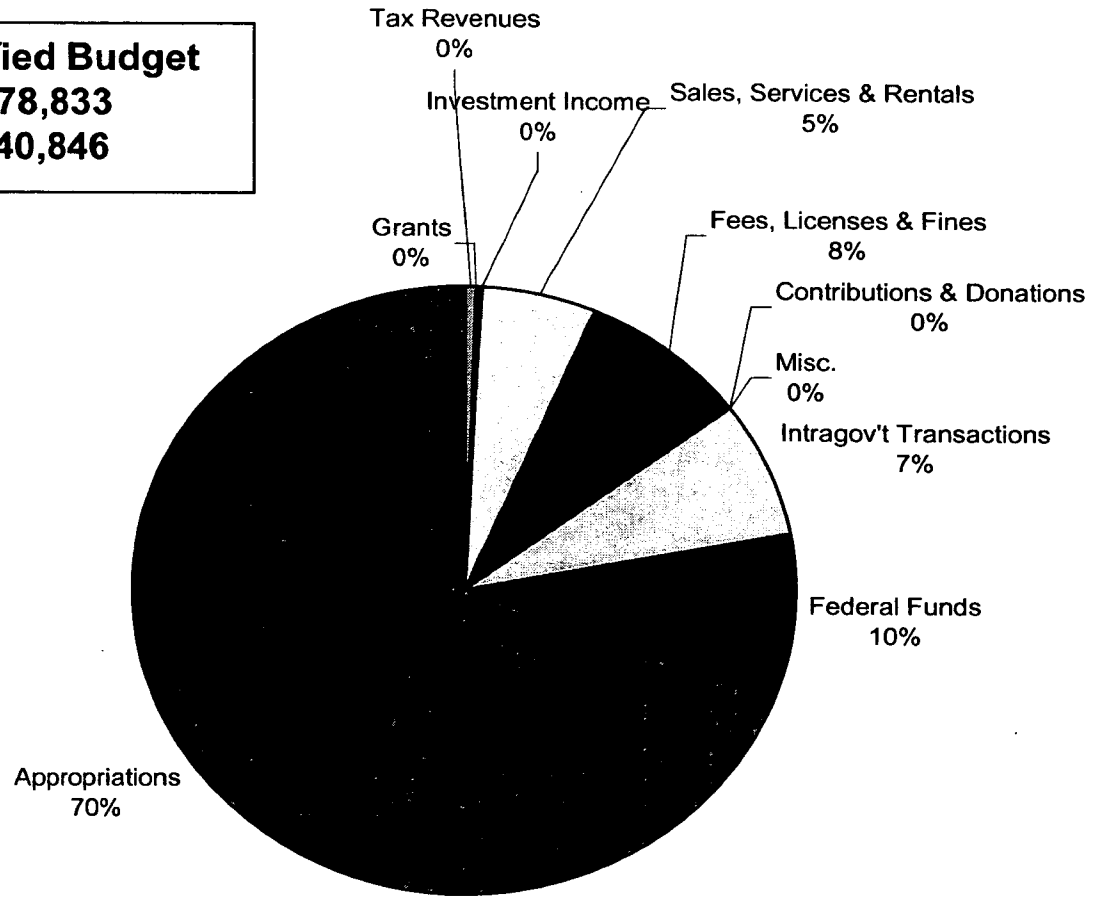


FY 2005-06 Requirements
$75,178,833

DEPARTMENT AGRICULTURE & CONSUMER SERVICES

FY 2005-06 CERTIFIED FUND SOURCES

FY 2005-06 Certified Budget
Total: $75,178,833
GF: $52,040,846



DACS: FY 2005-06 TOTAL CERTIFIED FUND SOURCES

Fund Code	2005-06			% of
	Requirements	Receipts	Appropriation	Appropriation
General Administration	1,899,840	0	1,899,840	3.7%
Administrative Services	2,841,540	629,742	2,211,798	4.3%
Public Affairs	423,796	30,239	393,557	0.8%
Human Resources	585,866	58,929	526,937	1.0%
Emergency Programs	960,002	0	960,002	1.8%
Markets	7,957,745	1,885,173	6,072,572	11.7%
Livestock	4,350,883	0	435,083	0.8%
Grape Growers Council	350,000	350,000	0	0.0%
Property and Construction	414,099	108,540	305,559	0.6%
Agronomic Services	3,880,319	521,070	3,359,249	6.5%
Agriculture Statistics	1,502,631	291,870	1,210,761	2.3%
Analytical Administration	1,210,411	3,647	1,206,764	2.3%
Commercial Feed and Pet Food.	1,384,905	604,477	780,428	1.5%
Commercial Fertilizer Analysis	1,038,161	406,680	631,481	1.2%
Pesticide Control	3,854,510	2,143,396	1,711,114	3.3%
Food, Drug and Cosmetic Analysis	3,795,440	433,578	3,361,862	6.5%
Structural Pest Control	1,116,865	512,626	604,239	1.2%
Veterinary Services	9,760,360	1,226,385	8,533,975	16.4%
Meat and Poultry Inspection	6,194,784	3,065,764	3,129,020	6.0%
Weights and Measures	1,127,889	242,000	885,889	1.7%
Gasoline and Oil Inspection	4,260,824	4,260,824	0	0.0%
Seed Testing	1,011,178	303,878	707,300	1.4%
Plant Protection	4,483,743	1,522,338	2,961,405	5.7%
Research Stations	10,575,839	2,691,826	7,884,013	15.1%
Food Distribution	3,148,127	1,033,414	2,114,713	4.1%
Rehabilitation Loan Fund	171,669	171,669	0	0.0%
Agriculture Finance Authority	372,306	372,306	0	0.0%
Reserves and Transfers	153,285	153,285	153,285	0.3%
Indirect Cost Reserve	267,616	267,616	0	0.0%
**State Fair*	*10,467,793*	*10,467,793*	*0*	*0.0%*
**WNC Ag Center/ Mtn Fair*	*1,876,439*	*1,876,439*	*0*	*0.0%*
**Raleigh Farmers Market*	*1,183,651*	*1,183,651*	*0*	*0.0%*
TOTAL	**92,622,516**	**36,819,155**	**52,040,846**	

* Includes enterprise funds.

NC Department of Agriculture Consumer Services
Critical Expansion Needs

Priority Number	Title of Request		Requested 2006-07	Requested 2007-08
1	**Replace Unrealized Receipts**			
	The receipts used to support the Research Stations and divisions dependant on fertilizer receipts have decreased to the point that the programs are suffering great damage. The reasons for the chronic unrealized receipts are many. For Research Stations, it is a combination of transitioning the stations from production agriculture to more intense research platforms. For example,the loss of the tobacco program has reduced receipts by 43%, loss of the peanut program 49%, reorganiztion of the swine program 84%, and reorganization of the dairy program 51%. In addition, many of the research crops cannot be sold due to the experimental nature of the chemicals used or the unproven crop varieties.			
	Fertilizer receipts are down due to more precise farming practices and a change in the nature of the crops grown by farmers. For 2005 the receipts were down by 26%. A turnaround in either of the receipt shortages is not anticipated.			
		Research Stations	$500,000	$500,000
		Fertilizer	$198,400	$198,400
		Total Appropriation	$698,400	$698,400
	Requirements		0	0
	Receipts		($698,400)	($698,400)
		Federal		
		Local		
		Other	($698,400)	($698,400)
			$698,400	$698,400
	Appropriation		0	0
	No. of Positions			

Attachment 11

NC Department of Agriculture Consumer Services
Critical Expansion Needs

Priority Number	Title of Request		Requested 2006-07	Requested 2007-08
2	**Emergency Preparedness Needs** The Joint Subcommittee on Public Health/Bioterrism Issues has identified three divisions in need of immediate funds if the department is to be in position to respond in the event of a highly infectious animal disease outbreak, an emergency involving the state's food supply, and being able to manage a disaster involving the state's agricultural infrastructure. In addition, to the needs presented to the Subcommittee, the Meat and Poultry Inspection Program is short of the number of inspectors needed to meet the demand for inspection oversight to an expanding meat and poultry industry and the Food and Drug Protection Division is in dire need of additional field inspectors.			
		Requirements	$3,118,550	$1,648,550
		Receipts	$163,000	$163,000
		Federal	$163,000	$163,000
		Local		
		Other		
		Appropriation	$2,955,550	$1,485,550
		No. of Positions	22	22
3	**Domestic Marketing** The "Got to be NC" agriculture initiative is designed to raise awareness of the variety of food products, excellent growers and quality meat, produce, seafood, grocery, and green industry products grown and processed in North Carolina. This marketing program will help these groups to compete collectively in the market with other states and countries from around the world.			
		Requirements	$540,000	$540,000
		Receipts	$0	$0
		Federal		
		Local		
		Other		
		Appropriation	$540,000	$540,000
		No. of Positions	1	1

NC Department of Agriculture Consumer Services
Critical Expansion Needs

Priority Number	Title of Request		Requested 2006-07	Requested 2007-08
4	**Export Certification Program - Plant Industry** The Plant Industry Division has a cooperative agreement with USDA to issue federal phytosanitary certificates for the movement of plants and plant products to other countries. The primary purpose of this program is to facilitate agricultural trade while ensuring plants or plant products meet plant pest requirements established by individual countries. From 2004 to 2005 the number of certificates has increased from 1,772 to 2,198. Any delays in issuing the certificates impedes trade.			
	Requirements		$116,646	$139,510
	Receipts		$0	$0
		Federal		
		Local		
		Other		
	Appropriation		$116,646	$139,510
	No. of Positions		2	2
5	**Human Resources** An additional position is needed to implement the new competency based salary plan known as Career Banding. The existing staff does not have the resources to keep pace with the ambitious schedule to implement Career Banding and to meet the human resource expectations of a diverse agency. In addition to Career Banding, the staff must deal with rapidly changing employee benefits programs and the need to provide mandated training.			
	Requirements		$97,382	$97,382
	Receipts		0	0
		Federal		
		Local		
		Other		
	Appropriation		$97,382	$97,382
	No. of Positions		1	1

NC Department of Agriculture Consumer Services
Critical Expansion Needs

Priority Number	Title of Request		Requested 2006-07	Requested 2007-08
6	**Standards Inspectors** Additional inspectors are needed to reduce the increasing inspection intervals. These inspectors will be assigned to inspecting retail motor fuel dispensers and retail weights and measures devices such as scales and scanning systems. Due to growth in the number of retail locations, the inspection intervals between inspections have grown to an unacceptable interval of 18 months or more.			
		Requirements	$95,506	$72,506
		Receipts	$35,760	$35,760
		Federal		
		Local		
		Other	$35,760	$35,760
		Appropriation	$59,746	$36,746
		No. of Positions	2	2
7	**Agricultural Review - Public Affairs** The Agricultural Review is a monthly news publication that serves as a very important outreach tool for the Department of Agriculture. Due to postage increases, the size of the publication and the number of issues have been reduced over time. Additional resources are needed to continue this publication.			
		Requirements	$40,000	$40,000
		Receipts	$0	$0
		Federal		
		Local		
		Other		
		Appropriation	$40,000	$40,000
		No. of Positions	0	0

NC Department of Agriculture Consumer Services
Critical Expansion Needs

Priority Number	Title of Request		Requested 2006-07	Requested 2007-08
8	**Pesticides Staffing Support**			
	A recent series of highly publicized NCDA&CS investigations involving pesticide use in North Carolina has renewed public scrutiny and concern about potential pesticide impacts on health and environmental quality. The facts in these cases raised significant public health issues and concerns, which the Department could not address with current resources. Public attention has also focused on the increased demands placed upon the limited staff within the Pesticide Section, who are charged with enforcing the State's pesticide laws, and whether that limited staff can adequately continue to provide vital public health protections mandated under the North Carolina Pesticide Law of 1971. In order for the Pesticide Section to continue in its progressive and proactive mission to protect public health, safety and welfare and promote continued environmental quality by minimizing the risks associated with the legal use of pesticides in North Carolina, the Department must expand its public service capacity. To do this, the Department must gain an Environmental Toxicologist, a Bilingual Pesticide Specialist, and a Pesticide Environmental Investigative Specialist.			
	Requirements		$200,758	$194,429
	Receipts		$0	$0
		Federal		
		Local		
		Other		
	Appropriation		$200,758	$194,429
	No. of Positions		3	3
	Total Requirements		$4,208,842	$1,732,377
	Total Receipts		($499,640)	($499,640)
		Federal	$163,000	$163,000
		Local		
		Other	($662,640)	($662,640)
	Total Appropriation		$4,708,482	$3,232,017
	Total No. of Positions		31	31

DEPARTMENT OF AGRICULTURE AND CONSUMER SERVICES
2006 CAPITAL BUDGET REQUESTS FOR EMERGENCY PREPAREDNESS

Division	Project	Total Cost	Receipts	Appropriation
Food & Drug Protection	Repairs to Constable Lab to maintain constant environment within the laboratory to ensure accreditation	$500,000	$0	$500,000
Veterinary	Renovation of the Chemistry Laboratory in Rollins Laboratory into a Biosecurity Level 2 Suite	$250,000	$0	$250,000
Veterinary	Planning Funds for the expansion/renovation of the Veterinary Diagnostic Laboratory System	$1,250,000	$0	$1,250,000
	Totals:	$2,000,000	$0	$2,000,000

DEPARTMENT OF AGRICULTURE AND CONSUMER SERVICES
2006 CAPITAL BUDGET REQUESTS

Priority	Division	Project	Total Cost	Receipts	Appropriation
1	Food & Drug Protection	Repairs to Constable Lab	$537,428	$0	$537,428
2	Rollins Laboratory - Veterinary	Expansion/renovation of the Rollins Laboratory	$1,250,000	$0	$1,250,000
3	Administration	Renovation of Agriculture Building and Annex	$16,613,573	$0	$16,613,573
4	Plant Industry Division	NCDA&CS - Oxford Complex - Planning Funds	$1,000,000	$0	$1,000,000
5	Division of Marketing	WNC Farmers Market Truck Shed Addition	$920,834	$0	$920,834
6	Agronomic Services	Renovation/Addition to Eaddy Building	$707,540	$0	$707,540
7	Research Stations	Center for Environmental Farming Systems - Cherry Research Farm - Office/Conf Ctr & Hdqtrs/Greenhouse	$7,001,550	$0	$7,001,550
8	Research Stations	Land Acquisition & Development - Tidewater & Piedmont Research Stations	$2,604,642	$2,604,642	$0
		Totals:	$30,635,567	$2,604,642	$28,030,925

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
Jeff Turner	NCDA
R. Rogers	
Henry M Lancaster	NCASWD
Don Hoisnt	NCDOC
Erin Kinney	NC Conservation Network
Buck Lattimore	Industrial Commission
Patrick Buffkin	Alley Assoc., Inc
Lor. Ann Harris	LAHA
Lesley Cates	Speakers Off
Rita Harris	NC State Ports Auth.

VISITOR REGISTRATION SHEET

Senate Appropriations Subcommittee on NER — May 3, 2006
Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
JIM FAIN	N.C. DOC.
Hyman Young	NCDA+CS - Board of Ag
JACK NEWMAN	Commerce / DCA
Charlie Thompson	Department of Commerce
Rodney Swink	Commerce / Community Assistance
Vickie Miller	Department of Commerce
Gloria Vance-Sims	Dept of Commerce
Kenny Flowers	Dept. of Commerce
Bonnie Hargrave	NC Initiative
~~ASM Ostrosky~~	NCDA
Brigitte Rasberry	NCACDC
Cary S. Hardy	NC DENR
Anita McNeil	NC DENR
Dianne Bradley	DENR-Forestry
Brian Long	NCDACS
David Marshall	NCDA+CS
Cam Cove	FB PWHL
	JOHN BALDWIN LABOR
	N. Dirk Smith - NCDA&CS
	Terri Ullerton NCDA&CS
	STEVE TROXLER NCDA+CS

VISITOR REGISTRATION SHEET

Senate Appropriations Subcommittee on NER — May 3, 2006

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Jim Knight	N.C. Education Lottery 111 Corning Rd Ste 250 Cary NC 27511
Barbara Roper	NC Education Lottery 111 Corning Rd Ste 250 Cary NC 27511
Robin Diehl	NC ELottery
Alice Garland	NCEL
Donna Barnes	Department of Commerce
Shannon Hobby	Department of Commerce
Kent Yelverton	NCDA+CS
Joe Reardon	NCDA+CS
Richard C. Reich	NCDA+CS
Billy Holliday	NCDA+CS - Board of Ag
Maurice Berry, Jr	NCDA+CS - Board of Ag
Kirk Mathis	NCDA+CS - Board of Ag
Brent Fleming	NCDA+CS - Board of Ag
Jeff Mixon	Civitas
Ben Spangler	NCEL
Doug Tova	NC Board of Ag
Howard Isley	NCDA+CS
Ashley Jones	NCDA+CS
Dempsey Benton	NC DENR
L. Gunn - NCIMEDS	
CLEVE SIMPSON - DOC	
Jennifer Haigwood - NCDOL	
Cherie Berry - NCDOL	
Becky Brown - NC DOC	
Brian Chatman - NCDACS	

May 31, 2006

Betty Huskins	AdvantageWest NC
David Haskins	NOC
Bill McNeal	NC Rural Center
Thomas Cheek	OSBM
Zane Hedgecock	NCDACS
Donna S. Cox	OSBM
Joseph Coletti	John Locke Fdn
JOHN GOODMAN	ALLEY ASSOCIATES

MINUTES
JOINT APPROPRIATIONS SUBCOMMITTEE ON NATURAL & ECONOMIC RESOURCES

May 10, 2006
1:30 p.m.

The Joint Appropriations Subcommittee on Natural & Economic Resources met in Room 423 of the Legislative Office Building on May 10, 2006 at 1:30 p.m. Representative Warren called the meeting to order and introduced the Sergeant-At-Arms, Marvn Lee, James Worth, Ron Span, and Ernie Sherrill, and the House and Senate Pages, Kelsey Rathbone, Ashley Simons, Hannah Townsend, Kelly Thornton, Jillian Myers, and Grayson Cohn. The following Subcommittee members were present: Sen. Weinstein, Co-Chair, Sen Albertson, Vice Chair, Senators Miller and Tillman, Rep. Warren, Co-Chair, Reps. Allen and Walker, Vice Chairs, Reps. Culp, Harrison, Langdon, Wilkins and Wray, Susan Morgan, Kristin Walker and Joy Hicks, Staff Counsel, were in attendance. The Chair introduced Senator William Miller, who is a new member of the committee. The Agenda is attached as **Attachment 9**. A Visitor Registration list is attached and made part of the minutes. (**See Attachment 10**).

An overview of the Governor's Budget was begun with Dr. Leslie Alexandre with the NC Biotechnology Center. Dr. Alexandre reviewed the work of the Biotechnology Center and spoke on its major focus points and its funding needs. **(See Attachments 1, 2, 3 and 4)**. After a brief question and answer time, the Chair thanked Dr. Alexandre for coming before the Subcommittee.

The Chair then called on David Smith, Deputy Commissioner of the Department of Agriculture. Mr. Smith introduced Terry Overton, who replaces Clara Gay who retired, David McLeod, and Ashley Jones. He then explained some of the details of the Governor's recommendations for the Department. A copy of his handouts are attached. **(See Attachment 5).** After brief questions and responses, Rep. Warren thanked David Smith for his review.

The Chair then introduced Shannon Hobby, Chief Financial Officer with the Department of Commerce, to discuss recommended budget adjustments. She explained the handout from the Department. **(See Attachment 6).**

Buck Lattimore, director of the Industrial Commission, was introduced and presented his recommended budget adjustments from the Commission. Mr. Lattimore's handout is attached hereto. **(See Attachment 7).**

Becky Brown, with the Department of Labor, presented her Department's budget adjustments. Her handout is attached hereto. **(See Attachment 8).**

The Chair then introduced Dempsey Benton, Chief Deputy of the Department of Environment and Natural Resources, who reviewed the budget items in the Governor's

proposed budget for 2006 and 2007. After several questions and responses, Rep. Warren thanked Mr. Benton for coming before the Subcommittee.

The Chair then asked for further comments from members for Sen. Weinstein, Senate Chair, and members of the Subcommittee.

The full Subcommittee will meet again on May 11, 2006, at 8:30 a.m., to discuss non-profits, particularly, monitoring by the State Auditor's office and recording requirements that are implemented by State Budget, including an audit on the Northeast Partnership.

There being no further business, the chair adjourned the meeting at 2:40 p.m.

Respectfully submitted,

Edith D. Warren

Representative Edith D. Warren
Chair

Nancy S. Willis

Nancy S. Willis
Assistant to the Subcommittee

ATTACHMENTS:
Attachments 1-4 – Biotechnology Center
Attachment 5 – Department of Agriculture
Attachment 6 –Department of Commerce
Attachment 7 –Industrial Commission
Attachment 8 - Department of Labor
Attachment 9 – Agenda
Attachment 10 - Visitor Registration Form

Attachment 1

NORTH CAROLINA: THE STATE OF MINDS

Biotechnology Works in North Carolina

Consider North Carolina

Some of the world's brightest minds work in North Carolina. Talented people with skills in science, technology, business and education think, create and produce here every day. They have made North Carolina one of the world's ideal places for commercial biotechnology. In fact, North Carolina is home to the nation's third largest biotechnology industry, according to a 2005 report by *Ernst & Young*. More than 45,000 people work at 350-plus life science companies in North Carolina. We would love to have your employees call North Carolina home too. Consider North Carolina's many assets and advantages for biotechnology when your company is looking to relocate or expand:



- A State That Works for Biotechnology
- A Large and Dynamic Biotechnology Industry
- A Highly Trained Work Force for Biotechnology and Biomanufacturing
- Outstanding Universities and Community Colleges
- A Supporting Infrastructure of Service and Supply Companies
- State Incentives for Biotechnology Companies
- A Great Place to Live, Work and Play

North Carolina Biotechnology Center

15 T.W. Alexander Drive
Post Office Box 13547
Research Triangle Park, NC 27709-3547
919-541-9366
www.ncbiotech.org

North Carolina Department of Commerce

301 North Wilmington Street
Raleigh, NC 27699-4301
919-733-4151
www.nccommerce.com

A State That Works for Biotechnology

The nations's No. 3 state in biotechnology (2005)

— ERNST & YOUNG

The State of North Carolina has a long-standing commitment to biotechnology development. In 1984 it created the North Carolina Biotechnology Center, the world's first government-sponsored organization dedicated to developing the biotechnology industry. The Biotechnology Center and the North Carolina Department of Commerce are the state's lead partners in biotechnology development and work in harmony with many partners throughout the state to promote biotechnology research, business, education and job creation.

To help guide North Carolina's future investments in biotechnology development, Governor Mike Easley in 2003 asked the Biotechnology Center to lead the development of a biotechnology strategic plan. *New Jobs Across North Carolina: A Strategic Plan for Growing the Economy Statewide through Biotechnology* includes 54 strategic recommendations for improving biotechnology research, business, education and workforce training. The strategic plan identifies three immediate priorities: attracting and supporting biomanufacturing companies, encouraging company startups, and spreading the benefits of biotechnology to all parts of the state.



www.ncbiotech.org/strategicplan

No. 5 best U.S. location for biotechnology

BUSINESS FACILITIES, NOVEMBER 2004

A Large and Dynamic Biotechnology Industry

More than 350 biotechnology, pharmaceutical, device, and contract research companies operate in North Carolina, employing 45,000 people statewide.

About one-third of the state's companies are major, multinational biotechnology companies, including Ajinomoto, Biogen Idec, bioMerieux, Diosynth RTP, Eisai, GlaxoSmithKline, Merck & Co., Novo Nordisk Pharmaceutical Industries, Novozymes, and Wyeth Vaccines. The rest are small and medium companies, many of them "home-grown" spin-offs of large companies or university labs.



North Carolina is a worldwide leader in agricultural biotechnology with more than 30 companies employing 2,500 people. Four of the world's largest agricultural chemical companies — BASF, Bayer CropScience, Monsanto and Syngenta — have biotechnology research and development facilities in the state.

"North Carolina is a nurturing place with organizations like the Council for Entrepreneurial Development and the North Carolina Biotechnology Center. The atmosphere in North Carolina is such that people tend to help one another....We know each other well and can call on each other when times are tough."

— CHRISTY SHAFFER, CEO OF INSPIRE PHARMACEUTICALS

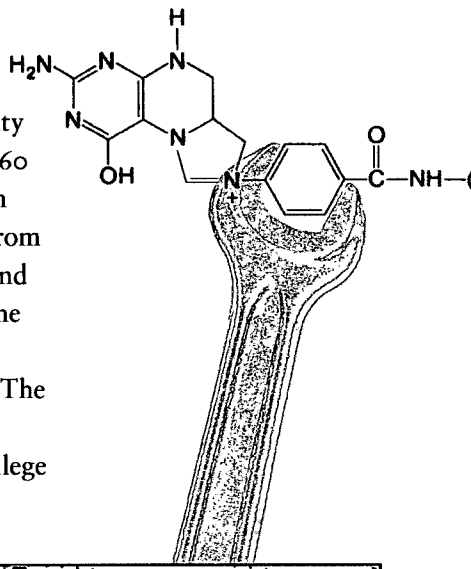
A Highly Trained Work Force for Biotechnology and Biomanufacturing

No. 8 state for work force training programs

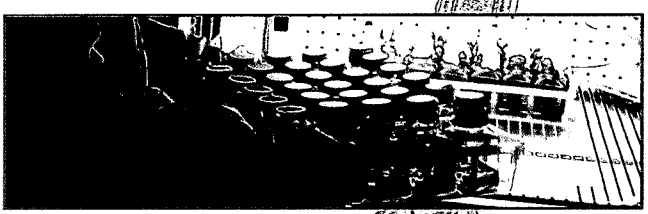
— EXPANSION MANAGEMENT, AUGUST 2004

North Carolina is a national leader in biomanufacturing and pharmaceutical manufacturing. Sixteen companies have biomanufacturing operations in North Carolina, and at least 30 other companies are engaged in related manufacturing of pharmaceuticals, diagnostics and medical devices. These companies employ an estimated 20,000 people. In addition, thousands of North Carolinians work in companies that provide goods and services in support of biomanufacturing and related pharmaceutical manufacturing.

Having a highly trained work force is essential to growing the biomanufacturing sector, a top priority of the state's biotechnology strategic plan. With $60 million in funding from Golden LEAF (Long-term Economic Advancement Fund) and $4.5 million from industry, the North Carolina Biomanufacturing and Pharmaceutical Training Consortium is guiding the development of a new, nationally unique program that will train 2,000 to 3,000 students each year. The Consortium is a partnership of biomanufacturing companies, the UNC System, the Community College System and the Biotechnology Center.



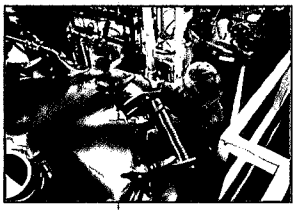




North Carolina will lead the nation in percentage growth of new biopharmaceutical jobs by 2014

— MILKEN INSTITUTE, 2004

North Carolina State University in Raleigh is building a Biomanufacturing Training and Education Center (BTEC) scheduled to open in 2007. Plans call for a 100,000-square-foot plant that will provide hands-on experience in a pilot-scale, Good Manufacturing Practices (GMP) environment similar to an industrial setting. North Carolina Central University in Durham is building a Biomanufacturing Research Institute and Technology Enterprise (BRITE) facility to open in 2007. BRITE will include 65,000 square feet of research laboratories and classrooms for research, teaching and training in biotechnology and





biomanufacturing. The North Carolina Community College System has developed BioNetwork, six centers statewide that are training workers in bioprocessing, pharmaceutical production and bioagriculture and will feed students into the BTEC and BRITE programs for additional training.

Outstanding Universities and Community Colleges

University of North Carolina at Chapel Hill is No. 1 among U.S. academic institutions recognized as best places to work for postdocs

— THE SCIENTIST MAGAZINE, FEBRUARY 2005

Universities and Private Colleges

North Carolina has 50 public and private colleges and universities that drive the life sciences industry in North Carolina. More than 45 life sciences companies currently in business in North Carolina are based on technologies developed in the state's universities. On average, 150 biotechnology-related patents are issued to universities and companies in North Carolina each year. Around 1,100 students graduate with doctorate degrees each year, and more than half of them take diplomas in the biological sciences and related disciplines such as engineering, agriculture, health care, the physical sciences and computer science.



The University of North Carolina (UNC) system is a multi-campus university composed of 16 constituent institutions including flagship schools UNC–Chapel Hill and North Carolina State University. As a source of specialized resources and expertise, highly trained workers and the research that fuels innovation, higher education is a main driver of economic development in

"We spent months looking all over America for the right place to put this company. We met many people and were offered many inducements, but nowhere did we meet the same combination of wisdom, savvy and know-how that we found here in North Carolina."

— DR. CHIP SCARLETT, CO-FOUNDER OF BIOPRO, NOW DIOSYNTH BIOTECHNOLOGY

No. 9 state in the nation in nanotechnology

— SMALL TIMES MAGAZINE, MARCH 2005

North Carolina. With sponsored research grants and contracts of more than $1 billion, UNC ranks third nationally among university systems.

In addition to the state's public universities, North Carolina has 36 private colleges and universities, including nationally renowned Duke University and Wake Forest University. Duke University Medical Center is one of the largest biomedical research enterprises in the country, with more than $431 million in sponsored research annually. It is ranked among the top five American medical schools in National Institutes of Health grant funding, with its research funding growing by more than 20 percent in fiscal year 2003 — the highest rate of growth among the nation's 20 top-ranked institutions. Wake Forest is a $186 million research community, with much of its funding coming from the National Institutes of Health. Wake Forest maintains nationally recognized research centers in cancer, regenerative medicine, drug abuse, human genomics, hypertension and vascular disease, investigative neuroscience, stroke, ultrasound, women's health, and many other disciplines. Wake Forest is a major research center with close to 1,000 research studies and clinical trials under way, offering patients the latest treatment options.



Community Colleges

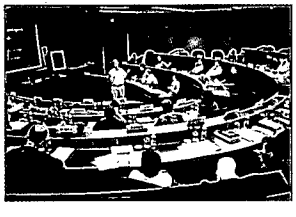
North Carolina's nationally acclaimed community college system offers customized skills training to new and expanding industries at little or no cost. The system is made up of 59 community colleges, and more than 99 percent of the state's population is within 30 minutes driving distance of a community college campus. The colleges provide focused industrial training, new and expanding industry training, and a variety of industrial certification programs to more than 750,000 students every year.

The Biotechnology Center has worked with industry and the North Carolina Community College System to develop the BioWork© course for training entry-level bioprocess technicians in bioprocess, pharmaceutical, and chemical manufacturing. More than a dozen community colleges across the state have Associate of Applied Science degree programs in biotechnology; bioprocess, chemical, and pharmaceutical manufacturing technology; and laboratory technology.

www.ncbionetwork.org

The Research Triangle area is No. 1 in "human capital" and "biotech workforce."

— MILKEN INSTITUTE, 2004 BIOTECH INDEX







North Carolina is determined to have the world's best-trained work force for biomanufacturing.

The Triangle (Raleigh-Durham-Chapel Hill) is No. 3 in the nation among the country's top metro areas in biotechnology (June 2004)

— MILKEN INSTITUTE

A Supporting Infrastructure of Service and Supply Companies

North Carolina has the world's greatest concentration of contract research organizations (CROs) and testing companies, which help biotechnology and pharmaceutical companies get their products to market faster and cheaper. Four of the world's largest CROs and testing companies — LabCorp, Quintiles Transnational, PPD and RTI — are headquartered in the state, and dozens of smaller companies provide analytical, clinical and regulatory services.

In addition, the state has a robust community of companies and non-profit organizations dedicated to providing products and services to the biotechnology industry, including accounting, legal, consulting, financing, staffing, design, construction, engineering, sales and marketing. Among the North Carolina venture capital funds that invest in North Carolina biotech companies are A.M. Pappas & Associates, The Aurora Funds, Hatteras BioCapital and Intersouth Partners.

"We are choosing North Carolina over six other states because of its supporting infrastructure for the biosciences, including the Biotechnology Center, excellent research universities and community colleges, specialized construction and engineering companies, available workers, and extensive workforce training programs, in addition to its high quality of life. None of the other six measured up when all of these factors were considered."

— ANTHONY LAUGHREY, PRESIDENT AND CEO, KBI BIOPHARMA

State Incentives for Biotechnology Companies

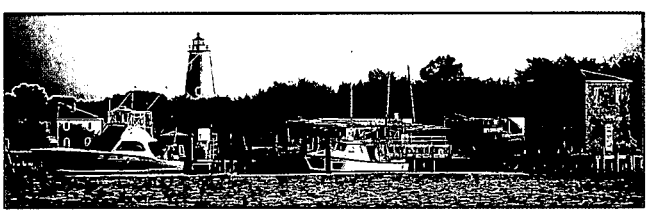
No. 1 state for business locations and expansions

— PLANTS SITES & PARKS, 2004 READERS SURVEY

North Carolina provides a favorable business climate including a wide array of incentives and financing programs for life science companies.

Job Development Investment Grants — A discretionary incentive that can provide multi-year grants to new and expanding businesses measured against a percentage of withholding taxes paid by new employees. The JDIG program may fund 25 projects per year, up to a total payout of $15 million per year.

One North Carolina Fund — A discretionary incentive to help recruit and expand high-value jobs. The fund may provide financial assistance to businesses or industries deemed to be vital to a healthy and growing state economy.



William S. Lee Tax Credits — A performance-based, nondiscretionary incentive that may offset up to 50 percent of corporate income and/or franchise taxes.

Revised and Enhanced Research and Development Tax Credit — The enhanced version of this credit rewards companies that perform research and development within the state and provides a special rate for small businesses and those in economically distressed counties. The program also offers a credit

No. 1 state for landing new jobs and investments

— PLANTS SITES & PARKS, 2004 READERS SURVEY

for research and development conducted at private and public universities in North Carolina to strengthen ties between the universities and the business community.

Increased Qualified Business Investment Tax Credit — Designed to encourage entrepreneurial investments in cutting-edge small businesses, this tax credit was increased by $1 million annually to $7 million, and the sunset clause was extended to January 1, 2008.

Industrial Revenue Bonds — To assist new and expanding manufacturing projects

Community Development Block Grants — A federally assisted program to finance projects tied to specific companies and jobs and to assist communities in economic and downtown development



Industrial Development Fund — State grants and loans to assist projects sponsored by local governments in the more economically distressed counties

N.C. Department of Transportation Highway improvements and rail assistance

Grant and Loan Programs — Financing provided to small companies by the North Carolina Biotechnology Center.

SBIR/STTR Program — Reimburses qualified firms for a portion of the costs of preparing and submitting Phase I proposals for the federal Small Business Innovation Research Program and Small Business Technology Transfer Program. Also awards matching funds to firms that have received a SBIR or STTR Phase I award. Sponsored by the North Carolina Board of Science and Technology.

Golden LEAF (Long-term Economic Advancement Foundation) — A portion of the funds North Carolina received from the federal tobacco settlement is invested in strategic economic development projects in the state, including biotechnology initiatives.

No. 1 state business climate for three straight years (2001-2003)

— SITE SELECTION MAGAZINE

Business Services — The North Carolina Department of Commerce provides statewide business assistance through its Business ServiCenter, existing industry field services, export business development and tourism marketing. The University of North Carolina System's 17 Small Business and Technology Development Centers provide technical assistance to small and startup businesses throughout the state. The Biotechnology Center's Business and Technology Development Program helps North Carolina biotechnology companies with financing; technology assessment, development and transfer; business planning; networking opportunities; venture capital; marketing strategies; strategic partnerships; site locations; and professional referrals. The Council for Entrepreneurial Development provides an interactive forum for entrepreneurs, investors, service professionals, academicians, researchers and public policy makers who combine their energies to create an environment where entrepreneurship can flourish.



"Merck is proud to announce the selection of Durham as the location for its new vaccine manufacturing facility. . . . We appreciate the strong support that state and local officials have provided in helping us bring this new manufacturing facility to North Carolina."

— RAY GILMARTIN, FORMER CHAIRMAN, PRESIDENT AND CEO OF MERCK

North Carolina has the lowest cost of doing business of any of the nation's leading biotechnology states.

— MILKEN INSTITUTE, 2005 COST OF DOING BUSINESS INDEX

A Great Place to Live, Work and Play

North Carolina has everything you could ask for in a place to live, work and play: low cost of living and operating a business, good schools and health care, a mild climate, and a wide variety of outdoor recreation.

Homes in North Carolina's metropolitan areas are considerably less expensive than those in other biotech clusters, according to the National Association of Realtors. Raleigh/Durham is one of the nation's least expensive metro areas for operating a biotechnology facility, according to a study by John Boyd in the February 2005 issue of *Genetic Engineering News*.

North Carolina has 2,158 public schools and 93 charter schools. The state has been recognized as a pioneer in early-childhood efforts, thanks to Smart Start, the TEACH program and the *More at Four* program. North Carolina ranks in the top six in the nation in the college-going rate for high school seniors. Through support from the Gates Foundation, the state is focused on redesigning high schools by partnering with employers and higher education to better prepare students for 21st century skills, including biotechnology. In 2005 the North Carolina General Assembly approved a state-run lottery to provide greater funding for public education.



www.ncpublicschools.org

North Carolina has a Sunbelt climate with four distinct seasons and mild winters. With 300 miles of beautiful beaches, 29 state parks, 400-plus golf courses, and Great Smoky Mountains National Park, North Carolina is an outdoor paradise.

www.visitnc.com

North Carolina is a popular place to live and work. It's the ninth fastest-growing state in the country.

— U.S. CENSUS

North Carolina Firsts

- The University of North Carolina was the first public university in the United States to open its doors in 1795.
- The Wright brothers achieved the first successful powered airplane flight in 1903 near Kitty Hawk.
- The North Carolina School of Science and Mathematics, opened in 1980, is the country's first residential high school for outstanding math and science students.
- The North Carolina Biotechnology Center was established in 1984 as the world's first government-sponsored initiative in biotechnology.
- The first state art museum in the country is located in Raleigh.
- North Carolina was the first state to deploy high-speed computing capabilities (OC-3) to every county in 1994.





North Carolina Biotechnology Center

NORTH CAROLINA
BIOTECHNOLOGY CENTER
15 T.W. ALEXANDER DRIVE • P.O. BOX 13547
RESEARCH TRIANGLE PARK, NC 27709-3547
919-541-9366



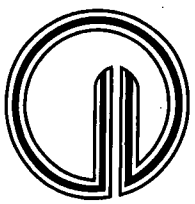
NORTH CAROLINA
the state of minds

NORTH CAROLINA DEPARTMENT
OF COMMERCE
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Attachment 2

North Carolina Biotechnology Center
Fiscal Year 2006–2007 Expansion Budget Request
Remarks to the Joint Subcommittee on Natural and Economic Resources

Leslie M. Alexandre, Dr.P.H.
President and CEO
May 10, 2006



North Carolina Biotechnology Center

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Thank you Chairmen Weinstein, Warren, and Hunter, vice chairs and members of the subcommittee. I appreciate the opportunity to speak to you today about the Governor's budget recommendations for the North Carolina Biotechnology Center.

When the Biotechnology Center was created by the State 22 years ago, the science of biotechnology was new and unfolding and its ultimate potential was unknown. It was long on promise and hope, but short on revenues, jobs and products.

Today, biotechnology has matured and become a major contributor to the state's economy and quality of life. Nearly 350 bioscience companies in North Carolina collectively employ about 46,000 people in jobs that pay an average salary of $63,000. That represents an annual payroll of nearly $3 billion and hundreds of millions of dollars in tax revenue to the state each year.

Not only have these companies boosted our economy. Their products have improved the human condition through better health care, more productive agriculture, a cleaner environment and more efficient industrial processes. For example, Trimeris developed the powerful drug Fuzeon for slowing HIV/AIDS. Embrex, which recently expanded its manufacturing operations in Laurinburg, developed poultry vaccines and a delivery system for enhancing chicken and turkey production worldwide. Both companies, I'm proud to note, received early funding from the Biotechnology Center. And, last month, Winston-Salem-based Targacept, whose drug development pipeline is based on years of research from Reynolds Tobacco, became North Carolina's most recent public biotech company.

All of this activity in biotechnology has vaulted North Carolina to national and international prominence. For the third consecutive year, North Carolina is ranked the nation's Number 3 state in biotechnology. That's based on number of companies, according to Ernst & Young's annual survey. Only California and Massachusetts have more biotechnology companies.

North Carolina's recognition as a global leader in biotechnology development is gratifying, but not comforting. Our well-documented success in creating and attracting biotechnology companies and jobs has spurred formidable competition from as close as South Carolina, Georgia and Florida and as far away as Singapore, India and China. Biotechnology is arguably the most competitive area of economic development worldwide. Virtually every state and developed nation is investing heavily in new biotechnology programs.

Fortunately, North Carolina is well positioned to compete. We have outstanding research universities and community colleges, stellar workforce training programs, engaged and informed economic development partners, the North Carolina Biotechnology Center—the world's first government-sponsored biotechnology center—and a long history of sustained investment in biotechnology development by the General Assembly. We also have a bold strategic plan in

place to guide future State investments in biotechnology development, titled *New Jobs Across North Carolina: A Strategic Plan for Growing the Economy Statewide through Biotechnology.*

The plan's 54 strategic recommendations 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.

Since the plan was presented to Governor Easley in January 2004, great progress has been made in the execution of the recommended strategies by the Biotechnology Center and our many partners statewide. Time does not permit a full report of that progress here today. I will give just two examples.

First, the Biotechnology Center and the Department of Commerce last year initiated the Retention, Expansion and Attraction Plan (known as REAP for short) to improve the success of life science economic development activities in the state. In the last two years, 21 companies have announced relocations or expansions in nine counties that will create at least 2,400 new jobs over five years. And, numerous projects are being aggressively pursued statewide that have the collective potential to create nearly 2,000 jobs and over $2 billion in investment.

My second example is the main focus of the Biotechnology Center's expansion request and our highest priority. I am referring to our regional offices and our programs to help bring the economic and societal benefits of biotechnology to all regions of the state.

Statewide development is an imperative of the strategic plan, as evidenced by its title, *New Jobs ACROSS North Carolina: a Strategic Plan for Growing the Economy STATEWIDE Through Biotechnology.* And, the Biotechnology Center's vision has always been to enrich North Carolina by enabling biotechnology development statewide. Today, the state is poised for economic development through biotechnology as never before.

With enthusiastic and generous support from academic, corporate, economic development and government partners statewide, the Biotechnology Center has taken important steps to hasten statewide development. Over the last three years, we have opened four small regional offices to stimulate the creation and attraction of biotechnology jobs in the West, the Triad, the East and the Southeast. We plan to open our fifth and final regional office in Greater Charlotte later this year.

As all of us in this room know from our more than two decades of experience, biotechnology development is a long-term proposition. Success is sweet, but not easily achievable. It requires enormous creativity, energy, sustained investment and patience.

Under the leadership of the very capable directors hired by the Biotechnology Center to head our regional offices — one of whom is well known to many of you in this room from his many years of economic development leadership in North Carolina (Mr. John Chaffee) — we are off to a good start.

Our directors are rallying local leaders around biotechnology, helping with strategic planning and resource inventories, bringing partners together, and providing greater opportunity for regions to implement new programs with assistance from Biotechnology Center funding and services. The offices are helping communities to identify and evaluate niche applications of biotechnology, drawing on regional industries, resources and strengths. Promising opportunities for rural North Carolina include forestry, natural products and biofuels in the West and medicine, agriculture, marine biotech and biofuels in the East.

Regional communities have embraced our offices and supported them with funding, office space, volunteerism and enthusiasm. Expectations are high in these regions, which are – appropriately – looking to the Biotechnology Center for leadership, information, guidance and funding.

We have an obligation – as well as a great opportunity – to help these regions develop biotechnology. But we can only do so with adequate and sustained funding to strengthen the research, business and education infrastructure vital to making biotechnology work in these regions.

The Biotechnology Center submitted an expansion request for FY 2006-2007 of $4.8M with three components: 1) $1.5M to restore our funding to the level provided in FY2005-2006; 2) $3.2M for regional development activities, including grants and loans for research infrastructure and company development, and a portion of the operational costs for our offices in the East, Southeast, and Greater Charlotte; and 3) $100K for the development of a strategic plan for North Carolina's emerging medical device industry.

We greatly appreciate that Governor Easley's budget provides $1.5M to restore our funding for the next fiscal year to our current level. His additional $500K in recurring funds is also appreciated, but simply is not adequate to support the required investment in research, company development, workforce training and related activities essential to creating and attracting biotechnology jobs in regions of the state beyond the Triangle. Nor will it enable us to explore newer, potentially highly profitable opportunities for North Carolina, such as the rapidly growing medical device industry.

The Biotechnology Center is committed to the strategies laid out in *New Jobs Across North Carolina*. We are the state's lead partner in biotechnology job creation. Our combined success relies on your providing us with the necessary funding to invest in programs that have proven

effective over two decades. As many state leaders have come to recognize, biotechnology is an important job engine for North Carolina. Funding for the Biotechnology Center is the fuel that keeps that engine running.

Thank you for your continued generous support of the North Carolina Biotechnology Center. I would be pleased to answer any questions.

N.C. Biotechnology Center

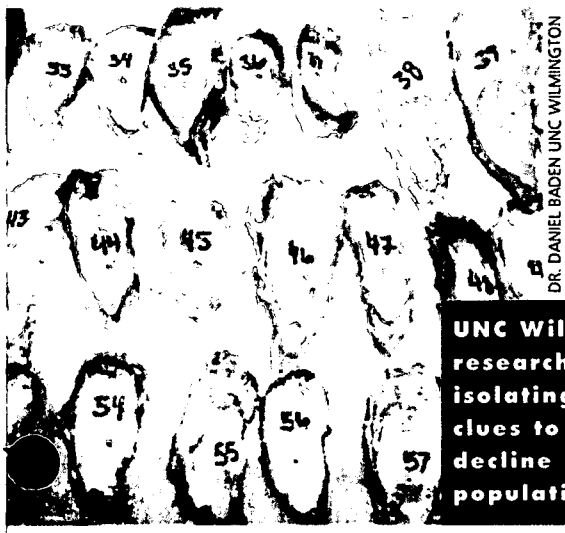
Across North Carolina, regions find their biotechnology niches

It's aquaculture in the Southeast, medical technology in the East, tissue regeneration, nanotechnology, other specialties elsewhere

Raleigh-Durham, home to Research Triangle Park, major universities and more than 300 bioscience companies, ranks alongside Boston, San Diego and San Francisco as the nation's top biotechnology cities. But from the mountains to the coast, other regions in North Carolina are busily carving out niches of their own. "Few states are so well able to incorporate biotechnology widely across their landscape as North Carolina," says Steven Burke, senior vice president of corporate affairs for the North Carolina Biotechnology Center in Research Triangle Park.

Helping all regions of the state develop — and gain from — biotechnology is a strategic thrust of the center, a nonprofit established in 1984 to support biotechnology research, business and education statewide. To accelerate regional development, it has opened regional offices in Winston-Salem, Asheville, Greenville and Wilmington. One will open this year in Charlotte. "All of these regions can be strengthened over time by targeted assistance, identification of niche areas, increased partnerships and focused leadership," Burke says.

A tour of the state reveals a diversity of biotechnology research and product development under way. Southeastern North Carolina is known for its beaches and the entertainment they provide. But the Atlantic Ocean, the brackish wetlands, moderate climate and nearby inlands also present a unique opportunity for scientists interested in researching aquatic life and agriculture. A growing number of researchers from UNC Wilmington, colleagues associated with UNC Chapel Hill and marine scientists from Duke University are exploring ways to detect and treat diseases. "We're seeing a renaissance in marine biotechnology that's introducing us to a whole new set of untapped natural resources and commercial opportunities," says Randall Johnson, director of the Biotechnology Center's Southeastern Office. "It's becoming obvious that this unfolding vein of potential is beginning to contribute mightily to the state's economic and social well-being."



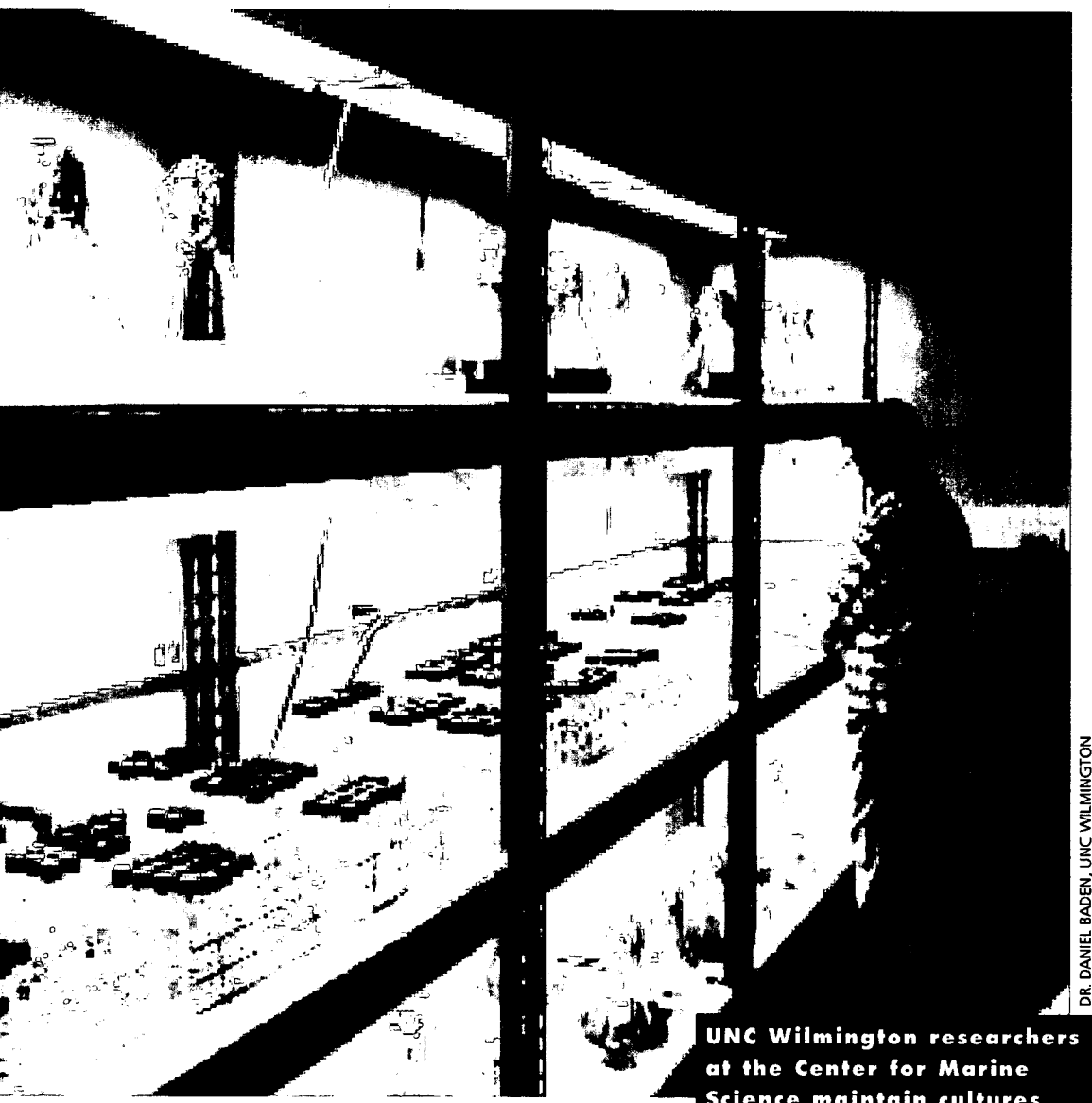
DR. DANIEL BADEN UNC WILMINGTON

UNC Wilmington researchers are isolating molecular clues to explain the decline in oyster population.

He cites the work of Dr. Daniel Baden, director of the UNCW Center for Marine Science. Baden and colleagues have found ways to turn more than 25 marine toxins into tests and treatments for human health. Their progress has yielded Ocean Solutions, a fledgling company. "If you understand how a molecule works, even in a toxin, you can sometimes devise ways to use it for therapeutic purposes," Baden says. "Take Botox, or botulinum toxin. It's one of the most lethal toxins known, yet by examining its workings doctors were able to develop it as a cosmetic tool."

Perhaps the most exciting avenue being explored is a therapy for cystic fibrosis. The potential treatment is extracted from organisms that cause red tide, algal toxins that can be deadly to fish, turtles, sea mammals and humans.

But Baden and colleagues, working with Wilmington-based aaiPharma, are preparing to seek a development partner to take their discovery through clinical trials and into the marketplace. "It's classic molecular modeling," he says. "In this molecule, we found that it caused an increase in the rate and efficiency of mucus clearance. From there, we simply asked what kind of human conditions involve mucus that doesn't clear effectively." The researchers first targeted cystic



DR. DANIEL BADEN, UNC WILMINGTON

UNC Wilmington researchers at the Center for Marine Science maintain cultures of organisms that produce chemicals that alter cell function and cause disease.

UNC Charlotte will support the new campus with expertise in bioinformatics, nutrition and health behavior and education. The same data-mining applications and logarithms used to handle financial transactions in Charlotte's large banking industry are also applicable to biological data, says Dr. Larry Mays, director of the university's new Bioinformatics Center.

Renowned for its exceptional geographic and cultural appeal, Western North Carolina is awakening to an important relationship with the life sciences. The region's biodiversity contributes to its rich history in the medicinal use of natural plants and herbs. The region's potential in natural products, forestry and agriculture are "turning on the lights" in regional research labs, says Cheryl McMurry, director of the Biotech Center's Western Office. Broadaxes and dibbles have given way to new tools such as molecular biology, chemistry, bioinformatics and molecular modeling to provide commercialization and to infuse a new economic vitality, thanks to the region's universities and entrepreneurs. UNC Asheville, Appalachian State University and Western Carolina University have expanded their research departments and are participating in tech transfer efforts. More than 30 scientists presented work at a Biotechnology Center-sponsored "Science in the Mountains" symposium in early April.

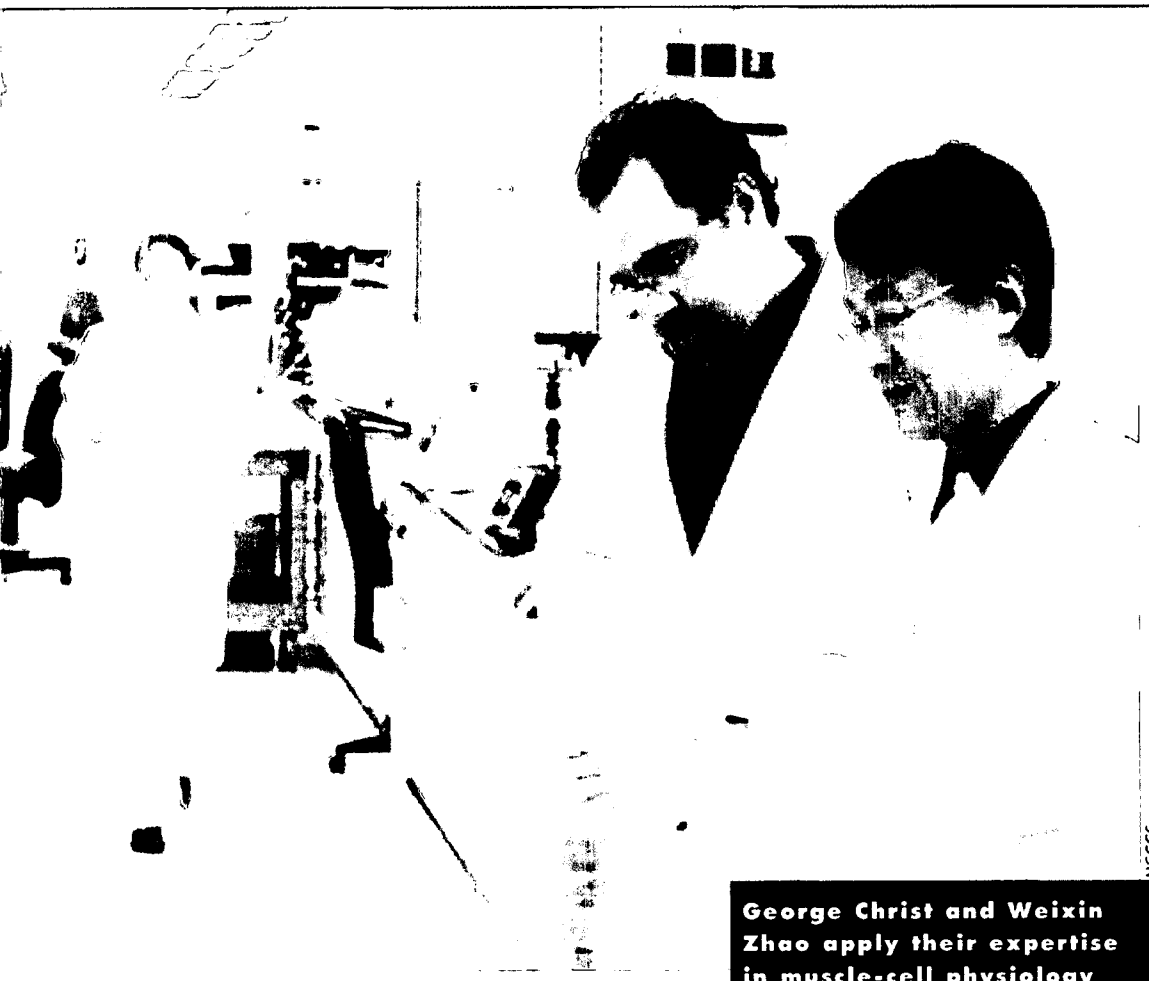
N.C. State University experts are also contributing to the science base, through horticultural scientists at the Mountain Horticultural Crops Research and Extension Center in Fletcher, home of the N.C. Specialty Crops Program, a multi-agency, statewide program dedicated to the development of new crops for Tar Heel farmers.

"From Christmas trees to chestnut trees, black cohosh to bloodroot, biotechnology's principles are seeding, protecting and improving western North Carolina industries," says John F.A.V. Cecil, president of Biltmore Farms and chairman of the 24-member Advisory Committee for Biotechnology in Western North Carolina.

Increasingly, he notes, the tools of biotechnology hold the key to cultivation of rare medicinal herbs so those in the wild can repopulate. Improved biofuel production may result from installing genes leading to superior strains of rapeseed that can lower the cost of converting it into domestically generated petroleum substitute.

Asheville-Buncombe Technical Community College's Enka campus, a 37-acre setting with 20 wet labs and more than 277,000 square feel of office, lab, warehouse and light manufacturing space, is a hub of life-sciences entrepreneurial activity. The Biotechnology Center's Western Office is housed there.

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NCCCS

George Christ and Weixin Zhao apply their expertise in muscle-cell physiology to numerous projects at the Wake Forest Institute for Regenerative Medicine.

fibrosis but may also look at chronic pulmonary disease and smoking.

MARBIONC, an acronym for Marine Biotechnology in North Carolina, is a program established two years ago by the General Assembly. Scientists are probing new possibilities for improving food fish, aquarium fish, coral and oyster reproduction, as well as new targets in human health. "We're talking about biotechnology markets that could include everything from the food and beverage and technology industries to life sciences and public health," Baden says.

Biotechnology Center grants have spurred research. A faculty recruiting grant enabled UNC-W to recruit Jeffrey Wright, whom Baden calls "an instrumental faculty member." Other grants have funded a fluorescent microscope enabling organism identification for harmful algal bloom species, a high-resolution mass spectrometer for chemical analyses and a DNA sequencer. "The North Carolina Biotechnology Center has been a big part of the reason that biotechnology here has become as good as it has," Baden says.

Developments in the East have taken a different path. Anton-Lewis Usala came to Greenville in June 1990 to have access to a raw material that would allow his company, based in Cleveland, to expand testing of beta cell transplants for diabetes in hopes of eliminating the need for insulin shots. He not only found the raw material, pig pancreas, in large supply, but also a new home for his company, Encelle, which aims to repair diseased or damaged tissue. During the process, Usala accepted a position with East Carolina University's Brody School of Medicine. Usala is working on two new ventures: CTMG, which seeks to accelerate the clinical-testing phase of drug approval, and Ectocelle, a tissue-regeneration company. His work is just one of several research activities developed in the region, says John Chaffee, director of the Biotechnology Center's Eastern Office in Greenville.

"Right now, the strength of this region is in the biomedical device field and in cardiovascular disease research," Chaffee says. "However, significant research activity is emerging in several other biotechnology-related areas such as plant-derived medicinals and the study of metabolic disorders."

ECU has long been a worldwide leader in minimally invasive robotic heart surgery. Doctors now commonly perform robotically assisted mitral-valve repairs. In 2008, ECU will expand its heart treatment and research work with the opening of the $210 million East Carolina Cardiovascular Research Institute, a collaboration between Pitt County Memorial Hospital, University Health Systems of Eastern Carolina and the Brody School of Medicine. The institute should generate more than 500 jobs and add $34 million yearly to the economy. "The combination of the university-based research and the companies present will pay great dividends for the future of the region," Chaffee says.

The Eastern Region's work in bioscience isn't focused solely on medicine and medical devices. Beaufort County will soon be the home of a $150 million ethanol plant that will produce 114 million gallons of ethanol per year from biomass. The plant, to be built by Agri-Ethanol Products, will be the first on the East Coast. It will consume more than 20 million bushels of grain per year.

In the Piedmond Triad region, new medical therapies are not only moving from the lab to the clinic but are making history as well. While at Harvard University, Dr. Anthony Atala used a human tissue sample to create a bladder — the first human organ developed using tissue engineering. Atala's work, focusing on

N.C. Biotechnology Center

growing human tissues and organs to repair those defective at birth or destroyed by disease, has led to the construction of blood vessels, wombs and heart valves. Thanks to a multimillion-dollar recruiting effort by Wake Forest University, coupled with plans to build an Institute for Regenerative Medicine, Atala is continuing his work in North Carolina at the Piedmont Triad Research Park in Winston-Salem.

As a result of Atala's move, Tengion, a company created in part to use the professor's research, has opened a Winston-Salem office and could have 160 employees by 2009. "It's a great opportunity to be in an area with an emerging park," Atala says. "Having the academic environment and the research park is a powerful combination."

Atala's work highlights the Piedmont Triad's change from an area steeped in tobacco and furniture manufacturing to one embracing technological advances. For example, Targacept is developing treatments for central nervous system diseases by targeting nicotine receptors in the brain. The work stems from years of research by its parent company, R.J. Reynolds Tobacco.

In High Point, TransTech Pharma is developing technology to identify and test potential drugs faster and more efficiently. TTP Translational Technology includes advanced robotics.

Also at Wake Forest, the School of Medicine has earmarked a $7.5 million grant from the National Center for Complementary and Alternative Medicine and the Office of Dietary Supplements to study dietary supplements. And the Wake Forest and Harvard Center for Botanical Lipids is studying how flaxseed, echium and borage could treat and prevent atherosclerosis, asthma and other anti-inflammatory diseases. "We are building a base of terrific intellectual property that will eventually find itself in the marketplace," says Gwyn Riddick, director of the Biotechnology Center's Piedmont Triad Office.

In the Charlotte region, nanotechnology — the manipulation of matter on an ultra-small scale — just might be the next big thing. Researchers including Wade Sisk and Ken Gonsalves of UNC Charlotte and Craig Halberstadt and Qi Lu of Carolinas Medical Center are working to create medical treatments using man-made materials about 1,000 times smaller than the width of a human hair.

Researchers are creating "a kind of Trojan Horse" that can enter a cell and rectify what's wrong, Gonsalves says. He's a professor of polymer materials and organic chemistry. "We're actually correcting the machinery of the cell to make it function the way it should." The application could be useful in treating muscular dystrophy and may play an important role in creating tissues to replace ligaments, tendons, muscle, bone and even neurological tissue.

Another promising area of nanotechnology research is photodynamic therapy for cancer treatment. An ultra-tiny "machine" goes to a tumor cell, enters it and generates energy. "The idea is for a target bullet to go to the cell and create a burst of energy that destroys the cancerous cell but not the healthy cells surrounding it," says Gonsalves, who was recruited to UNC Charlotte in 2000 with the help of a $96,000 grant from the North Carolina Biotechnology Center.

Nanotechnology isn't the only game in Charlotte town and gown. Bioinformatics, the storage, retrieval and analysis of large amounts of biological data, also is a dynamic research area, along with biomedical engineering, says Marjorie Benbow of UNC Charlotte's Office of Technology Transfer.

Since 1996, UNC Charlotte has spun off 26 companies, gotten 53 patents and transferred 79 technologies to industry, with much of that activity in the biosciences. That applied-science tradition should play an important role in the North Carolina Research Campus in Kannapolis. The 350-acre campus, being developed by Dole Food Co. owner David Murdock in partnership with the UNC System, Duke University and the N.C. Community College System, is envisioned as a major center for research, business and education in nutrition, agriculture and biotechnology, addressing health problems such as cancer and obesity.



BILL SANDIFER

Genetically modified cotton allows more growers to profit from the crop's resurgence in North Carolina.

THE NEWS & OBSERVER

Business

Attachment 4

North Carolina ranks third among states in the number of biotech companies, a survey shows. Other areas are still coming on strong.

MAKING A NAME THROUGH BIOTECHS



No. 1 CALIFORNIA

374 companies. The Bay Area and San Diego help the state maintain its No. 1 ranking. Companies such as Genentech in San Francisco are feeders for startups.

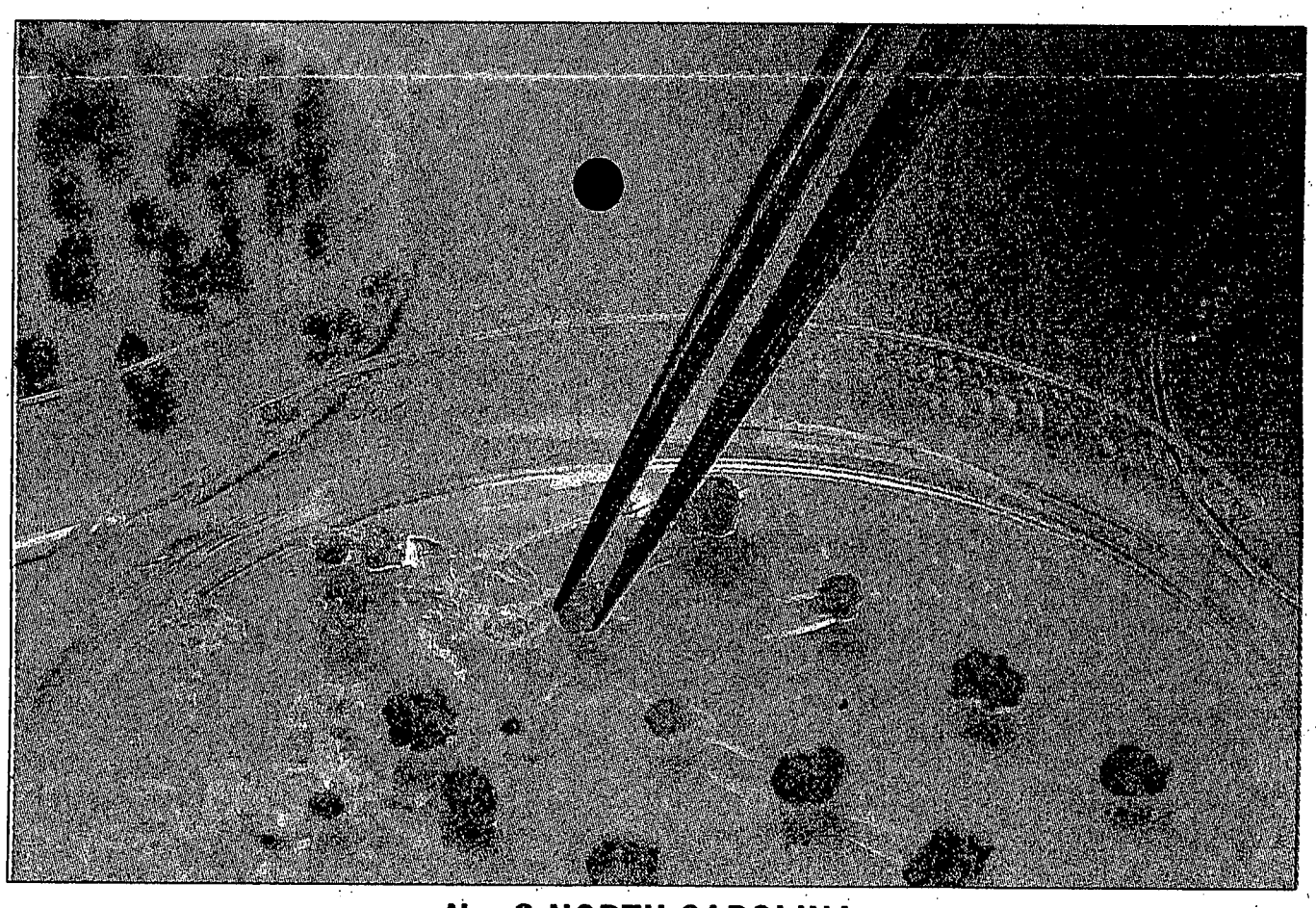
SAN FRANCISCO CHRONICLE FILE PHOTO



No. 2 MASSACHUSETTS

256 companies. Boston has Harvard and MIT, which consistently spin off biotech startups. Executives at companies such as Genzyme often run the ventures.

BLOOMBERG NEWS FILE PHOTO



No. 3 NORTH CAROLINA

81 companies. Most biotech activity is centered around the Triangle, which lacks large amounts of venture capital and a large home-grown company. Biolex, a Pittsboro company, is one of the area's best bets for growth.

NEWS & OBSERVER FILE PHOTO

BY SABINE VOLLMER
STAFF WRITER

When supporters of North Carolina's biotechnology industry look over their shoulders, here is what they see: Florida, Georgia and Washington.

Florida is the future home of the Scripps Research Center, which is projected to cost more than $100 million and create more than 500 jobs near Palm Beach. Washington has Paul Allen, who invested more than $200 million of his Microsoft fortune to turn Seattle into a biotech hub. And Georgia is benefiting from about $500 million it has spent in the past decade to recruit top-notch scientists.

North Carolina is already one of the largest and most vibrant biotech hotbeds in the United States, but several efforts are under way to turn up the heat.

One is a proposal to establish a fund of at least $100 million to help biotech startups get on their feet and give them a chance to expand, create jobs and wealth, and bolster the local economy. The fund would help companies across the South, but North Carolina would probably benefit more than others because research is already under way here, and the infrastructure is in place.

North Carolina's biotech industry is centered in the Triangle, fueled by two major medical centers, three research universities and several health-research institutes, research labs and manufacturing plants of large pharmaceutical companies. State-funded job training programs and several venture capital firms also contribute to the industry.

"That has given us tremendous advantage," said Leslie Alexandre, chief executive of the N.C. Biotechnology Center in Research Triangle Park. "But that doesn't mean there's

SEE **BIOTECH**, PAGE 2D

OTHERS IN THE TOP 10

4. MARYLAND, 75 companies. North Carolina overtook Maryland three years ago but has not been able to shake the state, which is home to the National Institutes of Health, a major source of research funding.

5. NEW JERSEY, 68 companies

6. PENNSYLVANIA, 59 companies

7. GEORGIA*, 58 companies. The state, which invested millions to attract top scientists, moved up the list this year.

8. NEW YORK, 56 companies

9. TEXAS, 48 companies

10. FLORIDA*, 47 companies. The state gained 13 companies last year. A Scripps Research Center is being built.

*Improved its ranking

SOURCE: ERNST & YOUNG

BIOTECH

CONTINUED FROM PAGE 1D

no competition."

Indeed, North Carolina is trying hard not to lose ground.

For the third year in a row, North Carolina ranked third among the top 10 U.S. biotech states by number of companies, according to accounting firm Ernst & Young. But the number of biotech companies in North Carolina decreased, as it did in some other states. Fourth-ranked Maryland remained within pouncing distance, and second-ranked Massachusetts pulled away, gaining on front-runner California.

"We'll never catch Massachusetts and California; they have too much of a head start," said Michael Constantino, who heads the Southeast area life science practice at Ernst & Young's Raleigh office. "But we have the opportunity to put some distance between us and Maryland."

The data don't tell the full story. Ernst & Young doesn't include agricultural or industrial biotech companies or companies conducting contract drug research in its count. North Carolina is home to more than 200 of those companies, including industry leaders Quintiles Transnational in Durham and PPD in Wilmington.

But the numbers hint at what's ailing North Carolina's biotech industry: A lack of venture capital, especially very early on when the risks to fail are greatest.

"That's where the market is breaking down," said Scott Doron, director of the Southern Technology Council, a division of the Southern Growth Policies Board, a think tank based in Research Triangle Park. Doron established a task force that is considering raising $100 million or more to back up venture capital firms investing in biotech startups in the South.

Talks to establish the fund have just begun, and few details have been mapped out. But the plan is to attract money from state and corporate pension funds, foundations, universities and wealthy individuals — the same investors that venture capital firms tap.

Drug research companies are usually based on discoveries made by university scientists whose work is funded through government grants such as those awarded by the National Institutes of Health. The scientists start the company, and the university spins it out. Then the startup is often taken on by a former pharmaceutical executive whose big-company resume can attract venture capital.

In San Francisco's Bay Area, Genentech, the largest biotech company in the country, generates executives who are able to advance biotech startups. Boston has the same in Genzyme, another biotech giant. Lacking a homegrown success like those two companies, North Carolina relies on local research and manufacturing operations of out-of-state drug makers such as GlaxoSmithKline and Biogen Idec to replenish the pool of experienced executives.

In the past two years, state recruiters also have zeroed in on attracting drug manufacturing plants with the help of incentives and job training programs. The economic development efforts aim at replacing the more than 100,000 manufacturing jobs North Carolina has lost in the textile, tobacco and furniture industries.

Last week, Gov. Mike Easley gave them a hand.

In only his second economic development mission overseas, Easley met with Irish recruiters to learn how Ireland has been successful in establishing a world-class biotechnology and pharmaceutical industry. The country's tax incentives, low corporate tax rate and training programs have attracted 170 companies that employ about 35,000.



Murdock's $150 million investment will boost biotechnolgy.

He also toured the Dublin facilities of drug makers GlaxoSmithKline, Wyeth and Bristol-Myers Squibb. GSK and Wyeth have operations in the Triangle. North Carolina is on Bristol-Myers Squibb's short list to build a $660 million drug manufacturing plant.

North Carolina is on the short lists of many drug makers considering expansions. In January, Japanese drug maker Eisai said it would expand in Durham County.

But the state hasn't done as well attracting venture capital.

There's plenty of money available, but North Carolina isn't getting its fair share, said Clay Thorpe, general partner of Hatteras BioCapital, a Durham venture capital firm.

The state receives about $1 in venture capital for every $5 in funding from the National Institutes of Health. Based on NIH funding, Massachusetts' venture capital share is about twice as large as North Carolina's. California's is about four times as large. "We're two to three, maybe four, times underfunded," Thorpe said.

Still, there is movement in the right direction.

Billionaire David Murdock committed to pumping $150 million into a 350-acre health-research campus in Kannapolis. Groundbreaking for the project was in February.

Investors are again willing to take risks with unprofitable startups.

Nationwide, venture funds are looking to put about $40 billion to work, according to the National Venture Capital Association. And firms continue to raise cash, including in the Triangle. Intersouth Parnters and Aurora Funds, both of Durham, are pulling together new funds.

Venture capitalists from all over the country flocked to Pinehurst Resort on Monday to check out North Carolina's 11 hottest young biotech companies at a two-day venture conference. All but one of the companies were based in the Triangle.

And the next generation of startups is spinning out of the Triangle's universities. The University of North Carolina at Chapel Hill created five companies in the past 18 months.

Despite the attention up-and-coming states are getting, it takes a long time to build a biotech hub, said venture capitalist Will Brooke, chairman of Southeast Bio, a nonprofit organization that fosters the growth of the region's life sciences industry. "You've got to be patient." Brooke said.

North Carolina is on the right track, said Thorpe of Hatteras BioCapital. The state just needs some luck, good timing and patient investors. "We have to keep trying," he said. "We have to keep swinging at the ball."

Staff writer Sabine Vollmer can be reached at 829-8992 or svollmer@newsobserver.com.

Attachment 5

Governor Recommended Expansion Budget for the North Carolina Department of Agriculture and Consumer Services

Research Stations and State Farms
Reduce Research Stations Receipts

Agency Requested Funding	$500,000
Number of Positions	0
Governor Recommended Funding	$350,000
Number of Positions	0

Purpose

The replacement of unrealized receipts with appropriations is recommended. The Research Stations have transitioned the production farms to research farms. As a result of this transition, the receipts have decreased. The problem has grown worse due to declining commodity prices and increased costs of inputs for research. For example, the loss of the tobacco program has reduced tobacco receipts by 43%, the loss of the peanut program has reduced peanut receipts by 49%, reorganization of the swine program has reduced swine receipts by 84%, and reorganization of the dairy program has reduced dairy receipts by 51%. In order to continue successful research at all of the farms a decrease in budgeted receipts is required.

Budgeting Detail

Replace unrealized receipts with appropriation	Total	$350,000

Emergency Programs
Emergency Programs Expansion

Agency Requested Funding	$331,000
Number of Positions	3
Governor Recommended Funding	$250,000
Number of Positions	3

Purpose

To address the current threat of diseases, such as Avian Influenza, Exotic New Castle, Bovine Spongiform Encephalopthy (BSE), and any other emerging or potential Foreign Animal Diseases (FAD), it is recommended that three receipt-supported positions be shifted to appropriation to ensure the availability of a recurring source of funding for these positions. Salaries are budgeted at amounts to reflect the difficulty in attracting and retaining professional personnel.

Budgeting Detail

12 mos.	Salaries and Fringes	$196,252
	Trans. Ground In-State	$10,000
	Education	$10,000
	Supplies	$5,000
	Equipment	$10,248
	Travel	$10,000
	Medical Services	$2,500
	Communications	$6,000
	Total	$250,000

Food and Drug Protection
Food Safety

Agency Requested Funding	$433,776
Number of Positions	5
Governor Recommended Funding	$263,500
Number of Positions	5

Purpose

The inspection and survey programs of the Food and Drug Protection Division are key factors in allowing our citizens to enjoy a safe food supply. With the establishment of five additional personnel, the division can incorporate food defense into the existing food safety programs. The expansion will result in increased inspections and survey samples for the Chemistry and Microbiological Laboratory staff. Therefore, the establishment of five additional positions is recommended.

Budgeting Detail

9 mos.	Salaries and Fringes	$151,099
	Travel	$34,000
	Communications	$8,500
	Postage	$4,000
	Insurance	$600
	Printing	$1,727
	Training	$1,500
	Supplies	$8,011
	Equipment	$43,838
	Office Furniture	$5,025
	Other Expenses	$5,200
	Total	$263,500

Meat and Poultry Inspection
Food Safety and Security Mandates

Agency Requested Funding	$81,500
Number of Positions	3
Governor Recommended Funding	$81,500
Number of Positions	3

Purpose

As mandated by the USDA, the Department of Agriculture and Consumer Services must provide on-site inspection at slaughter and processing establishments. At slaughter establishments, an inspector must be present throughout the slaughter process. At processing establishments, an inspector must be present at some period each day the plant operates. The increasing number of plants requiring inspectors exceeds the current number of available inspectors. Therefore, funding is recommended for 50 percent of three meat and poultry inspector positions on a recurring basis to match USDA funding. (It should be noted that USDA is reducing its funding of the inspection program. Future funding adjustments may be necessary.)

Budgeting Detail

		Receipts	Appropriated
12 mos.	Salaries and Fringes	$67,200	$67,200
		$10,850	$10,850
		$450	$450
		$3,000	$3,000
	Total	$81,500	$81,500

Plant Protection
Export Certification Program

Agency Requested Funding	$58,323
Number of Positions	1
Governor Recommended Funding	$58,323
Number of Positions	1

Purpose
Funding is recommended to establish an Export Certification Specialist position required to respond to the increased demand for issuance of phytosanitary certificates in North Carolina. This position will assist in handling statewide issuance of certificates, provide technical export certification support, and provide regulatory and compliance leadership. Salary is budgeted at an amount to reflect the difficulty in attracting professional personnel.

Budgeting Detail

9 mos.	Salaries and Fringes	$42,998
	Supplies	$950
	Travel	$8,575
	Equipment	$5,000
	Other Expenses	$800
	Total	$58,323

Reserves and Special Funds
Reserve for Utility and Fuel Costs

Agency Requested Funding	$317,516
Number of Positions	0
Governor Recommended Funding	$317,516
Number of Positions	0

Purpose
Due to the rise in fuel cost, a reserve is established to help offset the increased cost of natural gas and propane, fuel oil, and gasoline. The department estimates it will spend at least $375,000 more on energy in 2005-06 than in the previous year.

Governor Recommended Capital Improvements for the North Carolina Department of Agriculture and Consumer Services

Veterinary Division

Agriculture - Expansion/Renovation to Rollins Laboratory

Funds are recommended for planning and design for a comprehensive study of the Animal Disease Diagnostic Laboratory System (5 laboratories) to determine the needs that must be addressed in an expansion. The expansion would provide space for additional staff needed to implement the requisite Quality Assurance program (AAVLD mandate). Part of the laboratory would be built to serve as a bioterrorism and foreign animal-disease outbreak test area for response to such events.

Appropriation - Nonrecurring $1,250,000

Food and Drug

Agriculture - Constable Lab Renovation

Funds are recommended for renovations to the Constable Lab. Work stations that prepare samples need better ventilation because of hot acid fumes and a humidity reduction coil to prevent the interruption of procedures because of high moisture. The floor needs replacement because of 29 years of fertilizer and acid-base residue and moisture buildup. A stand-by generator is needed to provide power to continue essential lab functions and preserve lab samples in the event of a power outage.

Appropriation - Nonrecurring $537,500

Plant Industry

Agriculture - Oxford Complex Planning and Design

Funds are recommended for planning and design of the NCDA&CS Oxford Lab. Renovation and expansion of the complex will facilitate bio-agriculture research and the co-location of USDA operations. The expansion would provide space for needed additional staff, as well as spur economic development in the area.

Appropriation - Nonrecurring $1,000,000

Attachment 6

Department of Commerce (14600)
Recommended Budget Adjustments 2006-2007

Division of Policy and Research-Economic Development
Additional Staffing for Policy, Research, and Strategic Planning (PRSP)
Additional positions are needed to strengthen N.C.'s strategic research and planning ability for economic development.

Position Classifications		
Economist III	Salary and Fringe	$290,144 **R**
Policy Development Analyst II	Operating Costs	$ 9,856 **R**
Business & Tech App Tech (GIS)		$300,000 **R**
Business & Tech App Tech (SAS)		

MIS Division
Additional Staff for MIS
A new position is needed to develop and maintain a better web site for the department to promote economic development.

Position Classification		
Business and App Analyst	Salary and Fringe	$70,819 **R**
	Support	$ 5,000 **NR**

Local Planning and Management
Small Towns Main Street Program – Expansion into Western NC
The purpose of this request is to expand the very successful Small Towns Downtown Development program, begun through a Z. Smith Reynolds Foundation grant that has ended. Success of the Small Town Program has created 20 new businesses and 40 new jobs over the past two years.

Position Classification		
Community Development Planner	Salary and Fringe	$49,807 **R**
	Operating Costs	$21,503 **R**
		$71,310 **R**

Administrative Services
Pass Through Monitoring Position and Administrative Support Cost
An Auditor II position is required to comply with the OSA mandate stipulating that agencies are responsible for providing resources for site visits, monitoring, and audits of nonprofit organizations receiving pass through funds. The department continues to receive more pass through funds each year. Additionally, only $80,963 is currently budgeted to support operating costs of the 39 employees in this division.

Position Classification		
Auditor II	Salary and Fringe	$ 62,350 **R**
	Operating Costs	$ 87,650 **R**
		$150,000 **R**

One North Carolina Fund
Industrial Recruitment Competitive Fund
One NC funding is used to offset the cost of developing infrastructure, and other permissible costs associated with newly locating or expanding, high growth, high value operations throughout the state.

$10,000,000 **R**

One North Carolina Small Business Program
Small Business Innovation and Technology Incentive Program
Governor Easley has said of these programs, "These grants will allow more of North Carolina's small businesses to conduct the innovative research and technology development that is critical to the future growth of our state's economy. This program will further ensure that North Carolina is well positioned to remain a top competitor in the global marketplace."

$5,000,000 **R**

Marketing and Customer Service
Promoting North Carolina as a Business Destination
This funding is needed to pay for traditional advertising in business publications, public relations outreach, marketing materials, national and international industry trade show and conference participation, and business calls on industry targets.

$1,500,000 **R**

Tourism, Film, and Sports Development
Motor Sports Program
The Motor Sports industry is a significant economic force in our state. Efforts to promote the sport will help to induce further investments, and continued growth of the industry.

$250,000 **NR**

Local Planning and Management
NC 21st Century Communities Program
The NC 21st Century Program's goal is to identify communities that are experiencing challenges in economic stability, and to help them become more competitive in the global economy.

Position Classifications		
Community Development Planner I	Salary and Fringe	$198,459 **R**
(3 positions)	Operating Costs	$ 76,240 **R**
		$274,699 **R**

2007 U.S. Women's Open
U.S. Women's Open
This high profile event will draw thousands of spectators to our state, and draw international media attention.

$125,000 **NR**

Attachment 7

North Carolina Industrial Commission
Replace Electronic Document System

2006-2007 Governor's Recommended Budget

Industrial Commission

1. **Replace Electronic Document System**
   It is recommended that funding be provided to aid in the replacement of the failing Electronic Document Management system. The system is 25 years old and is a legacy mainframe database program.

Requirements - Nonrecurring	**$3,600,000**
Receipts - Nonrecurring	**$2,100,000**
Appropriation - Nonrecurring	**$1,500,000**

NEEDS

The Industrial Commission is engaging in the planning process for replacement of its approximately 25+ year old electronic claims database system (RUMBA) and its approximately 10 year old claims storage systems (EDMS).

The Commission does not presently have an automated claims processing system nor the capability of business line applications to produce reports and comparison data for the workers' compensation system.

Complete replacement of the Commission's current claims tracking and information management systems is an extremely high priority for several reasons:

1. The State Auditor certified approximately ten years ago that the Commission's current claims tracking system is completely unreliable for statistical purposes.
2. Several consultants have warned that it is highly conceivable that the Commission's current claims tracking system may "crash" and data may be completely unrecoverable and irretrievable in any form.
3. The Commission and all stakeholders in the workers' compensation system suffer from greatly decreased productivity with regards to timely claims management due to the Commission's inadequate technology infrastructure.

PLANS

The Industrial Commission working with State ITS plans to implement a real-time, web-based, business line application system that handles all aspects of administration and litigation of workers' compensation claims. This system will also include adequate security safeguards in accordance with federal and state laws with regards to privacy of health and claims information.

The initial phases of this technology upgrade will require a sizable capital outlay. It will also be necessary to ensure a stable source of sufficient funds for system maintenance is in place prior to installation of the new system.

COST ESTIMATES

FY 2006-07	**Engineering, Equipment, Software**	**$3,600,000**
FY 2007-08	**Engineering, Equipment, Software**	**$2,100,000**
	Future Maintenance & Upkeep of System	**$1,600,000 annually**

Implementation of a new claims management system will bring about significant cost efficiencies for all participants in the workers' compensation system including insurance carriers and third party administrators and their contractors, medical providers, attorneys, and the Industrial Commission.

REVENUE STREAM

A budget special provision passed in 2003 and modified in 2004 created a special fund devoted to replacing existing Commission hardware and software known as the "Technology Fund." These provisions mandate setting aside $50.00 of the $250.00 fee charged for filing of compromise settlement agreements since July 1, 2003 for the sole purpose of technology upgrades for the Commission.

The General Assembly has currently authorized set aside of these funds through the 2009-2011 biennium.

Relevant laws creating and governing the use of the "Technology Fund" are attached.

REVENUES

INDUSTRIAL COMMISSION COMPUTER RESERVES (COLLECTED JULY 1, 2003- JUNE 30, 2005)	**$1,123,696.00**
TECHNOLOGY FUNDS COLLECTED YTD	**$ 523,592.00**
PROJECTED COLLECTIONS FY 06-07*	**$ 500,000.00**
TOTAL	**$2,147,288.00**

PROJECTED

SESSION LAW 2003-284

INDUSTRIAL COMMISSION FEES/COMPUTER SYSTEM REPLACEMENT

SECTION 12.6C.(a) *The North Carolina Industrial Commission may retain the additional revenue generated by raising the fee charged to parties for the filing of compromised settlements from two hundred dollars ($200.00) to an amount that does not exceed two hundred fifty dollars ($250.00) for the purpose of replacing existing computer hardware and software used for the operations of the Commission. These funds may also be used to prepare any assessment of hardware and software needs prior to purchase. The Commission may not retain any fees under this section unless they are in excess of the current two-hundred-dollar ($200.00) fee charged by the Commission for filing a compromise settlement.*

SECTION 12.6C.(b) *Nothing in this section shall be deemed to limit or restrict the Commission's authority to increase fees for purposes other than those indicated in subsection (a) of this section.*

SECTION 12.6C.(c) *Unexpended and unencumbered fees retained by the Industrial Commission under subsection (a) of this section shall not revert to the General Fund on June 30 of each fiscal year, but shall remain available to the Commission for the purposes stated in subsection (a) of this section.*

SECTION 12.6C.(d) *All plans and purchases by the Commission utilizing fees retained under subsection (a) of this section are subject to project certification by the Information Resources Management Commission, and the Commission in making purchases under subsection (a) of this section must follow the procurement process outlined in accordance with the provisions of 09 NCAC 06B. 0300. The Commission shall report its plans to replace existing computer hardware and software to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division prior to issuing any requests for proposals.*

SECTION 12.6C.(e) *The Commission may retain additional fees as authorized by subsection (a) of this section only in the 2003-2005 fiscal biennium and shall not retain any additional fees after the 2003-2005 fiscal biennium.*

AS MODIFIED BY SESSION LAW 2004-174

SECTION 3. *Section 12.6C(e) of S.L. 2003-284 reads as rewritten:*
*"**SECTION 12.6C.(e)** The Commission may retain additional fees as authorized by subsection (a) of this section ~~only in the 2003-2005 fiscal biennium and shall not retain any additional fees after the 2003-2005~~ until the 2009-2011 fiscal biennium."*

Department of Labor (13800)

Total Appropriations and Positions

	2006-07 Certified	2006-07 Recommended	Percentage Change
Requirements	$27,159,328	$27,699,328	2.0 %
Receipts	12,724,403	12,814,403	0.7 %
Appropriation	$14,434,925	$14,884,925	3.1 %
Positions	432.000	435.500	0.8 %

Appropriation Items – Recommended Adjustments

Expansion

2006-07

Operating Funds for Administrative Division

1. **Operating Funding**

It is recommended that the Department of Labor receive additional operational funding to aid in its statutory responsibilities of inspections, investigating complaints, and occupational and health safety.

Requirements	**$340,000**
Receipts	**$90,000**
Appropriation	**$250,000**

Mine and Quarry Division

1. **Restore Appropriation for Mine and Quarry Division**

During the last session, the Mine and Quarry Division was changed from full appropriation to a mix of appropriation and receipts from a new fee. This change has caused a hardship for small mine operations across the state. Also, the fee is not bringing in enough funds to support the division. It is recommended that the fee be abolished and the division be changed back to support by appropriations.

Appropriation	**$200,000**
Number of Positions	**3.500**

Total Recommended Expansion

Recurring

Requirements	$540,000
Receipts	90,000
Appropriation	$450,000
Number of Positions	3.500

Nonrecurring

Requirements	-
Receipts	-
Appropriation	-
Number of Positions	-

Total Recommended Adjustments for Department of Labor 2006-07

Recurring

Requirements	$540,000
Receipts	90,000
Appropriation	$450,000
Number of Positions	3.500

Nonrecurring

Requirements	-
Receipts	-
Appropriation	-
Number of Positions	-

Note: *This was inadvertently omitted from the Governor's Budget. The Office of State Budget and Management supports this request.*

Elevator and Amusement Device Bureau

1. Establish (2) 100% receipt supported elevator inspector positions **$111,696**

Number of Positions **2.00**

In the past 3 fiscal years, the bureau has experienced a 41% increase in new elevator inspections, a 27% increase in inspections of elevator repairs and alterations, and a 17% increase in the number of location notices for amusement ride inspections. Current staff includes 30 inspectors and 3 supervisors.

Attachment 9

Joint Appropriations Subcommittee on Natural and Economic Resources

Wednesday, May 10th, 2006

Representative Edith Warren, Representative Howard Hunter,
And Senator David Weinstein – Co-Chairs

Representative Edith Warren, Presiding
1:30 p.m. Room 423

Co-Chairs Comments

Overview of Governor's Budget

▪ **N.C. Biotechnology Center**	Dr. Leslie Alexandre, President & Chief Executive Officer
▪ **Department of Agriculture and Consumer Services**	David Smith, Deputy Commissioner of Administration
▪ **Department of Commerce**	Shannon Hobby, Chief Finance Officer
▪ **Department of Labor**	Becky Brown, Budget Director
▪ **Department of Environment and Natural Resources**	Dempsey Benton, Chief Deputy Secretary

Closing Remarks – Representative Edith Warren

Adjourn

Created on 5/1/2006 10:48 AM

Attachment 10

VISITOR REGISTRATION SHEET

NER — Name of Committee

5/10/06 — Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Alan Klimek	DENR-DWQ
Peter Matthews	DENR - DWM
Lori Andreasen	USFA
Ken Tindall	NCSC
[illegible]	NCBC
Steven Burke	North Carolina Biotechnology Center
Robert McMahan	NC-DOC
Colleen Cochrane	Smith Moore
Doug Lassiter	NCSTA
Patrick Buffkin	ALLEY Assoc, INC
Don Horsley	NC DOC

VISITOR REGISTRATION SHEET

APPROPRIATIONS SUBCOMMITTEE ON NATURAL AND ECONOMIC RESOURCES
Name of Committee

May 10, 2006
Date 1:30

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Thomas Clark	OSBM
Donna S. Ay	OSBM
Terri Deaton	DACS
N. David Smith	NCPARKS
Terry L. Pierce	Div Env Hlth, DENR
John McFadyen	DEH, DENR
Lori Greenstein	NC Biotech Center
David McLeod	NCDACS
Ashley Jones	NCDA&CS
BARRY TEATER	N.C. Biotechnology Center
Christy Russell	" " "

VISITOR REGISTRATION SHEET

APPROPRIATIONS SUBCOMMITTEE ON NATURAL AND ECONOMIC RESOURCES
Name of Committee

May 10, 2006
Date

1:30

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Jack Newman	NC Dept Commerce, DCA
Rodney Swink	Community Assistance, Commerce
Charlie Thompson	Community Assistance, Commerce
Jennifer Haigwood	Dept. of Labor
Becky Brown	Labor
Alyn Berry	Civitas Institute
David Williams	DENR - Soil & Water Cons.
Charles Jones	DENR - Div of Coastal Mgmt
Cody Hardy	DENR
[illegible]	NCFB
Francis M. Neilo Jr.	DENR - DLR

VISITOR REGISTRATION SHEET

NER — Name of Committee

5/10/06 — Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Patrice Lamb	NCACC
Minister Evangelist Mohammed	
N.C. Senate Candidate	Islamic & Political Fairness Committee
Joanna Wright	e.NC Authority
Denise A. Seasoms	Commerce
Shannon Holley	Commerce
Dee Lupton	DENR - Div. Marine Fisheries
Thomas J. BOLCH	NC INDUSTRIAL COMMISSION / COMMERCE
Buck Lattimore	NC INDUSTRIAL COMMISSION
Marty Wilder	DENR - OSWC
Dianne Beasley	DENR - Forestry
DAN Smith	DENR - Forest Resources

Joint Appropriations Subcommittee on Natural and Economic Resources

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1:30 p.m. Room 423

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Industrial Comm. – Buck Latti...

- **Department of Labor** — Becky Brown, Budget Director
- **Department of Environment and Natural Resources** — Dempsey Benton, Chief Deputy Secretary

Closing Remarks – Representative Edith Warren

Adjourn

Created on 5/1/2006 10:48 AM

Joint Appropriations Subcommittee on Natural and Economic Resources

Thursday, May 11th, 2006

Representative Edith Warren, Representative Howard Hunter,
And Senator David Weinstein – Co-Chairs

Senator David Weinstein, Presiding
8:30 a.m. Room 423

Co-Chairs Comments

▪ **Northeast Partnership Audit Findings and Recommendations**	Stan Wesner, Performance Manager Office of State Auditor Lawen Becote, Performance Audit Supervisor Office of State Auditor
▪ **New Requirements for Non-Profits**	David Nance, Manager, Office of State Auditor
▪ **Reporting Requirements for Non-Profits**	Tom Newsome, Office of State Budget

Closing Remarks – Senator David Weinstein

Adjourn

MINUTES

Joint Appropriations Subcommittee
on
Natural and Economic Resources
Thursday, May 11, 2006 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, May 11, 2006, in Room 423 of the Legislative Office Building. Four members of the Senate Subcommittee attended along with Representatives Warren, Allen, Walker, Culp, Harrison, Langdon, Wilkins and Wray. Senator David Weinstein presided.

The meeting was called to order and the subcommittee and interested parties were welcomed. The following served the meeting: Pages – Nathan Fisher sponsored by Representative Dewey Hill, Stephanie Dowd sponsored by Representative Bryan Holloway, Jullian Myers and Grayson Cohn sponsored by Senator John Garwood, and Hannah Townsend sponsored by Senator Walter Dalton; Sergeant at Arms - Ernie Sherrell and Ronald Spann (Senate), and James Worth and Marvin Lee (House); and the Fiscal Research NER Team - Susan Morgan, Joy Hicks, and Kristin Walker. Senator Weinstein proceeded with the Agenda (Attachment 1).

Stan Wesner, Performance Manager, Office of State Auditor, was recognized to discuss the Northeast Partnership Performance Audit (Attachment 2) findings and recommendations. Mr. Wesner began by explaining that the Northeast Partnership (Organization) Performance Audit covered three years ending June 30, 2005. The purpose of the audit was to see if State funds were used in a prudent business manner for the purpose of economic development in the region. A handout of the Audit's findings was distributed to the subcommittee (Attachment 3) and Mr. Wesner gave a review of each of the findings and the Office of State Auditor's recommendation regarding each finding (for a detailed account of the findings and recommendations, see Attachment 2, Pages 8 – 18). Mr. Wesner concluded his remarks by entertaining questions and comments from the subcommittee. There were several questions and a great deal of discussion regarding the audit and Mr. Wesner emphasized to the subcommittee that the Partnership did have problems but to please not view the audit report as an indictment of the regional concept. There is nothing in the report that says it is a bad concept. He did not say it was a good concept because they did not look at it that way. But he stressed that they should not conclude that the regional concept is not needed because there is nothing in the audit to that effect.

David Nance, Manager, Officer of State Auditor, was recognized to comment on some new requirements for non-profits. Mr. Nance began his remarks by explaining that he deals with non-profit and non-governmental audits and one of the things routinely found is that boards do not do what they are responsible for doing. They see their appointments as being an appointment. They go to the meetings but sometimes do not take a hard look

at the money as being state money and do not make the hard decisions that they need to make. Board education is something that needs to happen consistently. Mr. Nance referred to a handout of General Statute § 143-6.2 and rules and regulations created as a result of §143-6.2 (d) which establish policies and procedures for disbursements of grants and for state agency oversight, monitoring, and evaluation of grantees and subgrantees (Attachment 4). He explained that there has been some thought about whether or not new legislation should be introduced; however, some legislation is already in place. The Partnership audit went through June 30, 2005 and General Statue §143-6.2, Use of State funds by non-State entities., became effective July 1, 2005. He then reviewed key points of the Statute and rules. In closing, Mr. Nance emphasized that regarding the question of do we need any new legislation, it is hoped that the new rules will address a lot of the issues and concerns. He then entertained questions and/or comments from the Subcommittee. There were several questions and a great deal of discussion regarding the Northeast Partnership and the new rules and regulations. Members of the audience were also called upon for input and comments.

Tom Newsome, Office of State Budget, was recognized to comment on reporting requirements for non-governmental entities. Mr. Newsome began by stating that last year in May the Office of State Budget was required to file a Compliance Report with the Legislature and they had over 600 entities on that Compliance Report who had failed to comply. However with this year's May report, there were less than 100 which shows that both the agencies and non-government entities are doing a better job in handling responsibilities related to State funds that are disbursed. G.S. § 143-6.1 previously outlined the reporting requirements and starting July 1, 2005 a new set of reporting requirements were developed in response to G.S. § 143-6.2. He referred to a handout (Attachment 5) that shows on one side of the page (left) the reporting requirements that covered funds disbursed prior to June 30, 2005 (G.S. § 143-6.1) and on the other side of the page (right) shows the reporting requirements for funds disbursed after the beginning of the new fiscal year (July 1, 2005) that are based on the new administrative rules in G.S. § 143-6.2. Mr. Newsome then reviewed the requirements - old law vs. new law - with the subcommittee. In conclusion, he explained that the agencies are having to deal with over 5,000 non-governmental entities and over $700,000,000.00 going to these entities, so monitoring these funds is a difficult job in some cases, particularly with appropriations that are done directly in the budget field. The agencies, in some cases, do not know who the grantee is or where they are so they have to build their file on limited information. This is not a minor issue at all and now it may be close to $1 billion that go to non-governmental entities because in the past reports were not done of less that $15,000.00 grants. Over this current year through the efforts of the agencies and the State Auditor's Office to educate entities and agencies, a much better job has been done in getting the number of grantees who have complied with the reporting (600 vs. less than 100). Mr. Newsome then entertained questions and/or comments from the subcommittee. There were no questions and/or comments and the meeting was turned over to Senator Weinstein.

After some remarks about the amount of work that is needed to be done regarding the actions of non-profits, especially in the area of board appointments and blatant misuse of

State funds, Senator Weinstein asked Representative Warren if she had any comments. She did not and he announced that the NER chairs would meet that afternoon at 1:30 p.m. in Room 601. With no further business, the subcommittee adjourned at 9:35 a.m.

Senator David F. Weinstein
Co-Chairman

Jane M. "Dee" Bagley
Senate Committee Assistant

~~Attachment 1~~

Joint Appropriations Subcommittee on Natural and Economic Resources

Thursday, May 11th, 2006

Representative Edith Warren, Representative Howard Hunter,
And Senator David Weinstein – Co-Chairs

Senator David Weinstein, Presiding
8:30 a.m. Room 423

Co-Chairs Comments

▪ **Northeast Partnership Audit Findings and Recommendations**	Stan Wesner, Performance Manager Office of State Auditor Lawen Becote, Performance Audit Supervisor Office of State Auditor
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▪ **Reporting Requirements for Non-Profits**	Tom Newsome, Office of State Budget

Closing Remarks – Senator David Weinstein

Adjourn

STATE OF NORTH CAROLINA

PERFORMANCE AUDIT

NORTHEASTERN NORTH CAROLINA REGIONAL ECONOMIC DEVELOPMENT COMMISSION
AND
NORTH CAROLINA'S NORTHEAST PARTNERSHIP, INC.

MARCH 2006

OFFICE OF THE STATE AUDITOR
LESLIE W. MERRITT, JR., CPA, CFP
STATE AUDITOR

STATE OF NORTH CAROLINA
Office of the State Auditor

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April 11, 2006

The Honorable Michael F. Easley, Governor
Members of the North Carolina General Assembly
Secretary Jim Fain, Department of Commerce
Mr. Jack Runion, Chairman, Northeastern North Carolina Regional Economic Development Commission and North Carolina's Northeast Partnership, Inc.

Ladies and Gentlemen:

We are pleased to submit this performance audit entitled *Northeastern North Carolina Regional Economic Development Commission and North Carolina's Northeast Partnership, Inc.* The objective of the audit was to determine whether the resources provided by the State were used in a prudent business manner for their intended purpose of furthering economic development in the northeast region of North Carolina. Chairman Runion has reviewed a draft copy of this report. His written comments are included after each audit finding and in an appendix to the report.

We wish to express our appreciation to Chairman Runion and the Boards of Directors and staffs of both organizations for the courtesy, cooperation, and assistance provided us during the audit.

Leslie W. Merritt, Jr.

Respectfully submitted,

Leslie W. Merritt, Jr., CPA, CFP
State Auditor

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Summary

North Carolina and other states are faced with the challenge of how to increase economic development within their states. In partial response to that challenge, North Carolina's General Assembly provides funds for seven designated regions of the State to market their regions. The seven regions were provided $20.9 million in State appropriations during the three-year period ending June 30, 2005, with an additional $8.5 million authorized for the year ending June 30, 2006. Northeastern North Carolina Regional Economic Development Commission (Commission) is the regional entity designated to market the northeastern area of the State.

The Commission formed a private non-profit partnership, North Carolina's Northeast Partnership, Inc. (Partnership), in an effort to carry out its mission of marketing the northeastern part of North Carolina to business and industry. The majority of the State funds provided to the Commission are passed to the Partnership for this purpose. During the three-year audit period ending June 30, 2005, $4.08 million in economic development funds have been provided by the State to the Commission and the Partnership.[1]

The State has provided minimal regulatory guidance regarding the use of these funds except that the funds should be used for economic development in the region. The objective of this audit was to determine whether the resources provided by the State were used in a prudent business manner for their intended purpose of furthering economic development in the region. The scope of this audit encompassed the operations associated with the efforts of the Organization to further economic development in its designated region.

RESULTS IN BRIEF

The Organization's president has created a conflict of interest and has created a situation in which his decisions, however inconsequential, could be questioned as to their motivation. There has been significant controversy and legitimate questions have been raised by citizens and from officials within the region's economic development community. These issues have caused extensive adverse media attention and heightened public skepticism that could cause the Organization's mission and focus to suffer.

The Partnership has made significant bonus payments without any pre-determined criteria on which to justify the payments. Bonus payments of $572,000 were paid to the Organization's employees, employees of the North Carolina Department of Commerce, and to several of the Organization's independent contractors without any documented basis for the payments.

The Organization paid consultants in excess of $889,000, yet the Organization's process of selecting contractors does not provide assurance that the Organization contracted with the most qualified and at the best possible price.

[1] As more fully described in the appendices to this report, the Commission and the Partnership are so intertwined operationally and financially that it would be cumbersome and unnecessary to discuss the issues in this report in the context of two separate entities. Therefore, the two entities will hereafter be referred to jointly as "Organization" when the topic under discussion equally applies to both entities.

Many of the employment and consulting contracts entered into by the Organization contain terms that could adversely affect the Organization's operations and/or finances and they do not include other terms that would protect the Organization's interest. The Organization could be required to pay certain employees and even some independent contractors the equivalent of the employee's annual salary or the contractor's annual retainer even if the Organization had good cause for severing its relationship with the employees or contractors.

There was no documented evidence in the financial records that two contractors that had been paid $50,340 had provided specific services to the Partnership.

The Partnership is reporting financial information incorrectly on Internal Revenue Service Form 990. Compensation of key employees has not been reported correctly. Failure to accurately report required data could mislead the public and lead to an inaccurate assessment of an organization's operations.

There are internal control weaknesses in the Organization's operations. There are no written policies and procedures on reimbursement of expenditures for Organization and North Carolina Department of Commerce staff and there is inadequate separation of duties.

The Commission did not seek clarification from the Attorney General regarding the Commission's status and obligations as "an agency of North Carolina" or whether the substantial delegation of the Commission's responsibilities to the Partnership was at odds with its authority.

The Commission and Partnership Boards of Directors have not sufficiently exercised their fiduciary responsibilities to monitor operations and ensure funds are used in the most effective and efficient manner in furtherance of economic development in the region. The failure of the Boards to properly act in a timely manner to major issues confronting the Organization could hurt the Organization's goal to improve the economic conditions of the region.

ORGANIZATION'S RESPONSE

The Organization's responses are included after each audit finding and in an appendix to the report.

Introduction

BACKGROUND

The counties of North Carolina are organized into seven regional partnerships for economic development. The seven partnerships work on a regional basis to serve North Carolina's 100 counties in promoting economic development marketing strategies and opportunities. North Carolina's regional partnerships compete for new investment and devise economic development strategies based on regional opportunities and advantages. The seven regions were provided $20.9 million in State appropriations during the three-year period ending June 30, 2005, with an additional $8.5 million authorized for the year ending June 30, 2006.

The Northeastern North Carolina Regional Economic Development Commission was created in 1993 by General Statute § 158-8.2 as a public agency designed "to facilitate economic development in Beaufort, Bertie, Camden, Chowan, Currituck, Dare, Gates, Halifax, Hertford, Hyde, Martin, Northampton, Pasquotank, Perquimans, Tyrrell, and Washington Counties." The Commission formed a private entity named North Carolina's Northeast Partnership, Inc. to carry out its mission of marketing the northeast region through tourism and business/industry recruitment and expansion. The Commission is provided State funds from the annual State appropriation but then passes the majority of the funds to the Partnership. During the three-year audit period ending June 30, 2005, $4.08 million in economic development funds have been provided by the State to the Commission and the Partnership.

North Carolina's Northeast Partnership, Inc. promotes economic development, travel, and tourism for its region. The Partnership provides no cost, confidential assistance to companies considering relocation or expansion in the region. The Partnership also supports efforts to increase visitor awareness of the natural, historical, cultural, and recreational opportunities in North Carolina's northeast.

The Northeastern North Carolina Regional Economic Development Commission and North Carolina's Northeast Partnership, Inc. share the same mission and goals, which is "to increase the standard of living for citizens in the sixteen county region through industrial, business, tourism, and retirement development as well as improve economic conditions in Northeast North Carolina by marketing the region's excellent business, tourism, and quality-of-life amenities."

OBJECTIVES, SCOPE, AND METHODOLOGY

With the recent questions raised regarding the use and administration of State funds by the Northeastern North Carolina Regional Economic Development Commission and North Carolina's Northeast Partnership, Inc., the State Auditor determined that there was a need to review their operations. The objective of this audit was to determine whether the resources provided by the State were used in a prudent business manner for their intended purpose of furthering economic development in the region.

PERFORMANCE AUDIT

The scope of this audit encompassed the operations associated with the efforts of the Commission and the Partnership to further economic development in its designated region. Unless otherwise described, our audit covered primarily the three-year period ending June 30, 2005.

To accomplish our objective, we interviewed organization staff, contractors, board members, Department of Commerce staff, and personnel from other economic development organizations. We reviewed the General Statutes and the North Carolina Administrative Code relating to economic development and the Organization's policies and procedures. We reviewed internal control, performed compliance testing, and examined financial records and documentation as related to the audit objectives.

This report contains the results of the audit including conclusions and recommendations. Specific recommendations related to our audit objectives are reported. Because of the test nature and other inherent limitations of an audit, together with the limitations of any system of internal and management controls, this audit would not necessarily disclose all weaknesses in the systems or lack of compliance.

We conducted the fieldwork from November to December 2005. We conducted this audit under the authority vested in the State Auditor of North Carolina by Section 147-64.6 of North Carolina General Statutes and according to generally accepted government auditing standards.

1. THE PRESIDENT/CEO CREATED A CONFLICT OF INTEREST WITH HIS INVOLVEMENT IN THE PARTON ENTERTAINMENT PROJECT

The Organization's president has created a conflict of interest and has created a situation in which the motivation for his decisions could be questioned. The president is in a position to direct the Organization's efforts and State-provided resources for the benefit of an organization that has offered him employment. This, by any reasonable person's definition, is a conflict of interest and we believe clearly violates the president's employment contract and the Partnership's own definition of a conflict of interest. Can the Organization, the State, and its citizens be assured that the president, if circumstances required it, would withhold or modify the Organization's efforts or make a decision that would adversely impact the Parton[2] Project?

The Partnership's Ethics and Conflict of Interest Policy defines a conflict of interest, in part, as a relationship in which an employee's private financial interest conflicts with public duties and responsibilities:

> *"A conflict of interest involves any situation in which the private interest, usually of a financial or economic nature, of any director, officer or employee of the corporation, conflicts or raises a reasonable question of conflict with such directors, officer's or employee's public duties or responsibilities.*

This definition even labels those situations where one's private economic or financial interest "raises a reasonable question of conflict" as a conflict of interest. More directly, the president's contract with the Organization states that he is "obligated to diligently avoid a conflict of interest, or the *appearance of a conflict of interest* [emphasis added]." The president has also failed to comply with this requirement. There has been significant controversy and legitimate questions have been raised by citizens and from officials within the region's economic development community, not only about the Parton Project, but also about actual or planned personal investments by the president in businesses he has aided. These issues have caused extensive adverse media attention and heightened public skepticism that could cause the Organization's mission and focus to suffer.

According to Organization management, the president initiated and cultivated the Parton Project, primarily by establishing a personal relationship with Randy Parton and his family. Approximately a year after the relationship began, the president announced in October 2005, that he had verbally agreed to employment with the Parton Project, to begin in April of 2007. The president has also stated that he plans to invest in the Parton Project. The president has stated that his main priorities as an employee of the Organization until he departs will be the day-to-day operations of the Organization and overseeing the Parton Project for the Organization.

[2] The Parton Project is the Randy Parton Theater and Carolina Crossroads Entertainment District Project, a major economic development located adjacent to Interstate 95 and south of Roanoke Rapids, North Carolina. According to Organization officials, an analysis of its economic impact indicates that over a four-year period, 2005 to 2008, this venture, if successful, could provide $225 million in increased labor income and 13,000 new jobs.

The Organization's attorney, who also represents the Parton Project, stated that there is no conflict of interest. We acknowledge that the Organization also engaged another outside attorney who provided a similar opinion. The Organization, however, did not seek an opinion through the Attorney General's office.

Recommendation: The Commission and Partnership Boards need to consider remedial action given that the president is not in compliance with his contract and the Partnership's own Ethics and Conflict of Interest Policy. All board members should more actively involve themselves in the operations of the Organization. We believe a matter as serious as this, one in which the integrity of the Organization's operations is questioned, warrants such Board attention.

Subsequent Events: Subsequent to completion of fieldwork on this audit, several events took place regarding the president's employment with the Organization. First, on March 1, 2006, the president notified the Organization in writing that he would be resigning effective June 30, 2006. Then on March 21, 2006, the Organization and the president mutually agreed that the president's tenure with the Organization would terminate retroactive to March 1, 2006. In accordance with the president's original employment contract,[3] the Organization will pay the president a year's base salary of $165,000 and for accumulated unpaid vacation and earned commissions.

Organization's Response: While two legal opinions from highly reputable law firms, Morgan, Reeves & Gilchrest and Sanford Holshouser were obtained to guide the Boards actions relating to a conflict of interest for the President & CEO, we agree that the situation with the President/CEO's continued work with the Organization and future commitment with Moonlight Bandit Productions could give the appearance of a conflict of interest as set forth in the Commission/Partnership's Ethics and Conflict of Interest Policy.

On March 21, 2006, the Boards terminated its agreements with the President/CEO effective March 1, 2006. In subsequent meetings, the Boards for both the Commission and Partnership acknowledged the seriousness of this situation and voiced firm commitments for strict compliance with and enforcement of the Organization's Ethics and Conflict of Interest Policy to ensure that we do not distract from our mission to improve the standard of living for citizens of North Carolina's Northeast Region.

2. BONUSES HAVE BEEN PAID TO PARTNERSHIP EMPLOYEES, DEPARTMENT OF COMMERCE EMPLOYEES, AND CONTRACTORS WITHOUT DOCUMENTED CRITERIA

The Partnership has made significant bonus payments without any pre-determined documented criteria on which to justify the payments. Of the $4.08 million in funds provided by the State during the three year period under audit, 14%, or $572,000, of the funds were paid out in bonus payments to the Organization's employees, employees of the North Carolina Department of Commerce, and to several of the Organization's

[3] See finding 4 for a discussion of employment contracts.

independent contractors without any documented basis for the payments. The Organization's staff stated that the payments were based on what the president felt the individuals, including himself, deserved based on their performance. The amounts were then discussed and approved by the Commission and Partnership executive committees and approved (in the aggregate) by the Boards when the Organization's overall budget was considered. Individual bonus amounts were not disclosed to the Boards. In another matter, we also noted where the Partnership gave a $3,000 bonus to a former employee who had worked less than 1 month of the 12-month period for which bonus payments were based.

* Total Bonuses Paid to Partnership Employees and Others			
Contractor	Fiscal Year 2002-2003	Fiscal Year 2003-2004	Fiscal Year 2004-2005
President/CEO	58,650	82,225	99,475
VP of Marketing/NCDOC Marketing Consultant	24,150	35,938	41,688
Finance Officer	12,363	12,535	14,490
Tourism/Finance Assistant	4,600	7,590	12,190
Administrative Assistant	4,600	6,440	3,000
Front Desk Clerk	0	500	5,400
NCDOC Retention & Expansion Specialist	6,500	8,100	8,600
NCDOC Regional Assistant	9,500	10,600	12,600
NCDOC Heritage Officer	3,500	6,600	0
Lead Consultant	26,000	30,850	30,600
Existing Industry Consultant	0	15,600	20,600
Minority Consultant	0	0	2,000
Total Bonuses Paid	**149,863**	**216,978**	**250,643**
Total Bonuses Paid During Three Years		**617,484**	
Amount Allocable to State Funds Based on Total Available for Bonus Payments		**572,000**	
* Total = Annual, Christmas, and amounts contributed to individuals' IRAs as a result of bonus payments			
NCDOC: North Carolina Department of Commerce employee			
Source: North Carolina's Northeast Partnership, Inc.			

As noted in the table, the bonus payments include $66,000 awarded to employees of the North Carolina Department of Commerce. These are the Department of Commerce employees who are housed on partnership premises and, although answerable only to Department of Commerce supervisors, generally work in coordination with organization activities. These payments were in addition to their State salaries and, as previously discussed, were not supported by documentation to verify justification.

Without documentation of the criteria for bonuses, the State has no way of knowing if the bonuses were deserved, reasonable, the most effective use of State resources, or whether they enhanced economic development.

Recommendation: The respective Boards should first determine whether a bonus program is the most effective use of resources and whether it is appropriate to include Department of Commerce employees and independent contractors. If the bonus program is continued, management should base bonus payments on a documented set of measurable performance criteria that are related to the Organization's mission and goals. While the Organization's job is multi-faceted, including education and marketing of the region, we believe a strong component of the performance criteria should be based on the ultimate goals of the Organization, that of bringing in new investment, new jobs, and increased economic activity. Also, individuals eligible for bonuses should be made aware of the performance criteria prior to the beginning of the established performance review period. Documenting the bonus payments against a set of established criteria provides information to better assess justification.

Additionally, the Organization should be advised that a proposed rule amendment to the North Carolina Administration Code addresses the payment of bonuses to State employees. If accepted, the rule would not allow State employees to "receive compensation above the employee's base salary from the State or from any source for performing the duties of the employee's position except as authorized by this chapter."

Organization's Response: The Boards are in the process of developing a written performance bonus program incorporating the recommendations of the State Auditor that will be based on written performance criteria relating to the mission and goals of the Commission and Partnership. This plan, when complete, will be presented to the full boards of the Organization for consensus. No future performance bonus payments will be made until this plan is approved.

Previous performance bonus payments have always been based on specific accomplishments criteria; however, written documentation for these criteria was not maintained. The Organization did not routinely provide salary increases, except for changes in duties and responsibilities. Performance bonuses were only provided for outstanding achievements in meeting the goals and objectives of the Organization.

3. CONTRACTORS WERE CHOSEN UNDER A POORLY FORMULATED SELECTION PROCESS

The Organization's process of identifying and selecting contractors does not provide sufficient assurance that the most qualified provider of services at the most economical cost is obtained. The Organization does not have any systematic, documented process in place for selecting contractors. We found no applications on file for any of the contractors or any other information regarding contractor credentials, qualifications, and experience or general information about the contractor. For the period under audit, consultant payments exceeded $889,000; however, in the absence of sufficient documentation, we cannot be assured that the Organization contracted with the most qualified and at the best possible price.

We were told that the primary method of identifying potential contractors came from leads provided by the president or board members. Typically, the Organization's process would

begin with the president seeking out and making direct contact with a candidate. Once the Organization's choice is identified, a background check, primarily consisting of obtaining Dun and Bradstreet information and/or calling references, may then be performed. The Organization does not advertise with the regional media and does not always investigate or seek price quotes. The first candidate contacted could be, and often is, the only one ever approached, without any further investigation of others.

Prudent business practices require that a more substantive search be done. Without better search procedures, the Organization is uncertain whether another consultant would have been a better match for its needs.

Recommendation: The Board should establish a consultant hiring process. The selection process should be documented each time it is employed and, at a minimum, should include decisions made regarding the extent and type of advertising, the evaluation process, price quote comparisons, approvals. The search should include advertising or some other reasonable and prudent method of gauging the market for the desired services. The selection decision should not rest with one individual and may include the entire Board in matters involving key services or large sums.

Organization's Response: The Boards of the Organization are in the process of establishing a consultant hiring process that will incorporate acceptable procurement standards and written documentation with full involvement by the Boards in the final selection decisions.

Consultant hires may have not followed a formulated selection process; however, these hires have always been based on sound judgment and references from individuals and organizations familiar with the proposed consultant's capabilities. Additionally, it has always been the practice of the Commission and Partnership to utilize the services of individuals and firms from within the Northeast Region.

4. THE ORGANIZATION AGREED TO POTENTIALLY HARMFUL CONTRACT TERMS

Many of the employment and consulting contracts entered into by the Organization contain terms that could adversely affect the Organization's operations and/or finances and they do not include other terms that would protect the Organization's interest. A clause contained in 11 of the 15 employment contracts and consulting contracts requires the Organization to pay the equivalent of the employee's annual salary or the contractor's annual retainer even when the Organization has good cause for severing its relationship with the employees or contractors. On termination of these contracts "with or without cause," the Organization would be obligated to pay amounts ranging from a low of $10,625 to a high of $165,000 depending on the contractor.

Another contract term requires the Organization to give very long advance written notice if termination of an employee or contractor is desired, possibly resulting in the Organization's inability to change course in a timely manner. We notice that the employee or contractor was not required to reciprocate under an equally demanding advance written notice requirement.

Contract Terms		
	Clause 1	**Clause 2**
Employee/ Contractor	**Termination of this contract by the Organization requires 365 days advance written notice to the contractor; however, the contractor is required to give a 4-month notice if he/she decides to terminate the agreement.**	**The Organization may immediately terminate the agreement, with or without cause; however, it would require a lump sum payment to the contractor of his/her current annual base salary or annual retainer.**
President *	Contracts include clause as stated above	Contracts include clause as stated above - salary of $165,000
Vice-President *	Contracts include clause as stated above	Contracts include clause as stated above – salary of $95,000
Lead Consultant *	Contracts include clause as stated above	Contracts include clause as stated above – retainer of $120,000
Existing Industry Consultant *	Contracts include clause as stated above	Contracts include clause as stated above - retainer of $80,000
Finance Officer *	Not applicable	Contracts include clause as stated above, except payment required would be 1/4 of his/her current annual base salary, or $10,625
International Business Consultant	Not applicable	Contract includes clause as stated above - retainer of $10,800
* This individual has a separate contract with each organization.		
Source: Northeastern North Carolina Regional Economic Development Commission and North Carolina's Northeast Partnership, Inc.		

The Organization could find itself in a position where it could not freely and in its best interests remedy an adverse situation. With limited options, the Organization would be forced to choose between tolerating an adverse situation with potentially disastrous impact on its mission or expending partnership/State funds to eliminate a bad situation created by an employee or a contractor. We believe the terms as currently formulated are not in the best interest of the Organization or the State.[4]

Compounding the potential for problems with contractors, the Organization failed to include in many of the contracts certain other terms that would serve to protect its interests. Of the 15 contracts let by the Partnership and the Commission, nine did not have a non-compete clause, three did not have a conflict of interest clause, and ten failed to require disclosure of financial relationships. The presence of these clauses would help

[4] See finding 1 and its discussion of subsequent events related to the president's employment contract.

the Organization guard against questionable business/financial relationships and would protect the Organization's competitive position were a contract terminated.

Recommendation: The Organization should modify the contracts to limit its liability and allow for more timely engagement of needed changes should termination of an employee or contractor is desired. The Organization should include terms in its contracts that better protect its interests, such as non-compete and conflict of interest clauses, and should require disclosure of financial relationships.

Organization's Response: Because it is critical to the future success of the Organization, the Boards are developing written Contract Review Procedures to ensure full Board understanding and consensus of existing and proposed contracts and terms. These Procedures will include an annual review of all contracts, including contract terms and performance, any modifications needed to ensure that non-compete and conflict of interest clauses are present, and that the level of contract performance is commensurate with the terms of the contracts. A Contract Review Committee will be appointed at the next meeting of the Boards to implement this review.

5. CONTRACTORS RECEIVED PAYMENTS WITHOUT PROVIDING SUPPORTING DOCUMENTATION

There was no documented evidence in the financial records that two contractors, who had been paid $50,340 over the last three fiscal years, had provided specific services to the Organization. Without adequate documentation and proper oversight, a contractor could receive payment for services not provided. The contracts require the contractors to submit time/activity logs or invoices for services rendered.

Management stated that appropriate services had been provided and payment to these contractors occurred as a result of the president's authorization.

Recommendation: Management should require contractors to submit adequate documentation, as required by their contracts, before payments are authorized.

Organization's Response: It has always been the Organization's standard requirement that all Contractors provide detailed, written time and activity reports as documentation for payment for services rendered. Two contractors employed by the Organization failed to provide these reports to the President & CEO, as required by their contract. One of the consultants has subsequently provided full written documentation of activities in performance of her contract with the Organization. In the future, management will ensure that detailed time and activity reports are received prior to making payments under any contract for services.

6. THE PARTNERSHIP IS REPORTING FINANCIAL INFORMATION INCORRECTLY

Compensation of key employees has not been reported correctly on Internal Revenue Service Form 990, a key financial report available to the public. The Partnership either completely omitted or partially listed information on salaries, bonuses, commissions, and employee benefit plans. Since the form is an integral source of information for the public

on the financial position and operations of the Partnership, failure to accurately report required data could mislead the public and lead to an inaccurate assessment of an organization's operations.

For Fiscal Year	Employee	Total Compensation Which Should Have Been Stated on 990s	Total Compensation Stated on 990s	Total Compensation Understated
2003-2004	President/CEO	256,039	123,878	132,161
	VP of Marketing	143,783	75,836	67,947
2002-2003	President/CEO	196,128	189,785	6,343
2001-2002	President/CEO	287,495	189,750	97,745
Compensation includes Commission and Partnership salaries, annual and Christmas bonuses, commissions on fund raising, and benefits.				
Source: North Carolina's Northeast Partnership, Inc.				

Recommendation: Management should ensure that Form 990 is completed correctly and should be aware that it is ultimately responsible for its accuracy.

Organization's Response: The Organization's multi-departmental classifications inadvertently led to underreporting of information in the 990's by the CPA Firm. The CPA Firm has received clarification from the IRS in reporting information for the 990's, and is in the process of amending all reports for the Organization to ensure that full and accurate reporting is accomplished.

7. INTERNAL CONTROLS ARE WEAK IN SOME AREAS

We noted internal control weaknesses in the Organization's operations:

- There are no written policies and procedures on reimbursement of expenditures to partnership or Department of Commerce employees. According to an Organization official, current practice is to reimburse the expense if the employee has a receipt or reimburse without a receipt if the value of the purchase is minimal; and

- There is inadequate separation of duties. The finance officer approves and authorizes her own pay, including overtime. Over the last three fiscal years, she has been paid $12,845 in overtime pay.

Recommendation: Management should document in writing its reimbursement policies and procedures and they should be communicated to all employees. Each employee's

supervisor should approve the employee's attendance records and/or other records as needed for payroll.

Organization's Response: The President/CEO and Treasurer have always reviewed proposed expenditures with the Treasurer initialing invoices before payments being made. The Organization has prepared a written Expense Reimbursement Policy to guide the reimbursement of expenditures to Partnership and Department of Commerce Employees. While employees' supervisors have always approved employee attendance and payroll records in the past, the Organization will ensure that written documentation of approval is maintained for these items.

8. CLARIFICATION OF THE COMMISSION'S LEGAL STRUCTURE WAS NOT OBTAINED

The Commission did not seek clarification of a 1999 Attorney General advisory opinion that presented questions about the Commission's legal structure and the operational environment the Commission had created for itself. Although the opinion was issued to respond to one question, that of the applicability of the Public Records Act to the Partnership, the opinion contained several conclusions that warranted follow-up and action by the Commission's Board.

The opinion stated that the Commission "is unquestionably an agency of North Carolina government. The Commission is located administratively in the North Carolina Department of Commerce...although it is required to exercise its statutory powers and duties independently of the Department." The Attorney General's opinion continues by calling into question certain actions taken by the Commission's Board. On July 27, 1994, the Commission held a special meeting at which it declared that it would no longer "be affiliated with the Department of Commerce" and would begin operating on its own, to which the Attorney General's opinion declares, "The Commission had no evident authority to disassociate itself by vote from the Department of Commerce in 1994." The question which follows: as "an agency of North Carolina" is the Commission subject to some or all the rules governing State agencies, such as purchasing and contract requirements and State laws on competition, conflict of interest rules, personnel and pay regulations, allowable uses of State funds?

A second question arises when the opinion refers to the incorporation of the Partnership. On September 16, 1994, the Partnership was incorporated and, according to the opinion, "the Partnership's articles of incorporation and bylaws indicate that it assumed the duties and functions of the Commission associated with economic development and tourism development." The Attorney General's opinion took exception and declared, "There is nothing in § 158-8.2 that grants the Commission the authority to divest itself of its statutory powers and duties in the areas of economic and tourism development." The opinion makes note of the annual funding which flows through to the Partnership and the requirement that these funds be used for public purposes.

In response, the Commission signed a memorandum of understanding with the Partnership establishing certain guidelines and principles for the use of its funds. We question

whether this action was sufficient to rectify this issue raised by the Attorney General's opinion. Most of the funds provided to the Commission by the State are immediately transferred to the Partnership and the use of the funds would therefore be at the behest of the Partnership's Board.

Recommendation: The Commission Board should ask the Attorney General of North Carolina for an opinion clarifying the Commission's status and obligations as "an agency of North Carolina," the State rules and regulations, if any, it is required to comply with, and whether the substantial delegation of the Commission's responsibilities to the Partnership is at odds with its authority.

Organization's Response: The Organization has requested an opinion from the North Carolina Attorney General for clarification of the Commission's status and obligations as "an agency of North Carolina" and it's authority to enter into a Memorandum of Understand with North Carolina's Northeast Partnership, Inc., a private, non-profit corporation. A copy of this request is attached hereto.

9. THE COMMISSION AND PARTNERSHIP BOARDS OF DIRECTORS HAVE NOT PROVIDED ADEQUATE OVERSIGHT

The Commission and Partnership Boards of Directors have not sufficiently exercised their fiduciary responsibilities to monitor operations and ensure funds are used in the most effective and efficient manner in furtherance of economic development in the region. We saw very little evidence of in-depth discussion or very little action taken in regards to some major outlays and operational issues, some of which have become controversial. The Boards have relinquished too much authority and responsibility to their executive committees. While some matters are appropriate for an executive committee, others should not be delegated. We believe the following items, some of which have previously been discussed, represent areas in which the Boards have been slow to act or not acted on at all:

- We believe the Boards have not sufficiently acted nor responded in a timely manner to some highly publicized and controversial matters, in particular, the status of the Organization's president and his future employment plans with a client;[5]

- There is very little evidence that board members were aware of or considered the details of the Organization's contractor agreements, the outlays for which approached $889,000 over the three year audit period;

- Amounts paid to independent contractors are large. However, the Boards have not established a process that would ensure the selection of the most qualified candidates at the best prices;

[5] See audit finding 1 for discussion of events that took place subsequent to completion of fieldwork on this audit.

- The Boards did not involve themselves in a detail analysis and discussion of bonus payments to employees and others, another significant expenditure item; and

- There is no evidence that the Boards recognized the possible difficulty and the impact on finances from unfavorably formulated contract terms[6] – a problem which would arise were the Organization faced with non-performance of a key employee or contractor.

The failure of the Boards to properly act in a timely manner regarding major issues confronting the Organization could adversely affect the Organization, as it could jeopardize funding, diminish confidence of the State and its citizens, diminish the willingness of corporate entities to associate with an organization embroiled in controversy, and ultimately hurt the Organization's goal to improve the economic conditions of the region.

Recommendation: Each board member should be provided detailed information about Organization expenditures and operations, such as salaries, bonus payments, contract terms and agreements, as well as contractor selection and performance. Each board member has the responsibility and fiduciary duty to engage in active consideration of these and other significant issues of Organization operations. The Board's exercise of its oversight responsibilities provides some of the checks and balances needed to better ensure prudent spending of funds.

Organization's Response: We recognize the importance of Board understanding and support of the activities of the Organization in improvement of economic conditions of the Region. Boards will be provided full and detailed information regarding expenditures, operations, salaries, performance compensation, and employee and contractor selection/performance for the Organization. The Organization has always maintained an open-door policy for Board Members with any and all information available to Members at anytime.

[6] As discussed in findings 1 and 4, the Organization paid the president the equivalent of his annual salary upon agreement to terminate his employment with the organization.

APPENDICES

ADMINISTRATIVE STRUCTURE

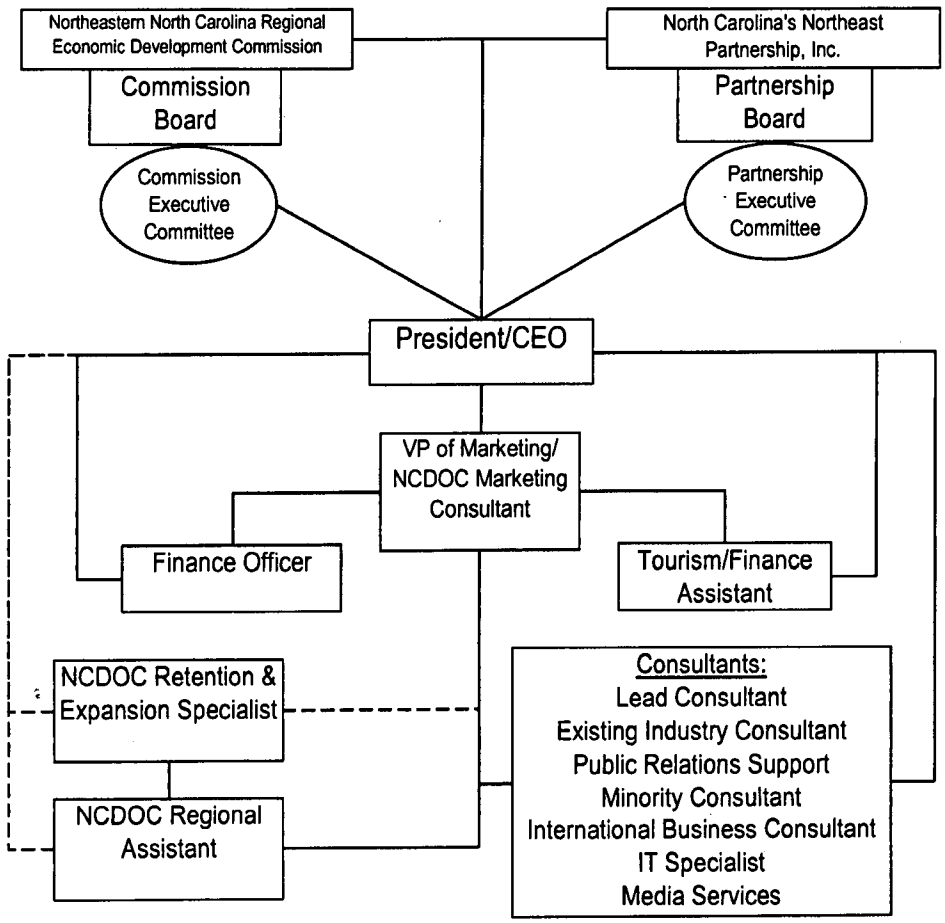
The Northeastern North Carolina Regional Economic Development Commission was established by the General Assembly to serve the northeastern region. Its Board is made up of nineteen members who are the Secretary of Commerce or his designee and appointments by the Governor, the Speaker of the House, and the President Pro Tempore. The Commission receives the yearly allocation of State funds provided to the northeastern region for economic development. North Carolina's Northeast Partnership, Inc. is given a large percentage of the funds and operates under a memorandum of understanding on behalf of the Commission to carry out the economic development efforts for the region. The Commission's executive committee is given financial and funding decision-making responsibility. Decisions made by the executive committee are reviewed and voted on by the Commission's Board.

The Partnership's Board includes the chair and treasurer of the Commission, the president, the immediate past commission chair, four chairs from the Partnership's sub-committees or related entities, and three at large directors that are chosen by the president. The Partnership also has an executive committee that has the primary responsibility for financial and funding decision-making. Decisions by the Partnership's Board may be passed on to the Commission if required. Most decisions by the Partnership Board do not require further approval.

The president serves as president for both the Commission and the Partnership. The president supervises or leads most of the decision-making efforts within the Commission and the Partnership, especially matters concerning financial data and compensation. The Commission's and Partnership's executive committees typically review major financial decisions.

Exhibit 3

NORTHEAST COMMISSION AND PARTNERSHIP ORGANIZATIONAL CHART



Source: OSA generated.

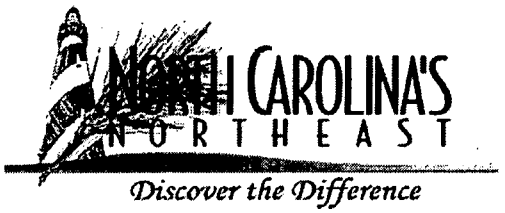
BUDGETING AND FUNDING

State allocations are issued to the Commission and the Commission provides a portion of the funds to the Partnership to carry out its mission in economic development. The State allocations received by the Commission and Partnership for the last three fiscal years are shown in the exhibit below.

The Partnership also receives some private funding through North Carolina's Northeast Committee of 1000, Inc. and North Carolina's Northeast Economic Foundation, Inc., two affiliated non-profit corporations, by way of the same type of memorandum of understanding that it has with the Commission. Other sources of funding include other government grants along with private and miscellaneous types of income.

Type of Funds	Fiscal Year 2004-2005	% of Fund to Total Funds	Fiscal Year 2003-2004	% of Fund to Total Funds	Fiscal Year 2002-2003	% of Fund to Total Funds
State Allocation Granted to the Commission	**1,269,368**		**1,443,557**		**1,341,845**	
Funds to Partnership						
State Allocation Passed from the Commission to the Partnership	1,494,096	66%	1,250,000	70%	1,336,338	69%
Other Government Grants	600,801	26%	410,285	23%	558,124	29%
Private Funding	150,000	7%	106,000	6%	0	0%
Miscellaneous Income (Interest, sales tax refunds, etc.)	20,442	1%	10,734	1%	40,474	2%
Total Funds to Partnership	**2,265,339**		**1,777,019**		**1,934,936**	

Source: Northeastern North Carolina Regional Economic Development Commission and North Carolina's Northeast Partnership, Inc.



April 7, 2006

Mr. Leslie W. Merritt, Jr., CPA, CFP
State Auditor
Office of the State Auditor
2 South Salisbury Street
Raleigh, NC 27699

RE: Response to March 2006 Performance Audit of Northeastern North Carolina Regional Economic Development Commission and North Carolina's Northeast Partnership, Inc.

Dear Mr. Merritt:

Thank you for the opportunity to respond to the Confidential Draft of the Performance Audit of the Northeastern North Carolina Regional Economic Development Commission and North Carolina's Northeast Partnership, Inc. We have moved quickly to address the findings and recommendations of the State Auditor's office and a special Oversight Committee has been created to assist the Boards in reviewing and responding to the Report, as well as developing long-term solutions and actions that will ensure efficient and effective use of State resources in support of economic development in North Carolina's Northeast Region.

As this is a Performance Audit, we feel strongly that the tremendous accomplishments of the Commission and Partnership should be included in this Audit Report. We would like to reiterate the successes of the Commission and Partnership in the past ten years in meeting its mission to "improve the standard of living for citizens in North Carolina's Northeast Region." Specifically, we would like to point out the following achievements by the Organization since 1996

- Named as one of the "Top 10 Economic Development Organizations" in the United States and Canada by *Site Selection Magazine.*
- The activities and initiatives of the Organization have supported the creation of over $3.7 billion in new and expanding business/industry investment and over 18,000 new jobs in North Carolina's Northeast Region.
- The activities and initiatives of the Organization have supported a 59% increase in tourism revenues for North Carolina's Northeast Region.
- Identified over $112 million in federal, state and private grant funds to support economic and tourism development in North Carolina's Northeast Region.
- Supported value-added economic development as follows:
  - Every $1 of Commission/Partnership funds spent generated $313.82 in new investment
  - Every $1 of Commission/Partnership funds spent generated $693.31 in tourism revenues

The Boards of the Commission and Partnership have always worked in the spirit of the State Auditor's recommendations. We appreciate these recommendations, as we believe the Organization's actions in response to them will only strengthen our ability to meet our goals and objectives and better serve the economic development needs of the Northeast Region.

NORTHEASTERN NORTH CAROLINA REGIONAL ECONOMIC DEVELOPMENT COMMISSION
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 and www.visitncne.com

After reviewing our responses, please do not hesitate to contact us if you have any questions or require additional information.

Sincerely,

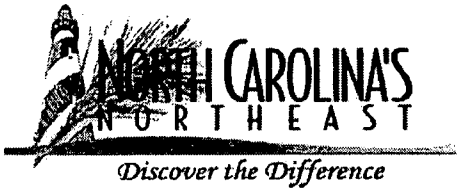
Jack A. Runion

Jack A.Runion
Chairman

Regional Accomplishments Since 1996

Northeastern North Carolina Regional Economic Development Commission

North Carolina's Northeast Partnership, Inc.



- In 1998, Site Selection Magazine named North Carolina's Northeast Partnership as one of the "Top 10 Economic Development Organizations" in the United States and Canada. Site Selection Magazine hailed North Carolina's Northeast Partnership for its "value-added" services and programs to benefit prospective new firms and existing companies, as well as economic development leadership, problem solving innovation and cooperation."
- Provided representation to counties in tourism and economic development efforts and initiatives where there is no full-time staff person to ensure that opportunities for these counties are not missed.
- Developed combined marketing strategies and priorities for regional economic development which highlights business recruitment and expansion, tourism and retirement opportunities.
- Provided assistance and technical support in the development of four new industrial parks and four new shell industrial buildings.
- Provided staff assistance and technical support in the formation of the US Highway 158 Corridor Development Association to spearhead the multi-laning of the 158 corridor.
- Provided assistance and support to the multi-laning efforts for US Highway 17 underway cooperatively between North Carolina and Virginia.
- Provided technical support and assistance to the sixteen counties in documenting and cataloguing heritage tourism resources.
- Provided technical support and staff assistance in the organization of the Northeast Film Advisory Board to promote increased opportunity for major film production in the Region.
- Provided computer technology support and multimedia enhancements for the 16-county economic development and tourism offices.
- Developed the capacity to implement computerized marketing including weekly updates of regional calendar of events, sites and buildings and other marketing materials, including web site enhancement and updating.
- Developed state of the art client tracking database
- Established the Northeast Committee of 1000, Inc., made up of business and community leaders in Northeast North Carolina which private funding for tourism and economic development efforts.
- Supported and participation in nine (11) job fairs to assist new and expanding companies in the recruitment of workers.

- Supported the location of a major mega project, Nucor Steel: $425 million investment; 350 jobs (announced investment)
- With private funding support, held "Northeast Showcase" events in 1996 (Perquimans County), 1998 (Beaufort County) and 2000 (Halifax County) to showcase North Carolina's Northeast to business and industry representatives and tourism development professionals.
- Worked closely with the Albemarle Pamlico Energy Corporation (APEC) in their work toward construction of natural gas lines to serve fourteen unserved Eastern North Carolina counties as well as the construction of fiber optic conduit along the route of natural gas lines constructed
- Working with Sprint, expedited the deployment of DSL Broadband Internet Service to the Northeast Region.
- Worked collaboratively with the Martin County Economic Development Corporation and the Town of Williamston, the Education & Training Task Force, and assisted in the development of the Northeast Technology & Business Center, one of five telecenters funded by the NC Rural Internet Access Authority.
- Continued partnership with the North Carolina Department of Commerce in the Internet-based buildings and sites database, NCSITESEARCH. Partnership staff maintains 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.
- Installed state-of-the-art videoconferencing equipment enabling both domestic and international videoconferences.
- Supported the nominations of several winning NC Economic Developers Association (NCEDA) Service Awards:
    - Economic Developers of the Year: Bill Early (Hertford County) & Gary Brown (Northampton County); Johnnie Rogers
    - Allies of the Year: Ben Berry (Gateway Bank & Trust), Brenda Daniels, ElectriCities; and Jon Hamm, Sprint
    - Volunteers of the Year: Stan Crowe (Martin County); Fred Yates (Mayor of Winfall), R.V. Owens (Outer Banks), and Bob Spivey (Windsor/Bertie County)
- Implemented regional business and industry services program to reach out to existing business and industry in our sixteen-county region. Each and every major employer in the County will be visited by Partnership representatives, in collaboration with the local economic developer and Commerce's Regional Existing Industry Representative to make sure these businesses have knowledge of and access to the same level of support and services that are used to recruit new business to this region.

- With funding from Elizabeth City State University and our economic development allies, supported the certification of seven "Certified Industrial Sites" in 2004. These sites are locally-owned and controlled properties where environmental and geotechnical studies and other analyses have been completed to document the properties are "ready-to-build." Six additional sites are underway.
- Spearheaded the introduction of HR 2925 for designation of Northeast North Carolina as a National Heritage Area.
- Since 1996, the Partnership's efforts have supported the creation of over 18,000 new jobs and over $3.7 billion in new and expanding industry investment in Northeast North Carolina.
- Since 1996, the Partnership's efforts have supported a 59% increase in tourism revenues for Northeast North Carolina and a 27% increase in tourism-related jobs..
- Since 1996, the Partnership's efforts have secured over $112 million in state, federal, private and other grant and loan programs to support economic development
- Spearheaded development of regional tourism web portal
- Spearheaded development of a regional buyer-supplier network to provide an avenue for businesses in Northeast North Carolina to do business with each other
- Established a minority business assistance program to support the growth and development of minority businesses in North Carolina's Northeast Region
- Completed a Regional Economic Development Vision plan to guide the region's economic development activities over the next five years and continued business cluster development
- Worked collaboratively with Northampton County for location of Advanced Vehicle Research Center, an automotive proving ground and vehicle test track, to be located near Interstate 95. The NC General Assembly approved $7.5 million for this project in 2005 and Golden LEAF has awarded $1 million for construction of the test track
- Worked collaboratively with the City of Roanoke Rapids in developing a world-class tourist destination in Halifax County –Carolina Crossroads Music & Entertainment District, which represents a potential 250+ million investment and over 2,500 new jobs for Phase I
- Development of a biotechnology and life sciences business development initiative for the Region

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ORDERING INFORMATION

Audit reports issued by the Office of the State Auditor can be obtained from the web site at www.ncauditor.net. Also, parties may register on the web site to receive automatic email notification whenever reports of interest are issued. Otherwise, copies of audit reports may be obtained by contacting the:

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State of North Carolina
2 South Salisbury Street
20601 Mail Service Center
Raleigh, North Carolina 27699-0601

Telephone: 919/807-7500

Facsimile: 919/807-7647

NORTHEASTERN NORTH CAROLINA REGIONAL ECONOMIC DEVELOPMENT COMMISSION AND NORTH CAROLINA'S NORTHEAST PARTNERSHIP, INC.

PERIOD AUDITED: 3 YEARS ENDED JUNE 30, 2005

1. Conflict of Interest
   - The Organization's president
2. Bonus Payments
   - $572,000
   - No documented basis for the payments
3. Process of Selecting Contractors
   - No assurance that the Organization contracted with the most qualified and at the best possible price
4. Contract Terms
   - Adverse employment and consulting contract terms
   - Contracts lack terms that would protect the Organization's interest
5. Payments to Contractors
   - No support for $50,340 made to two contractors
6. Reporting Financial Information
   - Compensation of key employees not reported correctly on Internal Revenue Service Form 990
7. Internal Control Weaknesses
   - No written policies and procedures on reimbursement of expenditures
   - Inadequate separation of duties
8. Clarification from the Attorney General Needed
   - The Commission's status and obligations as "an agency of North Carolina"
   - Is the substantial delegation of the Commission's responsibilities to the Partnership at odds with its authority?
9. Oversight
   - Boards of Directors have not sufficiently exercised their responsibility to monitor operations

North Carolina General Statute

(includes Technical and Clarifying changes from Session Law 2005-276)

§ 143-6.2. Use of State funds by non-State entities.

(a) **(Effective July 1, 2005)** Disbursement and Use of State Funds. – Every non-State entity that receives, uses, or expends any State funds shall use or expend the funds only for the purposes for which they were appropriated by the General Assembly. State funds include federal funds that flow through the State. For the purposes of this section, the term "non-State entity" means a firm, corporation, partnership, association, unit of local government, public authority, or any other person, organization, group, or governmental entity that is not a State agency, department, or institution. For the purposes of this section, "unit of local government" has the meaning set out in G.S. 159-7(15) and "public authority" has the meaning set out in G.S. 159-7(10). The following definitions apply:

(1) Non-State entity. – A firm, corporation, partnership, association, county, unit of local government, public authority, or any other person, organization, group, or governmental entity that is not a State agency, department, or institution.

(2) Unit of local government. – A municipal corporation that has the power to levy taxes, including a consolidated city-county as defined by G.S. 160B-2(1), and all boards, agencies, commissions, authorities, and institutions thereof that are not municipal corporations.

(3) Public authority. – A municipal corporation that is not a unit of local government or a local governmental authority, board, commission, council, or agency that (i) is not a municipal corporation and (ii) operates on an area, regional, or multiunit basis, and the budgeting and accounting systems of which are not fully a part of the budgeting and accounting systems of a unit of local government.

(b) **(Effective July 1, 2005)** For the purposes of this section, the term "grantee" means a non-State entity that receives a grant of State funds from a State agency, department, or institution but does not include any non-State entity subject to the audit and other reporting requirements of the Local Government Commission. The term "subgrantee" means a non-State entity that receives a grant of State funds from a grantee or from another subgrantee but does not include any non-State entity subject to the audit and other reporting requirements of the Local Government Commission. The terms "State grant funds" and "State grants" do not include any payment made by the Medicaid program, the Teachers' and State Employees' Comprehensive Major Medical Plan, or other similar medical programs.

(b1) Conflict of Interest Policy. – Every grantee shall file with the State agency or department disbursing funds to the grantee a copy of that grantee's policy addressing conflicts of interest that may arise involving the grantee's management employees and the members of its board of directors or other governing body. The policy shall address situations in which any of these individuals may directly or indirectly benefit, except as the grantee's employees or members of its board or other governing body, from the grantee's disbursing of State funds and shall include actions to be taken by the grantee or the individual, or both to avoid conflicts of interest and the appearance of impropriety. The policy shall be filed before the disbursing State department or agency may disburse the grant funds.

(b2) No Overdue Tax Debts. – Every grantee shall file with the State agency or department disbursing funds to the grantee a written statement completed by that grantee's board of directors or other governing body stating that the grantee does not have any overdue tax debts, as defined by G.S. 105-243.1, at the federal, State, or local level. The written statement shall be made under oath and shall be filed before the disbursing State agency or department may disburse the grant funds. A person who makes a false statement in violation of this subsection is guilty of a criminal offense punishable as provided by G.S. 143-34(b).

(c) **(Effective July 1, 2005)** Compliance by Non-State Entities. – If the Director of the Budget finds that a non-State entity has spent or encumbered State funds for an unauthorized purpose or fails to submit or falsifies any information required by this section or any other provision of law, the Director shall take appropriate administrative action to ensure that no further irregularities or violations of law occur and shall report to the Attorney General any facts that pertain to an apparent violation of a criminal law or an apparent instance of malfeasance, misfeasance, or nonfeasance in connection with the use of State funds. Appropriate administrative action includes suspending or withholding the disbursement of State funds and recovering State funds previously disbursed.

(d) The Office of State Budget and Management shall adopt rules to ensure the uniform administration of State grants by all grantor State agencies and grantees or subgrantees. The rules shall establish policies and procedures for disbursements of grants and for State agency oversight, monitoring, and evaluation of grantees and subgrantees. Such policies and procedures shall:

(1) Ensure that the purpose and reporting requirements of each grant are specified to the grantee.

(2) Ensure that grantees specify the purpose and reporting requirements for grants made to subgrantees.

(3) Ensure that funds are spent in accordance with the purposes for which they were granted.

(4) Hold the grantees and subgrantees accountable for the legal and appropriate expenditure of State grant funds.

(5) Provide for adequate oversight and monitoring to prevent the misuse of State funds.
(6) Establish mandatory periodic reporting requirements for grantees and subgrantees, including methods of reporting, to provide financial and program performance information. The mandatory periodic reporting requirements shall require grantees and subgrantees to file with the State Auditor copies of reports and statements that are filed with State agencies pursuant to this subsection. Compliance with the mandatory periodic reporting requirements of this subdivision shall not require grantees and subgrantees to file with the State Auditor the information described in subsections (b1) and (b2) of this section.
(7) Require grantees and subgrantees to maintain reports, records, and other information to properly account for the expenditure of all State grant funds and to make such reports, records, and other information available to the grantor State agency for oversight, monitoring, and evaluation purposes.
(8) Require grantees and subgrantees to ensure that work papers in the possession of their auditors are available to the State Auditor for the purposes set out in subsection (h) of this section.
(9) Require grantees to be responsible for managing and monitoring each project, program, or activity supported by State grant funds and each subgrantee project, program, or activity supported by State grant funds.
(10) Provide procedures for the suspension of further disbursements or use of State grant funds for noncompliance with these rules or other inappropriate use of the funds.
(11) Provide procedures for use in appropriate circumstances for reinstatement of disbursements that have been suspended for noncompliance with these rules or other inappropriate use of State grant funds.
(12) Provide procedures for the recovery and return to the grantor State agency of unexpended State grant funds from a grantee or subgrantee if the grantee or subgrantee is unable to fulfill the purposes of the grant.

(e) Notwithstanding the provisions of G.S. 150B-2(8a)b, rules adopted pursuant to subsection (d) of this section are subject to the provisions of Chapter 150B of the General Statutes.

(f) The Office of State Budget and Management shall consult with the Office of the State Auditor and the Attorney General in establishing the rules required by subsection (d) of this section.

(g) **(Effective July 1, 2005)** The Office of State Budget and Management, after consultation with the administering agency, shall have the power to suspend disbursement of State grant funds to grantees or subgrantees, to prevent further use of State grant funds already disbursed, and to recover State grant funds already disbursed for noncompliance with rules adopted pursuant to subsection (d) of this section. If the grant funds are a pass-through of funds granted by an agency of the United States, then the Office of State Budget and Management must consult with the granting agency of the United States and the State agency that is the recipient of the pass-through funds prior to taking the actions authorized by this subsection.

(h) **(Effective July 1, 2005)** Audit Oversight. – The State Auditor has audit oversight, with respect to State grant funds received by the grantee or subgrantee, pursuant to Article 5A of Chapter 147 of the General Statutes, of every grantee or subgrantee that receives, uses, or expends State grant funds. A grantee or subgrantee must, upon request, furnish to the State Auditor for audit all books, records, and other information necessary for the State Auditor to account fully for the use and expenditure of State grant funds received by the grantee or subgrantee. The grantee or subgrantee must furnish any additional financial or budgetary information requested by the State Auditor, including audit work papers in the possession of any auditor of a grantee or subgrantee directly related to the use and expenditure of State grant funds.

(i) **(Effective July 1, 2005)** Not later than May 1, 2007, and by May 1 of every succeeding year, the Office of State Budget and Management shall report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division on all grantees or subgrantees that failed to comply with this section during the prior fiscal year, including the amount of State funds that were disbursed to each of those grantees or subgrantees during that fiscal year and the amount of State funds that were withheld.

(j) **(Effective July 1, 2005)** Grantor State agencies shall submit a list to the State Auditor, in the format prescribed by the State Auditor, by October 31 each year of every grantee to which the agency disbursed State funds in the prior fiscal year, the amount disbursed, the amount disbursed to each grantee, and other such information as required by the State Auditor to comply with the requirements set forth in this section.

(k) **(Effective July 1, 2005)** Civil Actions. – Civil actions to recover State funds or to obtain other mandatory orders in the name of the State on relation of the Attorney General, or in the name of the Office of State Budget and Management, shall be filed in the General Court of Justice in Wake County. (2004-196, s. 2.)

SECTION 6.9.(b) G.S. 143-34 reads as rewritten:
"**§ 143-34. Penalties and punishment for violations.**
(a) A Except as provided by subsection (b) of this section, a refusal to perform any of the requirements of this Article, and the refusal to perform any rule or requirement or request of the Director of the Budget made pursuant to, or under authority of, the Executive Budget Act, shall subject the offender to penalty of two hundred fifty dollars ($250.00), to be recovered in an action instituted either in Wake County Superior Court, or any other county, by the Attorney General for the use of the State of North Carolina, and shall also constitute a Class 1 misdemeanor. If such the offender be is not an officer elected by vote of the people, such the offense shall be sufficient cause for removal from office or dismissal from employment by the Governor upon 30 days' notice in writing to such the offender.

(b) A false statement made in violation of G.S. 143-6.2(b2) is a Class A1 misdemeanor offense."

SECTION 6.9.(c) This section shall apply to all State grant funds appropriated or awarded on or after July 1, 2005. Grants awarded prior to July 1, 2005, shall be subject to the reporting requirements in effect at the time the grant was made.

NORTH CAROLINA

REGISTER

Volume 20, Issue 02
Pages 39 - 108

July 15, 2005

This issue contains documents officially filed through June 23, 2005.

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NORTH CAROLINA ADMINISTRATIVE CODE CLASSIFICATION SYSTEM

The North Carolina Administrative Code (NCAC) has four major classifications of rules. Three of these, titles, chapters, and sections are mandatory. The major classification of the NCAC is the title. Each major department in the North Carolina executive branch of government has been assigned a title number. Titles are further broken down into chapters which shall be numerical in order. Subchapters are optional classifications to be used by agencies when appropriate.

NCAC TITLES		TITLE 21 LICENSING BOARDS		TITLE 24 INDEPENDENT AGENCIES	
1	ADMINISTRATION	1	Acupuncture	1	Housing Finance
2	AGRICULTURE & CONSUMER SERVICES	2	Architecture	2	Agricultural Finance Authority
3	AUDITOR	3	Athletic Trainer Examiners	3	Safety & Health Review Board
4	COMMERCE	4	Auctioneers	4	Reserved
5	CORRECTION	6	Barber Examiners	5	State Health Plan Purchasing Alliance Board
6	COUNCIL OF STATE	8	Certified Public Accountant Examiners		
7	CULTURAL RESOURCES	10	Chiropractic Examiners		
8	ELECTIONS	11	Employee Assistance Professionals		
9	GOVERNOR	12	General Contractors		
10A	HEALTH AND HUMAN SERVICES	14	Cosmetic Art Examiners		
11	INSURANCE	16	Dental Examiners		
12	JUSTICE	17	Dietetics/Nutrition		
13	LABOR	18	Electrical Contractors		
14A	CRIME CONTROL & PUBLIC SAFETY	19	Electrolysis		
15A	ENVIRONMENT &NATURAL RESOURCES	20	Foresters		
16	PUBLIC EDUCATION	21	Geologists		
17	REVENUE	22	Hearing Aid Dealers and Fitters		
18	SECRETARY OF STATE	25	Interpreter/Transliterator		
19A	TRANSPORTATION	26	Landscape Architects		
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21*	OCCUPATIONAL LICENSING BOARDS	29	Locksmith Licensing		
22	ADMINISTRATIVE PROCEDURES (REPEALED)	30	Massage & Bodywork Therapy		
23	COMMUNITY COLLEGES	31	Marital and Family Therapy		
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25	STATE PERSONNEL	33	Midwifery Joint Committee		
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28	JUVENILE JUSTICE AND DELINQUENCY PREVENTION	37	Nursing Home Administrators		
		38	Occupational Therapists		
		40	Opticians		
		42	Optometry		
		44	Osteopathic Examination (Repealed)		
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		46	Pharmacy		
		48	Physical Therapy Examiners		
		50	Plumbing, Heating & Fire Sprinkler Contractors		
		52	Podiatry Examiners		
		53	Professional Counselors		
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Note: Title 21 contains the chapters of the various occupational licensing boards and Title 24 contains the chapters of independent agencies.

09 NCAC 03M .0102 DEFINITIONS

As used in this Subchapter:

(1) "Agency" shall mean and include every public office, public officer or official (State or local, elected or appointed), institution, board, commission, bureau, council, department, authority or other unit of government of the State or of any county, unit, special district or other political subdivision of government.

(2) "Audit" means an examination of records or financial accounts to verify their accuracy.

(3) "Certification of Compliance" means a report provided by the grantor agency to the Office of the State Auditor that states that the grantee has met the reporting requirements established by this Subchapter and included a statement of certification by the grantor agency and copies of the submitted grantee reporting package.

(4) "Compliance Supplement" refers to the North Carolina State Compliance Supplement, maintained by the State and Local Government Finance Division within the North Carolina Department of State Treasurer that has been developed in cooperation with agencies to assist the local auditor in identifying program compliance requirements and audit procedures for testing those requirements.

(5) "Contract" means a legal instrument that is used to reflect a relationship between the agency, grantee, and subgrantee.

(6) "Fiscal Year" means the annual operating year of the non-State entity.

(7) "Financial Assistance" means assistance that non-State entities receive or administer in the form of grants, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other assistance. Financial assistance does not include amounts received as reimbursement for services rendered to individuals for Medicare and Medicaid patient services.

(8) "Financial Statement" means a report providing financial statistics relative to a given part of an organization's operations or status.

(9) "Grant" means financial assistance provided by an agency, grantee, or subgrantee to carry out activities whereby the grantor anticipates no programmatic involvement with the grantee or subgrantee during the performance of the grant.

(10) "Grantee" has the meaning in G.S. 143-6.2(b).

(11) "Grantor" means an entity that provides resources, generally financial, to another entity in order to achieve a specified goal or objective.

(12) "Non-State Entity" has the meaning in G.S. 143-6.2(a).

(13) "Public Authority" has the meaning in G.S. 159-7(10).

(14) "Single Audit" means an audit that includes an examination of an organization's financial statements, internal controls, and compliance with the requirements of Federal or State awards.

(15) "Special Appropriation" means a legislative act authorizing the expenditure of a designated amount of public funds for a specific purpose.

(16) "State Funds" means any funds appropriated by the North Carolina General Assembly or collected by the State of North Carolina. State funds include federal financial assistance received by the State and transferred or disbursed to non-State entities. Both Federal and State funds maintain their identity as they are subgranted to other organizations.

(17) "Subgrantee" has the meaning in G.S. 143-6.2(b).

(18) "Unit of Local Government has the meaning in G.S. 159-7(15).

History Note: Authority G.S. 143-6.2;
Eff. July 1, 2005.

09 NCAC 03M .0201 ALLOWABLE USES OF STATE FUNDS

Expenditures of State funds by any grantee shall be in accordance with the Cost Principles outlined in the Office of Management and Budget (OMB) Circular A-87. If the grant funding includes federal sources, the grantee shall ensure adherence to the cost principles established by the Federal Office of Management and Budget.

History Note: Authority G.S. 143-6.2;
Eff. July 1, 2005.

09 NCAC 03M .0202 GRANTEE RESPONSIBILITIES

A grantee that receives State funds shall ensure that those funds are utilized for the purpose of the grant and shall expend those funds in compliance with reporting requirements established by this Subchapter. Grantees shall:

(1) Provide the information required by the grantor agency in order to comply with the procedures for disbursement of grant funds.

(2) Maintain reports and accounting records that support the allowable expenditure of State funds. All reports and records shall be made available for inspection by both the awarding agency and the Office of the State Auditor for oversight, monitoring, and evaluation purposes.

(3) Ensure that subgrantees comply with all reporting requirements of the grantee.

History Note: Authority G.S. 143-6.2;
Eff. July 1, 2005.

09 NCAC 03M .0203 SUBGRANTEE RESPONSIBILITIES

A subgrantee that receives State funds must ensure that those funds are spent for the purpose of the grant and shall expend those funds in compliance with reporting requirements established by this Subchapter. Subgrantees shall:

(1) Provide the information required by the grantor agency in order to comply with the procedures for disbursement of grant funds.

(2) Maintain reports and accounting records that support the allowable expenditure of State funds. All reports and records shall be available for inspection by both the awarding agency and the Office of the State Auditor for oversight, monitoring, and evaluation purposes.

(3) Ensure that any subgrantees comply with all reporting requirement of the grantee.

History Note: *Authority G.S. 143-6.2;*
Eff. July 1, 2005.

09 NCAC 03M .0205 REPORTING THRESHOLDS AND FORMATS FOR GRANTEES AND SUBGRANTEES

(a) For the purposes of this Subchapter, there are three reporting thresholds established for grantees and subgrantees receiving State funds. The reporting thresholds are:

(1) Less than $25,000 – A grantee that receives, uses, or expends State funds in an amount less than twenty-five thousand dollars ($25,000) within its fiscal year must comply with the reporting requirements established by this Subchapter including:

(A) A certification completed by the grantee Board and management stating that the State funds were received, used, or expended for the purposes for which they were granted; and

(B) An accounting of the State funds received, used, or expended.

All reporting requirements shall be filed with the funding agency within six months after the end of the grantee's fiscal year in which the State funds were received.

(2) $25,000 up to $500,000 - A grantee that receives, uses, or expends State funds in an amount of at least twenty-five thousand ($25,000) and up to five hundred thousand dollars ($500,000) within its fiscal year must comply with the reporting requirements established by this Subchapter including:

(A) A certification completed by the grantee Board and management stating that the State funds were received, used, or expended for the purposes for which they were granted;

(B) An accounting of the State funds received, used, or expended; and

(C) A description of activities and accomplishments undertaken by the grantee with the State funds.

All reporting requirements shall be filed with the funding agency within six months after the end of the grantee's fiscal year in which the State funds were received.

(3) Greater than $500,000 – A grantee that receives, uses, or expends State funds and in the amount greater than five hundred thousand dollars ($500,000) within its fiscal year must comply with the reporting requirements established by this Subchapter including:

(A) A certification completed by the grantee Board and management stating that the State funds were received, used, or expended for the purposes for which they were granted;

(B) An audit prepared and completed by a licensed Certified Public Accountant for the grantee consistent with the reporting requirement of this Subchapter; and

(C) A description of activities and accomplishments undertaken by the grantee with the State funds.

All reporting requirements shall be filed with both the funding agency and the Office of the State Auditor within nine months after the end of the grantee's fiscal year in which the State funds were received.

(b) Unless prohibited by law, the costs of audits made in accordance with the provisions of this rule are allowable charges to State and Federal awards. The charges may be considered a direct cost or an allocated indirect cost, as determined in accordance with cost principles outlined in the Office of Budget and Management (OMB) Circular A-87. The cost of any audit not conducted in accordance with this Subchapter is unallowable and shall not be charged to State or Federal grants.

(c) The audit requirements in this Subchapter do not replace a request for submission of audit reports by grantor agencies in connection with requests for direct appropriation of state aid by the General Assembly.

(d) Notwithstanding the provisions of this Subchapter, a grantee may satisfy the reporting requirements of Part (a)(3)(B) of this Rule by submitting a copy of the report required under the federal law with respect to the same funds.

(e) All grantees and subgrantees shall use the forms of the Office of State Budget and Management and of the Office of the State Auditor in making reports to the awarding agencies and the Office of the State Auditor.

History Note: *Authority G.S. 143-6.2;*
Eff. August 1, 2005.

09 NCAC 03M .0301 OFFICE OF THE STATE CONTROLLER RESPONSIBILITIES

All grantees receiving State funds shall enter into a disbursing agreement with the Office of the State Controller in accordance with G.S. 143-3 and G.S. 143–3.2.

History Note: *Authority G.S. 143-6.2;*
Eff. July 1, 2005.

09 NCAC 03M .0401 AGENCY RESPONSIBILITIES

(a) An agency that receives State funds and disburses those funds to a grantee shall:

(1) Notify each grantee, at the time the grant is made, of the purpose of the grant and the reporting requirements established in this Subchapter.

(2) Prior to disbursing any grant funds:

(A) register with the Office of State Budget and Management's Community Resources Information System (CRIS); and

(B) follow the procedures for disbursement of grant funds.

(3) Develop compliance supplement reports that describe standards of compliance and audit procedures to give direction to independent auditors. This report shall be provided to the State and Local Government Finance Division with the North Carolina Department of State Treasurer for inclusion in the North Carolina State Compliance Supplement.

(4) Provide the Office of the State Auditor with a listing of each grantee to which the agency disbursed State funds during the prior fiscal year by October 31st of each year including detailed information regarding the purpose and amount of the grant awarded.

(5) Provide the Office of State Budget and Management with a listing of every grantee to which the agency disbursed State funds during the prior fiscal year by January 31st of each year. This report shall be consistent with the disbursement report previously provided to the Office of the State Auditor including whether the grantee has complied with the reporting requirements established in this Subchapter.

(6) Hold grantees accountable for the expenditure of State funds by performing monitoring and oversight functions as required in this Subchapter.

(7) Ensure that funds are spent consistent with the purposes for which they were granted.

(8) Not disburse funds to grantees that are not in compliance with the reporting requirements for funds received during the prior fiscal year. Agencies shall consult with the Office of State Budget and Management in making this determination.

(9) Determine that the applicable reporting requirement has been met by the grantee and that all reports have been completed and submitted. For grantees receiving less than five hundred thousand dollars ($500,000), the grantor agency shall complete a Certification of Compliance to the Office of the State Auditor.

(10) Conduct periodic monitoring reviews to ensure that State awards are used for authorized purposes in compliance with laws, regulations, and the provisions of grant agreements and that performance goals are achieved.

(11) Monitor compliance by grantees with all terms of a contract. Upon determination of noncompliance, the agency shall give the grantee 60 days written notice to come into compliance. After the 60-day period, the grantor agency shall:

(A) terminate the contract and take action to retrieve unexpended funds or unauthorized expenditures;

(B) suspend payments pending negotiation of a plan of corrective action; or

(C) offset future payments with the amount improperly spent.

(b) Each non-State entity shall ensure that subgrantees have complied with the applicable provisions of this Subchapter. Failure to comply with such provisions shall be the basis for an audit exception.

History Note: Authority G.S. 143-6.2;
Eff. July 1, 2005.

09 NCAC 03M .0501 OFFICE OF THE STATE AUDITOR RESPONSIBILITIES

Pursuant to the provisions of this Subchapter, the Office of the State Auditor shall:

(1) Review submitted audit reports for those grantees receiving more than five hundred thousand dollars ($500,000) in State funds to determine compliance with applicable reporting standards.

(2) Maintain grantor agency submitted compliance data for grantees that receive State funds at levels below five hundred thousand dollars ($500,000) demonstrating that the grantees have met the reporting requirements established by this Subchapter.

(3) Notify disbursing agencies, by January 31st of each year, of all grantees for which no compliance data has been received.

(4) Notify disbursing agencies of any material findings in the audits of grantees throughout the State fiscal year as reports are received.

(5) Submit a list to the Office of State Budget and Management by January 31st of each year; of each grantee that received State funds in the prior fiscal year including the status of grantee compliance with the reporting requirements.

History Note: Authority G.S. 143-6.2;
Eff. July 1, 2005.

09 NCAC 03M .0601 OFFICE OF STATE BUDGET AND MANAGEMENT RESPONSIBILITIES

The Office of State Budget and Management shall:

(1) Provide consultation to agencies as to whether grantees have complied with the required reporting requirements.

(2) Consult with agencies to ensure that all grantees found in noncompliance have their funding ceased immediately upon that determination and ensure that no further funding will be provided until the grantee is in compliance.

(3) Maintain a Suspension of Funding list readily accessible to any interested party that identifies any grantee found in noncompliance. This list shall serve as notice to other agencies that no further State grant funding may be provided to that grantee.

(4) Maintain a Community Resources Information System database to record grant documentation required by this Subchapter.

(5) In conjunction with the grantor agency, ensure reporting requirements have been met prior to the removal of any grantee from the Suspension of Funding listing. A grantee found in noncompliance may appeal to the Office of State

Budget and Management for corrective action and reinstatement from the Suspension of Funding list. Once removed from the Suspension of Funding list, the grantee is eligible for current and future grants of State funds.

(6) Take administrative action, when the Director of Budget finds that the grantee has spent or encumbered State funds for an unauthorized purpose, which includes reporting criminal violations to the Attorney General and the State Bureau of Investigation.

(7) If the grant funds are a pass-through of funds granted by an agency of the United States, consult with the granting agency of the United States and the State agency that is the recipient of the pass-through funds prior to taking actions authorized by this Subchapter.

History Note: *Authority G.S. 143-6.2;*
Eff. July 1, 2005.

09 NCAC 03M .0703 REQUIRED CONTRACT PROVISIONS

Each contract agreement shall contain:

(1) A specification of the purpose of the grant, services to be provided, objectives to be achieved, and expected results;

(2) The Source of funds (federal, state, etc.) must be identified (CFDA number if applicable) and percentages included where applicable;

(3) Account coding information sufficient to provide for tracking of the disbursement through the grantor accounting system;

(4) Agreement to maintain all grant records for a period of five years or until all audit exceptions have been resolved, whichever is longer;

(5) Names of all parties to the terms of the contract; for the grantee or subgrantee, including the employer/tax identification number, address, contact information, and the grantee/subgrantee fiscal year end date;

(6) Signatures indicating authorization by all parties to the terms of the contract;

(7) Duration of the contract, including the effective and termination dates;

(8) Amount of the contract and schedule of payment(s);

(9) Particular duties of the grantee;

(10) Required reports and reporting deadlines;

(11) Provisions for termination by mutual consent with 60 days written notice to the other party, or as otherwise provided by law;

(12) A provision that the awarding of the grants subject to allocation and appropriation of funds to the agency for the purposes set forth in the contract;

(13) Provision that requires reversion of unexpended funds to the agency upon termination of the contract;

(14) A provision that requires compliance with the rules and reporting requirements outlined in this Subchapter including audit oversight by the Office of the State Auditor, the provision of access to the accounting records by both the funding entity and the Office of the State Auditor, and availability of audit work papers in the possession of any auditor of any recipient of State funding;

(15) A clause addressing assignability and subcontracting including the following:

(a) the grantee or subgrantee is not relieved of any of the duties and responsibilities of the original contract; and

(b) the subgrantee agrees to abide by the standards contained in this Subchapter, and to provide all information to allow the grantee to comply with these standards.

History Note: *Authority G.S. 143-6.2;*
Eff. July 1, 2005.

09 NCAC 03M .0704 GRANT MONITORING AND EVALUATION

(a) Agencies shall ensure that oversight and monitoring of grantee and subgrantees occurs to prevent the misuse of State funds. Grantees and subgrantees shall manage the day-to-day operations of grant-supported activities. Grantors shall monitor grant-supported activities to assure compliance with applicable compliance requirements and that performance goals are being achieved. Grantee monitoring shall cover each program, function or activity. An evaluation must be performed with a comparison of actual accomplishments to the measurable objectives or outcomes established for the grant.

(b) Agencies shall:

(1) Grant Identification - At the time the grant is made, the agency must provide information to the grantee including the required contract provisions as well as the applicable compliance requirements.

(2) During the grant period, the agency shall monitor the grantee's use of State awards through reporting, site visits, regular contact, or other means to provide assurance that the grantee administers State funds in compliance with laws, rules, and the provisions of grant agreements and that performance goals are achieved.

(3) Ensure that subgrantees expending five hundred thousand dollars ($500,000) or more in State awards during the subgrantee's fiscal year have met the audit requirements of this Subchapter and that the required audits are completed within nine months of the end of the subgrantee's audit period; issue a management decision on audit findings within six months after receipt of the subgrantee's audit report; and ensure that the subgrantee takes timely corrective action on all audit findings.

(4) Take action using sanctions when a subgrantee has demonstrated a continued inability or unwillingness to provide required audits.

(5) Evaluate the impact of subgrantee activities on the agency's ability to comply with applicable State rules.

(6) Evaluate the results and outcomes of the activities and accomplishments of the grantee or subgrantee to determine if results were achieved, the success of the activity, and whether the project activities should continue.

History Note: *Authority G.S. 143-6.2;*
Eff. July 1, 2005.

09 NCAC 03M .0801 NONCOMPLIANCE WITH RULES

(a) When a non-State entity does not comply with the requirements of this Subchapter, the agency shall take measures to ensure that the requirements are met including:

(1) communicating the requirements to the non-State entity;
(2) requiring a response from the non-State entity upon a determination of noncompliance; and
(3) suspend payments to the non-State entity until the non-State entity is incompliance.

(b) Prior to disbursing any State funds, the grantor agency shall verify that the grantee has complied with the reporting requirements for the most recent applicable reporting period. The agency shall consult with the Office of State Budget and Management during this verification process. A grantor agency shall not disburse funds to any grantee that has been determined by the grantor agency to be noncompliant with the reporting requirements established by this Subchapter.

(c) If the grantor agency finds that a non-State entity has used State funds for an unauthorized purpose, the grantor agency shall report such findings to the Attorney General, the Office of the State Budget and Management, the Office of the State Auditor, and the Office of the State Controller.

(d) If a grantee has not met the reporting requirements established by this Subchapter and fails to submit revised reports in accordance with a grantor agency determination letter, the grantor agency shall suspend further payments to the grantee and report the grantee to the Office of the State Auditor and the Office of the State Controller.

(e) Each grantor agency shall ensure that grantees and subgrantees have complied with the applicable provisions of this Subchapter.

History Note: Authority G.S. 143-6.2;
Eff. July 1, 2005.

09 NCAC 03M .0802 RECOVERY OF STATE FUNDS

(a) The Office of State Budget and Management shall be assisted by the Attorney General in the recovery and return of State funds in the event a grantee or subgrantee:

(1) is unable to fulfill the obligations of the contractual agreement;
(2) is unable to accomplish the purposes of the grant;
(3) is noncompliant with the reporting requirements; or
(4) has inappropriately used the State funds.

(b) Any apparent violations of a criminal law or malfeasance, misfeasance, or nonfeasance in connection with the use of State funds shall be reported by the Office of State Budget and Management to the Attorney General and State Bureau of Investigation.

History Note: Authority G.S. 143-6.2;
Eff. July 1, 2005.

REPORTING REQUIREMENTS FOR NON-STATE ENTITIES

GS 143-6.1 Covers funds disbursed prior to 6-30-2005	**GS 143-6.2** (plus administrative rules it required) Covers funds disbursed after 7-1-2005
Reporting Prior to Receiving Funds:	
For Special Appropriations, OSBM required: • Articles of Incorporation and By-Laws • List of Board of Directors/Trustees • Letters of Tax-Exempt Status from the IRS • Notarized Policy addressing conflicts of interest	• Copy of Conflict of Interest Policies to granting agency • Sworn Statement attesting to no overdue tax debts to granting agency • Disbursing Agreement with Office of State Controller • Contract between granting agency and grantee containing obligations of both parties
Reporting After Year in Which Funds Disbursed:	
Less than $14,999 • None	**Less than $25,000** • Certification that funds were expended for purposes intended • Receipts and Expenditures Report Reports are due within 6 months after the end of the grantee's fiscal year
$15,000 - $300,000 • Receipts and Expenditures Report • Activities and Accomplishments Report Reports due within 6 months after the end of the grantee's fiscal year	**$25,000 - $500,000** • Certification • Receipts and Expenditures Report • Activities and Accomplishments Report Reports are due within 6 months after the end of the grantee's fiscal year
Greater Than $300,000 • Financial Audit – due no later than 9 months after the end of the grantee's fiscal year • Activities and Accomplishments Report – due within 90 days after the end of the grantee's fiscal year	**Greater Than $500,000** • Certification • Financial Audit prepared and completed by a licensed CPA • Activities and Accomplishments Report Reports are due within 9 months after the end of the grantee's fiscal year

Attachment 5

REPORTING REQUIREMENTS FOR NON-STATE ENTITIES

Other Significant Reporting:

- By October 31 each year state agencies report to the Office of State Auditor a listing of all non-state entities to whom they disbursed funds during the previous fiscal year and how much was disbursed.
- By January 31 each year the Office of State Auditor submits a list to the Office of State Budget and Management of each non-state entity that received funds in the prior fiscal year including the status of compliance with reporting requirements.
- By January 31 each year each state agency submits a similar list to the Office of Budget and Management including the status of compliance.
- By May 1st each year the Office of State Budget and Management reports to the Legislature on compliance with reporting requirements.

Suspension of Funding List

VISITOR REGISTRATION SHEET

NER — May 11, 2006

Name of Committee — Date

VISITORS: PLEASE SIGN BELOW AND RETURN TO COMMITTEE ASSISTANT

NAME	FIRM OR AGENCY
Bob McMahon	NCDOC
Tom Newsome	OSBM
DAVID NANCE	OSA
~~Drewery N. Beale~~	City of Roanoke Rapids
Jean Carter	
Bill Askew	NE Econ. Comm. Assn
Gene Rogers	Northeast Reg. E.C. Th... Commission
Joann Wood	e-NC Authority
Glenn Harris	NC Dept Commerce
Bin McNeil	NC Rural Center
Leslie Merritt	OSA
N. David Smith	NC Dept. of Agriculture
Mitch Peele	NC Farm Bureau
Vann Rogerson	NC Northeast Commission
Cathy Scott	NENCREDC
Kenwood V. Long	NCMSC
Don Kirkman	Piedmont Triad Partnership
Lori Greenstein	NC Biotech Center
Jim Lora	OSBM
Ebonie Alexander	NC Initiative
Lolli Ann Harris	LATTA
Henry M Lancaster	LCA
Vickie Miller	NC Commerce
Rich Benton	City of Roanoke Rapids
Glen Schmidt	Commerce
Donna Barnes	Commerce
Denise A. Sessoms	Commerce

VISITOR REGISTRATION SHEET

Name of Committee | Date

VISITORS: PLEASE SIGN BELOW AND RETURN TO COMMITTEE ASSISTANT

NAME	FIRM OR AGENCY
Shannon Holeley	Commerce
Brigette Rasberry	NCACDC
Andrea Harris	NCIMED
Jane Smith	NC Southeast
Cade Hardy	DENR
Lisa Smith	DENR
Lauren Benito	OSA
CHARLES HAYES	RTRP
JAMES L. PORTER	OSA
Doug Lassiter	NCSTA
Sandra Rong	Martin Marietta Materials
Art Britt	NCDOL
Wanda Taylor	NCDOL
Thomas Cheek	OSBM
Donna Cox	OSBM
Dan Hoskins	Ridgetops Assoc - CROs
Betty Hastings	Advantage West NC

House Pages

Name Of Committee: NER Date: 5-11-06

1. Name: Nathan Fisher
   County: Columbus
   Sponsor: Rep. Hill
2. Name: Stephanie Dowd
   County: Stokes
   Sponsor: Rep. Hathaway
3. Name: Jillian Myers
   County: Wilkes
   Sponsor: Senator Garwood
4. Name: Grayson Cohn
   County: Wilkes
   Sponsor: Senator Garwood
5. Name: Hannah Townsend
   County: Carteret
   Sponsor: Senator Dalton

Sgt-At-Arms

1. Name: MARVIN LEE
2. Name: JAMES WORTH
3. Name: ERNIE SHERRELL
4. Name: RONALD SPANN
5. Name: -

MINUTES
HOUSE APPROPRIATIONS SUBCOMMITTEE ON NATURAL & ECONOMIC RESOURCES

May 15, 2006
8:30 a.m.

The Joint Appropriations Subcommittee on Natural & Economic Resources met in Room 423 of the Legislative Office Building on May 15, 2006, at 2 p.m. Representative Warren called the meeting to order and introduced the Sergeant-At-Arms, James Worth and Jerald Perry, Sr. There were no Pages present for this meeting. The following members were present: Senator Weinstein, Co-Chair, Senator Albertson, Vice Chair, Senators Miller and Tillman, Representative Warren, Co-Chair, Representatives Allen and Walker, Vice Chairs, Representatives Culp, Harrison, Langdon, Wilkins and Wray. Susan Morgan and Joy Hicks, Staff Counsel, were in attendance. A copy of the Agenda is made a part of these minutes and included as **Attachment 1**. A Visitor Registration is attached and made part of the minutes. **(See Attachment 2)**.

The Chair recognized Susan Morgan, Fiscal Staff member, to begin the review of the budget items before the subcommittee. Ms. Morgan passed out the Rules for Joint Appropriations Subcommittees, 2006 Session, and answered questions regarding these rules. (See **Attachment 3**).

Ms. Morgan continued with a review of the NER Summary. (See **Attachment 4**). This summary compares the Governor's Budget to the Joint Options for Consideration prepared by the joint chairs of the Subcommittee. Representatives Warren and Hunter and Senators Weinstein and Albertson have worked with the Staff to develop this joint list of options for the Subcommittee's consideration.

Joy Hicks, with the Staff, proceeded with the comparisons of the Governor's Budget with the joint options of the Department of Agriculture and Department of Environment and Natural Resources budgets. After several questions and responses from Ms. Hicks, the meeting continued.

Ms. Morgan reviewed the comparative budgets of the Department of Labor and the Department of Commerce and responded to the questions posed. This ended the review of the budgets. Ms. Morgan announced that the Senate Chairs needed recommendations from the Senate members by 10 a.m. on May 16, 20060 and the House Chairs needed recommendations from the House members by the end of this week.

At this time, the Chair introduced and welcomed the Secretary of Commerce, Jim Fain, to discuss the results of the audit of the Northeast Partnership and the new rules for reporting, monitoring and regulating the non-state agencies that receive pass-through appropriations from a state agency and the comparisons from the Office of the State Budget and Management regarding the difference in the provisions now versus those

previous to July 1, 2005. He further discussed the responsibilities of the Department of Commerce to follow up on these rules. There were no questions for Secretary Fain.

Secretary Fain continued with a clarification of the functions of the regional, local and state economic development agencies. He explained the responsibilities of each organization and how each of the three agencies should be accountable for what their individual role is. After several specific questions, the Secretary thanked the Subcommittee for allowing him to speak to the members.

The Chair recognized Franklin Freeman, from the Governor's office, who stated that the Governor believed that the Subcommittee should have the option to give Secretary Fain more power to supervise and oversee these partnerships by legislation. He further stated that the Governor foresees the need for a stronger hierarchy system for a uniform accounting process for the partnerships. The Chair thanked Mr. Freeman and commented that there are many opportunities that have come from the work of the partnerships.

Senator Weinstein announced that the Senate NER members would meet the next day at 4 p.m. in Room 423 to finalize the Senate version of the NER budget. The Chair announced that this would be the last joint meeting of the Subcommittee.

There being no further business, the chair adjourned the meeting at 3:05 p.m.

Respectfully submitted,

Edith D. Warren

Representative Edith D. Warren
Chair

Nancy S. Willis

Nancy S. Willis
Assistant to the Subcommittee

ATTACHMENTS:
Agenda
Visitor Registration Sheets
Rules for Joint Appropriations Subcommittees
NER Summary

Joint Appropriations Subcommittee on Natural and Economic Resources

Attachment 1

Monday May 15th, 2006

Representative Edith Warren, Representative Howard Hunter,
And Senator David Weinstein – Co-Chairs

Representative Edith Warren, Presiding
2:00 p.m. Room 423

Co-Chairs Comments

- **Joint Options for Consideration** — *Fiscal Research Staff*

- **Monitoring of Non-Profits** — *Secretary Jim Fain, Department of Commerce*

Closing Remarks – Rep. Edith Warren

Adjourn

Attachment 2

VISITOR REGISTRATION SHEET

APPROPRIATIONS SUBCOMMITTEE ON NATURAL AND ECONOMIC RESOURCES
Name of Committee

May 15, 2006
Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
John Goodman	NCCBI
Tony Copeland	NCDOC
Buck Lattimore	NC Industrial Commission
Jim Fain	NCDOC
Angela Batten	NC DOC
Shanna Hobby	Commerce
Wm Scarnidt	Commerce
Josh Faircloth	Civitas Ins.
Jeff Mixon	Civitas Ins.
Celia Cox	OSBM
James L. Forte	OSA
Tom Bean	NCED, NCWF

VISITOR REGISTRATION SHEET

APPROPRIATIONS SUBCOMMITTEE ON NATURAL AND ECONOMIC RESOURCES — May 15, 2006

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Leslie Merritt	OSA
Doug Lassiter	NC Septic Tank Assoc
Frank Troom[illegible]	Gov.'s office
Christopher Scott	NCIC
David Brown	OSBM
LORI ANN HARRIS	CAHA
A. Brit	NCDOL
Jennifer Haigwood	"
Becky Brown	"
Suzanne Brim	Evensong Communications, Ltd.
[illegible]	NCMSC

VISITOR REGISTRATION SHEET

APPROPRIATIONS SUBCOMMITTEE ON NATURAL AND ECONOMIC RESOURCES
Name of Committee

May 15, 2006
Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Anita McNeil	DENR.
Cat Hardy	DENR
Donna S. Cull	OSBM
Thomas Clark	OSBM
Sue Perry Cole	NCNCDC

Attachment 3

RULES FOR JOINT APPROPRIATIONS SUBCOMMITTEES
2006 SESSION

May 11, 2006

1. Subcommittee targets are spending targets.

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 are not allowed.

5. Expansion positions shall not be phased in during the fiscal year, but shall be effective July 1, 2006.

6. Identify all General Fund position changes (eliminations, fund shifts, newly established).

7. 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.

8. Special provisions shall not authorize the expenditure of reversions.

9. Refer **all** salary-related, state employee health plan, retirement, debt service, capital and other statewide reserve issues to the Full Appropriations Committee Chairs.

10. Subcommittees considering fee adjustments must **first** consult with the Full Chairs.

11. Subcommittees are encouraged to identify reductions that may result from improved program efficiencies and effectiveness.

Fiscal Research Division
Joint Budget Development Team

NER Summary

NER Spending Target = Governor's NER Budget Amount of $452,247,945

	Governor's Budget	Joint Options for Subcommittee Consideration
FY 2006-07 Continuation (w/ CMTF)	$ 418,005,250	$ 418,005,250
Target (w/ CMTF)	$ 452,247,945	$ 452,247,945
Total Amount Available	*$ 34,242,695*	*$ 34,242,695*
Total Recommended Adjustments	$ 34,242,695	$ 32,096,601
Difference (Target - Joint Recommendation)	$ -	$ 2,146,094 *Under Spending Target*
Total Spending	$ 452,247,945	$ 450,101,851

R Appropriations Joint Chair Options Compared to Governor's Budget

Department of Agriculture and Consum			Governor FY 2006-07				Joint FY 2006-07			
Item	Division	Description	R	NR	Receipts	FTE	R	NR	Receipts	FTE
1	Research Stations	Replace Unrealized Receipts	350,000				698,400			
2	Veterinary Services Meat & Poultry Food & Drug	Emergency Preparedness Needs	595,000		81,500	11.0	2,335,429			
3	Marketing	Domestic Marketing					540,000			1.0
4	Plant Industry Division	Export Certification Program	58,323			1.0	145,310			2.0
5	Human Resources	Human Resources					97,382			1.0
6	Standards	Standards Inspectors					36,746	23000	35760	2.0
7	Public Affairs	Agricultural Review					40,000			
8	Food & Drug Protection	Pesticide Staffing Support					194,429	6149		3.0
9	Reserves & Special Funds	Reserve for Utility and Fuel Costs		317,516				317516		
		Total	**$ 1,003,323**	**$ 317,516**	**$ 81,500**	**12.0**	**$ 4,087,696**	**$ 346,665**	**$ 35,760**	**9.0**

Department of Environment and Natura			Governor FY 2006-07				Joint FY 2006-07			
Item	Division	Description	R	NR	Receipts	FTE	R	NR	Receipts	FTE
1	Environmental Health	Drinking Water SRF Match	2,909,820				2,909,820			
2	Water Quality	Wastewater Treatment Plant Revolving Fund Match	3,160,852				3,160,852			
		Total	**$ 6,070,672**	**$ -**	**$ -**	**0.0**	**$ 6,070,672**	**$ -**	**$ -**	**0.0**
1	Environmental Health	Private Well Water Safety Program	1,071,079	27,550		5.0	1,071,079	27,550		5.0
2	Environmental Health	Protection of Drinking Water Supplies - Fee Increase	300,000		1,001,165	19.0	300,000		Hold-Fee	19.0
3	Soil and Water Conservation	Move Current CWMTF CREP Grant to Appropriations					Hold-Fee			
4	Coastal Management	Coastal Habitat Protection Compliance Positions	249,757	27,770		4.0	249,757	27,770		4.0
5	Soil and Water Conservation	Agriculture Cost Share Technical Assistance	333,778				333,778			
6	Soil and Water Conservation	Agriculture Cost Share Financial Assistance	400,000				400,000			
7	Soil and Water Conservation	Extend CREP Program to other Watersheds	500,000				2,000,000			3.0
8	Forestry	Forest Development Program Funding Increase	563,695				800,000			
9	OCCA	Stewardship Analyst								
10	OCCA	Landscape Conservation Planner								
11	CGIA	NC One Map					150,000			1.0
12	Marine Fisheries	Shellfish Mapping and Submerged Aquatic Vegetation Mapping Programs					331,651	87,048		5.0
13	Land Resources	Sediment and Erosion Control Expansion			466,336	7.0	Hold-Fee		466,336	7.0
14	Water Quality	Chemistry Laboratory Data Management Support					70,359	13,900		1.0
15	Waste Management	Permitting and Compliance/Enforcement Staffing			1,088,490	14.0	Hold-Fee			

16	Ma[illegible] Fisheries	Coastal Recreational Fishing Licens[illegible]plementation	375,000		[illegible]	2.0	375,000			2.0
17	Waste Management	Funds for Inactive Hazardous Sites Cleanup Fund			500,000		Hold-Fee			
18	Water Quality	Maintain the Basinwide Info Mgt System in DWQ	24,975		234,092	3.0	Hold-Fee			
19	Water Resources	River Basin Commission					96,547			1.0
20	Waste Management	Hazardous Waste Facility Fees			192675	2.0	Hold-Fee			
21	Water Quality	Water Quality Fee Increase to meet DWQ Operational Needs			500208	3.0	Hold-Fee			
22	Administration	Reserve for Utility and Fuel Cost		1280752				1280752		
		Total	**$ 3,818,284**	**$ 1,336,072**	**$ 3,982,966**	**59.0**	**$ 6,178,171**	**$ 1,437,020**	**$ 466,336**	**48.0**

Department of Labor			**Governor** *FY 2006-07*				**Joint** *FY 2006-07*			
Item	**Division**	**Description**	***R***	***NR***	***Receipts***	***FTE***	***R***	***NR***	***Receipts***	***FTE***
1		Travel and Rental funds					213,894		90,000	
2	Mine & Quarry Bureau	Replace GF Appropriation	200,000			3.5	200,000			3.5
3	OSH	Operational Expenditures					400,000			
4	Elevator & Amusement Device Bureau	Additional Inspection Staff							111,696	2
5		Operating Funds for Administrative Division	250,000		90,000					
		Total	**$ 450,000**	**0**	**$ 90,000**	**3.5**	**$ 813,894**	**0**	**201,696**	**6**

Department of Commerce			**Governor** *FY 2006-07*				**Joint** *FY 2006-07*			
Item	**Division**	**Description**	***R***	***NR***	***Receipts***	***FTE***	***R***	***NR***	***Receipts***	***FTE***
1	Policy and Research	Increased Staff and Funding for Industry Research	300,000			4.0	300,000			4.0
2	Marketing	Funding to Promote NC as a Business Destination	1,500,000				500,000			
3	MIS	Staff and Funding for DOC Website	70,819	5,000		1.0	70,819	5,000		1.0
4	Local Planning and Management	Funding to Assist 21st Centuries Communities Program	274,699			3.0	274,699			3.0
5	Administrative Services	Administrative Request for Auditing Positions	150,000			1.0	200,000			2.0
6	Science and Technology	Funding for Science & Technology Board's Nanotechnology Initiatives					40,000			
7	Local Planning and Management	Small Towns Main Street Program - Expansion into Western NC	71,310			1.0	71,965			1.0
18	Industrial Commission	Replace Electronic Document System		1,500,000	2,100,000			1,500,000	2,100,000	
19	One NC Fund	Industrial Recruitment Competitive Fund	10,000,000					5,000,000		
20	One NC Small Business	Small Business Innovation and Technology Incentive Program	5,000,000					1,000,000		
21	Tourism	Motor Sports Program		250,000				100000		
22	Tourism	2007 Women's Open		125,000				100000		
		Total	**$ 17,366,828**	**$ 1,880,000**	**$ 2,100,000**	**10.0**	**1,457,483**	**$ 7,705,000**	**$ 2,100,000**	**11.0**

Commer	State Aid to Non-State Enti		Governor FY 2006-07				Joint FY 2006-07			
Item	Division	Description	R	NR	Receipts	FTE	R	NR	Receipts	FTE
1	NC Biotech Center	Continue Current Funding Level	1,500,000				1,500,000	2000000		
2	NC Biotech Center	Support Regional Offices	500,000				500,000			
		Total	**$ 2,000,000**	**$ -**	**$ -**	**0.0**	**2,000,000**	**$ 2,000,000**	**$ -**	**0.0**
Total*			**$ 30,709,107**	**$ 3,533,588**	**$ 6,254,466**	**84.5**	**$ 20,607,916**	**$ 11,488,685**	**$ 2,803,792**	**73.5**
**Total FTEs include receipt-spported and general fund posisions.*										
		FY 2006-07 Continuation (w/ CMTF)	**$ 418,005,250**				**$ 418,005,250**			
		Target (w/ CMTF)	**$ 452,247,945**				**$ 452,247,945**			
		Total Amount Available	***$ 34,242,695***				***$ 34,242,695***			
		Total Recommended Adjustments	**$ 34,242,695**				**$ 32,096,601**			
		Difference (Target - Joint Recommendation)	**$ -**				**$ 2,146,094**	*Under Spending Target*		
		Total Spending	**$ 452,247,945**				**$ 450,101,851**			

Senate Appropriations Subcommittee on Natural and Economic Resources

Tuesday May 16th, 2006

Senator David Weinstein, Chair
Senator Charlie Albertson, Vice-Chair

Senator David Weinstein, Presiding
3:00 p.m. Room 423

Chair's Comments

- **Senate Options for Consideration** *Fiscal Research Staff*

Closing Remarks – Senator Weinstein

Adjourn

MINUTES

Senate Appropriations Subcommittee
on
Natural and Economic Resources
Tuesday, May 16, 2006 at 3:00 p.m.
423 Legislative Office Building

The Senate Appropriations Subcommittee on Natural and Economic Resources (NER) met at 3:00 p.m. on Tuesday, May 16, 2006, in Room 423 of the Legislative Office Building. Four members of the Senate subcommittee attended. Senator David Weinstein presided.

The meeting was called to order. Senator Weinstein announced that the subcommittee would review the NER Budget and turned the meeting over to Susan Morgan and Joy Hicks, Fiscal Research NER Team.

A handout entitled NER Summary (Attachment 1) was distributed to the Subcommittee. The first page of the NER Summary compared the Governor's Budget with the Joint Options for Subcommittee Consideration and the Senate Options for Subcommittee Consideration. The rest of the NER Summary consisted of spreadsheets which compared the Governor's Budget, the Joint NER Options, and the Senate Proposal by the NER departments and their divisions. The review was divided into two parts. Joy Hicks began by presenting the figures for the Department of Agriculture and Consumer Services, the Department of Labor, and DENR. In DENR, there were six Hold Fee Items which are items where new and/or increased fees will have to be cleared by the full Appropriations chairs so the positions were included in the total position count but not in the package. Ms. Hicks concluded her portion of the review by entertaining questions and/or comments from the subcommittee.

Susan Morgan, NER Team Leader, continued the review with the Department of Commerce and Commerce State Aid. She concluded her presentation by bringing the subcommittee's attention to the NER Totals. The Appropriations chairs encouraged where possible to spend non-recurring money vs. recurring money and Ms. Morgan reviewed these figures with the subcommittee. She then entertained questions and/or comments from the Subcommittee.

Senator Weinstein asked the subcommittee if there were any further questions and/or comments. There were none and the meeting adjourned at 3:21 p.m.

Senator David Weinstein
Chairman

Jane M. "Dee" Bagley
Committee Assistant

Attachment 1

NER Summary

NER Spending Target = Governor's NER Budget Amount of $452,247,945

	Governor's Budget	Joint Options for Subcommittee Consideration	Senate Options for Subcommittee Consideration
FY 2006-07 Continuation (w/ CMTF)	$ 418,005,250	$ 418,005,250	$ 418,005,250
Target (w/ CMTF)	$ 452,247,945	$ 452,247,945	$ 452,247,945
Total Amount Available	*$ 34,242,695*	*$ 34,242,695*	*$ 34,242,695*
Total Recommended Adjustments	$ 34,242,695	$ 32,096,601	$ 34,242,695
Difference (Target - Joint Recommendation)	$ -	$ 2,146,094 *Under Spending Target*	$ -
Total Spending	$ 452,247,945	$ 450,101,851	$ 452,247,945

NER Senate Appropriations Subcommittee Options

Item	Agriculture and Consumer Services	Governor FY 06-07 R	Governor FY 06-07 NR	Governor FY 06-07 Pos	Joint Options FY 06-07 R	Joint Options FY 06-07 NR	Joint Options FY 06-07 Pos	Senate Proposal FY 06-07 R	Senate Proposal FY 06-07 NR	Senate Proposal FY 06-07 Pos
	Administration									
1	Human Resources				97,382		1.0	97,382		1.0
2	Public Affairs - Agricultural Review				40,000			40,000		
	Emergency Programs									
3	Emergency Programs Expansion - Vet, EP Specialist, Program Analyst	250,000		3.0	250,000		3.0	250,000		3.0
4	Emergency Preparedness - Program Analyst and Operating Expenses				387,000		1.0	387,000		1.0
	Food and Drug									
5	Emergency Preparedness- Food Safety	263,500		5.0	538,257		11.0	538,257		11.0
6	Emergency Preparedness - Replace Distilation System					100,000			100,000	
7	Emergency Preparedness - Purchase/replace lab equipment					500,000			500,000	
8	Pesticide Staffing Support				194,429	6,149	3.0	194,429	6,149	3.0
	Markets									
9	Domestic Marketing				540,000		1.0	40,000	240,300	1.0
10	SE Farmers Market Horse Facilities								2,500,000	
	Meat and Poultry Inspections									
11	Emergency Preparedness - Food Safety and Security Mandates	81,500		3.0	163,000		6.0	163,000		6.0
	Plant Industry									
12	Export Certification Program	58,323		1.0	145,310		2.0	145,310		2.0
13	Reduce Unrealized Fertilizer Receipts				198,400				100,000	
	Research Stations									
14	Reduce Research Station Receipts	350,000			500,000				350,000	
	Standards									
15	Standards Inspectors				36,746	23,000	2.0	36,746	23,000	2.0
	Veterinary Services									
16	Emergency Preparedness - Fund Director of Laboratory Operations position				147,172		1.0	147,172		1.0
17	Emergency Preparedness - Capital for Rollins Type 2 Lab conversion					250,000			250,000	
	Reserves and Special Funds									
18	Reserve for Utility and Fuel Costs		317,516			317,516			317,516	
19	Duplin Agribusiness Center Capital								1,000,000	
	Ag Total	**1,003,323**	**317,516**	**12.0**	**3,237,696**	**1,196,665**	**31.0**	**2,039,296**	**5,386,965**	**31.0**

	LABOR	Governor FY 06-07			Joint Options FY 06-07			Senate FY 06-07		
	Description	R	NR	Pos	R	NR	Pos	R	NR	Pos
	Administration									
1	Operating Funding	250,000			213,894			213,894		
	Labor Standards and Inspections									
2	Mine & Quarry Division - Restore Appropriation	200,000		3.5	200,000		3.5	200,000		3.5
3	Elevator & Amusement Devices - Additional Inspection Staff						2.0			2.0
	OSH									
4	Operational Expenditures				400,000			400,000		
	Total	**450,000**	**0**	**3.5**	**813,894**	**0**	**5.5**	**813,894**	**0**	**5.5**

	DENR	Governor FY 06-07			Joint Options FY 06-07			Senate FY 06-07		
	Description	R	NR	Pos	R	NR	Pos	R	NR	Pos
	Center for Geographic Information Analysis									
1	NC One Map				150,000		1.0			
	Division of Coastal Management									
2	Coastal Habitat Protection Compliance Positions	249,757	27,770	4.0	249,757	27,770	4.0	249,757	27,770	4.0
	Division of Environmental Health									
3	Private Well Water Safety Program	1,071,079	27,550	5.0	1,071,079	27,550	5.0	1,071,079	27,550	5.0
4	Protection of Drinking Water Supplies - Fee Increase	300,000		19.0	300,000	HOLD - FEE	19.0	300,000	HOLD - FEE	19.0
	Division of Land Resources									
5	Sediment and Erosion Control Expansion			7.0		HOLD - FEE	7.0		HOLD - FEE	7.0
	Division of Waste Management									
6	Hazardous Waste Facility Fees			2.0		HOLD-FEE	2.0		HOLD-FEE	2.0
	Division of Water Quality									
7	Maintain the Basinwide Information Management Systems (BIMS) in DWQ	24,975		3.0		HOLD FEE	3.0		HOLD FEE	3.0
8	Water Quality Fee Increase to meet DWQ Operational Needs			3.0		HOLD FEE	3.0		HOLD FEE	3.0
9	Chemistry Laboratory Data Management Support				70,359	13,900	1.0			
	Division of Water Resources									
10	River Basin Commission				96,547		1.0			
	Division of Marine Fisheries									
11	Coastal Recreational Fishing License Implementation	375,000		2.0	375,000		2.0	375,000		2.0
12	Shellfish Mapping and Submerged Aquatic Vegetation Mapping Programs				331,651	87,048	5.0	331,651	87,048	5.0

	Soil & Water Conservation									
13	NC Agriculture Cost Share Technical Assistance	333,778			333,778			333,778		
14	NC Agriculture Cost Share Financial Assistance	400,000			400,000			400,000		
15	Extend CREP Program to other watersheds	500,000			2,000,000		3.0	1,000,000		3.0
16	Soil and Water Conservation District Supervisor Travel							25,000		
	Reserves & Special Funds									
17	Reserve for Utility and Fuel Cost		1,280,752			1,280,752			1,280,752	
18	Drinking Water State Revolving Fund Match	2,909,820			2,909,820			2,909,820		
19	Wastewater Treatment Plant State Revolving Fund Match	3,160,852			3,160,852			3,160,852		
20	Solid Waste Management - Permitting and Compliance/Enforcement Staffing			14.0		HOLD FEE			HOLD FEE	
21	Forest Development Program (FDP) Funding Increase	563,695			800,000			800,000		
22	Funds for Inactive Hazardous Sites Cleanup Fund					HOLD FEE			HOLD FEE	
	Total	**9,888,956.0**	**1,336,072.0**	**59.0**	**12,248,843**	**1,437,020.0**	**56.0**	**10,956,937.0**	**1,423,120.0**	**53.0**

	COMMERCE	**Governor**			**Joint Options**			**Senate**		
		FY 06-07			**FY 06-07**			**FY 06-07**		
	Description	**R**	**NR**	**Pos**	**R**	**NR**	**Pos**	**R**	**NR**	**Pos**
	Administrative Services									
1	Pass Through Monitoring Position and Administrative Support Cost	150,000		1.0	200,000		2.0	200,000		2.0
	Science and Technology									
2	Funding for Nanotechnology Initiatives				40,000					
	MIS									
3	Additional Staff for MIS	70,819	5,000	1.0	70,819	5000	1.0	70,819	5000	1.0
	Business and Industry									
4	Marketing - Promoting NC as a Business Destination	1,500,000			500,000				1,000,000	
	Community Assistance									
5	Small Towns Main Street Program - Expansion in to Western NC	71,310		1.0	71,965		1.0	71,965		1.0
6	NC 21st Century Communities Program	274,699		3.0	274,699		3.0	274,699		3.0
	Tourism, Film and Sports Development									
7	Motor Sports Program promotion		250,000			100,000			100,000	
8	2007 US Women's Open promotion		125,000			100,000			100,000	
	Policy and Research									
9	Additional Staffing for Policy, Research and Strategic Planning	300,000		4.0	300,000		4.0	300,000		4.0
	Industrial Commission									
10	Replace Electronic Document System		1,500,000			1,500,000			1,500,000	

	Reserves & Special Funds									
11	One North Carolina Fund - Industrial Recruitment Competitive Fund	10,000,000				5,000,000			5,000,000	
12	One NC Small Business Program - Small Business Innovation and Technology Incentive Progr	5,000,000				1,000,000			1,000,000	
	Total	**17,366,828**	**1,880,000**	**10.0**	**1,457,483**	**7,705,000**	**11.0**	**917,483**	**8,705,000**	**11.0**
	COMMERCE STATE AID	**Governor**			**Joint Options**			**Senate**		
		FY 06-07			**FY 06-07**			**FY 06-07**		
	Description	**R**	**NR**	**Pos**	**R**	**NR**	**Pos**	**R**	**NR**	**Pos**
	NC Biotechnology Center									
1	Continue Current Funding Level for NC Biotechnology Center	1,500,000			1,500,000	2,000,000		1,500,000	2,000,000	
2	Support of Regional Offices	500,000			500,000			500,000		
	Total	**2,000,000**	**0**	**0.0**	**2,000,000**	**2,000,000**	**0.0**	**2,000,000**	**2,000,000**	**0.0**
	NER TOTAL	**30,709,107**	**3,533,588**	**84.5**	**19,757,916**	**12,338,685**	**103.5**	**16,727,610**	**17,515,085**	**100.5**
	NER TARGET				**34,242,695**			**34,242,695**		
	Difference				**2,146,094**			**0**		

VISITOR REGISTRATION SHEET

APPROPRIATIONS SUBCOMMITTEE ON NATURAL AND ECONOMIC RESOURCES
Name of Committee

05-16-06
Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Bill McNeal	NC Coastal Center
Denise A Seessoms	Commerce
Shannon Hobley	Commerce
Doug Byrd	Commerce
DJD	WCFB
Mitch Peele	NCFB
Donna S. Cox	OSBM
Anita McNeal	DENR
Craig Hardy	DENR
Michael Nelson	Conservation Council
Brian Wright	Conservation Council

Senate Appropriations Subcommittee on Natural and Economic Resources

Tuesday May 23, 2006

Senator David Weinstein – Co-Chairs
Senator Charlie Albertson, Vice-Chair

Senator David Weinstein, Presiding
8:30 a.m. Room 423

Chair's Comments

- **Proposed Money Report and Special Provisions** *Fiscal Research Staff*

Closing Remarks – Senator Weinstein

Adjourn

MINUTES

Senate Appropriations Subcommittee
on
Natural and Economic Resources
Tuesday, May 23, 2006, at 8:30 a.m.
423 Legislative Office Building

The Senate Appropriations Subcommittee on Natural and Economic Resources (NER) met at 8:30 a.m. on Tuesday, May 23, 2006, in Room 423 of the Legislative Office Building. Four members of the Senate subcommittee attended. Senator David Weinstein presided.

The meeting was called to order and the subcommittee and interested parties were welcomed. The following served the meeting: Pages – Challen King sponsored by Senator Robert Pittenger and Meghan Taylor sponsored by Senator Bob Atwater; Sergeant at Arms - Ernie Sherrell and Ron Spann (Senate); and the Fiscal Research NER Team - Susan Morgan and Joy Hicks.

Senator Weinstein informed the subcommittee that the meeting would consist of discussing the NER Budget (Money Report and Special Provisions) and the Fiscal Research NER Team was asked to begin the presentation by reviewing the Proposed Money Report (Attachment 1). The Proposed Money Report had a total Senate spending of $461,413,885.00. The NER Fiscal Target was $452, 247, 945.00 so there was an additional $9,000,000.00 above the NER target. In the report, Joint means House and Senate items; Both means items that were also a Governor's recommendation; and New or Senate Only means items that were not in the Joint Proposal. Joy Hicks began the Money Report presentation by reviewing the items within the Department of Agriculture and Consumer Services; Kristin Walker reviewed the items within the Department of Labor and the first two items within the Department of Environment and Natural Resources (DENR); Joy Hicks reviewed the remainder of DENR; and Susan Morgan concluded the presentation by reviewing the items within the Department of Commerce, Commerce – State Aid, N.C. Biotechnology Center, and the Rural Economic Development Center.

The Special Provisions were then brought before the subcommittee. Joy Hicks began the review with DENR (Attachment 2). Susan Morgan continued with the NER Community Development Block Grant, Employment Security Funds, E-NC Authority, Council of Government Funds/Electronic Transfer, Advance Vehicle Research Center Reporting Requirements/Funds Shall Not Revert, Wanchese Seafood Industrial Park/Oregon Inlet Funds, Department of Commerce/Report on Agribusiness Funds, and Repeal Fee for Mine Safety Education/Training Programs (Attachment 3).

Senator Weinstein asked if there were any questions and/or comments. There were none and he announced that a vote on the Money Report and Special Provisions would not be taken. Any amendments, discussion, and votes would be addressed on the Senate Floor.

With no further business to be brought before the subcommittee, the meeting adjourned at 8:50 a.m.

Senator David F. Weinstein
Co-Chairman

Jane M. "Dee" Bagley
Senate Committee Assistant

Attachment 1

NER Senate Appropriations Subcommittee

Proposed Money Report

May 23rd, 2006

* Both = Governor's Budget and Joint Item

Senate Subcommittee on Natural and Economic Resources

Agriculture and Consumer Services

GENERAL FUND

Total Budget Approved 2005 Session	**FY 06-07**
	$51,032,884

Budget Changes

Administration

Joint **1 Human Resources** $97,382 R

Provide funding for one (1.0) Personnel Technician position in Human Resources. 1.00

Joint **2 Public Affairs - Agricultural Review** $40,000 R

Provide increased funding for the Agricultural Review to address rising operational costs.

Emergency Programs

Both **3 Emergency Preparedness - Staffing Support** $337,000 R

Provide General Fund appropriation for four (4.0) positions: 4.00

Veterinarian	1.0
Animal Health Technician II	1.0
Application Analyst II	2.0

Joint **4 Emergency Preparedness - Operating Expenses** $300,000 R

Provide additional funding for operating expenses associated with the Multi-Hazard Threat Database.

Food and Drug

Both **5 Emergency Preparedness - Food Safety** $538,257 R

Provide funding for eleven (11.0) positions to address staffing shortages in food protection, compliance and regulations: 11.00

Chemist II	2.0
Ag Microbiologist II	2.0
Food Compliance Officer I	1.0
Food Regulatory Specialist I	6.0

Joint **6 Emergency Preparedness - Replace Distillation System**

Provide funding for the replacement of the water distillation system at Constable Laboratory. $100,000 NR

Joint **7 Emergency Preparedness - Purchase/Replace Lab Equipment**

Provide funding for the purchase and replacement of lab equipment. $500,000 NR

Joint **8 Pesticide Staffing Support** — $194,429 R; $6,149 NR; 3.00

Provide three (3.0) additional positions to the Pesticide Section:

Environmental Toxicologist	1.0
Bilingual Pesticide Specialist	1.0
Pesticide Environmental Investigative Specialist	1.0

Markets

Joint **9 Domestic Marketing** — $40,000 R; $240,300 NR; 1.00

Provide additional funding for the "Got to be NC" agriculture marketing initiative. Also provides one (1.0) Agricultural Marketing Specialist position.

both **Meat and Poultry**

10 Emergency Preparedness - Food Safety and Security Mandates — $163,000 R; 6.00

Provide funding for 50 percent of six (6.0) meat inspector positions to match US Department of Agriculture funding.

Plant Industry

Both **11 Export Certification Program** — $145,310 R; 2.00

Provide funding to establish two (2.0) Export Certification positions required to respond to the increased demand for issuance of phytosanitary certificates in North Carolina.

Export Certification Specialist 2.0

Joint **12 Reduce Unrealized Fertilizer Receipts** — $100,000 NR

Replace a portion of unrealized fertilizer receipts.

Research Stations

Both **13 Replace Unrealized Research Station Receipts** — $350,000 NR

Replace unrealized Research Stations receipts with a General Fund appropriation.

Reserves and Special Funds

Both **14 Reserve for Utility and Fuel Costs** — $317,516 NR

Establish a reserve to help offset the increased cost of natural gas and propane, fuel oil and gasoline expenses.

Standards

Joint **15 Standards Inspectors** — $36,746 R; $23,000 NR; 2.00

Provide funding for two (2.0) additional Standards Inspectors to be assigned to inspect retail motor fuel dispensers and retail weights and measures devices.

Veterinary Services

Joint 16 **Emergency Preparedness - Director of Laboratory Operations position** $147,172 R
Establish one (1.0) Director of Laboratory Operations position.
1.00

Budget Changes	**$2,039,296**	R
	$1,636,965	NR
Total Position Changes	31.00	
Revised Total Budget	**$54,709,145**	

Labor

GENERAL FUND

	FY 06-07	
Total Budget Approved 2005 Session	**$14,434,925**	
Budget Changes		
Administration		
Both 17 **Fund Travel and Office Space** Provide funds for field staff to travel and for existing field office space.	$213,894	R
Elevator and Amusement Device Bureau		
Joint 18 **Establish Receipt-Supported Positions** Establish two (2.0) receipt-supported positions to inspect elevators and amusement devices. Elevator Inspectors 2.0 $111,696		
Labor Standards and Inspections		
Both 19 **Replace Appropriations for Mine and Quarry Program** Provide funds to offset unrealized safety training fee receipts. Restore 3.5 positions.	$200,000 3.50	R
Occupational Safety and Health		
Joint 20 **Fund Operating** Fund various operating line items in Occupational Safety and Health.	$200,000	NR
Budget Changes	**$413,894** **$200,000**	R NR
Total Position Changes	3.50	
Revised Total Budget	**$15,048,819**	

Environment & Natural Resources

GENERAL FUND

Total Budget Approved 2005 Session

FY 06-07
$168,451,089

Budget Changes

(2.0) Coastal Management

Both **21 Create New Coastal Habitat Protection Compliance Positions** — $249,757 R; $27,770 NR; 4.00

Provide funds to establish four (4.0) Compliance Coordinator positions, one in each Division of Coastal Management district to provide compliance and enforcement services:

Environmental Specialist III	4.0

(2.0) Environmental Health

Both **22 Fund Private Well Water Safety Program** — $271,079 R; $827,550 NR; 5.00

Provide funds for technical support and enforcement assistance to counties as they enforce statewide private water supply well construction standards. Provide funds for five (5.0) new positions:

Environmental Health Regional Specialist	4.0
Administrative Assistant I	1.0

(2.0) Land Resources

Senate Only **23 Restore Contractual Services** — $50,000 NR

Restore funding for contractual services for a county boundary program eliminated in FY 05/06.

(3.0) Aquariums

Senate Only **24 Fund Operating** — $2,500,000 R

Provide funds for the operations of the aquariums.

(3.0) Marine Fisheries

Both **25 Coastal Recreational Fishing License Implementation** — $327,000 R; $48,000 NR; 2.00

Provide two (2.0) positions and operating support for the development and operations of the licensing system associated with the Coastal Recreational Fishing License:

Process Analyst IV	1.0
Bus Tech Applications Analyst	1.0

Joint

26 Shellfish Mapping and Submerged Aquatic Vegetation Mapping Programs — $331,651 R

Provide five (5.0) additional positions and operating expenses to enable the Marine Fisheries Division to map shellfish resources and habitat as recommended by the Coastal Habitat Protection Plan: — $87,048 NR, 5.00

Computing Consultant I	1.0
Marine Fisheries Technician II	4.0

(3.0) Soil and Water Conservation

Both

27 NC Agricultural Cost Share Technical Assistance — $333,778 R

Provide additional support for cost-shared funds to soil and water conservation districts and counties for technical assistance needed to install quality Best Management Practices through the Agriculture Cost Share Program.

Both

28 NC Agriculture Cost Share Financial Assistance — $400,000 R

Provide additional funding to the Agriculture Cost Share Program to assist 100 additional producers per year to install Best Management Practices to improve water quality.

Both

29 Extend Conservation Resource Enhancement Program (CREP) — $1,000,000 R

Provide additional funding to the CREP program to expand into additional watersheds in need of riparian buffers and restored wetlands. — 3.00

Senate Only

30 Soil and Water Conservation District Supervisor Travel — $25,000 R

Provide funding for travel reimbursement for Soil and Water Conservation District Supervisors.

(4.0) Reserves and Transfers

Both

31 Fund Utility and Fuel Costs

Provide funds for rising fuel and utility costs throughout the Department of Environment and Natural Resources. — $1,280,752 NR

Senate Only

32 Increase Grassroots Science Program Funding

Increase funding for the Grassroots Science Program. — $665,940 NR

Both

33 Clean Water SRF Match Funds

Provide funds to meet the 20% state match requirement for drawing down the maximum available federal funds for the Clean Water State Revolving Fund. — $3,160,852 NR

Both

34 Drinking Water SRF Match Funds

Provide funds to meet the 20% state match requirement for drawing down the maximum available federal funds for the Drinking Water State Revolving Fund. — $2,909,820 NR

Both

35 Forest Development Program (FDP)

Provide additional funding to reduce the current waiting list of landowner applicants for cost share assistance to reforest land. — $400,000 NR

Budget Changes	**$5,438,265**	**R**
	$9,457,732	**NR**
Total Position Changes	19.00	
Revised Total Budget	**$183,347,086**	

Commerce

GENERAL FUND

	FY 06-07
Total Budget Approved 2005 Session	**$36,728,265**

Budget Changes

Administrative Services

Both **36 Establish Position to Monitor Non-Profits** — $150,000 R

Establish one (1.0) Auditor II position and provide operating funds to monitor all non-state entities receiving funds through the Department of Commerce. — 1.00

Board of Science and Technology

Both **37 One North Carolina Small Business Fund** — $5,000,000 NR

Provide funds for the Federal Small Business Innovation Research/Small Business Technology Transfer Research matching program. The program provides incentive funds to small businesses to apply for federal innovation grants.

Finance Center

Both **38 One North Carolina Fund** — $10,000,000 NR

Provide funds for the One North Carolina Fund for FY 06/07.

Industrial Commission

Both **39 Replace Electronic Document System** — $1,500,000 NR

Provide funds to replace electronic document system. State funds will be used in addition to existing fee receipts ($2,100,000) to fund the new system.

Total Requirements:	$3,600,000
Less Anticipated Receipts:	($2,100,000)
State Funds Required:	$1,500,000

Information Services

Both **40 Web Applications Development & Maintenance** — $70,819 R; $5,000 NR

Establish one (1.0) Application Analyst position to develop and maintain a web site for the department. — 1.00

Local Planning and Management

Both **41 Expand Small Towns Main Street Program** — $71,965 R

Establish one (1.0) Community Development Planner position to serve the western part of the state. Program activities in the eastern region are funded by a Z. Smith Reynolds grant. — 1.00

Both **42 Expand 21st Century Communities Program** — $274,699 R

Establish three (3.0) Community Development Planner III positions and provide operating funds to expand the program to 5 new communities. — 3.00

Marketing

Both **43 Promote N.C. as a Business Destination** — $1,000,000 NR

Provide funds for advertising in business publications, public relations outreach, marketing materials, national and international industry trade shows, and conference participation.

Senate Only **44 Furniture Market Advertising** — $1,750,000 NR

Provide funds to the High Point International Home Furnishings Market Authority Corporation to promote the International Home Furnishings Market.

Policy and Research

Both **45 Provide Additional Staff** — $300,000

Provide funds for four (4.0) positions for the Division to expand research and planning for economic development. — 4.00

Economist III	1.0
Policy Development Analyst II	1.0
Business and Technical Application Tech.	2.0

Tourism, Film and Sports Development

Both **46 Promote Motor Sports** — $100,000 NR

Provide funds to promote motor sports.

Budget Changes	**$867,483**	R
	$19,355,000	NR
Total Position Changes	10.00	
Revised Total Budget	**$56,950,748**	

Commerce - State Aid

GENERAL FUND

	FY 06-07
Total Budget Approved 2005 Session	**$11,722,085**
Budget Changes	
e-NC Authority	
Senate Only **47 Transfer the e-NC Authority**	$500,000 R
Transfer funds from the Rural Center's fund code to the Department of Commerce's State-Aid fund code. Historically the program was administratively located within the Rural Center's budget.	
Budget Changes	**$500,000 R**
Total Position Changes	
Revised Total Budget	**$12,222,085**

N.C. Biotechnology Center

GENERAL FUND

	FY 06-07	
Total Budget Approved 2005 Session	**$10,583,395**	
Budget Changes		
Both **48 Increase Funding for Biotechnology Center**	$1,500,000	R
Provide funds for the Biotechnology Center.	$2,000,000	NR
Both **49 Regional Offices**	$500,000	R
Provide funds to support the Biotechnology Center's regional offices.		
Budget Changes	**$2,000,000**	**R**
	$2,000,000	**NR**
Total Position Changes		
Revised Total Budget	**$14,583,395**	

Rural Economic Development Center

GENERAL FUND

	FY 06-07
Total Budget Approved 2005 Session	**$25,052,607**
Budget Changes	
Rural Center	
Senate Only **50 Transfer the e-NC Authority**	($500,000) R
Transfer funds from the Rural Center's fund code to the Department of Commerce's State-Aid fund code. Historically the program was administratively located within the Rural Center's budget. In S.L. 2005-276 the Rural Center was appropriated $20 million recurring, with $500,000 allocated to the e-NC Authority.	
Budget Changes	**($500,000) R**
Total Position Changes	
Revised Total Budget	**$24,552,607**

LOCAL MANAGEMENT ENTITY ADMINISTRATIVE FUNCTIONS

SECTION 10.32. The Department of Health and Human Services shall recalculate local management entity (LME) systems management allocations for fiscal year 2006-2007 to include funds for each LME to implement 24-hour, seven days a week screening, triage, and referral, and the review and approval of all person-centered plans. The Department shall allocate funds appropriated in this act for this purpose to LMEs to implement the functions described in this section.

PORTION OF PROCEEDS FROM ALCOHOL EXCISE TAX DEPOSITED TO TRUST FUND FOR MENTAL HEALTH, DEVELOPMENTAL DISABILITIES, AND SUBSTANCE ABUSE SERVICES AND BRIDGE FUNDING NEEDS

SECTION 10.33.(a) Part 4 of Article 2C of Chapter 105 of the General Statutes is amended by adding a new section to read:

"**§ 105-113.82A. Distribution to the Trust Fund for Mental Health, Developmental Disabilities, and Substance Abuse Services and Bridge Funding Needs.**

After setting aside funds for the distributions required by G.S. 105-113.81A and G.S. 105-113.82, the Secretary shall on a monthly basis distribute to the Trust Fund for Mental Health, Developmental Disabilities, and Substance Abuse Services and Bridge Funding Needs, established under G.S. 143-15.3D, five percent (5%) of the net proceeds of the amount of excise taxes collected under this Article on malt beverages, unfortified wine, fortified wine, and spirituous liquor."

SECTION 10.33.(b) This section becomes effective July 1, 2006, and applies to taxes collected on or after that date.

CHILD CARE ALLOCATION FORMULA

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

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

CHILD CARE SUBSIDY RATES

SECTION 10.35. Section 10.62(e) of S.L. 2005-276 reads as rewritten:

"**SECTION 10.62.(e)** A market rate shall be calculated for child care centers and homes at each rated license level for each county and for each age group or age category of enrollees and shall be representative of fees charged to ~~unsubsidized privately paying~~ parents for each age group of enrollees within the county. The Division of Child Development shall also calculate a statewide rate and regional market rates for each rated license level for each age category."

PART XI. DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES

CONSERVATION RESERVE ENHANCEMENT PROGRAM

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

AQUARIUM FUNDS

SECTION 11.2. Of the funds appropriated in this act to the Department of Environment and Natural Resources, the sum of two million five hundred thousand

dollars ($2,500,000) for the 2006-2007 fiscal year shall be for the Division of Aquariums for the operations of the Division of Aquariums of the Department of Environment and Natural Resources. These funds are in addition to the funding the Division of Aquariums receives from departmental receipts, and the Department of Environment and Natural Resources may use these funds to shift funding for operations of the Division from receipt-support to General Fund support.

GRASSROOTS SCIENCE PROGRAM

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

"**SECTION 12.5.(a)** Of the funds appropriated in this act to the Department of Environment and Natural Resources for the Grassroots Science Program, the sum of three million one hundred ninety-seven thousand seven hundred sixty-two dollars ($3,197,762) for the 2005-2006 fiscal year and the sum of three million eight hundred sixty-three thousand seven hundred dollars ($3,863,700) for the 2006-2007 fiscal year is allocated as grants-in-aid ~~for each fiscal year~~ as follows:

	2005-2006	2006-2007
Aurora Fossil Museum	$59,057	$62,593
Cape Fear Museum	$161,007	$195,926
Carolina Raptor Center	$112,174	$126,878
Catawba Science Center	$133,429	$181,452
The Children's Museum of Iredell County		$65,424
Colburn ~~Gem and Mineral Museum, Inc.~~Earth Science Museum, Inc.	$74,545	$82,856
Discovery Place	$662,865	$845,882
Eastern NC Regional Science Center	$50,000	$51,094
~~Port Discover: Northeastern North Carolina's Center for Hands-On Science, Inc.~~	~~$50,000~~	
Fascinate-U	$80,742	$92,389
Granville County Museum Commission, Inc.–Harris Gallery	$56,422	$58,079
Greensboro Children's Museum	$135,076	$142,558
The Health Adventure Museum of Pack Place Education, Arts and Science Center, Inc.	$134,499	$194,079
Highlands Nature Center	$79,268	$83,826
Imagination Station	$86,034	$95,505
Kidsenses	$50,000	$92,676
Museum of Coastal Carolina	$74,192	$80,207
The Natural Science Center of ~~Greensboro~~Greensboro, Inc.	$186,354	$218,069
North Carolina Museum of Life and Science	$379,826	$432,752
Port Discover: Northeastern North Carolina's Center for Hands-On Science, Inc.	$50,000	$50,117
Rocky Mount Children's Museum	$72,254	$74,928
Schiele Museum of Natural History and Planetarium, Inc.	$229,547	$264,353
Sci Works Science Center and Environmental Park of Forsyth County	$146,499	$177,886
Western North Carolina Nature Center	$112,879	$123,079
Wilmington Children's Museum	$71,093	$71,093
Total	$3,197,762	$3,863,700

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

(1) The operating budget for the 2004-2005 fiscal year.
(2) The operating budget for the 2005-2006 fiscal year.
(3) The total attendance at the museum during the 2005 calendar year.

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

(1) The operating budget for the 2005-2006 fiscal year.
(2) The operating budget for the 2006-2007 fiscal year.
(3) The total attendance at the museum during the 2006 calendar year."

MORATORIUM IMPOSED ON NEW LANDFILLS

SECTION 11.4.(a) Definitions. – The definitions set forth in G.S. 130A-290 apply throughout this section.

SECTION 11.4.(b) Moratorium Established. – There is hereby established a moratorium on consideration of applications for a permit and on the issuance of permits for new landfills in the State. The purposes of this moratorium are to allow the State to study solid waste disposal issues in order to protect public health and the environment. The Department of Environment and Natural Resources shall not consider a permit application nor issue a permit for a new landfill for the disposal of construction or demolition waste, municipal solid waste, or industrial solid waste for a period beginning on 1 July 2006 and ending on 1 January 2008.

SECTION 11.4.(c) Exceptions. – The moratorium established by subsection (b) of this section shall not prohibit consideration of an application for or issuance of:

(1) A modification of a permit for an existing permitted landfill.
(2) A permit to expand an existing permitted landfill if the proposed facility boundary will provide no more than five years of disposal capacity.
(3) A modification of a permit to reflect a transfer of ownership of an existing permitted landfill.
(4) A modification of a permit to provide for a substantial change to the waste stream described in a permit in effect as of 1 May 2006 for an existing landfill.
(5) A permit for a sanitary landfill used only to dispose of waste generated by a coal-fired generating unit that is owned or operated by an investor-owned utility subject to the requirements of G.S. 143-215.107D.
(6) A permit for a sanitary landfill determined to be necessary by the Secretary in order to respond to an imminent hazard to public health or a natural disaster.

SECTION 11.4.(d) Study. – The Environmental Review Commission, with the assistance of the Division of Waste Management of the Department of Environment and Natural Resources, shall study issues related to solid waste. The Commission shall specifically study measures concerning:

(1) Financial responsibility requirements for solid waste landfills, including the application of requirements to limited liability companies and other business entity structures of applicants seeking solid waste landfill permits.
(2) Application of franchise requirements and local government approval for solid waste landfill permits, including adequacy of public notice and comment, community studies, and site designations prior to local government approval.

(3) Siting, design, and operational requirements for landfills for the disposal of construction or demolition waste, municipal solid waste, or industrial solid waste that are proposed in areas susceptible to flooding from natural disasters, areas with high water tables, and other environmentally sensitive areas.
(4) Traffic considerations for proposed landfills.
(5) Regulatory oversight and staffing for permitting and compliance of solid waste landfills, and inspection of waste containers on barges, railways, and trucks.
(6) Compliance with statutory prohibitions on disposal of certain types of solid waste and measures to prevent disposal of hazardous waste in solid waste and construction and demolition landfills.
(7) Ways to reduce the amount of solid waste disposed of within North Carolina landfills, including statewide tipping fees, bans on the disposal of certain types of waste in landfills, more aggressive recycling requirements, and enhanced regulatory requirements for landfills and other solid waste management facilities.

SECTION 11.4.(e) Subcommittee. – In order to facilitate the conduct of this study, the Cochairs of the Environmental Review Commission may establish a subcommittee of the Commission. The subcommittee of the Commission may include nonlegislative members who have special knowledge, interest, or expertise in various aspects of solid waste management, appointed in consultation with the President Pro Tempore of the Senate and the Speaker of the House of Representatives.

SECTION 11.4.(f) Report. – The Commission shall report its findings, together with any recommended legislation, to the 2007 Regular Session of the 2007 General Assembly upon its convening.

SECTION 11.4.(g) This section is effective when this act becomes law.

PART XII. DEPARTMENT OF COMMERCE

EMPLOYMENT SECURITY FUNDS

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

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

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

(1) Six million dollars ($6,000,000) for the operation and support of local offices.
(2) Two hundred thousand dollars ($200,000) for the State Occupational Information Coordinating Committee to develop and operate an interagency system to track former participants in State education and training programs.
(3) One hundred thousand dollars ($100,000) to maintain compliance with Chapter 96 of the General Statutes, which directs the Commission to employ the Common Follow-Up Management Information System to evaluate the effectiveness of the State's job training, education, and placement programs."

ONE NORTH CAROLINA FUND

SECTION 5.2.(a) Appropriations from federal block grant funds are made for fiscal year ending June 30, 2007, according to the following schedule:

COMMUNITY DEVELOPMENT BLOCK GRANT

01. State Administration	$ 1,000,000
02. Urgent Needs and Contingency	1,000,000
03. Scattered Site Housing	13,200,000
04. Economic Development	8,710,000
05. Community Revitalization	13,500,000
06. State Technical Assistance	450,000
07. Housing Development	2,000,000
08. Infrastructure	5,140,000
TOTAL COMMUNITY DEVELOPMENT BLOCK GRANT – 2007 Program Year	$ 45,000,000

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

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

SECTION 5.2.(d) Limitations on Community Development Block Grant Funds. – Of the funds appropriated in this section for the Community Development Block Grant, the following shall be allocated in each category for each program year: up to one million dollars ($1,000,000) may be used for State Administration; not less than one million dollars ($1,000,000) may be used for Urgent Needs and Contingency; up to thirteen million two hundred thousand dollars ($13,200,000) may be used for Scattered Site Housing; up to eight million seven hundred ten thousand dollars ($8,710,000) may be used for Economic Development, including Urban Redevelopment Grants and Small Business or Entrepreneurial Assistance; not less than thirteen million five hundred thousand dollars ($13,500,000) shall be used for Community Revitalization; up to four hundred fifty thousand dollars ($450,000) may be used for State Technical Assistance; up to two million dollars ($2,000,000) may be used for Housing Development; up to five million one hundred forty thousand dollars ($5,140,000) may be used for Infrastructure. If federal block grant funds are reduced or increased by the Congress of the United States after the effective date of this act, then these reductions or increases shall be allocated in accordance with subsection (b) or (c) of this section, as applicable.

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

SECTION 5.2.(f) 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 VI. GENERAL PROVISIONS

CONTINGENCY AND EMERGENCY FUND ALLOCATIONS

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

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

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

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

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

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

AUTHORIZATION TO ESTABLISH RECEIPT-SUPPORTED POSITIONS

SECTION 6.2. Notwithstanding G.S. 143-34.1(a1), a department, institution, or other agency of State government may establish receipt-supported positions authorized in this act upon approval by the Director of the Budget. The Director, if necessary, may establish a receipt-supported position pursuant to this section at an annual salary amount different from the salary amount set out in this act if (i) funds are available from the proposed funding source and (ii) the alternative salary

(3) Siting, design, and operational requirements for landfills for the disposal of construction or demolition waste, municipal solid waste, or industrial solid waste that are proposed in areas susceptible to flooding from natural disasters, areas with high water tables, and other environmentally sensitive areas.
(4) Traffic considerations for proposed landfills.
(5) Regulatory oversight and staffing for permitting and compliance of solid waste landfills, and inspection of waste containers on barges, railways, and trucks.
(6) Compliance with statutory prohibitions on disposal of certain types of solid waste and measures to prevent disposal of hazardous waste in solid waste and construction and demolition landfills.
(7) Ways to reduce the amount of solid waste disposed of within North Carolina landfills, including statewide tipping fees, bans on the disposal of certain types of waste in landfills, more aggressive recycling requirements, and enhanced regulatory requirements for landfills and other solid waste management facilities.

SECTION 11.4.(e) Subcommittee. – In order to facilitate the conduct of this study, the Cochairs of the Environmental Review Commission may establish a subcommittee of the Commission. The subcommittee of the Commission may include nonlegislative members who have special knowledge, interest, or expertise in various aspects of solid waste management, appointed in consultation with the President Pro Tempore of the Senate and the Speaker of the House of Representatives.

SECTION 11.4.(f) Report. – The Commission shall report its findings, together with any recommended legislation, to the 2007 Regular Session of the 2007 General Assembly upon its convening.

SECTION 11.4.(g) This section is effective when this act becomes law.

PART XII. DEPARTMENT OF COMMERCE

EMPLOYMENT SECURITY FUNDS

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

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

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

(1) Six million dollars ($6,000,000) for the operation and support of local offices.
(2) Two hundred thousand dollars ($200,000) for the State Occupational Information Coordinating Committee to develop and operate an interagency system to track former participants in State education and training programs.
(3) One hundred thousand dollars ($100,000) to maintain compliance with Chapter 96 of the General Statutes, which directs the Commission to employ the Common Follow-Up Management Information System to evaluate the effectiveness of the State's job training, education, and placement programs."

ONE NORTH CAROLINA FUND

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

"**SECTION 13.6.(a)** Of the funds appropriated in this act to the One North Carolina Fund, the Department of Commerce may use up to three hundred thousand dollars ($300,000) to cover its expenses in administering the One North Carolina Fund and other economic development incentive grant programs in the ~~2005-2006~~2006-2007 fiscal year."

EXTEND E-NC AUTHORITY SUNSET/E-NC AUTHORITY FUNDS AND REPORTING REQUIREMENTS

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

"**SECTION 4.** Sections 1 and 2 of this act become effective December 31, 2003, with the e-NC Authority hereby designated as the successor entity of the Rural Internet Access Authority that will dissolve on that date, as provided by Section 5 of S.L. 2000-149. The remainder of this act is effective when it becomes law. The e-NC Authority created in this act is dissolved effective ~~December 31, 2006.~~ December 31, 2008. This act is repealed effective ~~December 31, 2006.~~December 31, 2008. Part 2F of Article 10 of Chapter 143B of the General Statutes and G.S. 120-123(77), as enacted by this act, are repealed effective ~~December 31, 2006.~~ December 31, 2008."

SECTION 12.3.(b) Section 13.12 of S.L. 2005-276 reads as rewritten:

"**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)~~nineteen million five hundred thousand dollars ($19,500,000) 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.(f) Of the funds appropriated in this act to the Rural Economic Development Center, Inc., and allocated in subsection (a) of this section, 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 12.3.(c) Of the funds appropriated in this act to the Department of Commerce, the sum of five hundred thousand dollars ($500,000) 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 2007 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 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 September 30, 2006, and quarterly thereafter, report to the Joint Legislative Commission on Governmental Operations on program development and the evaluation of program activities.

COUNCIL OF GOVERNMENT FUNDS/ELECTRONIC TRANSFER

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

"**SECTION 13.2.(c)** Funds appropriated by this section shall be paid by electronic transfer in two equal installments, the first no later than ~~September 1, 2005,~~September 1, 2006, and the second subsequent to acceptable submission of the annual report due to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division by ~~January 15, 2006,~~January 15, 2007, as specified in subdivision (e)(2) of this section."

ADVANCED VEHICLE RESEARCH CENTER REPORTING REQUIREMENTS/FUNDS SHALL NOT REVERT

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

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

SECTION 12.5.(b) Funds appropriated to the Advanced Vehicle Research Center Reserve for the 2005-2006 fiscal year for the Advanced Vehicle Research Center of North Carolina, Inc., that are unexpended and unencumbered as of June 30, 2006, shall not revert to the General Fund on June 30, 2006, but shall remain available in the Reserve.

SECTION 12.5.(c) Subsection (b) of this section becomes effective June 30, 2006.

WANCHESE SEAFOOD INDUSTRIAL PARK/OREGON INLET FUNDS

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

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

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

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

DEPARTMENT OF COMMERCE/REPORT ON AGRIBUSINESS FUNDS

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

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

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

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

PART XIII. DEPARTMENT OF LABOR

REPEAL FEE FOR MINE SAFETY EDUCATION/TRAINING PROGRAMS

SECTION 13.1. G.S. 74-24.16(d) is repealed.

PART XIV. JUDICIAL DEPARTMENT

COLLECTION OF WORTHLESS CHECK FUNDS

SECTION 14.1. Notwithstanding the provisions of G.S. 7A-308(c), the Judicial Department may use any balance remaining in the Collection of Worthless Checks Fund on June 30, 2006, for the purchase or repair of office or information technology equipment during the 2006-2007 fiscal year. Prior to using any funds under this section, the Judicial Department shall report to the Joint Legislative Commission on Governmental Operations and the Chairs of the Senate and House of Representatives Appropriations Subcommittees on Justice and Public Safety on the equipment to be purchased or repaired and the reasons for the purchases.

VISITOR REGISTRATION SHEET

APPROPRIATIONS SUBCOMMITTEE ON NATURAL AND ECONOMIC RESOURCES — 5-23-06

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Elizabeth Self	NC Sierra Club
Doug Byrd	N.C. Commerce
Shannon Hobby	Commerce
Buck Lattimore	NC Industrial Commission
Anita McNeil	DENR
Cathy Hardy	DENR
Dianne Beasley	Forestry
David Brown	OSBM
Adam Brueggemann	OSBM
Thomas Chuh	OSBM
Jeri Overton	DACS
N. David Smith	NC Dept. of Agriculture

VISITOR REGISTRATION SHEET

APPROPRIATIONS SUBCOMMITTEE ON NATURAL AND ECONOMIC RESOURCES
Name of Committee

May 15, 2006
Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Doug Lassiter	NC STA
Jennifer Haugwood	DOL
Art Britt	DOL

MINUTES
HOUSE APPROPRIATIONS SUBCOMMITTEE ON NATURAL & ECONOMIC RESOURCES

May 25, 2006
8:30 a.m.

The House Appropriations Subcommittee on Natural & Economic Resources met in Room 423 of the Legislative Office Building on May 25, 2006 at 8:30 a.m. Representative Warren called the meeting to order and introduced the Sergeant-At-Arms, James Worth and Marvin Lee and the House Pages: Matt Gavigan and Piotr Zlotowski. The following members were present: Representatives Warren and McAllister, Co-Chairs, Representatives Allen and Walker, Vice Chairs, Representatives Culp, Harrison, Langdon, Wilkins and Wray. Susan Morgan, Kristin Walker and Joy Hicks, Staff Counsel, were in attendance. A copy of the Agenda is made a part of these minutes and included as **Attachment 1.** A Visitor Registration is attached and made part of the minutes. (**See Attachment 2**).

The Chair welcomed Representative Mary McAllister as the newly appointed Co-Chair of the Subcommittee. Representative McAllister stated that she looked forward to working with the Subcommittee.

The Chair then explained that various bills will be heard, but no votes will be taken. The following bills were presented for hearing before the Subcommittee and made a part of these minutes:

HB 1829: Buncombe Forestry Office Funds
HB 1874: Texfi Cleanup Funds
HB 1899: Mine & Quarry Funds
HB 2002: Advanced Vehicle Research Funds

No action was taken on the bills.

The Chair asked the members to listen for upcoming meetings in the next few days.

There being no further business, the chair adjourned the meeting at 8:55 a.m.

Respectfully submitted,

Edith D. Warren

Representative Edith D. Warren
Chair

Nancy D. Willis

Nancy S. Willis
Assistant to the Subcommittee

ATTACHMENTS:
Agenda
Visitor Registration Sheets
HB 1829: Buncombe Forestry Office Funds
HB 1874: Texfi Cleanup Funds
HB 1899: Mine & Quarry Funds
HB 2002: Advanced Vehicle Research Funds

Attachment 1

House Appropriations Subcommittee on Natural and Economic Resources

Thursday, May 25, 2006

Representative Edith Warren, Representative Mary McAllister and
Representative Howard Hunter - Co-Chairs

Representative Edith Warren Presiding
8:30 a.m. Room 423

Co-Chairs Comments

Bills to be Considered:

HB 1829	Buncombe Forestry Office Funds Sponsors – Reps. Goforth and Sherrill
HB 1874	Texfi Cleanup Funds Sponsors - Reps. Glazier, Dickson, Lucas, McAllister
HB 1899	Mine & Quarry Bureau Funds Sponsor – Rep. Bordsen
HB 2002	Advanced Vehicle Research Funds Sponsors – Wray, L. Allen, Tolson and Owens

Closing Remarks

Adjourn

Attachment 2

VISITOR REGISTRATION SHEET

NER
Name of Committee

5/25/06
Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Jennifer Hedgwood	Labor
Art Britt	Labor
William Geringer	Labor
Dianne Beasley	DENR - Forestry
Linda McNeal	DENR
R. Roberts	DENR.
Gary Brown	Northampton County
Thomas Check	OSBM
Donna S. Cox	OSBM
N. David Smith	NC Dept. of Agriculture
Jessi Overton	"

VISITOR REGISTRATION SHEET

Name of Committee | Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Lok. Ann Harris	LWVA
Elizabeth Self	NC Sierra Club
[signature]	Capitol [illegible]
[signature]	RANC
Steve Woodson	NCFB

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2005

H 1

HOUSE BILL 1829

Short Title:	Buncombe Forestry Office Funds.	(Public)
Sponsors:	Representatives Goforth, Sherrill (Primary Sponsors); and Fisher.	
Referred to:	Appropriations.	

May 10, 2006

A BILL TO BE ENTITLED

AN ACT TO APPROPRIATE FUNDS FOR A NEW FORESTRY OFFICE AND STORAGE BUILDING IN BUNCOMBE COUNTY AND TO ALLOW THE DIVISION OF FOREST RESOURCES TO RETAIN PROCEEDS FROM THE SALE OF REAL PROPERTY IN BUNCOMBE COUNTY FOR THE NEW FORESTRY OFFICE AND STORAGE BUILDING.

The General Assembly of North Carolina enacts:

SECTION 1. There is appropriated from the General Fund to the Department of Environment and Natural Resources, Division of Forest Resources, the sum of three hundred twenty-five thousand dollars ($325,000) for the 2006-2007 fiscal year for a new forestry office and storage building in Buncombe County.

SECTION 2. Notwithstanding any other provision of law, the Division of Forest Resources may retain the proceeds from the sale of the existing forestry office and appurtenant land in Buncombe County. The Division of Forest Resources may use the proceeds from the sale to offset the cost of constructing or otherwise acquiring a new forestry office and storage building in Buncombe County. Proceeds from the sale not used for that purpose within two fiscal years of the sale shall revert to the General Fund.

SECTION 3. This act becomes effective July 1, 2006.

North Carolina
Department of Environment and
Natural Resources

Michael F. Easley, Governor
William G. Ross, Jr, Secretary

North Carolina
Division of Forest Resources

Stanford M. Adams, Director

David Walker
Buncombe County Ranger
899 Glenn Bridge Road SE
Arden, NC 28704

December 7, 2005

Representative Bruce Goforth
137 Stonecrest Drive
Asheville, NC 28803

Dear Mr. Goforth:

Enclosed please find the information you asked for. A picture and cost estimate of the proposed county office and storage building, a picture of the current storage building in Henderson County, a picture of the office site you procured for us at the Swannanoa Youth Academy, and a few pictures of our old office at the corner of Brown and Sardis Roads.

Some have estimated the 1.7 acre lot at Brown and Sardis Roads might be worth between $70,000 and $100,000. That will pay for a portion of the estimated $323,593 cost of the new office/storage building but will not cover the entire cost.

Below I have outlined a justification for hiring a second assistant for Buncombe County. That would be the best solution for our problems of an increasing fire threat, forest management requests, and the issues that are found with seasonal employees. However, as we discussed, creating one new position, even out of two temporary positions, can be difficult at best. The best resolution to the problem of the reduced season for our temporary employees (from 56 weeks to 42 weeks) may be for the legislature to fix, by law, their season to 56 weeks total or 28 weeks each.

Justification for a Second Assistant in Buncombe County

Fire

-Buncombe County Smokechaser positions are always the **subject to budget cuts.** In 2002-2003 they worked 56 weeks (28 weeks each), in 2004-2004 they shared a total of 42 weeks.
-There is the certain prospect of two inexperienced SC's starting a fire season
-It is harder to find individuals willing to work seasonally, especially when the pay is low, paychecks lag 4 weeks behind, and they have NO benefits whatsoever.
-There is an increasing Wildland Urban Interface (houses in the woods) threat, this is a 25-year trend and it is likely to accelerate as the "baby boomers" retire to this popular retirement area.
-Due to increasing WUI threat, we need to professionalize and up-grade the Smokechaser positions.
-Fire Season can begin before typical start date of October 15 and extend beyond usual end date of May 15, in fact, fires can occur any month of the year

Forest Management
-Continued Demand for Forestation Services -55 Requests, 2800 Acres
-Planting Jobs are smaller but often more complicated
- The County Tax Office continues to pursue landowners without plans and landowners with older plans.
-2005 is a tax re-evaluation year, there will be many more requests than usual this year

Training
-Overall, more fire training is needed for both paid and volunteer departments
-Yearly chainsaw safety class for FD's

Miscellaneous
-Increased urban forestry demands, request for Urban Plans are up
-Increased demand for information and education

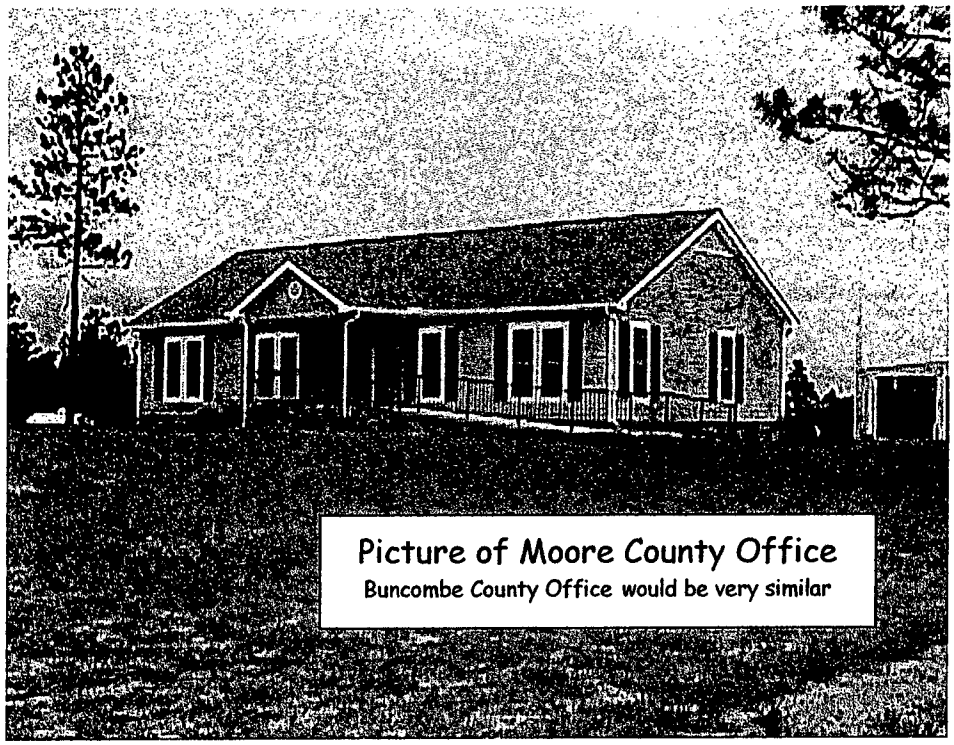
If you have any questions please feel free to call me at (828) 230-0925 or my office at 687-9291. Or call District Forester Keith Jenkins at (828) 667-5211.

Sincerely,

David Walker
Buncombe County Ranger
NC Registered Forester

Cc: Keith Jenkins

Proposed Buncombe County Office



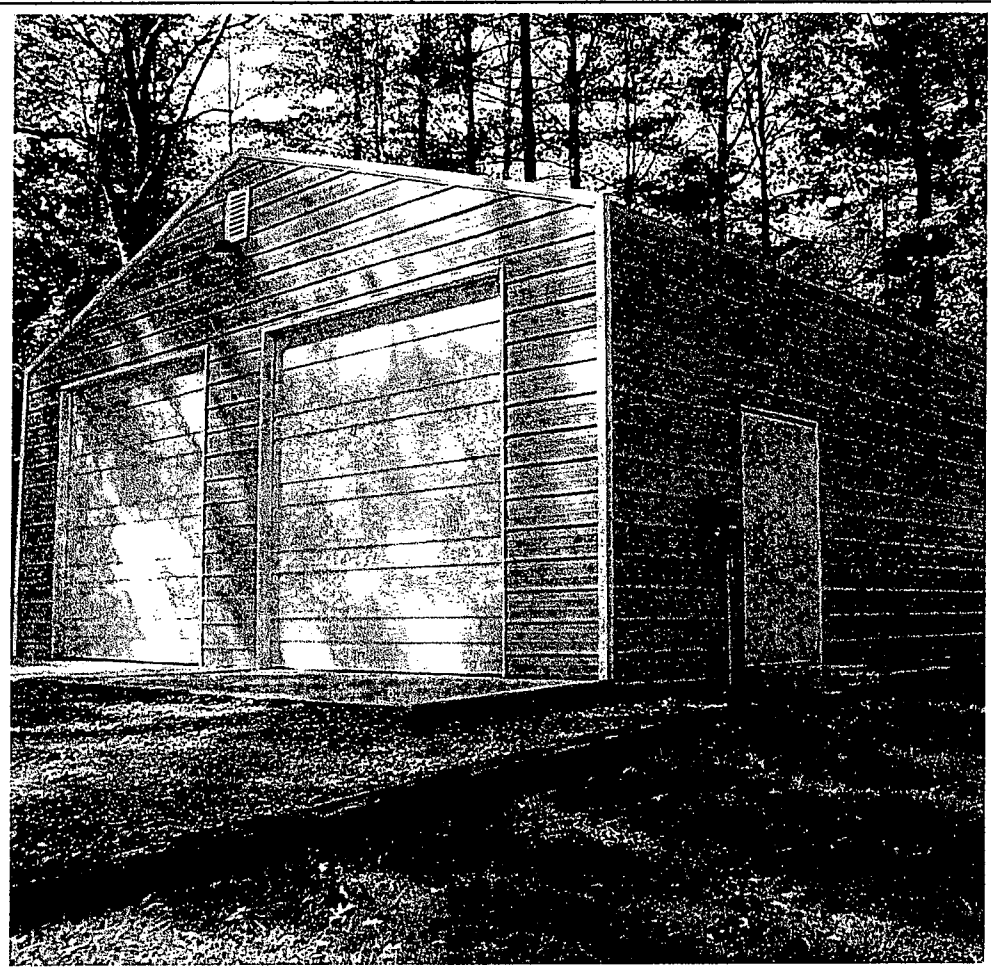
Estimated Cost for Buncombe Office

Site	
General Prep	15,000
Drive - Parking Lot	42,000
Water/Waste	18,100
Construction	
Office (Modular) 1,540 Ft^2	123,200
Storage Bldg. 900 Ft^2	43,650
Equipment	
Telephone/Radio	13,500
Furniture/Computer	15,000
Contingencies, Design, Other Asst.	53,143
Total	$323,593

This is the latest estimate from the Facilities Construction Engineer of the NCDFR. Note project estimate is based on previous OC 25 and conversations with field staff. Actual conditions and construction market fluctuations can affect actual construction costs.

Proposed Buncombe County Storage Building

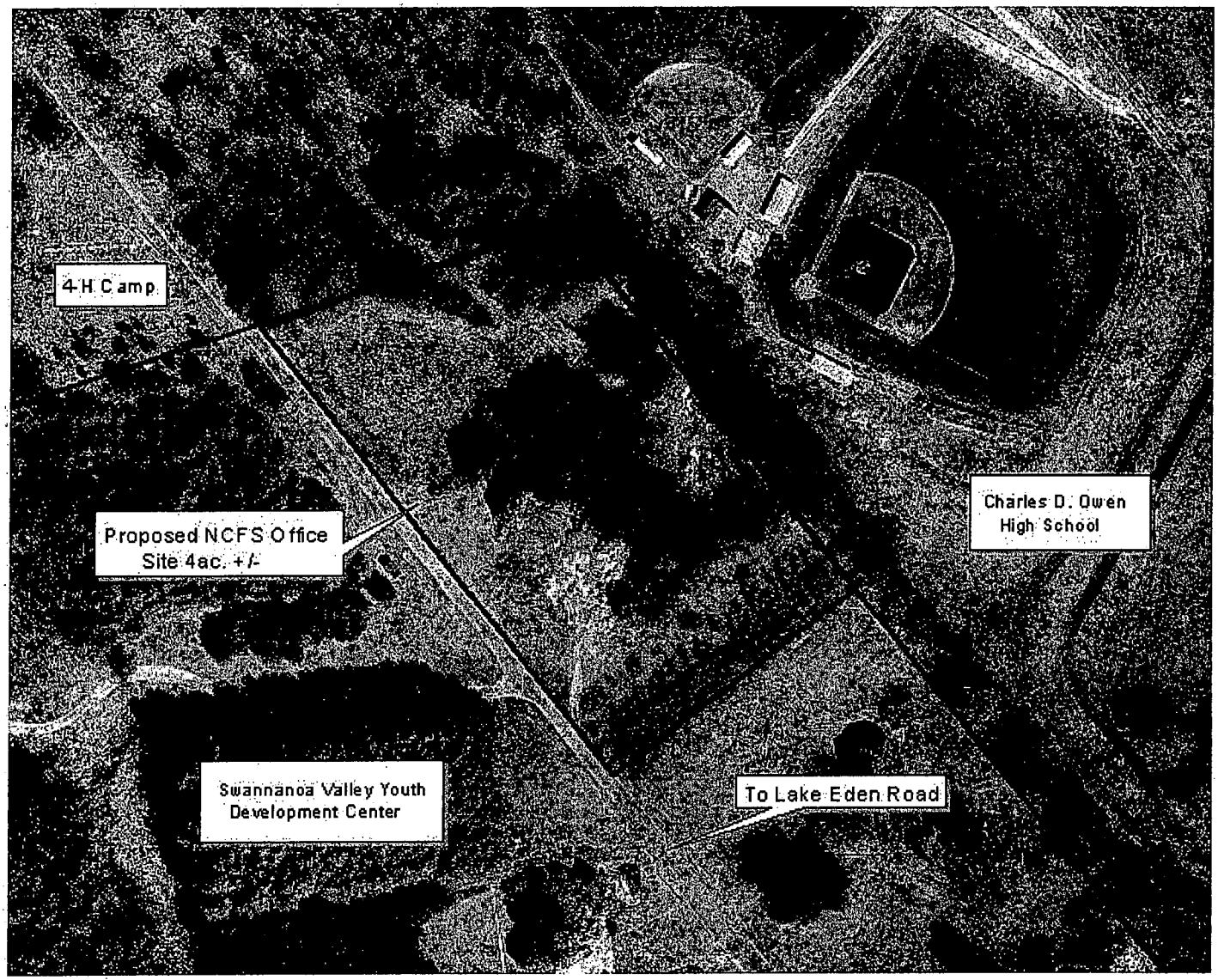
Picture of Henderson County Storage Building
Buncombe County's would be similar. 900 sq. ft.



NC Division of Forest Resources
Woodland Management Map

N

Acreages and Boundaries are Approximate



200 0 200 400 Feet

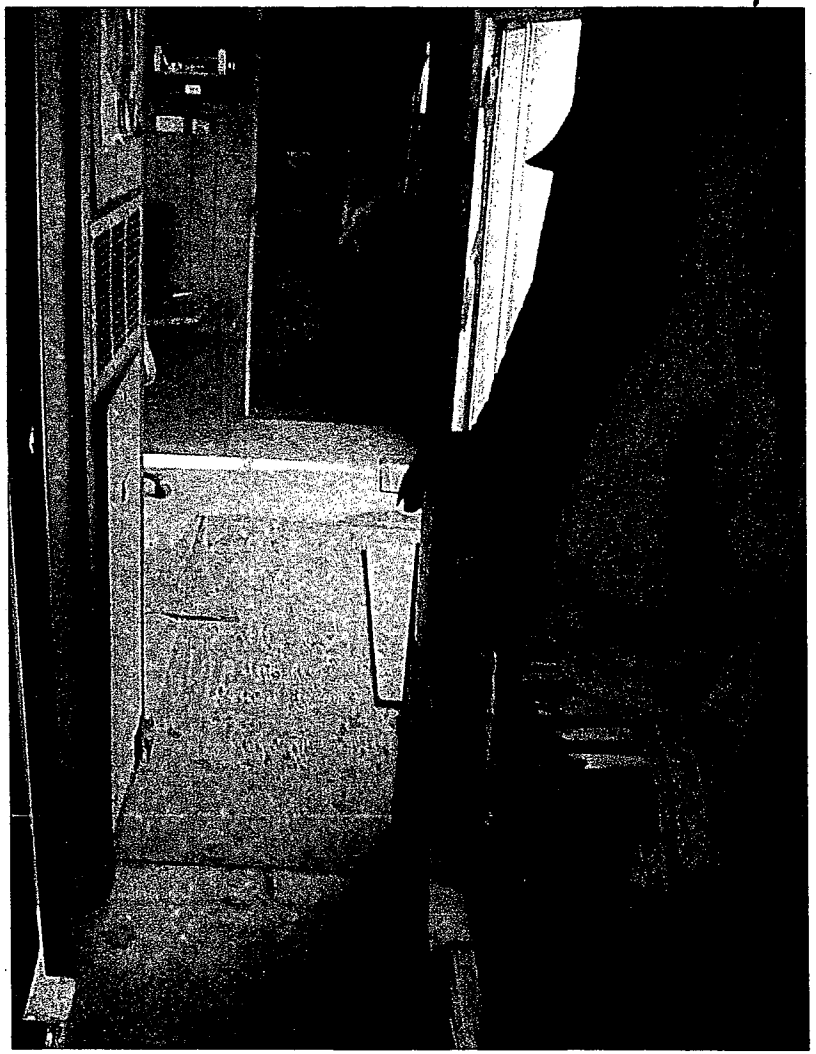
Landowner: Department of Juvenile Justice
County: Buncombe
Location: Swannanoa / Black Mtn.
Date: August 2004

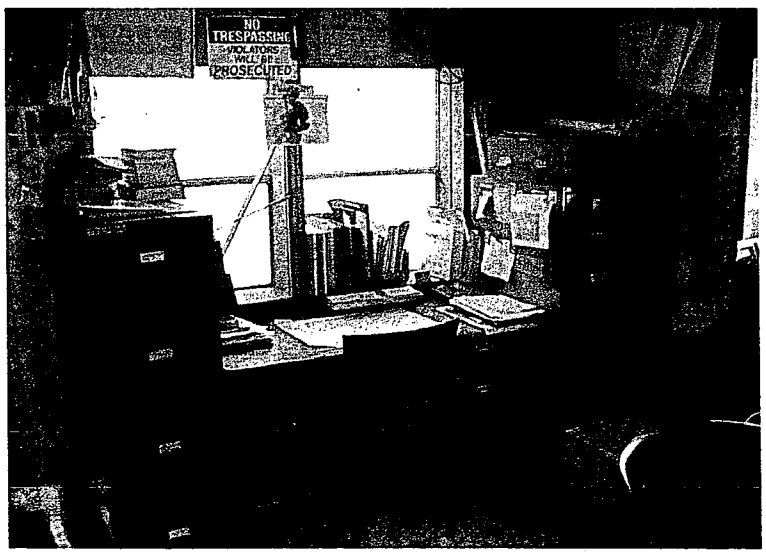
Buncombe County Office 2005

Main source of heat



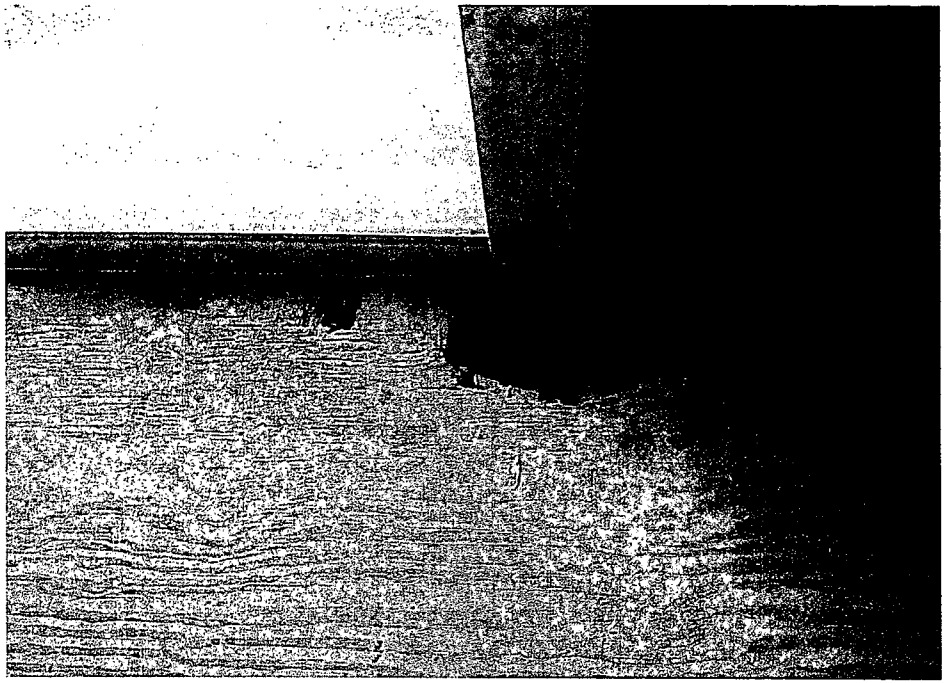
Hallway





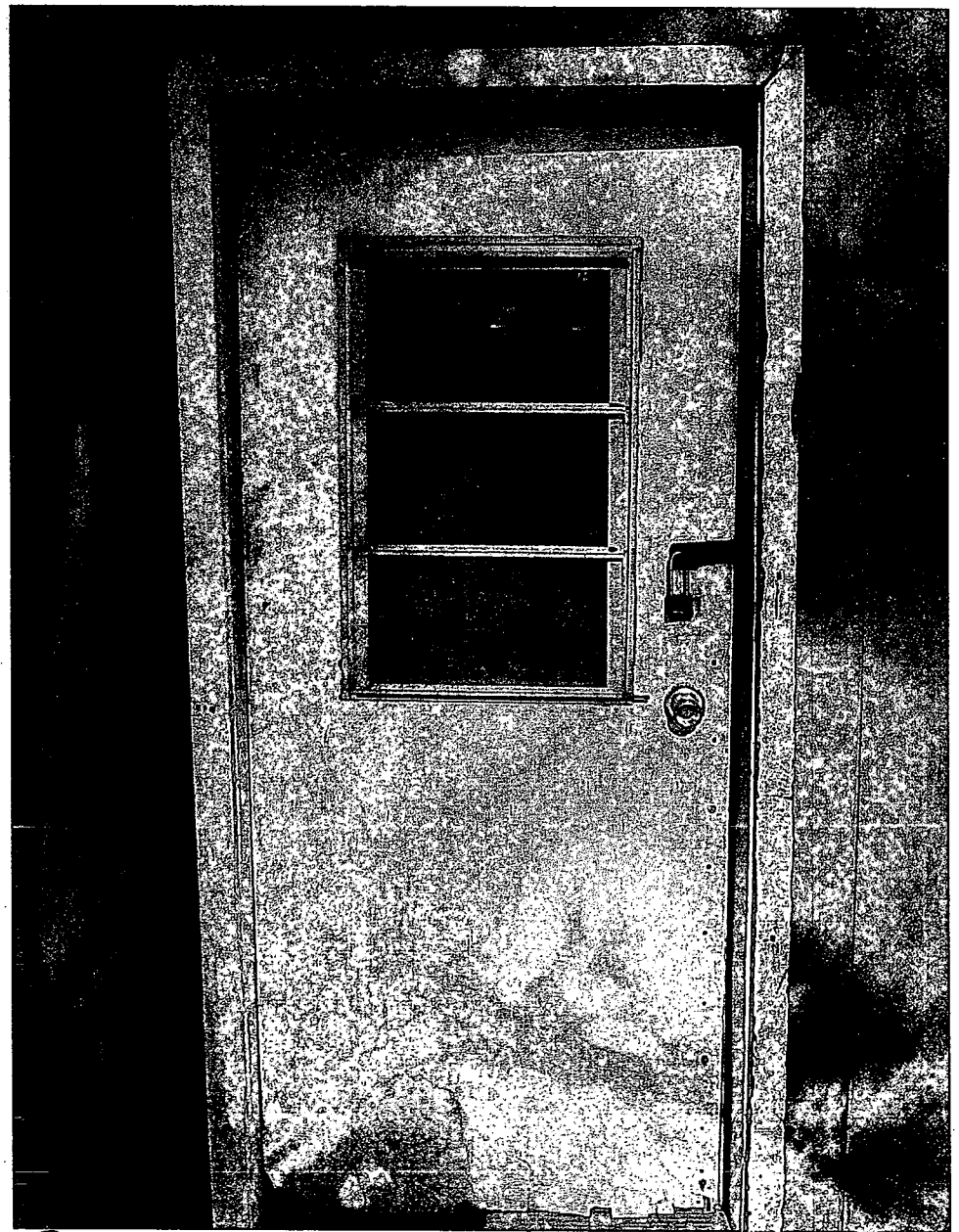
Desk area

Buncombe County Office 2005



Floor area damaged by water

Entrance

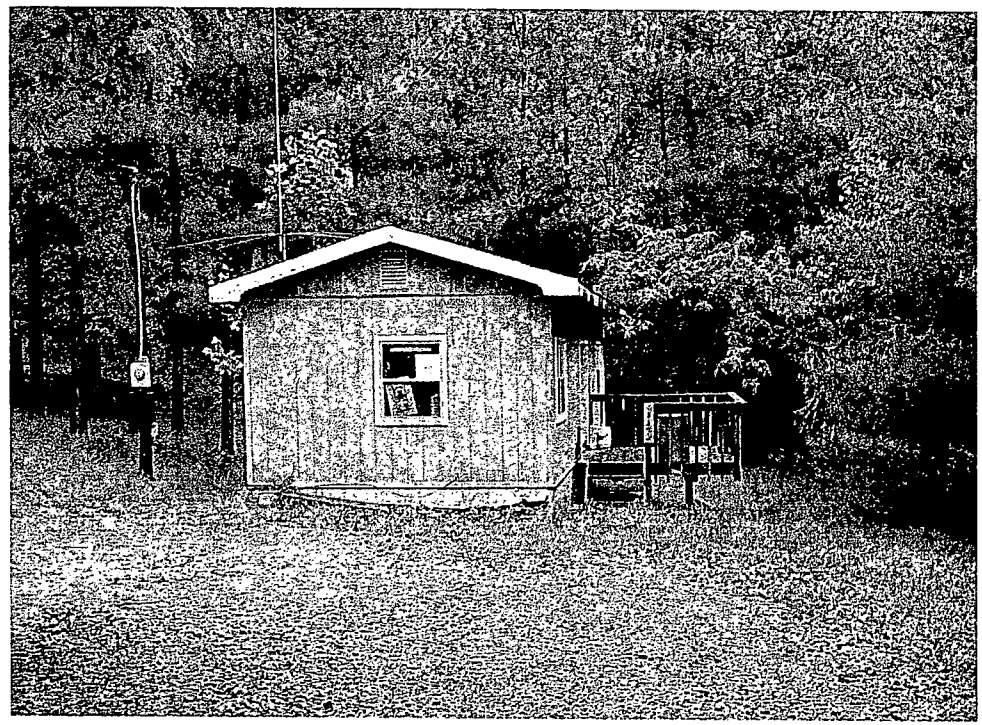


Buncombe County Office 2005

Entrance at sliding glass doors



Drive up View



GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2005

HOUSE BILL 1874

Short Title:	Texfi Cleanup Funds.	(Public)
Sponsors:	Representatives Glazier, Dickson, Lucas, McAllister (Primary Sponsors); and Rapp.	
Referred to:	Appropriations.	

May 11, 2006

A BILL TO BE ENTITLED

AN ACT APPROPRIATING FUNDS FOR MONITORING AND EMERGENCY CLEANUP OF THE TEXFI SITE CONTAMINATION.

The General Assembly of North Carolina enacts:

SECTION 1. There is appropriated from the General Fund to the Department of Environment and Natural Resources, Division of Waste Management, the sum of fifty thousand dollars ($50,000) for the 2006-2007 fiscal year to cost-share federal funds for the cleanup and monitoring of the groundwater and other contamination located at the Texfi site in Fayetteville and for any emergency cleanup activities needed at that site.

SECTION 2. This act becomes effective July 1, 2006.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2005

H 1

HOUSE BILL 1899

Short Title:	Mine & Quarry Bureau Funds.	(Public)
Sponsors:	Representative Bordsen.	
Referred to:	Appropriations.	

May 11, 2006

A BILL TO BE ENTITLED

AN ACT TO APPROPRIATE FUNDS TO THE DEPARTMENT OF LABOR FOR THE MINE AND QUARRY BUREAU TO FUND POSITIONS IN THAT BUREAU.

The General Assembly of North Carolina enacts:

SECTION 1. There is appropriated from the General Fund to the Department of Labor, Mine and Quarry Bureau, the sum of two hundred seventy thousand dollars ($270,000) for the 2006-2007 fiscal year. These funds shall be used to fund four and one-half positions in the Mine and Quarry Bureau that were designated as receipt-supported in the 2005-2006 fiscal year.

SECTION 2. This act becomes effective July 1, 2006.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2005

H 1

HOUSE BILL 2002

Short Title:	Advanced Vehicle Research Funds.	(Public)
Sponsors:	Representatives Wray, L. Allen, Tolson, Owens (Primary Sponsors); Ed Jones and Daughtridge.	
Referred to:	Appropriations.	

May 16, 2006

A BILL TO BE ENTITLED

AN ACT TO APPROPRIATE FUNDS TO THE DEPARTMENT OF COMMERCE FOR THE ADVANCED VEHICLE RESEARCH CENTER.

The General Assembly of North Carolina enacts:

SECTION 1.(a) 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 2006-2007 fiscal year to be allocated to the Advanced Vehicle Research Center of North Carolina, Inc., for the development and construction of an automotive research, testing, and development complex in Northampton County.

SECTION 1.(b) By January 15, 2007, and April 20, 2007, the Advanced Vehicle Research Center shall report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division the following: (i) fiscal year 2006-2007 projects, objectives, and accomplishments; and (ii) fiscal year 2006-2007 itemized expenditures and fund sources. The April 30, 2007, report shall also contain the following: (i) fiscal year 2007-2008 planned projects, objectives, and accomplishments; and (ii) fiscal year 2007-2008 estimated expenditures and fund sources.

SECTION 1.(c) The Center shall provide to the Governor, the Joint Legislative Commission on Governmental Operations, and the Fiscal Research Division: (i) a copy of the Center's annual audited financial statement within 30 days of issuance of the statement; and (ii) a copy of the Center's IRS Form 990.

SECTION 1.(d) The Center shall provide a report containing detailed budget information to the Office of State Budget and Management in the same manner as State departments and agencies in preparation for biennium budget requests. Specific salary information will be provided upon written request by the Chairs of the Joint Legislative Commission on Governmental Operations or the Chairs of the House Appropriations Committee on Environment, Health, and Natural Resources, and the Chairs of the Senate Appropriations Committee on Natural and Economic Resources.

SECTION 2. This act becomes effective July 1, 2006.

MINUTES
HOUSE APPROPRIATIONS SUBCOMMITTEE ON NATURAL & ECONOMIC RESOURCES

May 31, 2006
8:30 a.m.

The House Appropriations Subcommittee on Natural & Economic Resources met in Room 423 of the Legislative Office Building on May 25, 2006 at 8:30 a.m. Representative Warren called the meeting to order and introduced the Sergeant-At-Arms, James Worth and Will Heath, and the House Pages: Ian Dear, Kenterris Clinkscales, Aaron Boyd, Stephen Strouse and Cody Nations. The following members were present: Representative Warren, Co-Chair, Representatives Allen and Walker, Vice Chairs, Representatives Culp, Harrison, Langdon, Setzer, Wilkins and Wray. Susan Morgan, and Joy Hicks, Staff Counsel, were in attendance. A copy of the Agenda is made a part of these minutes and included as **Attachment 1.** A copy of the Visitor's Registration is made a part of these minutes and included as **Attachment 2.**

The Chair explained that bills would be heard, but no votes would be taken. The following bills were presented for hearing before the Subcommittee and made a part of these minutes:

HB 2006	Ellerbe Water Funds
HB 2229	Wallace & Richlands Public Funds
HB 1988	Roxboro Retail Recruitment Program Funds
HB 2713	Vance Cty. Economic Development Funds
HB 2262	Northampton Cty/Commerce Funds
HB 2485	Wildlife Commission Indebtedness
HB 2627	Eastern Science Center Funds
HB 2623	Pitt/Martin Industrial Park Funds
HB 2090	Resource Conservation & Dev. Councils Funds
HB 2466	Farmville/Greene County Water Fund

No action was taken on the bills. Copies of the respective bills are attached to these minutes.

The Chair asked the members to listen for upcoming meetings in the next few days for consideration of additional bills.

There being no further business, the chair adjourned the meeting at 9 a.m.

Respectfully submitted,

Edith D Warren

Representative Edith D. Warren
Chair

Nancy S. Willis

Nancy S. Willis
Assistant to the Subcommittee

ATTACHMENTS:
Agenda
Visitor's Registration

HB 2006	Ellerbe Water Funds
HB 2229	Wallace & Richlands Public Funds
HB 1988	Roxboro Retail Recruitment Program Funds
HB 2713	Vance Cty. Economic Development Funds
HB 2262	Northampton Cty/Commerce Funds
HB 2485	Wildlife Commission Indebtedness
HB 2627	Eastern Science Center Funds
HB 2623	Pitt/Martin Industrial Park Funds
HB 2090	Resource Conservation & Dev. Councils Funds
HB 2466	Farmville/Greene County Water Fund

Attachment 1

HOUSE APPROPRIATIONS SUBCOMMITTEE ON NATURAL AND ECONOMIC RESOURCES

Co- Chair Representative Edith Warren Presiding

Wednesday, May 31, 2006
8:30 a.m. Room 423

Bills to be Considered:

HB 2006	Ellerbe Water Funds Sponsor: Rep. Goodwin
HB 2229	Wallace & Richlands Public Funds Sponsor: Rep. Tucker
HB 2627	Eastern Science Center Funds Sponsor: Rep. Warren
HB 1988	Roxboro Retail Recruitment Program Funds Sponsor: Rep. Wilkins
HB 2713	Vance Cty. Economic Development Funds Sponsor: Reps. Wray and Crawford
HB 2090	Resource Conservation & Dev. Councils Funds Sponsors: Reps. McLawhorn, Owens, Warren Justice
HB 2262	Northampton Cty/Commerce Funds Sponsor: Rep. Wray
HB 2485	Wildlife Commission Indebtedness Sponsors: Rep. Hill, Ed Jones, Williams, and Wray
HB 2623	Pitt/Martin Industrial Park Funds Sponsors: Reps. Warren and McLawhorn
HB 2466	Farmville/Greene County Water Fund Sponsor: Rep. Warren

Attachment 2

VISITOR REGISTRATION SHEET

APPROPRIATION SUBCOMMITTEE ON NATURAL AND ECONOMIC RESOURCES
Name of Committee

5/31/06
Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Jack Newman	Commerce
Gloria Vance Sims	Commerce
Doug Byrd	Commerce
Scarlette Gardner	NC Medical Society
Art Britt	NCDOL
Becky Brown	"
Jennifer Haigwood	"
Bill McNeil	NC Rural Center
	RANC
Lee Hall	KCCH
	Smith Anderson

VISITOR REGISTRATION SHEET

APPROPRIATION SUBCOMMITTEE ON NATURAL AND ECONOMIC RESOURCES — 5/31/06

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Elizabeth Song	Office of Conservation + Community Affairs DENR
Emily Kirby	NC Conservation Network
Erin Kinney	NC Conservation Network
Thomas Check	OSBM
Donna S. Ott	OSBM
[illegible]	TFC
Anita McNeil	DENR
Cody S. Hardy	DENR
Gary Brown	Northampton County
Cam Cree	BPMHC
Shanna Hobby	Commerce
Paul Meyer	NCAC

VISITOR REGISTRATION SHEET

APPROPRIATION 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
Elizabeth Self	NC Sierra Club
Don Hubbard	NC DOT
[illegible]	NCMSC
L. Brown	NCCDI
[illegible]	NCCDI
Henry M Lancaster	LCA
[illegible]	NLCV
Lori Ann Harris	GAHTA
John McKay	Gov office
Robin Smith	DENR
Sandra Lang	Martin Marietta

VISITOR REGISTRATION SHEET

APPROPRIATION 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
Patrick McGarry	ALPP
Dan Lassiter	NCSTA

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2005

H 1

HOUSE BILL 2006*

Short Title:	Ellerbe Water Funds.	(Public)
Sponsors:	Representative Goodwin.	
Referred to:	Appropriations.	

May 16, 2006

A BILL TO BE ENTITLED

AN ACT TO APPROPRIATE FUNDS TO THE TOWN OF ELLERBE FOR A PACKAGED WASTEWATER TREATMENT PLANT.

The General Assembly of North Carolina enacts:

SECTION 1. There is appropriated from the General Fund to the Town of Ellerbe the sum of two hundred thousand dollars ($200,000) for the 2006-2007 fiscal year for use in purchasing and installing a packaged wastewater treatment plant.

SECTION 2. This act becomes effective July 1, 2006.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2005

HOUSE BILL 2229

Short Title:	Wallace and Richlands Public Funds.	(Public)
Sponsors:	Representative Tucker.	
Referred to:	Appropriations.	

May 22, 2006

A BILL TO BE ENTITLED

AN ACT TO APPROPRIATE FUNDS FOR THE WALLACE REGIONAL WASTEWATER FACILITY, THE RICHLANDS COMMUNITY BUILDING, AND THE WALLACE DEPOT.

The General Assembly of North Carolina enacts:

SECTION 1. There is appropriated from the General Fund to the Rural Economic Development Center, Inc., a nonprofit organization, the sum of three million dollars ($3,000,000) for the 2006-2007 fiscal year to support the Wallace Regional Wastewater Facility, which will provide wastewater treatment for the municipalities of Wallace, Teachey, and Greenevers.

SECTION 2. There is appropriated from the General Fund to the Town of Richlands the sum of one hundred fifty thousand dollars ($150,000) for the 2006-2007 fiscal year to renovate the Richlands Community Building.

SECTION 3. There is appropriated from the General Fund to the Wallace Revitalization Association, Inc., a nonprofit organization, the sum of two hundred thousand dollars ($200,000) for the 2006-2007 fiscal year to renovate the historic Wallace Depot, which will be used by the Arts Guild.

SECTION 4. This act becomes effective July 1, 2006.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2005

HOUSE BILL 1988

Short Title:	Roxboro Retail Recruitment Program Funds.	(Public)
Sponsors:	Representative Wilkins.	
Referred to:	Appropriations.	

May 16, 2006

A BILL TO BE ENTITLED

AN ACT TO APPROPRIATE FUNDS TO THE ROXBORO CHAMBER OF COMMERCE TO PURCHASE AND UPGRADE EQUIPMENT FOR THE RETAIL RECRUITMENT PROGRAM.

Whereas, the impending closure of Person County's Collins & Aikman Corporation, an automobile interiors business, will result in the loss of more than 550 jobs; and

Whereas, this loss of jobs is likely to raise Person County's unemployment rate to over 9%, which would be one of the highest unemployment rates in the State; and

Whereas, the Roxboro Chamber of Commerce has established a Retail Recruitment Program, which is designed to attract retail merchants to the area that will help provide employment opportunities for area citizens including those laid off by Collins & Aikman; and

Whereas, in order for the Retail Recruitment Program to be successful, funds are needed for supplies and equipment upgrades; Now, therefore,

The General Assembly of North Carolina enacts:

SECTION 1. There is appropriated from the General Fund to the Roxboro Chamber of Commerce the sum of forty thousand dollars ($40,000) for the 2006-2007 fiscal year to purchase supplies and upgrade equipment needed to support the Retail Recruitment Program.

SECTION 2. This act becomes effective July 1, 2006.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2005

HOUSE BILL 2713

Short Title:	Vance Cty. Economic Development Funds.	(Public)
Sponsors:	Representatives Wray and Crawford (Primary Sponsors).	
Referred to:	Appropriations.	

May 25, 2006

A BILL TO BE ENTITLED

AN ACT TO APPROPRIATE FUNDS TO VANCE COUNTY TO STUDY THE FEASIBILITY OF ESTABLISHING A BUSINESS AND TECHNOLOGY CENTER IN THE COUNTY TO SUPPORT SMALL BUSINESSES AND ENCOURAGE ECONOMIC GROWTH.

The General Assembly of North Carolina enacts:

SECTION 1. There is appropriated from the General Fund to Vance County the sum of fifty thousand dollars ($50,000) for the 2006-2007 fiscal year for the purpose of conducting a study to determine the feasibility of establishing a business and technology center in the county to provide resources and technical support for small start-up businesses, technology training, and public internet access computers, meeting space for business groups requiring state-of-the-art presentation equipment and video-conferencing capabilities. It is anticipated that the business and technology center will also house the Vance County Economic Development Commission, the Henderson-Vance Chamber of Commerce, and the Vance County Tourism Development Authority, which will allow for a one-stop shop environment for visitors and businesses interested in Vance County.

SECTION 2. This act becomes effective July 1, 2006.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2005

H 1

HOUSE BILL 2262

Short Title:	Northampton Cty/ Commerce Funds.	(Public)
Sponsors:	Representative Wray.	
Referred to:	Appropriations.	

May 22, 2006

A BILL TO BE ENTITLED

AN ACT TO APPROPRIATE FUNDS TO THE NORTHAMPTON COUNTY CHAMBER OF COMMERCE TO MARKET AND PROMOTE THE AREA TO STIMULATE THE ECONOMY.

The General Assembly of North Carolina enacts:

SECTION 1. There is appropriated from the General Fund to the Northampton County Chamber of Commerce, Inc., the sum of ten thousand dollars ($10,000) for the 2006-2007 fiscal year for the purpose of marketing and promoting the area to stimulate the economy in the region.

SECTION 2. This act becomes effective July 1, 2006.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2005

H 1

HOUSE BILL 2485*

Short Title:	Wildlife Commission Indebtedness.	(Public)
Sponsors:	Representatives Hill, Ed Jones, Williams, Wray (Primary Sponsors); Church, Faison, Gibson, and Spear.	
Referred to:	Appropriations.	

May 24, 2006

A BILL TO BE ENTITLED

AN ACT TO AUTHORIZE THE ISSUANCE OF SPECIAL INDEBTEDNESS TO FINANCE THE CAPITAL FACILITIES COSTS OF A PURCHASE OF LAND BY THE WILDLIFE RESOURCES COMMISSION.

The General Assembly of North Carolina enacts:

SECTION 1. In accordance with G.S. 142-83, this section authorizes the issuance or incurrence of special indebtedness in the maximum aggregate principal amount of twenty million dollars ($20,000,000) to finance the costs of purchasing land to be administered by the Wildlife Resources Commission as State game lands. The State, with the prior approval of the State Treasurer and the Council of State, as provided in Article 9 of Chapter 142 of the General Statutes, is authorized to issue or incur special indebtedness in order to provide funds to the State to be used, together with other available funds, to pay the costs of purchasing the land described in this section.

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

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2005

H 1

HOUSE BILL 2627*

Short Title:	Eastern Science Center Funds.	(Public)
Sponsors:	Representatives Warren and McLawhorn (Primary Sponsors).	
Referred to:	Appropriations.	

May 25, 2006

A BILL TO BE ENTITLED

AN ACT TO APPROPRIATE FUNDS TO THE EASTERN SCIENCE CENTER TO UPFIT THE CHALLENGER CLASSROOM.

The General Assembly of North Carolina enacts:

SECTION 1. There is appropriated from the General Fund to the Eastern Science Center, a nonprofit organization, the sum of three hundred thousand dollars ($300,000) for the 2006-2007 fiscal year to upfit the challenger classroom.

SECTION 2. This act becomes effective July 1, 2006.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2005

H 1

HOUSE BILL 2623*

Short Title:	Pitt/Martin Industrial Park Funds.	(Public)
Sponsors:	Representatives Warren and McLawhorn (Primary Sponsors).	
Referred to:	Appropriations.	

May 25, 2006

A BILL TO BE ENTITLED

AN ACT TO APPROPRIATE FUNDS FOR WATER AND WASTEWATER INFRASTRUCTURE TO THE PITT/MARTIN INDUSTRIAL PARK.

The General Assembly of North Carolina enacts:

SECTION 1. There is appropriated from the General Fund to Pitt County the sum of four million dollars ($4,000,000) for the 2006-2007 fiscal year to be allocated to the Pitt County Economic Development Commission to provide water and wastewater infrastructure to the Pitt/Martin Industrial Park.

SECTION 2. This act becomes effective July 1, 2006.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2005

H 1

HOUSE BILL 2090*

Short Title:	Resource Conservation & Dev. Councils Funds.	(Public)
Sponsors:	Representatives McLawhorn, Owens, Warren, Justice (Primary Sponsors); Rapp, Spear, Tucker, Bordsen, Culp, Insko, and Underhill.	
Referred to:	Appropriations.	

May 18, 2006

A BILL TO BE ENTITLED

AN ACT TO APPROPRIATE FUNDS TO THE DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES FOR THE STATE'S RESOURCE CONSERVATION AND DEVELOPMENT COUNCILS.

The General Assembly of North Carolina enacts:

SECTION 1.(a) There is appropriated from the General Fund to the Department of Environment and Natural Resources the sum of five hundred thousand dollars ($500,000) for the 2006-2007 fiscal year to provide each of the State's 10 Resource Conservation and Development Councils a fifty-thousand-dollar ($50,000) grant to be used and leveraged as start-up funding for projects in each council such as agriculture and rural waste management, water quality, tobacco replacement crops, ecotourism, and stream restoration.

SECTION 1.(b) It is the intent of the General Assembly that funds for the Resource Conservation and Development Councils be included in the continuation budget.

SECTION 2. This act becomes effective July 1, 2006.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2005

HOUSE BILL 2466

Short Title:	Farmville/Greene County Water Funds.	(Public)
Sponsors:	Representative Warren.	
Referred to:	Appropriations.	

May 24, 2006

A BILL TO BE ENTITLED

AN ACT TO APPROPRIATE FUNDS FOR AN ALTERNATIVE WATER SUPPLY FOR FARMVILLE AND GREENE COUNTY.

The General Assembly of North Carolina enacts:

SECTION 1. There is appropriated from the General Fund to Greene County the sum of three million dollars ($3,000,000) for the 2006-2007 fiscal year for the construction of a water transmission system to bring an alternative water supply from the Greenville Utilities Commission to Farmville and Greene County. These funds shall be equally divided between Farmville and Greene County.

SECTION 2. This act becomes effective July 1, 2006.

HOUSE APPROPRIATIONS SUBCOMMITTEE ON NATURAL AND ECONOMIC RESOURCES

Tuesday May 30, 2006
Room 423 LOB, 9:00 A.M.

Co-Chair Representative Mary McAllister, Presiding

The House Appropriations Subcommittee on NATURAL AND ECONOMIC RESOURCES (NER) met on Tuesday May 30, 2006 at 9:10 a.m. in Room 423 of the Legislative Office Building.

Committee Co-Chair, Representative McAllister called the meeting to order at 9:01 a.m. Co-Chair McAllister recognized the visitors, House Sergeant-At-Arms and House Pages.

Present: Co-Chair Representative Edith Warren; Representatives Lucy and Tracy Walker (Vice Chairs); Committee Members: Representatives Michael Wray; Winkie Wilkins, Arlie Culp, James Langdon and Pricey Harrison.

Staff Members present: Susan Morgan, Joy Hicks and Kristin Walker.

The following bills were heard as outlined below: HB1805, HB2006, HB2012, HB2318 and HB2627. NO VOTES WERE TAKEN.

Staff Members were recognized to present the Senate Money Report Overview and the Senate Special Provisions Overview Report. The Reports are attached to these minutes.

There being NO VOTES TAKEN, Co-Chair REP. *McAllister adjourned the meeting at 9:50 a.m.*

Respectfully submitted by:

Mary E. McAllister
Representative Mary McAllister
Committee Co-Chair

Johnna C. Smith
Johnna C. Smith
Committee Assistant

ATTENDANCE 2005-2006

House Appropriations Subcommittee on Natural and Economic Resources (NER)

DATES	05/30/06													
Rep. Howard Hunter, CHAIR														
Rep. Mary McAllister, CHAIR	X													
Rep. Edith Warren, CHAIR	X													
Rep. Lucy Allen, Vice Chair	X													
Rep. Tracy Walker, Vice Chair	X													
Rep. Arlie Culp	X													
Rep. Pricey Harrison	X													
Rep. James Langdon	X													
Rep. Stephen LaRoque	X													
Rep. Mitchell Setzer	X													
Rep. Winkie Wilkins														
Rep. Michael Wray	X													
Rep. Pete Cunningham, Ex-Officio														
Rep. Rick Eddins, Ex-Officio														
Rep. Joe Hackney, Ex-Officio														
Susan Morgan, Fiscal Research	X													
Joy Hicks, Fiscal Research	X													
Kristen Walker, Fiscal Research	X													
Barbara Phillips, Committee Asst.														
Johnna Smith, Committee Asst.	X													
Nancy Willis, Committee Asst.	X													

Johnna Smith (Rep. McAllister)

From: Nancy Willis (Rep. Warren)
Sent: Thursday, May 25, 2006 3:23 PM
Subject: Notice of Meeting of Appropriations Subcommittee on Natural and Economic Resources

CORRECTED NOTICE OF MEETING

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: **Tuesday, May 30, 2006**

TIME: **9:00 a.m.**

LOCATION: **423 LOB**

Respectfully,

Representatives Hunter, McAllister and Warren
Co-chairs

I hereby certify this notice was filed by the committee clerk at the following offices at **3:30 P.M.** on **Tuesday, May 30, 2005**.

___Principal Clerk
___Reading Clerk - House Chamber

Nancy Willis (Committee Assistant)

House Appropriations Subcommittee on Natural and Economic Resources

Tuesday May 30th, 2006

Rep. Howard Hunter, Rep. Mary McAllister, Rep. Edith Warren, Co-Chairs

Representative Mary McAllister, Presiding
9:00 a.m. Room 423

Chair's Comments

- **Senate Budget – Money Report** *Fiscal Research Staff*

- **Senate Budget – Special Provisions** *Fiscal Research Staff*

- **Northeast Partnership – Comments on Auditor's Report**

- **House Bills**

Closing Remarks – Rep. McAllister

djourn

HOUSE APPROPRIATIONS SUBCOMMITTEE ON NATURAL AND ECONOMIC RESOURCES

Tuesday, May 30, 2006
9:00 a.m. Room 423

Bills to be Considered:

HB 1805	NC Paddle Trails Association Funds Sponsor: Rep. Owens
HB 2006	Ellerbe Water Funds Sponsor: Rep. Goodwin
HB 2012	Protect Private Drinking Water Wells Sponsor: Rep. B. Allen
HB 2318	Senator Bob Martin Eastern Ag. Ctr. Funds Sponsor: Rep. Warren
HB 2627	Eastern Science Center Funds Sponsor: Rep. Warren

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2005

HOUSE BILL 1805

Short Title:	NC Paddle Trails Association Funds.	(Public)
Sponsors:	Representatives Owens; Bell, Bordsen, Hackney, and Lucas.	
Referred to:	Appropriations.	

May 9, 2006

A BILL TO BE ENTITLED

AN ACT TO APPROPRIATE FUNDS TO THE DIVISION OF WATER RESOURCES TO ESTABLISH AN EXECUTIVE DIRECTOR POSITION FOR THE NORTH CAROLINA PADDLE TRAILS ASSOCIATION.

The General Assembly of North Carolina enacts:

SECTION 1. There is appropriated from the General Fund to the Department of Environment and Natural Resources, Division of Water Resources, the sum of sixty thousand dollars ($60,000) for the 2006-2007 fiscal year to establish and support an executive director position for the North Carolina Paddle Trails Association.

SECTION 2. This act becomes effective July 1, 2006.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2005

H 1

HOUSE BILL 2012

Short Title:	Protect Private Drinking Water Wells.	(Public)
Sponsors:	Representatives B. Allen; Adams, Coleman, Faison, Harrison, Jones, Luebke, Pierce, Ross, Sutton, Wainwright, Weiss, and Womble.	
Referred to:	Environment and Natural Resources, if favorable, Appropriations.	

May 16, 2006

A BILL TO BE ENTITLED

AN ACT TO PROTECT PUBLIC HEALTH AND WATER QUALITY FOR RESIDENTS OF THE STATE THAT RECEIVE DRINKING WATER FROM PRIVATE WELLS BY REQUIRING TESTING OF CERTAIN WATER QUALITY PARAMETERS PRIOR TO THE TRANSFER, LEASE, OR RENTAL OF PROPERTY SERVED BY A PRIVATE WELL; TO REQUIRE NOTIFICATION OF GROUNDWATER CONTAMINATION TO WELL OWNERS AND WELL USERS THAT LIVE OR WORK NEAR A CONTAMINATED WELL; TO ESTABLISH A GROUNDWATER CONTAMINATION DATABASE; TO ESTABLISH AN EMERGENCY DRINKING WATER FUND; AND TO APPROPRIATE FUNDS.

The General Assembly of North Carolina enacts:

SECTION 1. Chapter 130A of the General Statutes is amended by adding a new Article to read:

"Article 10A.

"Private Drinking Water Wells.

"**§ 130A-330.1. Purpose.**

The purpose of this Article is to ensure the safety and quality of potable water delivered from private drinking water wells in the State.

"**§ 130A-330.2. Definitions.**

The following definitions shall apply throughout this Article:

(1) 'Certified laboratory' means a facility that has received interim or final certification by either the United States Environmental Protection Agency or the Department for performing bacteriological, chemical or other analyses on water.

(2) 'Contaminant' means any physical, chemical, biological, or radiological substance or matter in water.

(3) 'Department' means the Department of Environment and Natural Resources.
(4) 'Fund' means the Emergency Drinking Water Fund established by G.S. 130A-330.7.
(5) 'Groundwater standards' means water quality standards for groundwater adopted by the Environmental Management Commission pursuant to G.S. 143-214.1.
(6) 'Owner' means each person having a recorded present or future interest in real estate that is identified in a real estate contract but shall not mean or include the trustee in a deed of trust, or the owner or holder of a mortgage, deed of trust, mechanic's or materialman's lien, or other lien or security interest in the real property, or the owner of any easement or license encumbering the real property.
(7) 'Private well' means a drinking water well that has less than 15 service connections or that does not regularly serve 25 or more individuals.
(8) 'Purchaser' means each person or entity named as 'buyer' or 'purchaser' in a real estate contract.
(9) 'Real estate contract' means a contract for the transfer of ownership of real property.
(10) 'Real property' means a lot, tract, or parcel of land, and any business or dwelling unit located thereon that is described in a real estate contract.
(11) 'Transfer' means the transfer, sale, exchange, installment land sales contract, option, or lease with option to purchase of real estate property.
(12) 'Water test' means a test of drinking water conducted in accordance with G.S. 130A-330.5 and rules adopted by the Commission pursuant to this Article.
(13) 'Well user' means a person or group of persons residing in the same dwelling unit or working at the same business at which drinking water is supplied from a private well.

"**§ 130A-330.3. Scope of the Article.**

The provisions of this Article shall apply to all transfers of real property in the State unless the transfer occurs under one of the following conditions:

(1) Transfers pursuant to court order, including transfers ordered by a court in administration of an estate, transfers pursuant to a writ of execution, transfers by foreclosure sale, transfers by a trustee in bankruptcy, transfers by eminent domain, and transfers resulting from a decree for specific performance.
(2) Transfers to a beneficiary from the grantor or his successor in interest in a deed of trust, or to a mortgagee from the mortgagor or his successor in interest in a mortgage, if the indebtedness is in default; transfers by a trustee under a deed of trust or a mortgagee under a mortgage, if the indebtedness is in default; transfers by a trustee under a deed of trust or a mortgagee under a mortgage pursuant to a

foreclosure sale, or transfers by a beneficiary under a deed of trust who has acquired the real property at a sale conducted pursuant to a foreclosure sale under a deed of trust.

(3) Transfers by a fiduciary in the course of the administration of a decedent's estate, guardianship, conservatorship, or trust.

(4) Transfers from one or more co-owners solely to one or more other co-owners.

(5) Transfers made solely to a spouse or a person or persons in the lineal line of consanguinity of one or more transferors.

(6) Transfers between spouses resulting from a decree of divorce or a distribution pursuant to Chapter 50 of the General Statutes or comparable provision of another state.

(7) Transfers made by virtue of the record owner's failure to pay any federal, State, or local taxes.

(8) Transfers to or from the State or any political subdivision of the State.

"**§ 130A-330.4. Water test required before transfer of real property; rental or leased properties.**

(a) No person shall transfer real property to which water is supplied from a private well for human consumption unless a water test has been conducted on the well in accordance with this Article within the previous six months.

(b) A closing on the transfer of real property to which water is supplied from a private well for human consumption shall not occur unless both the owner and the purchaser have received and reviewed a copy of the results of the most recent water test. At closing, the owner and purchaser both shall certify in writing that they have received and reviewed the results of the most recent water test.

(c) A lessor of any rental or leased property to which water is supplied from a private well for human consumption shall conduct a water test pursuant to this Article at least once every three years. The lessor shall provide a copy of the results of the most recent water test to the tenants of each rental or leased property no later than 30 days after receipt of the test results. The lessor shall also provide a copy of the results of the most recent water test to a new lessee prior to the signing of a rental or lease agreement.

"**§ 130A-330.5. Water test procedures.**

(a) The Commission shall establish criteria and procedures for a test of water provided from a private well to determine whether a well provides water that complies with groundwater standards. The criteria and procedures shall include an analysis for at least the following contaminants:

(1) Bacteria (total coliform).

(2) Nitrates.

(3) Heavy metals.

(4) Volatile organic compounds.

(b) The Commission may require testing for additional contaminants in areas of the State where additional contaminants may pose a threat to public health.

(c) A water test conducted pursuant to this Article shall be completed by a certified laboratory.

(d) The Commission shall develop a standard report form that certified laboratories shall use to report the results of a water test conducted pursuant to this Article.

(e) A certified laboratory shall submit results of the water test to the owner no later than 15 days after completion of any analysis required by transfer, sale, or lease of property or as required to obtain a well permit under a local well program. A certified laboratory shall electronically submit the results of a water test conducted pursuant to this Article to the Department and to the State Health Director no later than 15 days after completion of the analysis.

"**§ 130A-330.6. Emergency Drinking Water Fund.**

There is established under the control and direction of the Department the Emergency Drinking Water Fund. The Fund shall be a nonreverting, interest-bearing fund consisting of monies appropriated to the Fund by the General Assembly and investment interest credited to the Fund. The Fund may be used to pay for the provision of alternative drinking water supplies for parties affected by groundwater contamination on a temporary or permanent basis. The Department shall disburse monies from the Fund based on financial need and on the risk to public health posed by groundwater contamination.

"**§ 130A-330.7. Annual report.**

The Department, in consultation with the Commission and county health departments, shall report no later than 1 November of each year to the Environmental Review Commission, the House and Senate Appropriations Subcommittees on Natural and Economic Resources, and the Fiscal Research Division on the implementation of this Article. The report shall include the purpose and amount of all expenditures from the Fund during the prior fiscal year, a discussion of the benefits and deficiencies realized as a result of the Article, and may also include recommendations for any legislative action."

SECTION 2. Article 21 of Chapter 143 of the General Statutes is amended by adding a new part to read:

"Part 11. Groundwater Quality Database.

"**§ 143-215.74J. Database established.**

The Department shall establish a Groundwater Quality Database as a resource center and repository for the results of groundwater quality monitoring conducted and submitted pursuant to programs administered by the Department under Articles 9, 10, and 10A of Chapter 130A and Articles 21 and 21A of Chapter 143 of the General Statutes. The Department shall:

(1) Collect, maintain, and make available the information contained in the Database in a manner that is accessible to State agencies, local governments, and the general public.

(2) Assess the quality and reliability of the data and organize the Database in a usable format. The Database shall include geographic information sufficient to map the groundwater resources of the State and to map areas in which groundwater contamination exceeds groundwater standards.

(3) Prescribe the format for submission of information and ensure quality control for all data collected or submitted.

"**§ 143-215.74K. Public notification.**

(a) The definitions in G.S. 130A-330.2 apply to this section. For water tests of private wells submitted to the Department pursuant to Article 10A of Chapter 130A, the Department shall add this information to the Groundwater Quality Database. If the water test results indicate an exceedance of groundwater standards, the Department shall, within 15 business days of receipt of the water test results, provide notice of the exceedance to all of the following:

(1) The local health department that serves the county in which the well is located.

(2) Owners of real property served by any other private well that is located within a 1,500-foot radius of the well.

(3) Well users who occupy a dwelling or work at a business within a 1,500-foot radius of the well.

(b) The Department shall provide notice for all groundwater quality samples submitted for inclusion in the Groundwater Quality Database that exceed groundwater standards to all of the following:

(1) The local health department that serves the county in which the sampling location is located.

(2) Owners of real property served by a private well that is located within a 1,500-foot radius of the sampling location.

(3) Well users who occupy a dwelling or work at a business within a 1,500-foot radius of the sampling location.

(c) The Commission, in consultation with the State Health Director, shall establish criteria and procedures for notification required by this section. The notification shall be issued in both English and Spanish and shall include all of the following information:

(1) The location of the well from which the sample was collected.

(2) The name, groundwater standard, and level of exceedance of each detected contaminant present that exceeds groundwater standards.

(3) The potential health effects of each contaminant that exceeds the groundwater standards.

(4) Contact information for the local health department and the closest office of the Department.

(5) Any other information required by the rules of the Commission.

"**§ 143-215.74L. Annual report.**

The Department shall report no later than 1 November of each year to the Environmental Review Commission on the status of groundwater quality in the State. The report shall include information on the status of the groundwater quality Database, public notification efforts, groundwater monitoring efforts conducted by the Department, and trends in groundwater quality, movement, and quantity. The report may also include issues related to groundwater quality, deficiencies in groundwater quality information, and recommendations, if any, to improve the Department's

understanding of the quality, movement, and quantity of groundwater resources in the State."

SECTION 3. The Department of Environment and Natural Resources shall evaluate current programs to identify existing groundwater quality information that may be incorporated into the Groundwater Quality Database established in Section 2 of this act. The Department shall complete this review on or before 1 January 2007. The Department shall evaluate the effectiveness of current public notification requirements for known exceedances of groundwater standards in providing accurate and timely information to users of private drinking water wells. The Department shall report to the Environmental Review Commission on or before 1 March 2007 on the implementation of this section.

SECTION 4. There is appropriated from the General Fund to the Emergency Drinking Water Fund established by G.S. 130A-330.6, as enacted by Section 1 of this act, the sum of one million dollars ($1,000,000) for the 2006-2007 fiscal year.

SECTION 5. There is appropriated from the General Fund to the Department of Environment and Natural Resources the sum of two hundred eighty-six thousand dollars ($286,000) for the 2006-2007 fiscal year to implement the provisions of this act.

SECTION 6. It is the intent of the General Assembly that the funds appropriated by this act shall be recurring funds.

SECTION 7. Nothing in this act shall be construed to limit or preempt the authority of a local health department or local board of health to make or cause to be made an inspection or test of a private well as may be necessary to ensure the health and safety of residents of the State.

SECTION 8. The first report required pursuant to G.S. 130A-330.7, as enacted by Section 1 of this act, is due on or before 1 November 2007. The first report required pursuant to G.S. 143-215.74L, as enacted by Section 2 of this act, is due on or before 1 November 2007.

SECTION 9. Sections 1 and 2 of this act become effective 1 January 2007. Sections 3, 6, 7, 8, and 9 are effective when the act becomes law. Sections 4 and 5 of this act become effective 1 July 2006.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2005

H 1

HOUSE BILL 2006*

Short Title:	Ellerbe Water Funds.	(Public)
Sponsors:	Representative Goodwin.	
Referred to:	Appropriations.	

May 16, 2006

A BILL TO BE ENTITLED

AN ACT TO APPROPRIATE FUNDS TO THE TOWN OF ELLERBE FOR A PACKAGED WASTEWATER TREATMENT PLANT.

The General Assembly of North Carolina enacts:

SECTION 1. There is appropriated from the General Fund to the Town of Ellerbe the sum of two hundred thousand dollars ($200,000) for the 2006-2007 fiscal year for use in purchasing and installing a packaged wastewater treatment plant.

SECTION 2. This act becomes effective July 1, 2006.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2005

H 1

HOUSE BILL 2318*

Short Title:	Senator Bob Martin Eastern Ag. Ctr. Funds.	(Public)
Sponsors:	Representative Warren.	
Referred to:	Appropriations.	

May 23, 2006

A BILL TO BE ENTITLED

AN ACT TO APPROPRIATE FUNDS FOR THE SENATOR BOB MARTIN EASTERN AGRICULTURAL CENTER.

The General Assembly of North Carolina enacts:

SECTION 1. There is appropriated from the General Fund to the Department of Agriculture and Consumer Services the sum of three million dollars ($3,000,000) for the 2006-2007 fiscal year for the installation of two stall barns at the Senator Bob Martin Eastern Agricultural Center.

SECTION 2. This act becomes effective July 1, 2006.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2005

H 1

HOUSE BILL 2627*

Short Title:	Eastern Science Center Funds.	(Public)
Sponsors:	Representatives Warren and McLawhorn (Primary Sponsors).	
Referred to:	Appropriations.	

May 25, 2006

A BILL TO BE ENTITLED

AN ACT TO APPROPRIATE FUNDS TO THE EASTERN SCIENCE CENTER TO UPFIT THE CHALLENGER CLASSROOM.

The General Assembly of North Carolina enacts:

SECTION 1. There is appropriated from the General Fund to the Eastern Science Center, a nonprofit organization, the sum of three hundred thousand dollars ($300,000) for the 2006-2007 fiscal year to upfit the challenger classroom.

SECTION 2. This act becomes effective July 1, 2006.

NER House Appropriations Subcommittee

Senate Money Report Overview

May 30th, 2006

* Both = Governor's Budget and Joint Item

Senate Subcommittee on Natural and Economic Resources

Agriculture and Consumer Services

GENERAL FUND

	FY 06-07
Total Budget Approved 2005 Session	**$51,032,884**

Budget Changes

Administration

Joint **1 Human Resources** — $97,382 R
Provide funding for one (1.0) Personnel Technician position in Human Resources. — 1.00

Joint **2 Public Affairs - Agricultural Review** — $40,000 R
Provide increased funding for the Agricultural Review to address rising operational costs.

Emergency Programs

Both **3 Emergency Preparedness - Staffing Support** — $337,000 R
Provide General Fund appropriation for four (4.0) positions: — 4.00

Veterinarian	1.0
Animal Health Technician II	1.0
Application Analyst II	2.0

Joint **4 Emergency Preparedness - Operating Expenses** — $300,000 R
Provide additional funding for operating expenses associated with the Multi-Hazard Threat Database.

Food and Drug

Both **5 Emergency Preparedness - Food Safety** — $538,257 R
Provide funding for eleven (11.0) positions to address staffing shortages in food protection, compliance and regulations: — 11.00

Chemist II	2.0
Ag Microbiologist II	2.0
Food Compliance Officer I	1.0
Food Regulatory Specialist I	6.0

Joint **6 Emergency Preparedness - Replace Distillation System** — $100,000 NR
Provide funding for the replacement of the water distillation system at Constable Laboratory.

Joint **7 Emergency Preparedness - Purchase/Replace Lab Equipment** — $500,000 NR
Provide funding for the purchase and replacement of lab equipment.

Joint **8 Pesticide Staffing Support** — $194,429 R; $6,149 NR; 3.00

Provide three (3.0) additional positions to the Pesticide Section:

Environmental Toxicologist	1.0
Bilingual Pesticide Specialist	1.0
Pesticide Environmental Investigative Specialist	1.0

Markets

Joint **9 Domestic Marketing** — $40,000 R; $240,300 NR; 1.00

Provide additional funding for the "Got to be NC" agriculture marketing initiative. Also provides one (1.0) Agricultural Marketing Specialist position.

Both **Meat and Poultry**

10 Emergency Preparedness - Food Safety and Security Mandates — $163,000 R; 6.00

Provide funding for 50 percent of six (6.0) meat inspector positions to match US Department of Agriculture funding.

Plant Industry

Both **11 Export Certification Program** — $145,310 R; 2.00

Provide funding to establish two (2.0) Export Certification positions required to respond to the increased demand for issuance of phytosanitary certificates in North Carolina.

Export Certification Specialist	2.0

Joint **12 Reduce Unrealized Fertilizer Receipts** — $100,000 NR

Replace a portion of unrealized fertilizer receipts.

Research Stations

Both **13 Replace Unrealized Research Station Receipts** — $350,000 NR

Replace unrealized Research Stations receipts with a General Fund appropriation.

Reserves and Special Funds

Both **14 Reserve for Utility and Fuel Costs** — $317,516 NR

Establish a reserve to help offset the increased cost of natural gas and propane, fuel oil and gasoline expenses.

Standards

Joint **15 Standards Inspectors** — $36,746 R; $23,000 NR; 2.00

Provide funding for two (2.0) additional Standards Inspectors to be assigned to inspect retail motor fuel dispensers and retail weights and measures devices.

Veterinary Services

Joint 16 **Emergency Preparedness - Director of Laboratory Operations position** $147,172 R

Establish one (1.0) Director of Laboratory Operations position.

1.00

Budget Changes	**$2,039,296**	R
	$1,636,965	NR
Total Position Changes	31.00	
Revised Total Budget	**$54,709,145**	

Labor

GENERAL FUND

	FY 06-07	
Total Budget Approved 2005 Session	**$14,434,925**	
Budget Changes		
Administration		
Both **17 Fund Travel and Office Space** Provide funds for field staff to travel and for existing field office space.	$213,894	R
Elevator and Amusement Device Bureau		
Joint **18 Establish Receipt-Supported Positions** Establish two (2.0) receipt-supported positions to inspect elevators and amusement devices. Elevator Inspectors 2.0 $111,696		
Labor Standards and Inspections		
Both **19 Replace Appropriations for Mine and Quarry Program** Provide funds to offset unrealized safety training fee receipts. Restore 3.5 positions.	$200,000 3.50	R
Occupational Safety and Health		
Joint **20 Fund Operating** Fund various operating line items in Occupational Safety and Health.	$200,000	NR
Budget Changes	**$413,894** **$200,000**	R NR
Total Position Changes	3.50	
Revised Total Budget	**$15,048,819**	

Environment & Natural Resources

GENERAL FUND

	FY 06-07
Total Budget Approved 2005 Session	**$168,451,089**

Budget Changes

(2.0) Coastal Management

Both **21 Create New Coastal Habitat Protection Compliance Positions** — $249,757 R; $27,770 NR; 4.00

Provide funds to establish four (4.0) Compliance Coordinator positions, one in each Division of Coastal Management district to provide compliance and enforcement services:

Environmental Specialist III	4.0

(2.0) Environmental Health

Both **22 Fund Private Well Water Safety Program** — $271,079 R; $827,550 NR; 5.00

Provide funds for technical support and enforcement assistance to counties as they enforce statewide private water supply well construction standards. Provide funds for five (5.0) new positions:

Environmental Health Regional Specialist	4.0
Administrative Assistant I	1.0

(2.0) Land Resources

Senate Only **23 Restore Contractual Services** — $50,000 NR

Restore funding for contractual services for a county boundary program eliminated in FY 05/06.

(3.0) Aquariums

Senate Only **24 Fund Operating** — $2,500,000 R

Provide funds for the operations of the aquariums.

(3.0) Marine Fisheries

Both **25 Coastal Recreational Fishing License Implementation** — $327,000 R; $48,000 NR; 2.00

Provide two (2.0) positions and operating support for the development and operations of the licensing system associated with the Coastal Recreational Fishing License:

Process Analyst IV	1.0
Bus Tech Applications Analyst	1.0

		FY 06-07	
Joint	**26 Shellfish Mapping and Submerged Aquatic Vegetation Mapping Programs**	$331,651	R
	Provide five (5.0) additional positions and operating expenses to enable the Marine Fisheries Division to map shellfish resources and habitat as recommended by the Coastal Habitat Protection Plan:	$87,048 5.00	NR
	Computing Consultant I 1.0 Marine Fisheries Technician II 4.0		
	(3.0) Soil and Water Conservation		
Both	**27 NC Agricultural Cost Share Technical Assistance**	$333,778	R
	Provide additional support for cost-shared funds to soil and water conservation districts and counties for technical assistance needed to install quality Best Management Practices through the Agriculture Cost Share Program.		
Both	**28 NC Agriculture Cost Share Financial Assistance**	$400,000	R
	Provide additional funding to the Agriculture Cost Share Program to assist 100 additional producers per year to install Best Management Practices to improve water quality.		
Both	**29 Extend Conservation Resource Enhancement Program (CREP)**	$1,000,000	R
	Provide additional funding to the CREP program to expand into additional watersheds in need of riparian buffers and restored wetlands.	3.00	
Senate Only	**30 Soil and Water Conservation District Supervisor Travel**	$25,000	R
	Provide funding for travel reimbursement for Soil and Water Conservation District Supervisors.		
	(4.0) Reserves and Transfers		
Both	**31 Fund Utility and Fuel Costs**	$1,280,752	NR
	Provide funds for rising fuel and utility costs throughout the Department of Environment and Natural Resources.		
Senate Only	**32 Increase Grassroots Science Program Funding**	$665,940	NR
	Increase funding for the Grassroots Science Program.		
Both	**33 Clean Water SRF Match Funds**	$3,160,852	NR
	Provide funds to meet the 20% state match requirement for drawing down the maximum available federal funds for the Clean Water State Revolving Fund.		
Both	**34 Drinking Water SRF Match Funds**	$2,909,820	NR
	Provide funds to meet the 20% state match requirement for drawing down the maximum available federal funds for the Drinking Water State Revolving Fund.		
Both	**35 Forest Development Program (FDP)**	$400,000	NR
	Provide additional funding to reduce the current waiting list of landowner applicants for cost share assistance to reforest land.		

Budget Changes	**$5,438,265**	**R**
	$9,457,732	**NR**
Total Position Changes	19.00	
Revised Total Budget	**$183,347,086**	

Commerce

GENERAL FUND

	FY 06-07
Total Budget Approved 2005 Session	**$36,728,265**

Budget Changes

Administrative Services

Both **36 Establish Position to Monitor Non-Profits** — $150,000 R

Establish one (1.0) Auditor II position and provide operating funds to monitor all non-state entities receiving funds through the Department of Commerce. — 1.00

Board of Science and Technology

Both **37 One North Carolina Small Business Fund** — $5,000,000 NR

Provide funds for the Federal Small Business Innovation Research/Small Business Technology Transfer Research matching program. The program provides incentive funds to small businesses to apply for federal innovation grants.

Finance Center

Both **38 One North Carolina Fund** — $10,000,000 NR

Provide funds for the One North Carolina Fund for FY 06/07.

Industrial Commission

Both **39 Replace Electronic Document System** — $1,500,000 NR

Provide funds to replace electronic document system. State funds will be used in addition to existing fee receipts ($2,100,000) to fund the new system.

Total Requirements:	$3,600,000
Less Anticipated Receipts:	($2,100,000)
State Funds Required:	$1,500,000

Information Services

Both **40 Web Applications Development & Maintenance** — $70,819 R; $5,000 NR

Establish one (1.0) Application Analyst position to develop and maintain a web site for the department. — 1.00

Local Planning and Management

Both **41 Expand Small Towns Main Street Program** $71,965 R

Establish one (1.0) Community Development Planner position to serve the western part of the state. Program activities in the eastern region are funded by a Z. Smith Reynolds grant. 1.00

Both **42 Expand 21st Century Communities Program** $274,699 R

Establish three (3.0) Community Development Planner III positions and provide operating funds to expand the program to 5 new communities. 3.00

Marketing

Both **43 Promote N.C. as a Business Destination** $1,000,000 NR

Provide funds for advertising in business publications, public relations outreach, marketing materials, national and international industry trade shows, and conference participation.

Senate Only **44 Furniture Market Advertising** $1,750,000 NR

Provide funds to the High Point International Home Furnishings Market Authority Corporation to promote the International Home Furnishings Market.

Policy and Research

Both **45 Provide Additional Staff** $300,000 R

Provide funds for four (4.0) positions for the Division to expand research and planning for economic development. 4.00

Economist III	1.0
Policy Development Analyst II	1.0
Business and Technical Application Tech.	2.0

Tourism, Film and Sports Development

Both **46 Promote Motor Sports** $100,000 NR

Provide funds to promote motor sports.

Budget Changes	**$867,483**	R
	$19,355,000	NR
Total Position Changes	10.00	
Revised Total Budget	**$56,950,748**	

Commerce - State Aid

GENERAL FUND

	FY 06-07	
Total Budget Approved 2005 Session	**$11,722,085**	
Budget Changes		
e-NC Authority		
Senate Only **47 Transfer the e-NC Authority** Transfer funds from the Rural Center's fund code to the Department of Commerce's State-Aid fund code. Historically the program was administratively located within the Rural Center's budget.	$500,000	R
Budget Changes	**$500,000**	**R**
Total Position Changes		
Revised Total Budget	**$12,222,085**	

N.C. Biotechnology Center

GENERAL FUND

	FY 06-07	
Total Budget Approved 2005 Session	**$10,583,395**	
Budget Changes		
Both 48 **Increase Funding for Biotechnology Center** Provide funds for the Biotechnology Center.	$1,500,000 $2,000,000	R NR
Both 49 **Regional Offices** Provide funds to support the Biotechnology Center's regional offices.	$500,000	R
Budget Changes	**$2,000,000** **$2,000,000**	**R** **NR**
Total Position Changes		
Revised Total Budget	**$14,583,395**	

Rural Economic Development Center

GENERAL FUND

	FY 06-07	
Total Budget Approved 2005 Session	**$25,052,607**	
Budget Changes		
Rural Center		
Senate Only **50 Transfer the e-NC Authority**	($500,000)	R
Transfer funds from the Rural Center's fund code to the Department of Commerce's State-Aid fund code. Historically the program was administratively located within the Rural Center's budget. In S.L. 2005-276 the Rural Center was appropriated $20 million recurring, with $500,000 allocated to the e-NC Authority.		
Budget Changes	**($500,000)**	**R**
Total Position Changes		
Revised Total Budget	**$24,552,607**	

NER House Appropriations Subcommittee

Senate Special Provisions Overview

May 30th, 2006

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2006

DRAFT
SPECIAL PROVISION

2006-COMM-S11-P

Department of Commerce/Economic Development
Senate Appropriations Subcommittee on Natural and Economic Resources

Requested by: Senator

NER BLOCK GRANTS

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

COMMUNITY DEVELOPMENT BLOCK GRANT

01. State Administration	$ 1,000,000
02. Urgent Needs and Contingency	1,000,000
03. Scattered Site Housing	13,200,000
04. Economic Development	8,710,000
05. Community Revitalization	13,500,000
06. State Technical Assistance	450,000
07. Housing Development	2,000,000
08. Infrastructure	5,140,000
TOTAL COMMUNITY DEVELOPMENT BLOCK GRANT – 2007 Program Year	$ 45,000,000

SECTION #.(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.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2006

DRAFT
SPECIAL PROVISION

2006-NATRES-S1A-P

Environment and Natural Resources
Senate Appropriations Subcommittee on Natural and Economic Resources

Requested by: Senator Weinstein

CONSERVATION RESERVE ENHANCEMENT PROGRAM

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

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2006

DRAFT
SPECIAL PROVISION

2006-NATRES-S4-P

Environment and Natural Resources
Senate Appropriations Subcommittee on Natural and Economic Resources

Requested by: Senator Weinstein

AQUARIUM FUNDS

SECTION #. Of the funds appropriated in this act to the Department of Environment and Natural Resources, the sum of two million five hundred thousand dollars ($2,500,000) for the 2006-2007 fiscal year shall be for the Division of Aquariums for the operations of the Division of Aquariums of the Department of Environment and Natural Resources. These funds are in addition to the funding the Division of Aquariums receives from departmental receipts, and the Department of Environment and Natural Resources may use these funds to shift funding for operations of the Division from receipt-support to General Fund support.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2006

DRAFT
SPECIAL PROVISION

2006-NATRES-S3-P

Environment and Natural Resources
Senate Appropriations Subcommittee on Natural and Economic Resources

Requested by: Senator Weinstein

GRASSROOTS SCIENCE PROGRAM

SECTION #. Section 12.5 of S.L. 2005-276, as amended by Section 23 of S.L. 2005-345, reads as rewritten:

"**SECTION 12.5.(a)** Of the funds appropriated in this act to the Department of Environment and Natural Resources for the Grassroots Science Program, the sum of three million one hundred ninety-seven thousand seven hundred sixty-two dollars ($3,197,762) for the 2005-2006 fiscal year and the sum of three million eight hundred sixty-three thousand seven hundred dollars ($3,863,700) for the 2006-2007 fiscal year is allocated as grants-in-aid ~~for each fiscal year~~ as follows:

	2005-2006	2006-2007
Aurora Fossil Museum	$59,057	$62,593
Cape Fear Museum	$161,007	$195,926
Carolina Raptor Center	$112,174	$126,878
Catawba Science Center	$133,429	$181,452
The Children's Museum of Iredell County		$65,424
Colburn ~~Gem and Mineral Museum, Inc.~~Earth Science Museum, Inc.	$74,545	$82,856
Discovery Place	$662,865	$845,882
Eastern NC Regional Science Center	$50,000	$51,094
~~Port Discover: Northeastern North Carolina's Center for Hands-On Science, Inc.~~	~~$50,000~~	
Fascinate-U	$80,742	$92,389
Granville County Museum Commission, Inc.–Harris Gallery	$56,422	$58,079
Greensboro Children's Museum	$135,076	$142,558
The Health Adventure Museum of Pack Place Education, Arts and Science Center, Inc.	$134,499	$194,079
Highlands Nature Center	$79,268	$83,826
Imagination Station	$86,034	$95,505
Kidsenses	$50,000	$92,676
Museum of Coastal Carolina	$74,192	$80,207
The Natural Science Center of ~~Greensboro~~Greensboro, Inc.	$186,354	$218,069
North Carolina Museum of Life		

and Science	$379,826	$432,752
Port Discover: Northeastern North Carolina's Center for Hands-On Science, Inc.	$50,000	$50,117
Rocky Mount Children's Museum	$72,254	$74,928
Schiele Museum of Natural History and Planetarium, Inc.	$229,547	$264,353
Sci Works Science Center and Environmental Park of Forsyth County	$146,499	$177,886
Western North Carolina Nature Center	$112,879	$123,079
Wilmington Children's Museum	$71,093	$71,093
Total	$3,197,762	$3,863,700

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

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

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

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

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

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

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

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

MORATORIUM IMPOSED ON NEW LANDFILLS

SECTION 11.4.(a) Definitions. – The definitions set forth in G.S. 130A-290 apply throughout this section.

SECTION 11.4.(b) Moratorium Established. – There is hereby established a moratorium on consideration of applications for a permit and on the issuance of permits for new landfills in the State. The purposes of this moratorium are to allow the State to study solid waste disposal issues in order to protect public health and the environment. The Department of Environment and Natural Resources shall not consider a permit application nor issue a permit for a new landfill for the disposal of construction or demolition waste, municipal solid waste, or industrial solid waste for a period beginning on 1 July 2006 and ending on 1 January 2008.

SECTION 11.4.(c) Exceptions. – The moratorium established by subsection (b) of this section shall not prohibit consideration of an application for or issuance of:

(1) A modification of a permit for an existing permitted landfill.

(2) A permit to expand an existing permitted landfill if the proposed facility boundary will provide no more than five years of disposal capacity.

(3) A modification of a permit to reflect a transfer of ownership of an existing permitted landfill.

(4) A modification of a permit to provide for a substantial change to the waste stream described in a permit in effect as of 1 May 2006 for an existing landfill.

(5) A permit for a sanitary landfill used only to dispose of waste generated by a coal-fired generating unit that is owned or operated by an investor-owned utility subject to the requirements of G.S. 143-215.107D.

(6) A permit for a sanitary landfill determined to be necessary by the Secretary in order to respond to an imminent hazard to public health or a natural disaster.

SECTION 11.4.(d) Study. – The Environmental Review Commission, with the assistance of the Division of Waste Management of the Department of Environment and Natural Resources, shall study issues related to solid waste. The Commission shall specifically study measures concerning:

(1) Financial responsibility requirements for solid waste landfills, including the application of requirements to limited liability companies and other business entity structures of applicants seeking solid waste landfill permits.

(2) Application of franchise requirements and local government approval for solid waste landfill permits, including adequacy of public notice and comment, community studies, and site designations prior to local government approval.

(3) Siting, design, and operational requirements for landfills for the disposal of construction or demolition waste, municipal solid waste, or

industrial solid waste that are proposed in areas susceptible to flooding from natural disasters, areas with high water tables, and other environmentally sensitive areas.

(4) Traffic considerations for proposed landfills.

(5) Regulatory oversight and staffing for permitting and compliance of solid waste landfills, and inspection of waste containers on barges, railways, and trucks.

(6) Compliance with statutory prohibitions on disposal of certain types of solid waste and measures to prevent disposal of hazardous waste in solid waste and construction and demolition landfills.

(7) Ways to reduce the amount of solid waste disposed of within North Carolina landfills, including statewide tipping fees, bans on the disposal of certain types of waste in landfills, more aggressive recycling requirements, and enhanced regulatory requirements for landfills and other solid waste management facilities.

SECTION 11.4.(e) Subcommittee. – In order to facilitate the conduct of this study, the Cochairs of the Environmental Review Commission may establish a subcommittee of the Commission. The subcommittee of the Commission may include nonlegislative members who have special knowledge, interest, or expertise in various aspects of solid waste management, appointed in consultation with the President Pro Tempore of the Senate and the Speaker of the House of Representatives.

SECTION 11.4.(f) Report. – The Commission shall report its findings, together with any recommended legislation, to the 2007 Regular Session of the 2007 General Assembly upon its convening.

SECTION 11.4.(g) This section is effective when this act becomes law.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2006

DRAFT
SPECIAL PROVISION

2006-COMM-S2-P

Department of Commerce/Economic Development
Senate Appropriations Subcommittee on Natural and Economic Resources

Requested by: Senator

EMPLOYMENT SECURITY FUNDS

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

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

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

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

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

(3) One hundred thousand dollars ($100,000) to maintain compliance with Chapter 96 of the General Statutes, which directs the Commission to employ the Common Follow-Up Management Information System to evaluate the effectiveness of the State's job training, education, and placement programs."

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2006

DRAFT
SPECIAL PROVISION

2006-COMM-S3-P

Department of Commerce/Economic Development
Senate Appropriations Subcommittee on Natural and Economic Resources

Requested by: Senator

ONE NORTH CAROLINA FUND

SECTION #. Section 13.6(a) of S.L. 2005-276 reads as rewritten:

"**SECTION 13.6.(a)** Of the funds appropriated in this act to the One North Carolina Fund, the Department of Commerce may use up to three hundred thousand dollars ($300,000) to cover its expenses in administering the One North Carolina Fund and other economic development incentive grant programs in the ~~2005-2006~~2006-2007 fiscal year."

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2006

DRAFT
SPECIAL PROVISION

2006-COMM-S7-P

Department of Commerce/Economic Development
Senate Appropriations Subcommittee on Natural and Economic Resources

Requested by: Senator

EXTEND E-NC AUTHORITY SUNSET/E-NC AUTHORITY FUNDS AND REPORTING REQUIREMENTS

SECTION #.(a) Section 4 of S.L. 2003-425 reads as rewritten:

"**SECTION 4.** Sections 1 and 2 of this act become effective December 31, 2003, with the e-NC Authority hereby designated as the successor entity of the Rural Internet Access Authority that will dissolve on that date, as provided by Section 5 of S.L. 2000-149. The remainder of this act is effective when it becomes law. The e-NC Authority created in this act is dissolved effective ~~December 31, 2006.~~ December 31, 2008. This act is repealed effective ~~December 31, 2006.~~December 31, 2008. Part 2F of Article 10 of Chapter 143B of the General Statutes and G.S. 120-123(77), as enacted by this act, are repealed effective ~~December 31, 2006.~~ December 31, 2008."

SECTION #.(b) Section 13.12 of S.L. 2005-276 reads as rewritten:

"**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)~~nineteen million five hundred thousand dollars ($19,500,000) 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.(f) Of the funds appropriated in this act to the Rural Economic Development Center, Inc., and allocated in subsection (a) of this section, 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 #.(c) Of the funds appropriated in this act to the Department of Commerce, the sum of five hundred thousand dollars ($500,000) 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 2007 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 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 September 30, 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 2006

DRAFT
SPECIAL PROVISION

2006-COMM-S8-P

Department of Commerce/Economic Development
Senate Appropriations Subcommittee on Natural and Economic Resources

Requested by: Senator

COUNCIL OF GOVERNMENT FUNDS/ELECTRONIC TRANSFER

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

"**SECTION 13.2.(c)** Funds appropriated by this section shall be paid by electronic transfer in two equal installments, the first no later than ~~September 1, 2005,~~September 1, 2006, and the second subsequent to acceptable submission of the annual report due to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division by ~~January 15, 2006,~~January 15, 2007, as specified in subdivision (e)(2) of this section."

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2006

DRAFT
SPECIAL PROVISION

2006-COMM-S9A-P

Department of Commerce/Economic Development
Senate Appropriations Subcommittee on Natural and Economic Resources

Requested by: Senator

ADVANCED VEHICLE RESEARCH CENTER REPORTING REQUIREMENTS/FUNDS SHALL NOT REVERT

SECTION #.(a) Section 13.8A(d) of S.L. 2005-276 reads as rewritten:

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

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

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2006

DRAFT
SPECIAL PROVISION

2006-COMM-S10-P

Department of Commerce/Economic Development
Senate Appropriations Subcommittee on Natural and Economic Resources

Requested by: Senator

WANCHESE SEAFOOD INDUSTRIAL PARK/OREGON INLET FUNDS

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

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

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

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

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2006

DRAFT
SPECIAL PROVISION

2006-COMM-S12-P

Department of Commerce/Economic Development
Senate Appropriations Subcommittee on Natural and Economic Resources

Requested by: Senator

DEPARTMENT OF COMMERCE/REPORT ON AGRIBUSINESS FUNDS

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

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

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

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

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2006

DRAFT
SPECIAL PROVISION

2006-LAB-S1-P

Department of Labor
Senate Appropriations Subcommittee on Natural and Economic Resources

Requested by: Senator

REPEAL FEE FOR MINE SAFETY EDUCATION/TRAINING PROGRAMS

SECTION #. G.S. 74-24.16(d) is repealed.

House Pages

Name Of Committee: NER Date: 5/30/06

1. Name: Jessica Anderson
   County: Caldwell
   Sponsor: Edgerstarnes
2. Name: Alisha Byrd
   County: Wilkes
   Sponsor: Walker
3. Name: Tyler Wilmoth
   County: Surry
   Sponsor: Harrel
4. Name: Ada Martin Adam Mankin
   County: Surry
   Sponsor: Harrel
5. Name:
   County:
   Sponsor:

Sgt-At-Arms

1. Name: Will Heath
2. Name: Toussaint Avent
3. Name: James Worth
4. Name:
5. Name:

VISITOR REGISTRATION SHEET

NER — Name of Committee

5/30/06 — Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Paula L. Wolf	Central Park of NC
Jean Ryan	NC NEEDC
Bill Askew	NC NEEDC
Shannon Hobby	Commerce
Doug Byrd	Commerce
DON ITOIS MT	NC DOC
Cathy Scott	NC's NorTheast
Lori Medlin	Halifax County T.D.A.
Jim Stephenson	NC Coastal Federation
JAMES L. FORTE	OSA
Sam Taylor	NCBIC
Michael Nelson	Conservation Council
Rita Harris	NCSP

VISITOR REGISTRATION SHEET

NER
Name of Committee

5/30/06
Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
John Mauf	Gov Office
[illegible]	NCCDI
Bianca Gomez	NCCDI
Elizabeth Self	NC Sierra Club
Larry Brown	North Carolina Comm. Development Initiative
[illegible]	NCFB
Patsy Yancey	LLPP
Paul Meyer	NCACC
N. David Smith	NC Dept. of Agriculture
Jerri Newton	
Robin Smith	DENR
Bill Askew, Chair	NE Partnerships
Lydia Varn	NCACC

VISITOR REGISTRATION SHEET

NER — Name of Committee

5/30/06 — Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Jim Blackburn	N.C. Association of County Commissioners

HOUSE APPROPRIATIONS SUBCOMMITTEE ON NATURAL AND ECONOMIC RESOURCES

Thursday June 1, 2006
Room 423 LOB, 9:00 A.M.

Co-Chair Representative Mary McAllister, Presiding

The House Appropriations Subcommittee on NATURAL AND ECONOMIC RESOURCES (NER) met on Thursday June 1, 2006 at 9:00 a.m. in Room 423 of the Legislative Office Building.

Committee Co-Chair, Representative McAllister called the meeting to order at 9:03 a.m. Co-Chair Representative McAllister recognized Fiscal Research Staff for their hard work on the draft House Budget.

Present: Co-Chair Representative Edith Warren; Representatives Lucy Allen and Tracy Walker (Vice Chairs); Committee Members: Representatives Arlie Culp, Pricey Harrison, James Langdon, Mitchell Setzer, Winkie Wilkins and Michael Wray.

Staff Members present: Susan Morgan, Joy Hicks and Kristin Walker.

The Committee continued to review the Draft House Money Report and the Draft Special Provisions. This meeting was a continuation of the NER Committee Meeting held on Tuesday May 30, 2006.

There being NO VOTES TAKEN, Co-Chair Representative McAllister adjourned the meeting at 9:30 a.m.

Respectfully submitted by:

Mary E. McAllister
Representative Mary McAllister
Committee Co-Chair

Johnna C. Smith
Johnna C. Smith
Committee Assistant

ATTENDANCE 2005-2006

House Appropriations Subcommittee on Natural and Economic Resources (NER)

DATES	06/01/06													
Rep. Howard Hunter, CHAIR														
Rep. Mary McAllister, CHAIR	X													
Rep. Edith Warren, CHAIR	X													
Rep. Lucy Allen, Vice Chair	X													
Rep. Tracy Walker, Vice Chair	X													
Rep. Arlie Culp	X													
Rep. Pricey Harrison	X													
Rep. James Langdon	X													
Rep. Stephen LaRoque	X													
Rep. Mitchell Setzer	X													
Rep. Winkie Wilkins														
Rep. Michael Wray	X													
Rep. Pete Cunningham,Ex-Officio														
Rep. Rick Eddins, Ex-Officio														
Rep. Joe Hackney, Ex-Officio														
Susan Morgan, Fiscal Research	X													
Joy Hicks, Fiscal Research	X													
Kristen Walker, Fiscal Research	X													
Barbara Phillips, Committee Asst.														
Johnna Smith, Committee Asst.	X													
Nancy Willis, Committee Asst.	X													

Johnna Smith (Rep. McAllister)

From: Nancy Willis (Rep. Warren)
Sent: Wednesday, May 31, 2006 4:23 PM
Subject: Notice of Meeting of Appropriations Subcommittee on Natural and Economic Resources

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: **Thursday, June 1, 2006**

TIME: **9:00 a.m.**

LOCATION: **423 LOB**

The House Budget will be reviewed.

Respectfully,

Representatives Hunter, McAllister and Warren
Co-chairs

I hereby certify this notice was filed by the committee clerk at the following offices at **4:20 p.m.** on **May 31, 2006**.

___Principal Clerk
___Reading Clerk - House Chamber

Nancy Willis (Committee Assistant)

NER House Appropriations Subcommittee

DRAFT House Money Report

June 1st, 2006

Agriculture and Consumer Services

GENERAL FUND

Total Budget Approved 2005 Session

FY 06-07
$51,032,884

Budget Changes

Administration

1 Human Resources — $97,382 R
Provide funding for one (1.0) Personnel Technician position in Human Resources. — 1.00

Revised **2 Public Affairs - Agricultural Review** — $40,000 NR
Provide increased funding for the Agricultural Review to address rising operational costs.

Emergency Programs

3 Emergency Preparedness - Operating Expenses — $337,000 R
Provide General Fund appropriation to establish two (2.0) new positions and to fund shift two (2.0) existing positions from receipt-support: — 4.00

Veterinarian	1.0
Animal Health Technician II	1.0
Application Analyst II	2.0

4 Emergency Preparedness - Operating Expenses — $300,000 R
Provide additional funding for operating expenses associated with the Multi-Hazard Threat Database.

Food and Drug

5 Emergency Preparedness - Food Safety — $538,257 R
Provide funding for eleven (11.0) positions to address staffing shortages in food protection, compliance and regulations: — 11.00

Chemist II	2.0
Ag Microbiologist II	2.0
Food Compliance Officer I	1.0
Food Regulatory Specialist I	6.0

6 Emergency Preparedness - Replace Distillation System — $100,000 NR
Provide funding for the replacement of the water distillation system at Constable Laboratory.

7 Emergency Preparedness - Purchase/Replace Lab Equipment — $500,000 NR

Provide funding for the purchase and replacement of lab equipment.

8 Pesticide Staffing Support — $194,429 R; $6,149 NR; 3.00

Provide three (3.0) additional positions to the Pesticide Section:

Environmental Toxicologist	1.0
Bilingual Pesticide Specialist	1.0
Pesticide Environmental Investigative Specialist	1.0

Markets

Revised **9 Domestic Marketing** — $200,000 NR

Provide additional funding for the "Got to be NC" agriculture marketing initiative.

Meat and Poultry

10 Emergency Preparedness - Food Safety and Security Mandates — $163,000 R; 6.00

Provide funding for 50 percent of six (6.0) meat inspector positions to match US Department of Agriculture funding.

Plant Industry

Revised **11 Export Certification Program** — $72,655 R; 1.00

Provide funding for one (1.0) Export Certification position to respond to the increased demand for issuance of phytosanitary certificates in North Carolina.

12 Reduce Unrealized Fertilizer Receipts — $100,000 NR

Replace a portion of unrealized fertilizer receipts.

Research Stations

13 Replace Unrealized Research Station Receipts — $350,000 NR

Replace unrealized Research Stations receipts with a General Fund appropriation.

Reserves and Special Funds

14 Reserve for Utility and Fuel Costs — $317,516 NR

Establish a reserve to help offset the increased cost of natural gas and propane, fuel oil and gasoline expenses.

Standards

Revised

15 Standards Inspectors $39,156 R

Provide funding for two (2.0) additional Standards Inspectors to be assigned to inspect retail motor fuel dispensers and retail weights and measures devices. $23,000 NR

2.00

Veterinary Services

16 Emergency Preparedness - Director of Laboratory Operations position $147,172 R

Establish one (1.0) Director of Laboratory Operations position.

1.00

Budget Changes	**$1,889,051**	R
	$1,636,665	NR
Total Position Changes	29.00	
Revised Total Budget	**$54,558,600**	

Labor

GENERAL FUND

	FY 06-07
Total Budget Approved 2005 Session	**$14,434,925**

Budget Changes

Administration

Revised **17 Fund Travel and Office Space** $213,894 NR

Provide funds for field staff to travel and for existing field office space.

Elevator and Amusement Device Bureau

18 Establish Receipt-Supported Positions

Establish two (2.0) receipt-supported positions to inspect elevators and amusement devices.

Elevator Inspectors 2.0 $111,696

Labor Standards and Inspections

19 Replace Appropriations for Mine and Quarry Program $200,000 R

Provide funds to offset unrealized safety training fee receipts. Restore 3.5 positions. 3.50

Occupational Safety and Health

20 Fund Operating $200,000 NR

Fund various operating line items in Occupational Safety and Health.

Budget Changes	**$200,000**	R
	$413,894	NR
Total Position Changes	3.50	
Revised Total Budget	**$15,048,819**	

Environment & Natural Resources

GENERAL FUND

Total Budget Approved 2005 Session

FY 06-07
$168,451,089

Budget Changes

(2.0) CGIA

Joint **21 Fund NC OneMap** - Not in Senate Budget — $70,000 R

Provide funds to enhance NC OneMap system to provide 24-7 access and to provide technical assistance to local governments who connect to NC OneMap. Provide funds for one (1.0) new position. — $80,000 NR; 1.00

(2.0) Coastal Management

22 Create New Coastal Habitat Protection Compliance Positions — $249,757 R

Provide funds to establish four (4.0) Compliance Coordinator positions, one in each Division of Coastal Management district to provide compliance and enforcement services: — $27,770 NR; 4.00

Environmental Specialist III 4.0

(2.0) Environmental Health

New **23 Fund Shellfish Sanitation Positions** — $179,000 R

Provide funds to monitor and classify North Carolina's shellfish growing waters and to conduct the shoreline survey. Funds three (3.0) positions, one GIS staff person and two Shoreline Surveyors. — 3.00

New **24 Establish Emergency Drinking Water Fund** — $500,000 NR

Creates a fund to pay for contaminated private well water clean-up and to pay for the provision of alternative drinking water supplies for parties affected by contaminated private well water on a temporary or permanent basis.

25 Fund Private Well Water Safety Program — $271,079 R

Provide funds for technical support and enforcement assistance to counties as they enforce statewide private water supply well construction standards. Provide funds for five (5.0) new positions: — $827,550 NR; 5.00

Environmental Health Regional Specialist 4.0
Administrative Assistant I 1.0

New **26 Protection of Drinking Water Supplies – Establish Fee**

Provide funds for nineteen (19.0) additional positions for field response, inspections, technical assistance, compliance oversight, laboratory support and review and approval of plans to protect public drinking water supplies.

Environmental Engineer II	4.0
Environmental Engineer I	14.0
Environmental Technician V	1.0

(2.0) Land Resources

New **27 Expand Sediment and Erosion Control – Establish fee**

Fund seven (7.0) positions to provide improved monitoring of land disturbing activities, to increase technical assistance, and to encourage development of improved methods of sediment control.

Environmental Specialist III	7.0

(3.0) Marine Fisheries

Revised **28 Coastal Recreational Fishing License Implementation** $375,000 NR

2.00

Provide funds to establish two (2.0) positions and operating support for the development and operations of the licensing system associated with the Coastal Recreational Fishing License (CRFL). These positions will be funded with receipts generated from the sale of CRFL effective FY 07/08. Positions include:

Process Analyst IV	1.0
Bus Tech Applications Analyst	1.0

Revised **29 Shellfish Mapping and Submerged Aquatic Vegetation Mapping Programs** $281,651 R

$87,048 NR

3.00

Provide three (3.0) additional positions and operating expenses to enable the Marine Fisheries Division to map shellfish resources and habitat as recommended by the Coastal Habitat Protection Plan:

Computing Consultant	1.0
Marine Fisheries Technician II	2.0

(3.0) Soil and Water Conservation

New **30 Poultry Waste Management Best Practices** $200,000 NR

Provides funds for new poultry waste management techniques.

31 NC Agricultural Cost Share Technical Assistance $333,778 R

Provide additional support for cost-shared funds to soil and water conservation districts and counties for technical assistance needed to install quality Best Management Practices through the Agriculture Cost Share Program.

Revised

32 NC Agriculture Cost Share Financial Assistance — $400,000 NR

Provide additional funding to the Agriculture Cost Share Program to assist 100 additional producers per year to install Best Management Practices to improve water quality.

Revised

33 Extend Conservation Resource Enhancement Program (CREP) — $150,000 R; $850,000 NR; 3.00

Provide additional funding to the CREP program to expand into additional watersheds in need of riparian buffers and restored wetlands.

Revised

34 Soil and Water Conservation District Supervisor Travel — $25,000 NR

Provide funding for travel reimbursement for Soil and Water Conservation District Supervisors.

(4.0) Reserves and Transfers

35 Fund Utility and Fuel Costs — $1,280,752 NR

Provide funds for rising fuel and utility costs throughout the Department of Environment and Natural Resources.

36 Clean Water SRF Match Funds — $3,160,852 NR

Provide funds to meet the 20% state match requirement for drawing down the maximum available federal funds for the Clean Water State Revolving Fund.

37 Drinking Water SRF Match Funds — $2,909,820 NR

Provide funds to meet the 20% state match requirement for drawing down the maximum available federal funds for the Drinking Water State Revolving Fund.

Revised

38 Forest Development Program (FDP) — $600,000 NR

Provide additional funding to reduce the current waiting list of landowner applicants for cost share assistance to reforest land.

New

39 Resource Conservation and Development Councils — $250,000 NR

Provides each of the State's ten Resource Conservation and Development Councils with a grant of $25,000.

New

40 Monitoring and Emergency Cleanup of the Texfi Site Contamination — $50,000 NR

Provides funding for additional monitoring and cleanup of contamination at the Texfi Site.

Budget Changes	**$1,535,265**	R
	$11,623,792	NR
Total Position Changes	21.00	
Revised Total Budget	**$181,610,146**	

Commerce

GENERAL FUND

	FY 06-07
Total Budget Approved 2005 Session	**$36,728,265**

Budget Changes

Administrative Services

Revised

41 Establish Position to Monitor Non-Profits — $63,000 R

Establish one (1.0) Auditor II position and provide operating funds to monitor all non-state entities receiving funds through the Department of Commerce. — $37,000 NR; 1.00

Board of Science and Technology

Joint

42 One North Carolina Small Business Fund — $1,000,000 NR

Provide funds for the Federal Small Business Innovation Research/Small Business Technology Transfer Research matching program. The program provides incentive funds to small businesses to apply for federal innovation grants.

Finance Center

Joint

43 One North Carolina Fund — $5,000,000 NR

Provide funds for the One North Carolina Fund for FY 06/07.

Industrial Commission

Revised

44 Replace Electronic Document System — $750,000 NR

Provide funds to replace electronic document system. State funds will be used in addition to existing fee receipts ($2,100,000) to fund the new system over a two-year period.

Total Requirements: $3,600,000
Less Anticipated Receipts: ($2,100,000)
TOTAL State Funds Required: $1,500,000

State Funds Required FY 06/07: $750,000
State Funds Required FY 07/08: $750,000

Information Services

45 Web Applications Development & Maintenance — $70,819 R

Establish one (1.0) Application Analyst position to develop and maintain a web site for the department. — $5,000 NR; 1.00

Local Planning and Management

46 Expand 21st Century Communities Program — $274,699 R

Establish three (3.0) Community Development Planner I positions and provide operating funds to expand the program to 5 new communities annually. — 3.00

47 Expand Small Towns Main Street Program — $71,965 R

Establish one (1.0) Community Development Planner position to serve the western part of the state. Program activities in the eastern region are funded by a Z. Smith Reynolds grant. — 1.00

Marketing

Revised

48 Promote N.C. as a Business Destination — $750,000 NR

Provide funds for advertising in business publications, public relations outreach, marketing materials, national and international industry trade shows, and conference participation.

Revised

49 Furniture Market Advertising — $750,000 NR

Provide funds to the High Point International Home Furnishings Market Authority Corporation to promote the International Home Furnishings Market.

Tourism, Film and Sports Promotion

Revised

50 Promote Motor Sports — $50,000 NR

Provide funds to promote motor sports.

Revised

51 Promote U.S. Women's Open — $50,000 NR — Not in Senate Budget

Provide funds to promote the Women's Open to be held in Southern Pines, N.C.

Budget Changes	**$480,483**	R
	$8,392,000	NR
Total Position Changes	6.00	
Revised Total Budget	**$45,600,748**	

Commerce - State Aid

GENERAL FUND

	FY 06-07	
Total Budget Approved 2005 Session	**$11,722,085**	
Budget Changes		
New **52 Land Loss Prevention Project** Increase funding for the Land Loss Prevention Project to aid in the legal representation of financially distressed small farmers and rural landowners.	$46,000	R
New **53 North Carolina Association of Community Development Corporations (NCACDCs)** Increase the General Fund appropriation for NCACDCs.	$200,000	NR
New **54 Minority Support Center** Provide $1 million for the Minority Support Center to support the Generations Credit Union and the Latino Community Credit Union.	$1,000,000	NR
New **55 Community Development Initiative (CDI)** Increase the General Fund appropriation for CDI.	$300,000	NR
New **56 NC Institute of Minority Economic Development** Increase funding for the NC Institute of Minority Economic Development.	$500,000	NR
e-NC Authority		
57 Transfer the e-NC Authority Transfer funds from the Rural Center's fund code to the Department of Commerce's State-Aid fund code. Historically the program was administratively located within the Rural Center's budget.	$500,000	R
Budget Changes	**$546,000** **$2,000,000**	R NR
Total Position Changes		
Revised Total Budget	**$14,268,085**	

N.C. Biotechnology Center

GENERAL FUND

	FY 06-07	
Total Budget Approved 2005 Session	**$10,583,395**	
Budget Changes		
58 Increase Funding for Biotechnology Center	$1,500,000	R
Provide funds for the Biotechnology Center.	$2,000,000	NR
59 Regional Offices	$500,000	R
Provide funds to support the Biotechnology Center's regional offices.		
Budget Changes	**$2,000,000**	R
	$2,000,000	NR
Total Position Changes		
Revised Total Budget	**$14,583,395**	

Rural Economic Development Center

GENERAL FUND

	FY 06-07
Total Budget Approved 2005 Session	**$25,052,607**
Budget Changes	
Rural Center	
60 Transfer the e-NC Authority	($500,000) R
Transfer funds from the Rural Center's fund code to the Department of Commerce's State-Aid fund code. Historically the program was administratively located within the Rural Center's budget. In S.L. 2005-276 the Rural Center was appropriated $20 million recurring, with $500,000 allocated to the e-NC Authority.	
Budget Changes	**($500,000) R**
Total Position Changes	
Revised Total Budget	**$24,552,607**

NER House Appropriations Subcommittee

Draft Special Provisions

June 1st, 2006

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2006

DRAFT
SPECIAL PROVISION

2006-COMM-H8(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, 2007, according to the following schedule:

COMMUNITY DEVELOPMENT BLOCK GRANT

01.	State Administration	$ 1,000,000
02.	Urgent Needs and Contingency	1,000,000
03.	Scattered Site Housing	13,200,000
04.	Economic Development	8,710,000
05.	Community Revitalization	13,500,000
06.	State Technical Assistance	450,000
07.	Housing Development	2,000,000
08.	Infrastructure	5,140,000
TOTAL COMMUNITY DEVELOPMENT BLOCK GRANT – 2007 Program Year		$ 45,000,000

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

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

SECTION 5.2.(d) Limitations on Community Development Block Grant Funds. – Of the funds appropriated in this section for the Community Development Block Grant, the following shall be allocated in each category for each program year: up to one million dollars ($1,000,000) may be used for State Administration; not less than one million dollars ($1,000,000) may be used for Urgent Needs and Contingency; up to thirteen million two hundred thousand dollars ($13,200,000) may be used for Scattered Site Housing; up to eight million seven hundred ten thousand dollars ($8,710,000) may be used for Economic Development, including Urban Redevelopment Grants and Small Business or Entrepreneurial Assistance; not less than thirteen million five hundred thousand dollars ($13,500,000) shall be used for Community Revitalization; up to four hundred fifty thousand dollars ($450,000) may be used for State Technical Assistance; up to two million dollars ($2,000,000) may be used for Housing Development; up to five million one hundred forty thousand dollars ($5,140,000) may be used for Infrastructure. If federal block grant funds are reduced or increased by the Congress of the United States after the effective date of this act, then these reductions or increases shall be allocated in accordance with subsection (b) or (c) of this section, as applicable.

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

SECTION 5.2.(f) 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.

NER BLOCK GRANTS

SECTION 5.2.(a) Appropriations from federal block grant funds are made for fiscal year ending June 30, 2007, according to the following schedule:

COMMUNITY DEVELOPMENT BLOCK GRANT

01.	State Administration	$ 850,000
02.	Urgent Needs and Contingency	600,000
03.	Scattered Site Housing	11,550,000
04.	Economic Development	7,500,000
05.	Small Business/Entrepreneurship	1,000,000
06.	Community Revitalization	11,000,000
07.	State Technical Assistance	375,000
08.	Housing Development	1,500,000
09.	Infrastructure	3,125,000
TOTAL COMMUNITY DEVELOPMENT BLOCK GRANT – 2007 Program Year		$ 37,500,000

SECTION 5.2.(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 eight hundred fifty thousand dollars ($850,000) may be used for State Administration; not less than six hundred thousand dollars ($600,000) may be used for Urgent Needs and Contingency; up to eleven million

five hundred fifty thousand dollars ($11,550,000) may be used for Scattered Site Housing; up to seven million five hundred thousand dollars ($7,500,000) may be used for Economic Development; up to one million dollars ($1,00,000) may be used for Small Business/Entrepreneurship; not less than eleven million dollars ($11,000,000) shall be used for Community Revitalization; up to three hundred seventy five thousand dollars ($375,000) may be used for State Technical Assistance; up to one million five hundred dollars ($1,500,000) may be used for Housing Development; up to three million one hundred twenty five thousand dollars ($3,125,000) may be used for Infrastructure. If federal block grant funds are reduced or increased by the Congress of the United States after the effective date of this act, then these reductions or increases shall be allocated in accordance with subsection (b) or (c) of this section, as applicable.

SECTION 5.2.(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~~ will create a small business/entrepreneurship program in coordination with micro-lending programs and other small business assistance groups in the state. ~~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)~~ one million dollars in ~~demonstration~~ grants to local governments to provide assistance to low-to-moderate income individuals for small business and entrepreneurship development as a means of achieving economic independence during these times of structural change in North Carolina's economy. ~~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.

DRAFT
SPECIAL PROVISION

2006-COMM-H1(S12.1)i

Department of Commerce/Economic Development
Appropriations Subcommittee on Natural and Economic Resources

Requested by: Representative

EMPLOYMENT SECURITY FUNDS

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

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

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

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

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

(3) One hundred thousand dollars ($100,000) to maintain compliance with Chapter 96 of the General Statutes, which directs the Commission to employ the Common Follow-Up Management Information System to evaluate the effectiveness of the State's job training, education, and placement programs."

DRAFT
SPECIAL PROVISION

2006-COMM-H2(S12.2)i

Department of Commerce/Economic Development
Appropriations Subcommittee on Natural and Economic Resources

Requested by: Representative

ONE NORTH CAROLINA FUND

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

"**SECTION 13.6.(a)** Of the funds appropriated in this act to the One North Carolina Fund, the Department of Commerce may use up to three hundred thousand dollars ($300,000) to cover its expenses in administering the One North Carolina Fund and other economic development incentive grant programs in the ~~2005-2006~~2006-2007 fiscal year."

DRAFT
SPECIAL PROVISION

2006-COMM-H3(S12.3)i

Department of Commerce/Economic Development
Appropriations Subcommittee on Natural and Economic Resources

Requested by: Representative

EXTEND E-NC AUTHORITY SUNSET/E-NC AUTHORITY FUNDS AND REPORTING REQUIREMENTS

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

"**SECTION 4.** Sections 1 and 2 of this act become effective December 31, 2003, with the e-NC Authority hereby designated as the successor entity of the Rural Internet Access Authority that will dissolve on that date, as provided by Section 5 of S.L. 2000-149. The remainder of this act is effective when it becomes law. The e-NC Authority created in this act is dissolved effective ~~December 31, 2006.~~ December 31, 2008. This act is repealed effective ~~December 31, 2006.~~December 31, 2008. Part 2F of Article 10 of Chapter 143B of the General Statutes and G.S. 120-123(77), as enacted by this act, are repealed effective ~~December 31, 2006.~~ December 31, 2008."

SECTION 12.3.(b) Section 13.12 of S.L. 2005-276 reads as rewritten:

"**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)~~nineteen million five hundred thousand dollars ($19,500,000) 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.(f) Of the funds appropriated in this act to the Rural Economic Development Center, Inc., and allocated in subsection (a) of this section, 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 12.3.(c) Of the funds appropriated in this act to the Department of Commerce, the sum of five hundred thousand dollars ($500,000) 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 2007 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 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 September 30, 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 2006

DRAFT
SPECIAL PROVISION

2006-COMM-H4(S12.4)i

Department of Commerce/Economic Development
Appropriations Subcommittee on Natural and Economic Resources

Requested by: Representative

COUNCIL OF GOVERNMENT FUNDS/ELECTRONIC TRANSFER

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

"**SECTION 13.2.(c)** Funds appropriated by this section shall be paid by electronic transfer in two equal installments, the first no later than ~~September 1, 2005,~~September 1, 2006, and the second subsequent to acceptable submission of the annual report due to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division by ~~January 15, 2006,~~January 15, 2007, as specified in subdivision (e)(2) of this section."

DRAFT
SPECIAL PROVISION

2006-COMM-H5(S12.5)i

Department of Commerce/Economic Development
Appropriations Subcommittee on Natural and Economic Resources

Requested by: Representative

ADVANCED VEHICLE RESEARCH CENTER REPORTING REQUIREMENTS/FUNDS SHALL NOT REVERT

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

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

SECTION 12.5.(b) Funds appropriated to the Advanced Vehicle Research Center Reserve for the 2005-2006 fiscal year for the Advanced Vehicle Research Center of North Carolina, Inc., that are unexpended and unencumbered as of June 30, 2006, shall not revert to the General Fund on June 30, 2006, but shall remain available in the Reserve.

SECTION 12.5.(c) Subsection (b) of this section becomes effective June 30, 2006.

DRAFT
SPECIAL PROVISION

2006-COMM-H6(S12.6)i

Department of Commerce/Economic Development
Appropriations Subcommittee on Natural and Economic Resources

Requested by: Representative

WANCHESE SEAFOOD INDUSTRIAL PARK/OREGON INLET FUNDS

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

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

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

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

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2006

DRAFT
SPECIAL PROVISION

2006-COMM-H7(S12.7)i

Department of Commerce/Economic Development
Appropriations Subcommittee on Natural and Economic Resources

Requested by: Representative

DEPARTMENT OF COMMERCE/REPORT ON AGRIBUSINESS FUNDS

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

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

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

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

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2006

DRAFT
SPECIAL PROVISION

2006-LAB-H1(S13.1)i

Department of Labor
Appropriations Subcommittee on Natural and Economic Resources

Requested by: Representative

REPEAL FEE FOR MINE SAFETY EDUCATION/TRAINING PROGRAMS

SECTION 13.1. G.S. 74-24.16(d) is repealed.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2006

DRAFT
SPECIAL PROVISION

2006-NATRES-H1(S11.1)i

Environment and Natural Resources
Appropriations Subcommittee on Natural and Economic Resources

Requested by: Representative

CONSERVATION RESERVE ENHANCEMENT PROGRAM

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

DRAFT
SPECIAL PROVISION

2006-NATRES-H2(S11.3)

Environment and Natural Resources
Appropriations Subcommittee on Natural and Economic Resources

Requested by: Representative

GRASSROOTS SCIENCE PROGRAM

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

"**SECTION 12.5.(a)** Of the funds appropriated in this act to the Department of Environment and Natural Resources for the Grassroots Science Program, the sum of three million one hundred ninety-seven thousand seven hundred sixty-two dollars ($3,197,762) for the 2005-2006 fiscal year and the sum of three million one hundred ninety-seven seven hundred sixty dollars ($3,197,760) for the 2006-2007 fiscal year is allocated as grants-in-aid ~~for each fiscal year~~ as follows:

	2005-2006	2006-2007
Aurora Fossil Museum	$59,057	$59,444
Cape Fear Museum	$161,007	$159,444
Carolina Raptor Center	$112,174	$107,658
Catawba Science Center	$133,429	$148,588
Colburn ~~Gem and Mineral Museum, Inc.~~Earth Science Museum, Inc.	$74,545	$74,642
Discovery Place	$662,865	$646,907
Eastern NC Regional Science Center	$50,000	$50,820
~~Port Discover: Northeastern North Carolina's Center for Hands-On Science, Inc.~~	~~$50,000~~	
Fascinate-U	$80,742	$81,792
Granville County Museum Commission, Inc.–Harris Gallery	$56,422	$56,059
Greensboro Children's Museum	$135,076	$119,418
The Health Adventure Museum of Pack Place Education, Arts and Science Center, Inc.	$134,499	$158,058
Highlands Nature Center	$79,268	$75,370
Imagination Station	$86,034	$84,129
The Iredell Museums, Inc.		$61,568
Kidsenses	$50,000	$82,007
Museum of Coastal Carolina	$74,192	$72,655
The Natural Science Center of ~~Greensboro~~Greensboro, Inc.	$186,354	$176,051
North Carolina Museum of Life		

and Science	$379,826	$337,062
Port Discover: Northeastern North Carolina's Center for Hands-On Science, Inc.	$50,000	$50,087
Rocky Mount Children's Museum	$72,254	$68,696
Schiele Museum of Natural History and Planetarium, Inc.	$229,547	$210,764
Sci Works Science Center and Environmental Park of Forsyth County	$146,499	$145,914
Western North Carolina Nature Center	$112,879	$104,809
Wilmington Children's Museum	$71,093	$65,820
Total	$3,197,762	$3,197,760

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

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

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

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

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

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

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

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

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2006

DRAFT
SPECIAL PROVISION

2006-AGRIC-H1

Department of Agriculture and Consumer Services
Senate Appropriations Subcommittee on Natural and Economic Resources

Requested by: Representative

TIMBER SALES RECEIPTS FOR CAPITAL IMPROVEMENTS TO AGRICULTURAL CENTER

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

11e

VISITOR REGISTRATION SHEET

APPROPRIATION SUBCOMMITTEE ON NATURAL AND ECONOMIC RESOURCES — 6/01/06

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Shannon Hobby	Commerce
Thomas Check	OSBM
Donna S. Cox	OSBM
Jerri Overton	Dept of Agriculture
PATRICK BUFFKIN	ALLEY ASSOC.
Erin Kinney	NCCN
[illegible]	[illegible]
Bonnie Alexander	The Initiative
Larry Brown	NCCDI
[illegible]	NCDENR
Linda McNeal	NCDENR

B

VISITOR REGISTRATION SHEET

APPROPRIATION SUBCOMMITTEE ON NATURAL AND ECONOMIC RESOURCES — 6/01/06

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Cary Haney	DENR
Dempsey Benton	DENR
Vickie Miller	Commerce
Jack Newman	Commerce
Pat Stith	NKU
Linda Sum	NCIMED
Doug Byrd	Commerce
Buck Lattimore	NC Industrial Commission
[illegible]	NCMSC
Henry M Lancaster	LCA
J. Herrera.	SCSH.

VISITOR REGISTRATION SHEET

APPROPRIATION SUBCOMMITTEE ON NATURAL AND ECONOMIC RESOURCES — 6/01/06

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Jennifer Haywood	DOL
Art Britt	DOL
Brigette Rasberry	NCACDC
FRAN NOLAN	GSNC
John Bowdish	N.C. Museum of Life & Science
[illegible]	N.C. COG Assn,
[illegible]	NCFB
[illegible]	RAMC - SCS MC
Diane Beasley	Forestry
Ben Matthews	NCSEA
[illegible]	LLPP

VISITOR REGISTRATION SHEET

APPROPRIATION SUBCOMMITTEE ON NATURAL AND ECONOMIC RESOURCES — 6/01/06

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Margaret Farland	Intern (Rep. Harrison)
Brian Wright	Conservation Council

House Pages

Name Of Committee: NER Date: 6/01/06

1. Name: Jessica Anderson
   County: Caldwell
   Sponsor: Starnes
2. Name: Alisha Byrd
   County: Wilkes
   Sponsor: Walker
3. Name: _____
   County: _____
   Sponsor: _____
4. Name: _____
   County: _____
   Sponsor: _____
5. Name: _____
   County: _____
   Sponsor: _____

Sgt-At-Arms

1. Name: Will Heath
2. Name: James Worth
3. Name: _____
4. Name: _____
5. Name: _____

MINUTES
HOUSE APPROPRIATIONS SUBCOMMITTEE ON NATURAL & ECONOMIC RESOURCES

June 6, 2006
9:00 a.m.

The House Appropriations Subcommittee on Natural & Economic Resources met in Room 423 of the Legislative Office Building on June 6, 2006 at 9:00 a.m. Representative Warren called the meeting to order and introduced the Sergeant at Arms James Worth. The following members were present: Representatives Warren and McAllister, Co-Chairs, Representatives Allen and Walker, Vice Chairs, Representatives Culp, Harrison, Langdon, LaRoque, Wilkins and Wray. There were no staff members present. A copy of the Agenda is made a part of these minutes and included as **Attachment 1.** A copy of the Vistor Registration is also included as **Attachment 2**.

The Chair explained that additional bills would be heard, but no votes would be taken. The following bills were presented for hearing before the Subcommittee and made a part of these minutes:

HB 1588	New Bern's 300th Anniversary Funds
HB 2536	MEAC Funds
HB 1920	Pack Square Park Funds
HB 2412	Sandhills Family Heritage Assoc. Funds
HB 2573	Spring Lake Park Funds
HB 1916	Funds for Lake Junaluska Center
HB 2270	Jackson Green Energy Park Funds
HB 2130	Topsail Beach/Beach Renourishment Funds
HB 2426	Southport Parks & Rec. Funds
HB 2565	Carolina Shores Damage Funds
HB 1816	Iredell Cattle Expo Funds
HB 1624	Saddletree Drainage District Funds
HB 2605	Edgecombe Business Incubator Funds
HB 2257	Catawba Valley Salt Block
HB 1935	Sylvan-Heights Waterfowl Park Funds
HB 2327	Cape Fear River Trail Funds
HB 2290	Fayetteville Infrastructure Funds
HB 2646	Halifax Theme Park Funds

Copies of the respective bills are attached to these minutes. No action was taken on the bills.

The Chair announced that the Subcommittee would meet immediately after session that afternoon to hear additional bills.

There being no further business, the chair adjourned the meeting at 9:45 a.m.

Respectfully submitted,

Edith D Warren

Representative Edith D. Warren
Chair

Nancy S. Willis

Nancy S. Willis
Assistant to the Subcommittee

ATTACHMENTS:
Agenda
Visitor Registration

HB 1588	New Bern's 300th Anniversary Funds
HB 2536	MEAC Funds
HB 1920	Pack Square Park Funds
HB 2412	Sandhills Family Heritage Assoc. Funds
HB 2573	Spring Lake Park Funds
HB 1916	Funds for Lake Junaluska Center
HB 2270	Jackson Green Energy Park Funds
HB 2130	Topsail Beach/Beach Renourishment Funds
HB 2426	Southport Parks & Rec. Funds
HB 2565	Carolina Shores Damage Funds
HB 1816	Iredell Cattle Expo Funds
HB 1624	Saddletree Drainage District Funds
HB 2605	Edgecombe Business Incubator Funds
HB 2257	Catawba Valley Salt Block
HB 1935	Sylvan-Heights Waterfowl Park Funds
HB 2327	Cape Fear River Trail Funds
HB 2290	Fayetteville Infrastructure Funds
HB 2646	Halifax Theme Park Funds

Attachment 1

HOUSE APPROPRIATIONS SUBCOMMITTEE ON NATURAL AND ECONOMIC RESOURCES

Co- Chair Representative Edith Warren Presiding

Tuesday, June 6, 2006
9:00 a.m.

Chair's Comments

Bills to be Considered:

HB 1916	Funds for Lake Junaluska Center Sponsors: Reps. Rapp and Haire
HB 1917	International Home Furnishings Market Funds Sponsors: Reps. Jeffus, Jones, Brubaker, Wiley
HB 2155	Rotary Planetarium & Science Center Funds Sponsor: Rep. Gibson
HB 2290	Fayetteville Infrastructure Funds Sponsors: Reps. Dickson, Glazier, Lucas, and McAllister
HB 2391	Kerr-Tar EDC Funds Sponsor: Rep. Crawford
HB 2412	Sandhills Family Heritage Assoc. Funds Sponsors: Lucas, Glazier, McAllister and Dickson
HB 2426	Southport Parks & Rec. Funds Sponsors: Stiller and Goodwin
HB 2525	BHC Training Project Funds Sponsor: Rep. Williams
HB 2605	Edgecombe Business Incubator Funds Sponsor: Rep. Farmer-Butterfield
HB 2536	MEAC Funds Sponsors: Reps. B. Allen, Coleman and Ross
HB 2116	NC Museum of Forestry Funds Sponsor: Rep. Hill

HB 2130	Topsail Beach/Beach Renourishment Funds Sponsor: Rep. Justice
HB 2257	Catawba Valley Salt Block Sponsors: Reps. Hollo, Hilton and Setzer
HB 2270	Jackson Green Energy Park Funds Sponsor: Rep. Haire
HB 2333	Funds for Hoke Industrial Mega-Site Sponsors: Reps. Yongue and Pierce
HB 2390	Stovall Water Funds Sponsor: Rep. Crawford
HB 2408	Aberdeen Lake Funds Sponsor: Rep. Cole
HB 2565	Carolina Shores Damage Funds Sponsor: Rep. Stiller
HB 2573	Spring Lake Park Funds Sponsors: Reps. Lucas, Dickson, Blazier and McAllister
HB 2585	Edneyville Park Funds Sponsor: Rep. Justus
HB 1816	Iredell Cattle Expo Funds Sponsors: Reps. Howard, Ray, Setzer and Holmes
HB 1935	Sylvan-Heights Waterfowl Park Funds Sponsors: Reps. Ed Jones. L.Allen, and Wiley
HB 2028	Whirligig Coplex Funds Sponsors: Reps. Farmer-Butterfield and Tolson
HB 1920	Pack Square Park Funds Sponsors: Reps. Sherrill, Goforth, Fisher
HB 1875	East Carolina Livestock Arena Funds Sponsor: Rep. Tolson
HB 2327	Cape Fear River Trail Funds Sponsors: Reps. Glazier, Dickson, Lucas and McAllister

HB 2444 Bolton Drainage System Funds
Sponsor: Rep. Hill

HB 2602 Matchapungo Park Funds
Sponsor: Rep. Spear

HB 1588 New Bern's 300th Anniversary Funds
Sponsors: Reps. Underhill and Wainwright

HB 2492 Liberty CDC Funds
Sponsors: Reps. Parmon and Womble

HB 2191 Henderson-Vance Cleanup Funds
Sponsors: Reps. Crawford and Wray

HB 2484 NC Minority Support Center
Sponsors: Reps. McAllister, Jones, Glazier and Luebke

HB 2646 Halifax Theme Park Funds
Sponsors: Reps. Ed Jones and L. Allen

HB 1624 Saddletree Drainage District Funds
Sponsor: Rep. Sutton

HB 2752 Black United Fund
Sponsor: Rep. Jones

Closing Remarks

Attachment 2

VISITOR REGISTRATION SHEET

APPROPRIATION SUBCOMMITTEE ON NATURAL AND ECONOMIC RESOURCES — 6/6/16 — AM

Name of Committee — Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Sam Taylor	NCBIO, NCEA
Buck Lastimore	NC Industrial Commission
Brigette Pasbarriy	NCAEDC
J. Herrick	CCSA
[illegible]	NCMSC
Elizabeth Sorg	DENR
David Smith	NAMI Durham
Donna S. Cuf	OSBM
Thomas Check	OSBM
Anita McNeil	DENR
DAVE HEINL	GRCVB

VISITOR REGISTRATION SHEET

APPROPRIATION SUBCOMMITTEE ON NATURAL AND ECONOMIC RESOURCES — 6/6/16 — AM

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Shanna Hobby	Commerce
Wendy Kelly	HMW
Emily Kirby	NC Conservation Network
Gloria Vance-Sisk	Dept Commerce
Jeri Overton	Dept of Agriculture
Greg Jones	NCDA
Bianca Gomez	NCCDI
Rodney Swink	NC DOC - DCA
Bill McNeil	NC Rural Center
Jack Newman	Commerce
Art Britt	NCDOL
Becky Brown	"

VISITOR REGISTRATION SHEET

APPROPRIATION SUBCOMMITTEE ON NATURAL AND ECONOMIC RESOURCES — 6/6/6 AM

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
FRAN NOLAN	Frampton Davis Mann Oddo Tucker

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2005

H 1

HOUSE BILL 1588

Short Title:	New Bern's 300th Anniversary Funds.	(Public)
Sponsors:	Representatives Underhill and Wainwright (Primary Sponsors).	
Referred to:	Appropriations.	

May 5, 2005

A BILL TO BE ENTITLED

AN ACT TO APPROPRIATE FUNDS TO SUPPORT THE TERCENTENARY ANNIVERSARY OF THE CITY OF NEW BERN.

The General Assembly of North Carolina enacts:

SECTION 1. There is appropriated from the General Fund to the Swiss Bear Downtown Development Corporation, a nonprofit organization, the sum of seven hundred fifty thousand dollars ($750,000) for the 2005-2006 fiscal year and the sum of seven hundred fifty thousand dollars ($750,000) for the 2006-2007 fiscal year to aid the City of New Bern in preparing for its Tercentenary Anniversary, provided a like amount is raised by New Bern and Craven County to match this appropriation on a dollar-for-dollar basis.

SECTION 2. This act becomes effective July 1, 2005.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2005

HOUSE BILL 2536

Short Title:	MEAC Funds.	(Public)
Sponsors:	Representatives B. Allen, Coleman, Ross (Primary Sponsors); and Wainwright.	
Referred to:	Appropriations.	

May 25, 2006

A BILL TO BE ENTITLED

AN ACT TO APPROPRIATE FUNDS TO THE CITY OF RALEIGH FOR THE MID-EASTERN ATHLETIC CONFERENCE (MEAC) BASKETBALL TOURNAMENT.

The General Assembly of North Carolina enacts:

SECTION 1. There is appropriated from the General Fund to the City of Raleigh the sum of five hundred thousand dollars ($500,000) for the 2006-2007 fiscal year for the purposes of advertising and marketing the Mid-Eastern Athletic Conference (MEAC) Basketball Tournament.

SECTION 2. This act becomes effective July 1, 2006.

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2005

HOUSE BILL 1920

Short Title:	Pack Square Park Funds.	(Public)
Sponsors:	Representatives Sherrill, Goforth (Primary Sponsors); and Fisher.	
Referred to:	Appropriations.	

May 15, 2006

A BILL TO BE ENTITLED

AN ACT TO APPROPRIATE FUNDS FOR PACK SQUARE PARK IN BUNCOMBE COUNTY.

Whereas, Buncombe County, the City of Asheville, and the Pack Square Conservancy, a nonprofit organization, have partnered to establish a new park in the City of Asheville; and

Whereas, the Pack Square Park has been in the making for over five years, with Buncombe County committing $2,000,000 to the project and the Conservancy committing $16,500,000 to the project; and

Whereas, once the park is constructed, maintenance will be handled by the Asheville Parks and Recreation Department; and

Whereas, the 6.5 acre park will have large open areas with landscaping, benches and walkways, an amphitheater fronting an outdoor performance stage, picnic facilities, and a visitor pavilion with amenities and multipurpose space; and

Whereas, Pack Square Park will not only enhance the beauty of the community but also increase recreational activity and social interaction of local citizens and tourists, provide new cultural opportunities, and improve the quality of life for area citizens; Now, therefore,

The General Assembly of North Carolina enacts:

SECTION 1. There is appropriated from the General Fund to Buncombe County the sum of five hundred thousand dollars ($500,000) for the 2006-2007 fiscal year to support the Pack Square Park, a new park that will be constructed in the City of Asheville and will serve as a tourist destination for area residents and visitors.

SECTION 2. This act becomes effective July 1, 2006.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2005

HOUSE BILL 2412

Short Title:	Sandhills Family Heritage Assoc. Funds.	(Public)
Sponsors:	Representatives Lucas, Glazier, McAllister, and Dickson (Primary Sponsors).	
Referred to:	Appropriations.	

May 24, 2006

A BILL TO BE ENTITLED

AN ACT TO APPROPRIATE FUNDS TO THE SANDHILLS FAMILY HERITAGE ASSOCIATION.

The General Assembly of North Carolina enacts:

SECTION 1. There is appropriated from the General Fund to the Sandhills Family Heritage Association, a nonprofit organization, the sum of twenty-five thousand dollars ($25,000) for the 2006-2007 fiscal year to assist minority landowners living in Harnett, Cumberland, Richmond, and Moore Counties preserve their lands and protect their cultural heritage.

SECTION 2. This act becomes effective July 1, 2006.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2005

HOUSE BILL 2573

Short Title:	Spring Lake Park Funds.	(Public)
Sponsors:	Representatives Lucas, Dickson, Glazier, and McAllister (Primary Sponsors).	
Referred to:	Appropriations.	

May 25, 2006

A BILL TO BE ENTITLED

AN ACT TO APPROPRIATE FUNDS TO RENOVATE THE PUBLIC PARKS IN THE TOWN OF SPRING LAKE.

The General Assembly of North Carolina enacts:

SECTION 1. There is appropriated from the General Fund to the Spring Lake Parks Foundation, Inc., a nonprofit organization, the sum of twenty-five thousand dollars ($25,000) for the 2006-2007 fiscal year to renovate the four public parks in the Town of Spring Lake.

SECTION 2. This act becomes effective July 1, 2006.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2005

HOUSE BILL 1916

Short Title:	Funds for Lake Junaluska Center.	(Public)
Sponsors:	Representatives Rapp and Haire (Primary Sponsors).	
Referred to:	Appropriations.	

May 15, 2006

A BILL TO BE ENTITLED

AN ACT TO PROVIDE FUNDS FOR A VISITOR AND WELCOME CENTER IN HAYWOOD COUNTY AT LAKE JUNALUSKA.

The General Assembly of North Carolina enacts:

SECTION 1. There is appropriated from the General Fund to Haywood County the sum of two hundred fifty thousand dollars ($250,000) for the 2006-2007 fiscal year for the construction of a visitor and welcome center at Lake Junaluska.

SECTION 2. This act becomes effective July 1, 2006.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2005

H 1

HOUSE BILL 2270

Short Title:	Jackson Green Energy Park Funds.	(Public)
Sponsors:	Representative Haire.	
Referred to:	Appropriations.	

May 22, 2006

A BILL TO BE ENTITLED

AN ACT TO APPROPRIATE FUNDS TO JACKSON COUNTY FOR EQUIPMENT TO EXTRACT OIL FROM ENERGY CROPS FOR BIODIESEL PRODUCTION.

The General Assembly of North Carolina enacts:

SECTION 1. There is appropriated from the General Fund to Jackson County the sum of forty-four thousand seven hundred ninety dollars ($44,790) for the 2006-2007 fiscal year to purchase equipment for biodiesel production at the Jackson County Energy Park.

SECTION 2. This act becomes effective July 1, 2006.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2005

H 1

HOUSE BILL 2130

Short Title:	Topsail Beach/Beach Renourishment Funds.	(Public)
Sponsors:	Representatives Justice; B. Allen and Wilkins.	
Referred to:	Appropriations.	

May 18, 2006

A BILL TO BE ENTITLED

AN ACT TO APPROPRIATE FUNDS TO THE DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES TO MATCH LOCAL FUNDS COMMITTED BY TOPSAIL BEACH TO BE USED FOR A CRITICAL BEACH RENOURISHMENT PROJECT AT TOPSAIL BEACH.

Whereas, the Town of Topsail Beach has been working with the Army Corps of Engineers to complete a storm damage prevention project that was scheduled to be implemented during the winter of 2007-2008, but because of federal budget cuts has now been delayed until at least the winter of 2010-2011, and possibly as late as 2015; and

Whereas, many sections of Topsail Beach are now threatened by long term erosion, a problem exacerbated by Hurricane Ophelia, and several properties on both the north and south ends of town will be lost in the next 3-5 years even if there are no significant storm events; and

Whereas, the tax base of Topsail's oceanfront is far too valuable to allow it to be lost. The oceanfront in Topsail Beach has an assessed value of approximately $125,000,000 and could easily top $300,000,000 after the next assessment. The front row alone currently generates close to $900,000 in annual tax revenue for Pender County and $385,000 in annual tax revenue for Topsail Beach; and

Whereas, ordinarily with a federal project, the federal government pays 65%, the State pays 26.5%, and the local government pays 8.5%; but because of federal budget cuts there are no federal funds available; and

Whereas, the Town of Topsail Beach has determined that this project is so vital to its continued economic well-being that the Town has committed to pay 70% of the project rather than the usual 8.5%; and

Whereas, if federal budget cuts had not delayed the project the State would have paid at least 26.5% of the project costs; Now, therefore,

The General Assembly of North Carolina enacts:

SECTION 1. There is appropriated from the General Fund to the Department of Environment and Natural Resources, Water Resources Division, the sum of one million five hundred thousand dollars ($1,500,000) for the 2006-2007 fiscal year to be used to match seven million dollars ($7,000,000) in local funds provided by the Town of Topsail Beach for a beach renourishment project in November 2007. It is the intent of the General Assembly to appropriate an additional one million five hundred thousand dollars ($1,500,000) for the 2007-2008 fiscal year to assist with the cost of completing the beach renourishment project at Topsail Beach.

SECTION 2. This act becomes effective July 1, 2006.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2005

HOUSE BILL 2426

Short Title:	Southport Parks & Rec. Funds.	(Public)
Sponsors:	Representative Stiller.	
Referred to:	Appropriations.	

May 24, 2006

A BILL TO BE ENTITLED

AN ACT TO APPROPRIATE FUNDS TO THE CITY OF SOUTHPORT TO RELOCATE THE PARKS AND RECREATION DEPARTMENT.

The General Assembly of North Carolina enacts:

SECTION 1. There is appropriated from the General Fund to the City of Southport the sum of fifty thousand dollars ($50,000) for the 2006-2007 fiscal year to relocate the facilities of the Parks and Recreation Department.

SECTION 2. This act becomes effective July 1, 2006.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2005

H 1

HOUSE BILL 2565

Short Title:	Carolina Shores Damage Funds.	(Public)
Sponsors:	Representative Stiller.	
Referred to:	Appropriations.	

May 25, 2006

A BILL TO BE ENTITLED

AN ACT TO APPROPRIATE FUNDS TO THE TOWN OF CAROLINA SHORES TO ASSIST WITH DRAINAGE PROBLEMS ALONG HIGHWAY 17.

The General Assembly of North Carolina enacts:

SECTION 1. There is appropriated from the General Fund to the Town of Carolina Shores the sum of fifty thousand dollars ($50,000) for the 2006-2007 fiscal year to provide additional funding to correct drainage problems along Highway 17, by creating canals to handle excess water caused by storms and hurricanes.

SECTION 2. This act becomes effective July 1, 2006.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2005

H 1

HOUSE BILL 1816*

Short Title:	Iredell Cattle Expo Funds.	(Public)
Sponsors:	Representatives Howard, Ray, Setzer, and Holmes (Primary Sponsors).	
Referred to:	Appropriations.	

May 9, 2006

A BILL TO BE ENTITLED

AN ACT TO APPROPRIATE FUNDS FOR THE CONSTRUCTION OF THE CATTLE AND LIVESTOCK EXPOSITION CENTER IN IREDELL COUNTY.

Whereas, during the 1990s, plans were made to construct a Cattle and Livestock Exposition Center in Iredell County; and

Whereas, the State appropriated funds to the Department of Agriculture and Consumer Services for this project, including an appropriation of $600,000 for the 1997-98 fiscal year, of which the Department expended $417,649 for planning and design of this facility; and

Whereas, in 1998, the State appropriated $6,000,000 to the Department of Agriculture and Consumer Services for the construction of this facility, however, that appropriation and an additional $157,730 were transferred to the Hurricane Disaster Relief Fund at the beginning of the 1999-2000 fiscal year due to the devastation of Hurricane Floyd; and

Whereas, the State has not restored the funding for this project but still owns the property in Iredell County where the facility will be located; and

Whereas, Iredell County and the City of Statesville, having expended resources and funding for this project, are still committed to the project; Now, therefore, The General Assembly of North Carolina enacts:

SECTION 1. There is appropriated from the General Fund to the Department of Agriculture and Consumer Services the sum of six million one hundred fifty-seven thousand seven hundred thirty dollars ($6,157,730) for the 2006-2007 fiscal year to construct the Cattle and Livestock Exposition Center in Iredell County.

SECTION 2. This act becomes effective July 1, 2006.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2005

H 1

HOUSE BILL 1624

Short Title:	Saddletree Drainage District Funds.	(Public)
Sponsors:	Representative Sutton.	
Referred to:	Appropriations.	

May 11, 2005

A BILL TO BE ENTITLED

AN ACT TO APPROPRIATE FUNDS TO HELP ESTABLISH THE SADDLETREE TOWNSHIP DRAINAGE DISTRICT.

The General Assembly of North Carolina enacts:

SECTION 1. There is appropriated from the General Fund to Robeson County the sum of fifty thousand dollars ($50,000) for the 2005-2006 fiscal year to establish the Saddletree Township Drainage District and to assist with engineering costs incurred in determining the boundaries of the proposed drainage district.

SECTION 2. This act becomes effective July 1, 2005.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2005

H 1

HOUSE BILL 2605

Short Title:	Edgecombe Business Incubator Funds.	(Public)
Sponsors:	Representative Farmer-Butterfield.	
Referred to:	Appropriations.	

May 25, 2006

A BILL TO BE ENTITLED

AN ACT TO APPROPRIATE FUNDS TO THE EDGECOMBE COUNTY BUSINESS/INDUSTRIAL INCUBATOR FOR CAPITAL AND OPERATING EXPENSES.

The General Assembly of North Carolina enacts:

SECTION 1. There is appropriated from the General Fund to Edgecombe County the sum of one hundred thousand dollars ($100,000) for the 2006-2007 fiscal year to be used by the Edgecombe County Business/Industrial Incubator (ECBII) to construct, furnish, equip, operate, and administer additional business office suites and a conference/training center, which will create new jobs in Edgecombe County.

SECTION 2. This act becomes effective July 1, 2006.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2005

HOUSE BILL 2257

Short Title:	Catawba Valley Salt Block Funds.	(Public)
Sponsors:	Representatives Hollo, Hilton, and Setzer (Primary Sponsors).	
Referred to:	Appropriations.	

May 22, 2006

A BILL TO BE ENTITLED

AN ACT TO APPROPRIATE FUNDS TO THE SALT BLOCK FOUNDATION, INC., FOR THE RENOVATION OF THE AUDITORIUM OF THE ARTS AND SCIENCE CENTER OF CATAWBA VALLEY.

The General Assembly of North Carolina enacts:

SECTION 1. There is appropriated from the General Fund to the Salt Block Foundation, Inc., a nonprofit corporation, the sum of two hundred fifty thousand dollars ($250,000) for the 2006-2007 fiscal year to renovate the Arts and Science Center of Catawba Valley auditorium, provided these funds are matched on the basis of one dollar ($1.00) of non-State funds for every one dollar ($1.00) of State funds.

SECTION 2. This act becomes effective July 1, 2006.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2005

HOUSE BILL 1935*

Short Title:	Sylvan-Heights Waterfowl Park Funds.	(Public)
Sponsors:	Representatives Ed Jones, L. Allen, and Wiley(Primary Sponsors).	
Referred to:	Appropriations.	

May 15, 2006

A BILL TO BE ENTITLED

AN ACT TO APPROPRIATE FUNDS TO COMPLETE PHASE II OF THE CONSTRUCTION OF THE SYLVAN-HEIGHTS WATERFOWL PARK AND ECO-CENTER IN SCOTLAND NECK.

The General Assembly of North Carolina enacts:

SECTION 1. There is appropriated from the General Fund to the Town of Scotland Neck the sum of three hundred thousand dollars ($300,000) for the 2006-2007 fiscal year to complete phase II of the construction of the Sylvan-Heights Waterfowl Park and Eco-Center.

SECTION 2. This act becomes effective July 1, 2006.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2005

H 1

HOUSE BILL 2327*

Short Title:	Cape Fear River Trail Funds.	(Public)
Sponsors:	Representatives Glazier, Dickson, Lucas, and McAllister (Primary Sponsors).	
Referred to:	Appropriations.	

May 23, 2006

A BILL TO BE ENTITLED

AN ACT TO APPROPRIATE FUNDS FOR THE CONSTRUCTION OF PHASE II OF THE CAPE FEAR RIVER TRAIL LOCATED IN THE FAYETTEVILLE AREA.

The General Assembly of North Carolina enacts:

SECTION 1. There is appropriated from the General Fund to the City of Fayetteville the sum of two million dollars ($2,000,000) for the 2006-2007 fiscal year for the construction of phase II of the Cape Fear River Trail, a trail which provides a place of recreation and exercise and a corridor for alternative transportation in the Fayetteville area.

SECTION 2. This act becomes effective July 1, 2006.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2005

H 1

HOUSE BILL 2290*

Short Title:	Fayetteville Infrastructure Funds.	(Public)
Sponsors:	Representatives Dickson, Glazier, Lucas, and McAllister (Primary Sponsors).	
Referred to:	Appropriations.	

May 22, 2006

A BILL TO BE ENTITLED

AN ACT TO APPROPRIATE FUNDS TO THE CITY OF FAYETTEVILLE FOR INFRASTRUCTURE IMPROVEMENTS.

The General Assembly of North Carolina enacts:

SECTION 1. There is appropriated from the General Fund to the City of Fayetteville the sum of eleven million dollars ($11,000,000) for the 2006-2007 fiscal year for infrastructure improvements and cultural facilities related to the Base Realignment and Closure Commission.

SECTION 2. This act becomes effective July 1, 2006.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2005

HOUSE BILL 2646*

Short Title:	Halifax Theme Park Funds.	(Public)
Sponsors:	Representatives Ed Jones, L. Allen (Primary Sponsors); and Wray.	
Referred to:	Appropriations.	

May 25, 2006

A BILL TO BE ENTITLED

AN ACT TO APPROPRIATE FUNDS TO STUDY THE FEASIBILITY OF ESTABLISHING A NATIVE AMERICAN THEME PARK IN HALIFAX COUNTY.

The General Assembly of North Carolina enacts:

SECTION 1. There is appropriated from the General Fund to the Haliwa-Saponi Tribe the sum of seventy-five thousand dollars ($75,000) for the 2006-2007 fiscal year to study the feasibility of establishing a Native American theme park in Halifax County.

SECTION 2. This act becomes effective July 1, 2006.

MINUTES
HOUSE APPROPRIATIONS SUBCOMMITTEE ON NATURAL & ECONOMIC RESOURCES

June 6, 2006
Immediately After Session

The House Appropriations Subcommittee on Natural & Economic Resources met in Room 423 of the Legislative Office Building on June 6, 2006 at 3:30 p.m. Representative Warren called the meeting to order and introduced the Sergeant at Arms, James Worth and Mark Cone and the House Pages, Samantha Cernuto and Anna Jones. The following members were present: Representative Warren, Co-Chair, Representatives Allen and Walker, Vice Chairs, Representatives Culp, Langdon, Wilkins and Wray. There were no staff members present. A copy of the Agenda is made a part of these minutes and included as **Attachment 1.** A copy of the Visitor Registration is also made a part of these minutes and included as **Attachment 2.**

The Chair explained that additional bills would be heard, but no votes would be taken. The following bills were presented for hearing before the Subcommittee and made a part of these minutes:

HB 2116	NC Museum of Forestry Funds
HB 2444	Bolton Drainage System Funds
HB 2752	Black United Fund
HB 1917	International Home Furnishings Market Funds
HB 2525	BHC Training Project Funds
HB 1875	East Carolina Livestock Arena Funds
HB 2121	Agricultural Education Funds
HB 2122	NCSU Agricultural Leadership Funds
HB 2492	Liberty CDC Funds B 2122
HB 2348	Funds for Marketing Assn. Rehab.
HB 2602	Matchapungo Park Funds
HB 2391	Kerr-Tar EDC Funds
HB 2390	Stovall Water Funds
HB 2191	Henderson-Vance Cleanup Funds

Copies of the respective bills are attached to these minutes. No action was taken on the bills.

There being no further business, the chair adjourned the meeting at 9:45 a.m.

Respectfully submitted,

Edith D Warren

Representative Edith D. Warren
Chair

Nancy S. Willis

Nancy S. Willis
Assistant to the Subcommittee

ATTACHMENTS:
Agenda
Visitor Registration

HB 2116	NC Museum of Forestry Funds
HB 2444	Bolton Drainage System Funds
HB 2752	Black United Fund
HB 1917	International Home Furnishings Market Funds
HB 2525	BHC Training Project Funds
HB 1875	East Carolina Livestock Arena Funds
HB 2121	Agricultural Education Funds
HB 2122	NCSU Agricultural Leadership Funds
HB 2492	Liberty CDC Funds B 2122
HB 2348	Funds for Marketing Assn. Rehab.
HB 2602	Matchapungo Park Funds
HB 2391	Kerr-Tar EDC Funds
HB 2390	Stovall Water Funds
HB 2191	Henderson-Vance Cleanup Funds

Attachment 1

HOUSE APPROPRIATIONS SUBCOMMITTEE ON NATURAL AND ECONOMIC RESOURCES

Co- Chair Representative Edith Warren Presiding

Tuesday, June 6, 2006
Afternoon

Chair's Comments

Bills to be Considered:

HB 1917	International Home Furnishings Market Funds Sponsors: Reps. Jeffus, Jones, Brubaker, Wiley
HB 2155	Rotary Planetarium & Science Center Funds Sponsor: Rep. Gibson
HB 2391	Kerr-Tar EDC Funds Sponsor: Rep. Crawford
HB 2525	BHC Training Project Funds Sponsor: Rep. Williams
HB 2116	NC Museum of Forestry Funds Sponsor: Rep. Hill
HB 2333	Funds for Hoke Industrial Mega-Site Sponsors: Reps. Yongue and Pierce
HB 2390	Stovall Water Funds Sponsor: Rep. Crawford
HB 2408	Aberdeen Lake Funds Sponsor: Rep. Cole
HB 2585	Edneyville Park Funds Sponsor: Rep. Justus
HB 2028	Whirligig Coplex Funds Sponsors: Reps. Farmer-Butterfield and Tolson

HB 1875 East Carolina Livestock Arena Funds
Sponsor: Rep. Tolson

HB 2444 Bolton Drainage System Funds
Sponsor: Rep. Hill

HB 2602 Matchapungo Park Funds
Sponsor: Rep. Spear

HB 2492 Liberty CDC Funds
Sponsors: Reps. Parmon and Womble

HB 2191 Henderson-Vance Cleanup Funds
Sponsors: Reps. Crawford and Wray

HB 2484 NC Minority Support Center
Sponsors: Reps. McAllister, Jones, Glazier and Luebke

HB 2752 Black United Fund
Sponsor: Rep. Jones

Closing Remarks

Attachment 2

VISITOR REGISTRATION SHEET

NER — 6/6/6 PM

Name of Committee — Date

VISITORS: PLEASE SIGN BELOW AND RETURN TO COMMITTEE ASSISTANT

NAME	FIRM OR AGENCY
Daniel Shuford	Foothills Industries
Joy Shuford	Foothills Industries
Michael Maybee	Watauga Opportunities
[illegible]	RANC
Art Dail	NCDOL
Jennifer Haigwood	NCDOL
Emily Kirby	NC Conservation Network
Becky Brown	Labor

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2005

H 1

HOUSE BILL 2116*

Short Title:	NC Museum of Forestry Funds.	(Public)
Sponsors:	Representatives Hill; and Langdon.	
Referred to:	Appropriations.	

May 18, 2006

A BILL TO BE ENTITLED

AN ACT TO APPROPRIATE FUNDS FOR THE NORTH CAROLINA MUSEUM OF FORESTRY FOR PLANNING AND DEVELOPMENT.

The General Assembly of North Carolina enacts:

SECTION 1. There is appropriated from the General Fund to the Department of Environment and Natural Resources the sum of one million dollars ($1,000,000) for the 2006-2007 fiscal year for the North Carolina Museum of Forestry established under G.S. 143B-344.23 for planning and development.

SECTION 2. This act becomes effective July 1, 2006.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2005

HOUSE BILL 2444

Short Title:	Bolton Drainage System Funds.	(Public)
Sponsors:	Representative Hill.	
Referred to:	Appropriations.	

May 24, 2006

A BILL TO BE ENTITLED

AN ACT TO APPROPRIATE FUNDS TO THE TOWN OF BOLTON TO IMPROVE THE DRAINAGE SYSTEM.

The General Assembly of North Carolina enacts:

SECTION 1. There is appropriated from the General Fund to the Town of Bolton the sum of twenty thousand dollars ($20,000) for the 2006-2007 fiscal year to improve the Town's drainage system.

SECTION 2. This act becomes effective July 1, 2006.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2005

H 1

HOUSE BILL 2752

Short Title:	Black United Fund.	(Public)
Sponsors:	Representatives Jones; and Faison.	
Referred to:	Appropriations.	

May 30, 2006

A BILL TO BE ENTITLED

AN ACT TO APPROPRIATE FUNDS TO THE BLACK UNITED FUND OF NORTH CAROLINA TO ALLOW THE ORGANIZATION TO SUPPORT ECONOMIC DEVELOPMENT WITHIN THE AFRICAN-AMERICAN COMMUNITY AND TO PROVIDE GRANTS TO COMMUNITY-BASED ORGANIZATIONS THAT SERVE THE AFRICAN-AMERICAN COMMUNITY.

The General Assembly of North Carolina enacts:

SECTION 1. There is appropriated from the General Fund to the Black United Fund of North Carolina, a nonprofit organization, the sum of ten thousand dollars ($10,000) for the 2006-2007 fiscal year for the purpose of helping the organization continue its mission of encouraging economic development within the African-American community and providing grants to community-based organizations that serve the African-American community.

SECTION 2. This act becomes effective July 1, 2006.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2005

H 1

HOUSE BILL 1917*

Short Title:	International Home Furnishings Market Funds.	(Public)
Sponsors:	Representatives Jeffus, Jones, Brubaker, Wiley (Primary Sponsors); Adams, Blust, Cleveland, Culp, Harrison, and Langdon.	
Referred to:	Appropriations.	

May 15, 2006

A BILL TO BE ENTITLED

AN ACT APPROPRIATING FUNDS FOR TRANSPORTATION AND MARKETING COSTS ASSOCIATED WITH THE HIGH POINT INTERNATIONAL HOME FURNISHINGS MARKET.

The General Assembly of North Carolina enacts:

SECTION 1.(a) There is appropriated from the General Fund to the High Point International Home Furnishings Market Authority Corporation, a nonprofit organization, the sum of one million five hundred thousand dollars ($1,500,000) for the 2006-2007 fiscal year for parking and transportation system costs associated with the High Point International Home Furnishings Market.

SECTION 1.(b) There is appropriated from the General Fund to the High Point International Home Furnishings Market Authority Corporation, a nonprofit organization, the sum of one million seven hundred fifty thousand dollars ($1,750,000) for the 2006-2007 fiscal year for marketing activities associated with the High Point International Home Furnishings Market.

SECTION 2. This act becomes effective July 1, 2006.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2005

HOUSE BILL 2525

Short Title:	BHC Training Project Funds.	(Public)
Sponsors:	Representative Williams.	
Referred to:	Appropriations.	

May 25, 2006

A BILL TO BE ENTITLED

AN ACT APPROPRIATING FUNDS FOR THE BEAUFORT-HYDE CONSTRUCTION TRAINING PROJECT.

The General Assembly of North Carolina enacts:

SECTION 1. There is appropriated from the General Fund to Community Developers of Beaufort-Hyde, Inc., a nonprofit organization, the sum of two hundred fifty thousand dollars ($250,000) for the 2006-2007 fiscal year to be used for start-up operations of the Beaufort-Hyde Construction Training Project, a model rural economic development project that addresses job creation, affordable housing, and job and life skills training. These funds shall be used to start the construction plant operations to build affordable panelized housing that will serve as the core of the Project and is expected to create at least 112 new jobs.

SECTION 2. This act becomes effective July 1, 2006.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2005

HOUSE BILL 1875

Short Title:	East Carolina Livestock Arena Funds.	(Public)
Sponsors:	Representative Tolson.	
Referred to:	Appropriations.	

May 11, 2006

A BILL TO BE ENTITLED

AN ACT TO APPROPRIATE FUNDS TO EAST CAROLINA LIVESTOCK ARENA FOR CAPITAL IMPROVEMENT.

The General Assembly of North Carolina enacts:

SECTION 1. There is appropriated from the General Fund to East Carolina Livestock Arena, Inc., a nonprofit corporation, the sum of seventy-five thousand dollars ($75,000) for the 2006-2007 fiscal year to finish paving the parking lot at the new East Carolina Agriculture and Education Center.

SECTION 2. This act becomes effective July 1, 2006.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2005

HOUSE BILL 2121*

Short Title:	Agricultural Education Funds.	(Public)
Sponsors:	Representatives Hill; Faison, Langdon, and Warren.	
Referred to:	Appropriations.	

May 18, 2006

A BILL TO BE ENTITLED

AN ACT TO APPROPRIATE FUNDS TO THE DEPARTMENT OF PUBLIC INSTRUCTION TO ENHANCE AGRICULTURAL EDUCATION IN THE CLASSROOM.

The General Assembly of North Carolina enacts:

SECTION 1.(a) There is appropriated from the General Fund to the Department of Public Instruction the sum of one hundred twenty-five thousand dollars ($125,000) for the 2006-2007 fiscal year. These funds shall be used to continue the development of an understanding and teaching of agriculture in grades K-12 by providing training programs and materials for teachers and curricula and educational programs for students for agricultural education purposes.

SECTION 1.(b) It is the intent of the General Assembly that funds for the Agriculture in the Classroom Program be included in the continuation budget.

SECTION 2. This act becomes effective July 1, 2006.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2005

HOUSE BILL 2122*

Short Title:	NCSU Agricultural Leadership Funds.	(Public)
Sponsors:	Representatives Hill; Faison, Glazier, and Langdon.	
Referred to:	Appropriations.	

May 18, 2006

A BILL TO BE ENTITLED

AN ACT TO APPROPRIATE FUNDS FOR THE AGRICULTURAL LEADERSHIP DEVELOPMENT PROGRAM IN NORTH CAROLINA STATE UNIVERSITY'S COLLEGE OF AGRICULTURE AND LIFE SCIENCES.

The General Assembly of North Carolina enacts:

SECTION 1. There is appropriated from the General Fund to the Board of Governors of The University of North Carolina the sum of two hundred thousand dollars ($200,000) for the 2006-2007 fiscal year for the College of Agriculture and Life Sciences at North Carolina State University. These funds shall be used to develop the leadership skills of outstanding young agriculturists from a diversity of agricultural enterprises and regions of the State. The North Carolina State University College of Agriculture and Life Sciences Agricultural Leadership Program is a two-year program led by the faculty of the College.

SECTION 2. It is the intent of the General Assembly that funds for the College of Agriculture and Life Sciences Agricultural Leadership Program be included in the continuation budget.

SECTION 3. This act becomes effective July 1, 2006.

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2005

HOUSE BILL 2492

Short Title:	Liberty CDC Funds.	(Public)
Sponsors:	Representatives Parmon and Womble (Primary Sponsors).	
Referred to:	Appropriations.	

May 24, 2006

A BILL TO BE ENTITLED

AN ACT TO APPROPRIATE FUNDS TO LIBERTY COMMUNITY DEVELOPMENT CORPORATION FOR SMALL BUSINESS START-UP AND SMALL BUSINESS EXPANSION.

The General Assembly of North Carolina enacts:

SECTION 1. There is appropriated from the General Fund to Liberty Community Development Corporation, a nonprofit organization, the sum of one hundred thousand dollars ($100,000) for the 2006-2007 fiscal year to be used for small business start-up and small business expansion.

SECTION 2. This act becomes effective July 1, 2006.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2005

HOUSE BILL 2348*

Short Title:	Funds for Marketing Assn. Rehab.	(Public)
Sponsors:	Representatives Harrell, Haire (Primary Sponsors); and West.	
Referred to:	Appropriations.	

May 23, 2006

A BILL TO BE ENTITLED

AN ACT TO APPROPRIATE FUNDS TO THE MARKETING ASSOCIATION FOR REHABILITATION CENTERS, INC., (MARC), A NONPROFIT CORPORATION, TO PURCHASE CAPITAL EQUIPMENT AND FOR OTHER PURPOSES.

The General Assembly of North Carolina enacts:

SECTION 1. There is appropriated from the General Fund to Marketing Association for Rehabilitation Centers, Inc., (MARC), a nonprofit organization serving a 21-county region of western North Carolina, the sum of one million five hundred thousand dollars ($1,500,000) for the 2006-2007 fiscal year. These funds shall be used to purchase capital equipment, make facility upgrades, and offset administrative start-up costs for its Custom Medical Products Initiative.

SECTION 2. This act becomes effective July 1, 2006.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2005

HOUSE BILL 2602

Short Title:	Matchapungo Park Funds.	(Public)
Sponsors:	Representative Spear.	
Referred to:	Appropriations.	

May 25, 2006

A BILL TO BE ENTITLED

AN ACT TO APPROPRIATE FUNDS FOR THE CONSTRUCTION OF THE MATCHAPUNGO PARK.

The General Assembly of North Carolina enacts:

SECTION 1. There is appropriated from the General Fund to Partnership for the Sounds, Inc., a nonprofit organization, the sum of five hundred thousand dollars ($500,000) for the 2006-2007 fiscal year for the construction of the Matchapungo Park in Hyde County.

SECTION 2. This act becomes effective July 1, 2006.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2005

HOUSE BILL 2391

Short Title:	Kerr-Tar EDC Funds.	(Public)
Sponsors:	Representatives Crawford; and Wray.	
Referred to:	Appropriations.	

May 24, 2006

A BILL TO BE ENTITLED

AN ACT TO APPROPRIATE FUNDS TO THE KERR-TAR REGIONAL ECONOMIC DEVELOPMENT CORPORATION FOR A FOUR-COUNTY PILOT PROJECT.

The General Assembly of North Carolina enacts:

SECTION 1. There is appropriated from the General Fund to Kerr-Tar Regional Economic Development Corporation, a nonprofit organization, the sum of four million dollars ($4,000,000) for the 2006-2007 fiscal year for a four-county project designed by the University of North Carolina at Chapel Hill to support economic development in Franklin, Granville, Vance, and Warren counties. These funds shall be used equally by the primary project sites.

SECTION 2. This act becomes effective July 1, 2006.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2005

HOUSE BILL 2390

Short Title:	Stovall Water Funds.	(Public)
Sponsors:	Representative Crawford.	
Referred to:	Appropriations.	

May 24, 2006

A BILL TO BE ENTITLED

AN ACT TO APPROPRIATE FUNDS TO THE TOWN OF STOVALL FOR THE INSTALLATION OF WATERLINES.

The General Assembly of North Carolina enacts:

SECTION 1. There is appropriated from the General Fund to the Town of Stovall the sum of one hundred fifty thousand dollars ($150,000) for the 2006-2007 fiscal year for the installation of waterlines.

SECTION 2. This act becomes effective July 1, 2006.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2005

HOUSE BILL 2191

Short Title:	Henderson-Vance Cleanup Funds.	(Public)
Sponsors:	Representatives Crawford and Wray (Primary Sponsors).	
Referred to:	Appropriations.	

May 18, 2006

A BILL TO BE ENTITLED

AN ACT TO APPROPRIATE FUNDS FOR THE HENDERSON-VANCE CLEANUP COMMITTEE.

The General Assembly of North Carolina enacts:

SECTION 1. There is appropriated from the General Fund to Vance County the sum of one hundred thousand dollars ($100,000) for the 2006-2007 fiscal year to be allocated to the Henderson-Vance Cleanup Committee to be used to clean up substandard neighborhoods.

SECTION 2. This act becomes effective July 1, 2006.

HOUSE APPROPRIATIONS SUBCOMMITTEE ON NATURAL AND ECONOMIC RESOURCES

Thursday June 8, 2006
Room 423 LOB, 15 minutes after Session

Co-Chair Representative Mary McAllister, Presiding

The House Appropriations Subcommittee on NATURAL AND ECONOMIC RESOURCES (NER) met on Thursday June 8, 2006 15 minutes after session in Room 423 of the Legislative Office Building.

Committee Co-Chair Representative McAllister called the meeting to order at 12:43 pm. The budget was not ready to be heard. The Committee continued to hear bills as outlined in the meeting agenda.

Present: Co-Chair Representative Edith Warren; Representatives Lucy Allen and Tracy Walker (Vice Chairs); Committee Members: Representatives James Langdon, Winkie Wilkins, Michael Wray, Arlie Culp and Pricey Harrison.

Staff Members present: Susan Morgan, Joy Hicks and Kristin Walker.

The meeting was adjourned at 1:03 pm to reconvene at 3:25 p.m. Co-Chair McAllister reconvened the meeting at 3:25 pm. The Committee resumed hearing bills on the meeting agenda. House Bills 2396 and 1577 were added to the meeting agenda.

Fiscal Research Staff were acknowledged to review the Proposed House Money Report and the Proposed House Special Provisions Report.

Co-Chair Representative Warren was recognized for the motion. The Committee voted a FAVORABLE report for the Proposed House Money Report and the Proposed Special Provisions Report.

There being no further business, Co-Chair Representative McAllister adjourned the meeting at 4:00 pm.

Respectfully submitted by:

Representative Mary McAllister
Committee Co-Chair

Johnna C. Smith
Committee Assistant

ATTENDANCE 2005-2006

House Appropriations Subcommittee on Natural and Economic Resources (NER)

DATES	06/08/06														
Rep. Howard Hunter, CHAIR															
Rep. Mary McAllister, CHAIR	X														
Rep. Edith Warren, CHAIR	X														
Rep. Lucy Allen, Vice Chair	X														
Rep. Tracy Walker, Vice Chair	X														
Rep. Arlie Culp	X														
Rep. Pricey Harrison	X														
Rep. James Langdon	X														
Rep. Stephen LaRoque	X														
Rep. Mitchell Setzer															
Rep. Winkie Wilkins															
Rep. Michael Wray	X														
Rep. Pete Cunningham,Ex-Officio															
Rep. Rick Eddins, Ex-Officio															
Rep. Joe Hackney, Ex-Officio															
Susan Morgan, Fiscal Research	X														
Joy Hicks, Fiscal Research	X														
Kristen Walker, Fiscal Research	X														
Barbara Phillips, Committee Asst.															
Johnna Smith, Committee Asst.	X														
Nancy Willis, Committee Asst.	X														

Johnna Smith (Rep. McAllister)

From: Nancy Willis (Rep. Warren)

Sent: Thursday, June 08, 2006 9:14 AM

To: Rep. Pryor Gibson; Rep. Douglas Yongue; Rep. Garland Pierce; Rep. Nelson Cole; Rep. Carolyn Justus; Rep. Jean Farmer-Butterfield

Cc: Shirlyn MacPherson (Rep. Gibson); Katie Stanley (Rep. Yongue); Mildred Alston (Rep. Pierce); Suzanne Smith (Rep. Cole); Glenda Jones (Rep. Justus); Ruth Merkle (Rep. Farmer-Butterfield); Shirley Phillips (Rep. Tolson)

Subject: Notice of Meeting of Appropriations Subcommittee on Natural and Economic Resources - June 8, 2006

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: **Thursday, June 8, 2006**

TIME: **15 minutes after Session**

LOCATION: **423 LOB**

To review the NER Budget and to consider the following bills
(Bill # & Short Title & Bill Sponsor):

HB 2155 Rotary Planetarium & Science Center Funds
Sponsor: Rep. Gibson

HB 2333 Funds for Hoke Industrial Mega-Site
Sponsors: Reps. Yongue and Pierce

HB 2408 Aberdeen Lake Funds
Sponsor: Rep. Cole

HB 2585 Edneyville Park Funds
Sponsor: Rep. Justus

HB 2028 Whirligig Coplex Funds
Sponsors: Reps. Farmer-Butterfield and Tolson

HB 2548 FFA Center Funds
Sponsors: Reps. McLawhorn, and Warren

HB 2748 Friends of Agriculture and FFA Funds
Sponsors: Reps. Warren, McLawhorn

HB 2749 Ag. Curriculum Development Coordinator Funds
Sponsors: Reps. Warren, McLawhorn

Respectfully,

Representatives Hunter, McAllister and Warren
Co-chairs

I hereby certify this notice was filed by the committee clerk at the following offices at **9:30 a.m.** on **Thursday, June 8, 2006**.

___Principal Clerk
___Reading Clerk - House Chamber

Nancy Willis (Committee Assistant)

HOUSE APPROPRIATIONS SUBCOMMITTEE ON NATURAL AND ECONOMIC RESOURCES

Co- Chair Representative Mary McAllister Presiding

Thursday, June 8, 2006
15 Minutes after Session

Chair's Comments

Bills to be Considered:

HB 2155	Rotary Planetarium & Science Center Funds Sponsor: Rep. Gibson
HB 2333	Funds for Hoke Industrial Mega-Site Sponsors: Reps. Yongue and Pierce
HB 2408	Aberdeen Lake Funds Sponsor: Rep. Cole
HB 2585	Edneyville Park Funds Sponsor: Rep. Justus
HB 2028	Whirligig Coplex Funds Sponsors: Reps. Farmer-Butterfield and Tolson
HB 2548	FFA Center Funds Sponsors: Reps. McLawhorn, and Warren
HB 2748	Friends of Agriculture and FFA Funds Sponsors: Reps. Warren, McLawhorn
HB 2749	Ag. Curriculum Development Coordinator Funds Sponsors: Reps. Warren, McLawhorn

Closing Remarks

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2005

H 1

HOUSE BILL 2155

Short Title:	Rotary Planetarium & Science Center Funds.	(Public)
Sponsors:	Representative Gibson.	
Referred to:	Appropriations.	

May 18, 2006

A BILL TO BE ENTITLED

AN ACT TO APPROPRIATE FUNDS FOR CAPITAL IMPROVEMENTS AT THE ROTARY PLANETARIUM AND SCIENCE CENTER.

The General Assembly of North Carolina enacts:

SECTION 1. There is appropriated from the General Fund to the Wadesboro Rotary Club Charitable Foundation, Inc., a nonprofit corporation, the sum of one hundred twenty-two thousand five hundred dollars ($122,500) for the 2006-2007 fiscal year for capital improvements at the Rotary Planetarium and Science Center in the Town of Wadesboro.

SECTION 2. This act becomes effective July 1, 2006.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2005

HOUSE BILL 2333

Short Title:	Funds for Hoke Industrial Mega-Site.	(Public)
Sponsors:	Representatives Yongue and Pierce (Primary Sponsors).	
Referred to:	Appropriations.	

May 23, 2006

A BILL TO BE ENTITLED

AN ACT TO APPROPRIATE FUNDS FOR AN INDUSTRIAL MEGA-SITE IN HOKE COUNTY.

The General Assembly of North Carolina enacts:

SECTION 1. There is appropriated from the General Fund to Hoke County the sum of nine million five hundred thousand dollars ($9,500,000) for the 2006-2007 fiscal year for the acquisition and development of land in Hoke County for an industrial mega-site.

SECTION 2. This act becomes effective July 1, 2006.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2005

HOUSE BILL 2408

Short Title:	Aberdeen Lake Funds.	(Public)
Sponsors:	Representative Cole.	
Referred to:	Appropriations.	

May 24, 2006

A BILL TO BE ENTITLED

AN ACT APPROPRIATING FUNDS TO THE TOWN OF ABERDEEN FOR THE ABERDEEN LAKE EXPANSION PROJECT.

The General Assembly of North Carolina enacts:

SECTION 1. There is appropriated from the General Fund to the Town of Aberdeen the sum of two hundred thousand dollars ($200,000) for the 2006-2007 fiscal year for the Aberdeen Lake expansion project.

SECTION 2. This act becomes effective July 1, 2006.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2005

H 1

HOUSE BILL 2585*

Short Title:	Edneyville Park Funds.	(Public)
Sponsors:	Representative Justus.	
Referred to:	Appropriations.	

May 25, 2006

A BILL TO BE ENTITLED

AN ACT TO APPROPRIATE FUNDS TO HENDERSON COUNTY FOR THE DEVELOPMENT OF EDNEYVILLE PARK.

The General Assembly of North Carolina enacts:

SECTION 1. There is appropriated from the General Fund to Henderson County the sum of five hundred thousand dollars ($500,000) for the 2006-2007 fiscal year for the development of the Edneyville Park.

SECTION 2. This act becomes effective July 1, 2006.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2005

HOUSE BILL 2028*

Short Title:	Whirligig Complex Funds.	(Public)
Sponsors:	Representatives Farmer-Butterfield and Tolson (Primary Sponsors).	
Referred to:	Appropriations.	

May 17, 2006

A BILL TO BE ENTITLED

AN ACT TO APPROPRIATE FUNDS TO WILSON COUNTY TO PLAN THE WHIRLIGIG ARTISANS MARKETING CENTER.

The General Assembly of North Carolina enacts:

SECTION 1. There is appropriated from the General Fund to Wilson County the sum of sixty-five thousand dollars ($65,000) for the 2006-2007 fiscal year for use in planning the Whirligig Complex, which will house a statewide artisans marketing center, Eastern North Carolina Tourism Welcome Center, and meeting and exhibition space.

SECTION 2. This act becomes effective July 1, 2006.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2005

H 1

HOUSE BILL 2548*

Short Title:	FFA Center Funds.	(Public)
Sponsors:	Representatives McLawhorn, Warren (Primary Sponsors); Cleveland, Faison, and Langdon.	
Referred to:	Appropriations.	

May 25, 2006

A BILL TO BE ENTITLED

AN ACT TO APPROPRIATE FUNDS FOR THE CONSTRUCTION OF A NEW DINING AND RECREATION HALL AT THE NORTH CAROLINA FFA CENTER AT WHITE LAKE.

The General Assembly of North Carolina enacts:

SECTION 1. There is appropriated from the General Fund to the North Carolina Association of Future Farmers of America, Inc., a nonprofit corporation, the sum of three hundred thousand dollars ($300,000) for the 2006-2007 fiscal year for the construction of a new dining and recreation hall and to further develop and maintain the buildings and campus at the North Carolina FFA Center at White Lake, North Carolina. These funds must be matched on the basis of one dollar ($1.00) of non-State funds for every one dollar ($1.00) of State funds.

SECTION 2. There is appropriated from the General Fund to the North Carolina Association of Future Farmers of America, Inc., a nonprofit corporation, the sum of eight hundred thousand dollars ($800,000) for the 2006-2007 fiscal year for expansion of the Future Farmers of America (FFA) and agriculture education in North Carolina.

SECTION 3. This act becomes effective July 1, 2006.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2005

HOUSE BILL 2748*

Short Title:	Friends of Agriculture and FFA Funds.	(Public)
Sponsors:	Representatives Warren, McLawhorn (Primary Sponsors); Cleveland, Faison, Langdon, and Preston.	
Referred to:	Appropriations.	

May 30, 2006

A BILL TO BE ENTITLED

AN ACT TO APPROPRIATE FUNDS FOR FRIENDS OF AGRICULTURE TO CREATE NEW PATHWAYS OF COMMUNITY INVOLVEMENT WITH AGRIBUSINESS AND THE FUTURE FARMERS OF AMERICA IN NORTH CAROLINA.

The General Assembly of North Carolina enacts:

SECTION 1. There is appropriated from the General Fund to the Friends of Agriculture, Youth and Education, (FAYE), a nonprofit corporation, the sum of fifty thousand dollars ($50,000) for the 2006-2007 fiscal year to be used to create new pathways of community and youth involvement with agribusiness, Future Farmers of America (FFA), and agriculture education in North Carolina.

SECTION 2. This act becomes effective July 1, 2006.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2005

H 1

HOUSE BILL 2749*

Short Title:	Ag. Curriculum Development Coordinator Funds.	(Public)
Sponsors:	Representatives Warren, McLawhorn (Primary Sponsors); Cleveland, Faison, and Langdon.	
Referred to:	Appropriations.	

May 30, 2006

A BILL TO BE ENTITLED

AN ACT TO APPROPRIATE FUNDS FOR AN AGRICULTURAL CURRICULUM DEVELOPMENT COORDINATOR AT NORTH CAROLINA STATE UNIVERSITY.

The General Assembly of North Carolina enacts:

SECTION 1. There is appropriated from the General Fund to the Board of Governors of The University of North Carolina the sum of one hundred fifty thousand dollars ($150,000) for the 2006-2007 fiscal year to be allocated to North Carolina State University to fund an agricultural curriculum development coordinator position to develop agricultural education programs in the public schools in North Carolina.

SECTION 2. This act becomes effective July 1, 2006.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2005

H 1

HOUSE BILL 2396*

Short Title:	Pesticide Disposal Program Funds.	(Public)
Sponsors:	Representative Warren.	
Referred to:	Appropriations.	

May 24, 2006

A BILL TO BE ENTITLED

AN ACT TO APPROPRIATE FUNDS FOR THE PESTICIDE DISPOSAL PROGRAM.

The General Assembly of North Carolina enacts:

SECTION 1. There is appropriated from the General Fund to the Department of Agriculture and Consumer Services the sum of three hundred thousand dollars ($300,000) for the 2006-2007 fiscal year to be used to continue to fund the Department's Pesticide Disposal Program, which program disposes of unwanted and obsolete pesticides and containers.

SECTION 2. It is the intent of the General Assembly that funds for the Pesticide Disposal Program within the Department of Agriculture and Consumer Services be included in the continuation budget.

SECTION 3. This act becomes effective July 1, 2006.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2005

HOUSE BILL 1577

Short Title:	Central Park of North Carolina Funds.	(Public)
Sponsors:	Representatives Goodwin, Culp, and Gibson (Primary Sponsors).	
Referred to:	Appropriations.	

May 2, 2005

A BILL TO BE ENTITLED

AN ACT TO APPROPRIATE FUNDS TO ESTABLISH THE CENTRAL PARK OF NORTH CAROLINA.

Whereas, the Central Park Strategy was created by a consensus of the region's leadership to restructure the economies of seven rural counties in central North Carolina through new entrepreneurial growth based on the natural and cultural resources of the region; and

Whereas, the seven central North Carolina counties of Richmond, Stanly, Anson, Rowan, Davidson, Montgomery, and Randolph that are included in the Central Park of North Carolina have collectively lost more than 18,000 jobs over the last five years and many more during the previous decade as manufacturing jobs, particularly textile jobs, were exported overseas; and

Whereas, there is a great need for new entrepreneurial business growth that is based on the natural and cultural resources of the Central Park region and that will not be exported from our State; and

Whereas, researchers at the University of North Carolina at Charlotte predicted that the development of the Central Park Strategy will conservatively generate an additional 25,700 jobs and $2.1 billion of annual economic impact by 2025; Now, therefore,

The General Assembly of North Carolina enacts:

SECTION 1. There is appropriated from the General Fund to The Yadkin/Pee Dee Lakes Project, Inc., a nonprofit corporation, the sum of seven hundred seventy-five thousand dollars ($775,000) for the 2005-2006 fiscal year and the sum of seven hundred seventy-five thousand dollars ($775,000) for the 2006-2007 fiscal year. These funds shall be allocated for the biennium as follows:

(1) $650,000 for recycling of an abandoned textile mill in the Montgomery County Town of Star for use as a creative enterprises incubator known as STARworks.

NER House Appropriations Subcommittee

Proposed House Money Report

June 8th, 2006

Agriculture and Consumer Services

GENERAL FUND

Total Budget Approved 2005 Session

FY 06-07
$51,032,884

Budget Changes

Administration

1 Human Resources — $97,382 R — 1.00

Provide funding for one (1.0) Personnel Technician position in Human Resources.

Salary and Benefits	$40,590
Other Expenses	$56,792

2 Public Affairs - Agricultural Review — $40,000 NR

Provide increased funding for the Agricultural Review to address rising operational costs.

Emergency Programs

3 Emergency Preparedness - Operating Expenses — $337,000 R — 4.00

Provide General Fund appropriation to establish two (2.0) new positions and to fund shift two (2.0) existing positions from receipt-support:

Veterinarian	1.0
Animal Health Technician II	1.0
Application Analyst II	2.0

Salaries and Benefits	$283,252
Equipment and Supplies	$ 15,248
Other Expenses	$ 38,500

4 Emergency Preparedness - Operating Expenses — $300,000 R

Provide additional funding for operating expenses associated with the Multi-Hazard Threat Database.

Food and Drug

5 Emergency Preparedness - Food Safety — $538,257 R

Provide funding for eleven (11.0) positions to address staffing shortages in food protection, compliance and regulations: 11.00

Chemist II	2.0
Ag Microbiologist II	2.0
Food Compliance Officer I	1.0
Food Regulatory Specialist I	6.0

Salaries and Benefits	$442,890
Purchased Services	$ 60,742
Other Expenses	$ 34,625

6 Emergency Preparedness - Replace Distillation System — $100,000 NR

Provide funding for the replacement of the water distillation system at Constable Laboratory.

7 Emergency Preparedness - Purchase/Replace Lab Equipment — $500,000 NR

Provide funding for the purchase and replacement of lab equipment.

8 Pesticide Staffing Support — $194,429 R; $6,149 NR

Provide three (3.0) additional positions to the Pesticide Section: 3.00

Environmental Toxicologist	1.0
Bilingual Pesticide Specialist	1.0
Pesticide Environmental Investigative Specialist	1.0

Salaries and Benefits	$147,713
Purchased Services	$ 29,996
Supplies	$ 16,140
Other Expenses	$ 6,749
Other Expenses	$ 600

NEW **9 Restore Funding for the Pesticide Disposal Program** — $222,407 R

Restore General Fund reduction to the Pesticide Disposal Program made in FY 05/06.

Markets

10 Domestic Marketing — $200,000 NR

Provide additional funding for the "Got to be NC" agriculture marketing initiative.

Meat and Poultry

11 Emergency Preparedness - Food Safety and Security Mandates — $163,000 R

Provide funding for 50 percent of six (6.0) meat inspector positions to match US Department of Agriculture funding. — 6.00

Salaries and Benefits	$134,400
Other Expenditures	$ 28,600

Plant Industry

12 Export Certification Program — $72,655 R

Provide funding for one (1.0) Export Certification position to respond to the increased demand for issuance of phytosanitary certificates in North Carolina. — 1.00

Salary and Benefits	$57,330
Other Expenses	$15,325

13 Reduce Unrealized Fertilizer Receipts

Replace a portion of unrealized fertilizer receipts. — $100,000 NR

Research Stations

14 Replace Unrealized Research Station Receipts

Replace unrealized Research Stations receipts with a General Fund appropriation. — $350,000 NR

Reserves and Special Funds

15 Reserve for Utility and Fuel Costs

Establish a reserve to help offset the increased cost of natural gas and propane, fuel oil and gasoline expenses. — $317,516 NR

Standards

16 Standards Inspectors — $39,156 R

Provide funding for two (2.0) additional Standards Inspectors to be assigned to inspect retail motor fuel dispensers and retail weights and measures devices. — $23,000 NR, 2.00

Salaries and Benefits	$32,946
Equipment and Supplies	$25,240
Other Expenses	$ 3,970

Veterinary Services

17 Emergency Preparedness - Director of Laboratory Operations position $147,172 R

Establish one (1.0) Director of Laboratory Operations position.

1.00

Salary and Benefits	$128,376
Purchased Services	$ 3,400
Equipment and Supplies	$ 5,696
Other Expenses	$ 1,200

Budget Changes	**$2,111,458**	R
	$1,636,665	NR
Total Position Changes	29.00	
Revised Total Budget	**$54,781,007**	

Labor

GENERAL FUND

	FY 06-07
Total Budget Approved 2005 Session	**$14,434,925**

Budget Changes

Administration

18 Fund Travel and Office Space — $213,894 NR

Provide funds for field staff to travel and for existing field office space.

Elevator and Amusement Device Bureau

19 Establish Receipt-Supported Positions

Establish two (2.0) receipt-supported positions to inspect elevator and amusement devices.

Elevator Inspectors 2.0 $111,696

Salaries and Benefits $98,166
Travel and Phone $12,748
Other $782

Labor Standards and Inspections

20 Replace Appropriations for Mine and Quarry Program — $200,000 R

Provide funds to offset unrealized safety training fee receipts. Fund shift 3.5 positions from receipt supported. 3.50

Mine Safety & Health Representative 3.5

Salaries and Benefits $199,669
Travel $331

Occupational Safety and Health

21 Fund Operating — $200,000 NR

Fund various operating line items in Occupational Safety and Health.

Budget Changes	**$200,000**	R
	$413,894	NR
Total Position Changes	3.50	
Revised Total Budget	**$15,048,819**	

Environment & Natural Resources

GENERAL FUND

Total Budget Approved 2005 Session

FY 06-07
$168,451,089

Budget Changes

(2.0) CGIA

22 Fund NC OneMap — $70,000 R; $80,000 NR; 1.00

Provide funds to enhance NC OneMap system to provide 24-7 access and to provide technical assistance to local governments who connect to NC OneMap. Provide funds for one (1.0) new position.

Business & Technology Applications Specialist 1.0

Salary and Benefits	$70,000
Computer and Software	$80,000

(2.0) Coastal Management

23 Create New Coastal Habitat Protection Compliance Positions — $249,757 R; $27,770 NR; 4.00

Provide funds to establish four (4.0) Compliance Coordinator positions, one in each Division of Coastal Management district to provide compliance and enforcement services.

Environmental Specialist III 4.0

Salaries and Benefits	$204,338
Rent	$6,668
Travel	$22,600
Supplies	$16,151
Furniture & Computers	$27,770

(2.0) Environmental Health

24 Protection of Drinking Water Supplies - Increase Fee

Provide funds for nineteen (19.0) additional positions for field response, inspections, technical assistance, compliance oversight, laboratory support and review and approval of plans to protect public drinking water supplies. This item is subject to the passage of pending fee legislation.

Environmental Engineer II	4.0
Environmental Engineer I	14.0
Environmental Technician V	1.0

Salaries and Benefits	$1,007,300
Rent	$38,000
Supplies and Phone	$44,175
Furniture and Computers	$104,690
Travel	$57,000

25 Fund Private Well Water Safety Program

$271,079 R
$827,550 NR
5.00

Provide funds for technical support and enforcement assistance to counties as they enforce statewide private water supply well construction standards. Provide funds for five (5.0) new positions.

Environmental Health Regional Specialist	4.0
Administrative Assistant I	1.0

Salaries and Benefits	$234,454
Travel and Rent	$30,625
Supplies	$6,000
Furniture and Computers	$27,550

26 Establish Emergency Drinking Water Fund

$500,000 NR

Creates a fund to pay for contaminated private well water clean-up and to pay for the provision of alternative drinking water supplies for parties affected by contaminated private well water on a temporary or permanent basis.

Revised

27 Fund Shellfish Sanitation Positions

was $179,000 R

$167,980 R
$11,020 NR
3.00

Provide funds to monitor and classify North Carolina's shellfish growing waters and to conduct the shoreline survey. Funds three (3.0) positions, one GIS staff person and two shoreline surveyors.

Environmental Health Specialist	1.0
Environmental Health Regional Specialist	1.0
Computing Consultant	1.0

Salaries and Benefits	$133,686
Travel	$19,000
Rent	$3,000
Supplies	$12,294
Furniture and Computers	$11,020

NEW

28 Fund Wastewater Treatment Consultants $106,000 R

Provides funds for two (2.0) positions to provide technical on-site assistance to customers requesting waste water permits for septic tanks. 2.00

Soil Scientist II 1.0
Environmental Engineer II 1.0

NEW

(2.0) Water Quality

29 Ferrymon Program

Provide funds for the Ferrymon Program. $300,000 NR

(3.0) Marine Fisheries

30 Coastal Recreational Fishing License Implementation

Provide funds to establish two (2.0) positions and operating support for the development and operations of the licensing system associated with the Coastal Recreational Fishing License (CRFL). These positions will be funded with receipts generated from the sale of CRFL effective FY 07/08. Positions include: $375,000 NR 2.00

Process Analyst IV	1.0
Bus Tech Applications Analyst	1.0

Salaries and Benefits	$128,351
Purchased Services	$191,629
Supplies	$ 6,120
Equipment	$ 48,900

31 Shellfish Mapping and Submerged Aquatic Vegetation Mapping Programs $281,651 R

Provide three (3.0) additional positions and operating expenses to enable the Marine Fisheries Division to map shellfish resources and habitat as recommended by the Coastal Habitat Protection Plan: $87,048 NR 3.00

Computing Consultant	1.0
Marine Fisheries Technician II	2.0

Salaries and Benefits	$127,041
Purchased Services	$120,920
Supplies	$ 41,790
Equipment	$ 28,120
Other Expenses	$ 55,188

(3.0) Soil and Water Conservation

32 NC Agricultural Cost Share Technical Assistance $333,778 R

Provide additional support for cost-shared funds to soil and water conservation districts and counties for technical assistance needed to install quality Best Management Practices through the Agriculture Cost Share Program.

33 NC Agriculture Cost Share Financial Assistance
Provide additional funding to the Agriculture Cost Share Program to assist 100 additional producers per year to install Best Management Practices to improve water quality.

$400,000 NR

34 Extend Conservation Resource Enhancement Program (CREP)
Provide additional funding to the CREP program to expand into additional watersheds in need of riparian buffers and restored wetlands.

$150,000 R
$850,000 NR
3.00

Salaries and Benefits	$139,895
Contracts and Easements	$850,000
Other Operating Expenses	$ 10,105

35 Soil and Water Conservation District Supervisor Travel
Provide funding for travel reimbursement for Soil and Water Conservation District Supervisors.

$25,000 NR

36 Poultry Waste Management Best Practices
Provides funds for new poultry waste management techniques.

$200,000 NR

(4.0) Reserves and Transfers

37 Fund Utility and Fuel Costs
Provide funds for rising fuel and utility costs throughout the Department of Environment and Natural Resources.

$1,280,752 NR

38 Clean Water SRF Match Funds
Provide funds to meet the 20% state match requirement for drawing down the maximum available federal funds for the Clean Water State Revolving Fund.

$3,160,852 NR

39 Drinking Water SRF Match Funds
Provide funds to meet the 20% state match requirement for drawing down the maximum available federal funds for the Drinking Water State Revolving Fund.

$2,909,820 NR

40 Forest Development Program (FDP)
Provide additional funding to reduce the current waiting list of landowner applicants for cost share assistance to reforest land.

$600,000 NR

41 Resource Conservation and Development Councils
Provides each of the State's ten Resource Conservation and Development Councils with a grant of $25,000.

$250,000 NR

Revised **42 Monitoring and Emergency Cleanup of the Texfi Site Contamination**
Provides funding for additional monitoring and cleanup of contamination at the Texfi Site.

$100,000 NR

was $150k NR

Budget Changes	**$1,630,245**	R
	$11,984,812	NR
Total Position Changes	23.00	
Revised Total Budget	**$182,066,146**	

OUT

- Expand Sediment and Erosion Control – Increase Fee

Commerce

GENERAL FUND

	FY 06-07
Total Budget Approved 2005 Session	**$36,728,265**

Budget Changes

Administrative Services

43 Establish Position to Monitor Non-Profits — $63,000 R; $37,000 NR

Establish one (1.0) Auditor II position and provide operating funds to monitor all non-state entities receiving funds through the Department of Commerce.

Salary and Benefits	$63,000
Operating Expenses	$37,000

Board of Science and Technology

was - $1,000,000 NR

Revised

44 One North Carolina Small Business Fund — $5,000,000 NR

Provide funds for the Federal Small Business Innovation Research/Small Business Technology Transfer Research matching program. The program provides incentive funds to small businesses to apply for federal innovation grants.

Community Assistance

New

45 Regional Councils of Government (COGs) — $170,000 NR

Provide an additional $10,000 for all Regional COGS.

Finance Center

was - $ 5,000,000 NR

Revised

46 One North Carolina Fund — $11,000,000 NR

Provide funds for the One North Carolina Fund for FY 06/07.

Industrial Commission

47 Replace Electronic Document System — $750,000 NR

Provide funds to replace electronic document system. State funds will be used in addition to existing fee receipts ($2,100,000) to fund the new system over a two-year period.

Total Requirements:	$3,600,000
Less Anticipated Receipts:	($2,100,000)
TOTAL State Funds Required:	$1,500,000

State Funds Required FY 06/07:	$750,000
State Funds Required FY 07/08:	$750,000

Information Services

48 Web Applications Development and Maintenance

$70,819 R
$5,000 NR
1.00

Establish one (1.0) Application Analyst position to develop and maintain a web site for the department.

Salary and Benefits	$70,819
Equipment	$ 5,000

Local Planning and Management

49 Expand Small Towns Main Street Program

$71,965 R
1.00

Establish one (1.0) Community Development Planner position to serve the western part of the state. Program activities in the eastern region are funded by a Z. Smith Reynolds grant.

Salary and Benefits	$48,663
Transportation/Meals/Lodging	$21,202
Supplies and Equipment	$ 2,100

Revised

50 Expand 21st Century Communities Program

was- $274,699

$244,699 R
3.00

Establish three (3.0) Community Development Planner I positions and provide operating funds to expand the program to 5 new communities annually.

Salaries and Benefits	$198,459
Rent	$ 6,400
Supplies and Office Equipment	$ 17,190
Printing and Postage	$ 1,650
Other Expenses	$ 3,900

Marketing

51 Promote N.C. as a Business Destination

$750,000 NR

Provide funds for advertising in business publications, public relations outreach, marketing materials, national and international industry trade shows, and conference participation.

52 Furniture Market Advertising

$750,000 NR

Provide funds to the High Point International Home Furnishings Market Authority Corporation to promote the International Home Furnishings Market.

Policy and Research

Revised

53 Provide Additional Staff — Not included in House Draft. — $150,000 R

Provide funds for two (2.0) positions for the Division to expand research and planning for economic development. 2.00

Economist III	1.0
Policy Development Analyst II	1.0

Salaries and Benefits	$137,367
Operating Expenses	$ 12,633

Tourism, Film and Sports Promotion

New

54 Promote Film Industry — $250,000 NR

Provide funds to expand and promote the film industry in North Carolina.

New

55 Marketing Reserve — $1,000,000 NR

Provide funds for a statewide marketing reserve.

Budget Changes	**$600,483**	R
	$19,712,000	NR
Total Position Changes	7.0	
Revised Total Budget	**$57,040,748**	

Out - promote motor sports $50k

Out - promote U.S. Women's Open $50k NON RECURRING

Commerce - State Aid

GENERAL FUND

	FY 06-07	
Total Budget Approved 2005 Session	**$11,722,085**	
Budget Changes		
New **56 Advanced Vehicle Research Center** Provide funds to the Advanced Vehicle Research Center Reserve. These funds may be transferred to the Department of Commerce for allocation to the Advanced Vehicle Research Center of North Carolina, Inc. for the construction of and operation of the center.	$7,500,000	NR
Revised **57 Land Loss Prevention Project** was $46,000 R Increase funding for the Land Loss Prevention Project to aid in the legal representation of financially distressed small farmers and rural landowners.	$46,000 $250,000	R NR
58 North Carolina Association of Community Development Corporations (NCACDCs) Increase the General Fund appropriation for NCACDCs.	$200,000	NR
Revised **59 Minority Support Center** was $1,000,000 NR Provide funds for the Minority Support Center to support the Generations Credit Union and the Latino Community Credit Union.	$1,457,138	NR
Revised **60 Community Development Initiative (CDI)** was $300,000 NR Increase the General Fund appropriation for CDI.	$500,000	NR
61 NC Institute of Minority Economic Development Increase funding for the NC Institute of Minority Economic Development.	$500,000	NR
Budget Changes	**$46,000** **$10,407,138**	R NR
Total Position Changes		
Revised Total Budget	**$22,175,223**	

Out - Transfer e-NC Authority $500,000 R
Out - " " " Rural Center (-$500,000) R

N.C. Biotechnology Center

GENERAL FUND

	FY 06-07	
Total Budget Approved 2005 Session	**$10,583,395**	
Budget Changes		
Revised **62 Increase Funding for Biotechnology Center** (was $1,500,000 R; $2,000,000 NR)	$1,000,000	R
Provide funds for the Biotechnology Center.	$2,000,000	NR
Revised **63 Regional Offices** (was $500,000 R)	$1,000,000	R
Provide funds to support the Biotechnology Center's regional offices.		
Budget Changes	**$2,000,000**	**R**
	$2,000,000	**NR**
Total Position Changes		
Revised Total Budget	**$14,583,395**	

NER House Appropriations Subcommittee

Proposed House Special Provisions

June 8th, 2006

Revised
BP

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2006

DRAFT
SPECIAL PROVISION

2006-COMM-H8(S5.2)

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, 2007, according to the following schedule:

COMMUNITY DEVELOPMENT BLOCK GRANT

01.	State Administration	$ 1,000,000
02.	Urgent Needs and Contingency	1,000,000
03.	Scattered Site Housing	13,200,000
04.	Economic Development	8,710,000
05.	Community Revitalization	13,500,000
06.	State Technical Assistance	450,000
07.	Housing Development	2,000,000
08.	Infrastructure	5,140,000
TOTAL COMMUNITY DEVELOPMENT BLOCK GRANT – 2007 Program Year		$ 45,000,000

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

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

SECTION 5.2.(d) Limitations on Community Development Block Grant Funds. – Of the funds appropriated in this section for the Community Development

Block Grant, the following shall be allocated in each category for each program year: up to one million dollars ($1,000,000) may be used for State Administration; not less than one million dollars ($1,000,000) may be used for Urgent Needs and Contingency; up to thirteen million two hundred thousand dollars ($13,200,000) may be used for Scattered Site Housing; up to eight million seven hundred ten thousand dollars ($8,710,000) may be used for Economic Development, including Urban Redevelopment Grants and Small Business or Entrepreneurial Assistance; not less than thirteen million five hundred thousand dollars ($13,500,000) shall be used for Community Revitalization; up to four hundred fifty thousand dollars ($450,000) may be used for State Technical Assistance; up to two million dollars ($2,000,000) may be used for Housing Development; up to five million one hundred forty thousand dollars ($5,140,000) may be used for Infrastructure. If federal block grant funds are reduced or increased by the Congress of the United States after the effective date of this act, then these reductions or increases shall be allocated in accordance with subsection (b) or (c) of this section, as applicable.

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

SECTION 5.2.(f) The Department of Commerce will create a small business/entrepreneurship program in coordination with micro-lending programs and other small business assistance groups in the State. The Department of Commerce shall award up to one million dollars ($1,000,000) in grants to local governments to provide assistance to low-to-moderate income individuals for small business and entrepreneurship development.

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

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

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

BP

Date Change

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2006

DRAFT
SPECIAL PROVISION

2006-COMM-H6(S12.6)i

Department of Commerce/Economic Development
Appropriations Subcommittee on Natural and Economic Resources

Requested by: **Representative**

WANCHESE SEAFOOD INDUSTRIAL PARK/OREGON INLET FUNDS

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

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

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

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

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2006

BP
Dgt Change

DRAFT
SPECIAL PROVISION

2006-COMM-H4(S12.4)i

Department of Commerce/Economic Development
Appropriations Subcommittee on Natural and Economic Resources

Requested by: Representative

COUNCIL OF GOVERNMENT FUNDS/ELECTRONIC TRANSFER

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

"**SECTION 13.2.(c)** Funds appropriated by this section shall be paid by electronic transfer in two equal installments, the first no later than ~~September 1, 2005,~~September 1, 2006, and the second subsequent to acceptable submission of the annual report due to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division by ~~January 15, 2006,~~January 15, 2007, as specified in subdivision (e)(2) of this section."

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2006

BP
Date Change

DRAFT
SPECIAL PROVISION

2006-COMM-H1(S12.1)i

Department of Commerce/Economic Development
Appropriations Subcommittee on Natural and Economic Resources

Requested by: Representative

EMPLOYMENT SECURITY FUNDS

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

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

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

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

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

(3) One hundred thousand dollars ($100,000) to maintain compliance with Chapter 96 of the General Statutes, which directs the Commission to employ the Common Follow-Up Management Information System to evaluate the effectiveness of the State's job training, education, and placement programs."

Senate Version

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2006

DRAFT
SPECIAL PROVISION

2006-COMM-H7(S12.7)i

Department of Commerce/Economic Development
Appropriations Subcommittee on Natural and Economic Resources

Requested by: Representative

DEPARTMENT OF COMMERCE/REPORT ON AGRIBUSINESS FUNDS

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

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

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

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

Revised
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GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2006

DRAFT
SPECIAL PROVISION

2006-COMM-H2(S12.2)

Department of Commerce/Economic Development
Appropriations Subcommittee on Natural and Economic Resources

Requested by: **Representative**

ONE NORTH CAROLINA FUND

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

"**SECTION 13.6.(a)** Of the funds appropriated in this act to the One North Carolina Fund, the Department of Commerce may use up to three hundred thousand dollars ($300,000) to cover its expenses in administering the One North Carolina Fund and other economic development incentive grant programs in the ~~2005-2006~~2006-2007 fiscal year.

Repeat from 05/06

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

Revised
#

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2006

DRAFT
SPECIAL PROVISION

2006-COMM-H5(S12.5)

Department of Commerce/Economic Development
Appropriations Subcommittee on Natural and Economic Resources

Requested by: Representative

ADVANCED VEHICLE RESEARCH CENTER /FUNDS SHALL NOT REVERT

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

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

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

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

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

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

SECTION 13.8A.(c) The Center shall file with the Office of State Budget and Management and the Department of Commerce a copy of the Center's policy addressing conflicts of interest that may arise involving the Center's management employees and the members of its board of directors or other governing body before funds may be allocated to the Center. The policy shall address situations in which any of these individuals may directly or indirectly benefit, except as the Center's employees or members of the board or other governing body, from the Center's disbursing of State funds, and shall include actions to be taken by the entity or the individual, or both, to avoid conflicts of interest and the appearance of impropriety.

SECTION 13.8A.(d) By ~~December 31, 2005,~~December 31, 2006, and ~~April 30, 2006,~~April 30, 2007, the Center shall report to the Governor, the Joint Legislative Commission on Governmental Operations, and the Fiscal Research Division the following information: (i) fiscal year ~~2005-2006~~2006-2007 projects, objectives, and

accomplishments; and (ii) fiscal year 2005-2006 itemized expenditures and fund sources. The ~~April 30, 2006,~~April 30, 2007, report shall also contain the following: (i) fiscal year ~~2006-2007~~2007-2008 planned projects, objectives, and accomplishments; and (ii) fiscal year 2006-2007 estimated expenditures and fund sources.

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

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

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

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

Revised
5 yr sunset
extension

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2006

DRAFT
SPECIAL PROVISION

2006-COMM-H3(S12.3)

Department of Commerce/Economic Development
Appropriations Subcommittee on Natural and Economic Resources

Requested by: Representative

EXTEND E-NC AUTHORITY SUNSET

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

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

#

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2006

DRAFT
SPECIAL PROVISION

2006-NATRES-H1(S11.1)i

Environment and Natural Resources
Appropriations Subcommittee on Natural and Economic Resources

Requested by: Representative

CONSERVATION RESERVE ENHANCEMENT PROGRAM

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

Revised
Study by DENR

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2006

DRAFT
SPECIAL PROVISION

2006-NATRES-H2A(S11.3)

Environment and Natural Resources
Appropriations Subcommittee on Natural and Economic Resources

Requested by: Representative

GRASSROOTS SCIENCE PROGRAM

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

"**SECTION 12.5.(a)** Of the funds appropriated in this act to the Department of Environment and Natural Resources for the Grassroots Science Program, the sum of three million one hundred ninety-seven thousand seven hundred sixty-two dollars ($3,197,762) for the 2005-2006 fiscal year and the sum of three million one hundred ninety-seven seven hundred sixty dollars ($3,197,760) for the 2006-2007 fiscal year is allocated as grants-in-aid ~~for each fiscal year~~ as follows:

	2005-2006	2006-2007
Aurora Fossil Museum	$59,057	$59,444
Cape Fear Museum	$161,007	$159,444
Carolina Raptor Center	$112,174	$107,658
Catawba Science Center	$133,429	$148,588
Colburn ~~Gem and Mineral Museum, Inc.~~Earth Science Museum, Inc.	$74,545	$74,642
Discovery Place	$662,865	$646,907
Eastern NC Regional Science Center	$50,000	$50,820
~~Port Discover: Northeastern North Carolina's Center for Hands-On Science, Inc.~~	~~$50,000~~	
Fascinate-U	$80,742	$81,792
Granville County Museum Commission, Inc.–Harris Gallery	$56,422	$56,059
Greensboro Children's Museum	$135,076	$119,418
The Health Adventure Museum of Pack Place Education, Arts and Science Center, Inc.	$134,499	$158,058
Highlands Nature Center	$79,268	$75,370
Imagination Station	$86,034	$84,129
The Iredell Museums, Inc.		$61,568
Kidsenses	$50,000	$82,007
Museum of Coastal Carolina	$74,192	$72,655
The Natural Science Center of ~~Greensboro~~Greensboro, Inc.	$186,354	$176,051
North Carolina Museum of Life and Science	$379,826	$337,062

Port Discover: Northeastern North Carolina's Center for Hands-On Science, Inc.	$50,000	$50,087
Rocky Mount Children's Museum	$72,254	$68,696
Schiele Museum of Natural History and Planetarium, Inc.	$229,547	$210,764
Sci Works Science Center and Environmental Park of Forsyth County	$146,499	$145,914
Western North Carolina Nature Center	$112,879	$104,809
Wilmington Children's Museum	$71,093	$65,820
Total	$3,197,762	$3,197,760

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

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

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

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

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

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

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

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

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

NEW

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2006

DRAFT
SPECIAL PROVISION

2006-NATRES-H3A

Environment and Natural Resources
Appropriations Subcommittee on Natural and Economic Resources

Requested by: Representative

COASTAL RECREATIONAL FISHING LICENSES RECEIPTS

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

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2006

DRAFT
SPECIAL PROVISION

2006-ENV-H1C

Environment and Natural Resources
Appropriations Subcommittee on Natural and Economic Resources

Requested by: Representative

EMERGENCY DRINKING WATER FUND ESTABLISHED

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

"Part 11. Private Drinking Water Wells.

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

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

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2006

DRAFT
SPECIAL PROVISION

2006-AGRIC-H2C(S23.7)

Department of Agriculture and Consumer Services
Appropriations Subcommittee on Natural and Economic Resources

Requested by: Representative

TIMBER SALES RECEIPTS FOR CAPITAL IMPROVEMENTS

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

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

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

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

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

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

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

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

VISITOR REGISTRATION SHEET

NER
Name of Committee

6/8/06
Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Steve Wall	DENR
Jerri Overton	DACS
Joanna Wright	e-NC
Art Britt	NCDOL
Jennifer Haigwood	"
Becky Brown	"
John Goodman	NCCBI
Jerry White	RANC
Jennifer Wilds	Wake County
Gary Brown	Northampton County
M Britton	N + R

House Pages

Approp. Nat + Economic Resources

Name Of Committee: _____ Date: 6 8 06

1. Name: Chris McLamb
   County: Wake
   Sponsor: Dickson
2. Name: Anna Jones
   County: Wake
   Sponsor: Grier Martin
3. Name: _____
   County: _____
   Sponsor: _____
4. Name: _____
   County: _____
   Sponsor: _____
5. Name: _____
   County: _____
   Sponsor: _____

Sgt-At-Arms

1. Name: James Worth
2. Name: Pusey Rhodes
3. Name: _____
4. Name: _____
5. Name: _____

RM423

Joint Appropriations Subcommittee on Natural and Economic Resources Conferees

Tuesday June 20, 2006

Representative Edith Warren, Representative Howard Hunter, Representative Mary McAllister, and Senator David Weinstein – Co-Chairs

Senator David Weinstein, Presiding
8:30 a.m. Room 423

Co-Chairs Comments

- **NER Conference Appropriations Subcommittee Comparison Money Report** *Fiscal Research Staff*

- **NER Conference Appropriations Subcommittee Comparison Special Provisions** *Fiscal Research Staff*

Closing Remarks – Senator Weinstein

Adjourn

MINUTES

Joint Appropriations Subcommittee
on
Natural and Economic Resources Conferees
Tuesday, June 20, 2006, at 8:30 a.m.
423 Legislative Office Building

The Joint Appropriations Subcommittee on Natural and Economic Resources Conferees met at 8:30 a.m. on Tuesday, June 20, 2006, in Room 423 of the Legislative Office Building. Two Senate conferees attended along with Representatives Warren, Allen, and Harrison. Senator David Weinstein presided.

The meeting was called to order and the subcommittee conferees and interested parties were welcomed. The following served the meeting: Pages – Tiffany Owens, Brittany Beatty, Brea Wilkerson, and Kimberly Hunter sponsored by Senator Jeanne Lucas; Sergeant at Arms - Ernie Sherrell and Ron Spann; and the Fiscal Research NER Team - Joy Hicks, Susan Morgan, and Kristin Walker.

The purpose of this meeting was to note the differences between the House and Senate NER Budgets.

A handout entitled Comparison Money Report (Attachment 1) was distributed to the conferees. Only the items in controversy were reviewed and it was noted that the items with the same money amount but different descriptions were not in controversy so they were not covered. The comparisons were reviewed by the Fiscal Research NER Team, each in the area they are assigned.

The Special Provisions packet (Attachment 2) which compares only the special provisions in controversy was then handed out to the conferees. Any special provisions that were identical in the House and Senate budgets were not included in the packet. The comparisons were presented by the Fiscal NER Research Team, again each in the area they are assigned. The Block Grants were not included in this package and it was noted that they differ slightly but the money is the same.

Senator Weinstein asked if there were any questions and/or comments from the conferees. Representative Warren stated that while there are some differences, they were not insurmountable. With no further questions and/or comments, Senator Weinstein adjourned the meeting at 9:13 a.m.

David F. Weinstein
Senator David Weinstein
Chairman

Jane M. Bagley
Jane M. "Dee" Bagley
Committee Assistant

Attachment 1

NER Conference
Appropriations Subcommittee

Comparison Money Report

June 20th, 2006

House/Senate Comparison Report

Agriculture and Consumer Services

(Items in Controversy are Shaded)

		House FY 06-07	Senate FY 06-07	
	Administration			
1	**Human Resources**		$97,382 1.00	same $
	Provide funding for one (1.0) Personnel Technician position in Human Resources.			
2	**Human Resources**	$97,382 1.00		
	Provide funding for one (1.0) Personnel Technician position in Human Resources. Salary and Benefits $40,590 Other Expenses $56,792			
3	**Public Affairs - Agricultural Review**	$40,000 NR	$40,000	Gov $0
	Provide increased funding for the Agricultural Review to address rising operational costs.			
	Emergency Programs			
4	**Emergency Preparedness - Staffing Support**		$337,000 4.00	same $
	Provide General Fund appropriation for four (4.0) positions: Veterinarian 1.0 Animal Health Technician II 1.0 Application Analyst II 2.0			
5	**Emergency Preparedness - Operating Expenses**	$337,000 4.00		
	Provide General Fund appropriation to establish two (2.0) new positions and to fund shift two (2.0) existing positions from receipt-support: Veterinarian 1.0 Animal Health Technician II 1.0 Application Analyst II 2.0 Salaries and Benefits $283,252 Equipment and Supplies $ 15,248 Other Expenses $ 38,500			
6	**Emergency Preparedness - Operating Expenses**	$300,000	$300,000	
	Provide additional funding for operating expenses associated with the Multi-Hazard Threat Database.			

Agriculture and Consumer Services

(Items in Controversy are Shaded)

	House FY 06-07	Senate FY 06-07

Food and Drug

7 **Emergency Preparedness - Food Safety** — $538,257, 11.00

Provide funding for eleven (11.0) positions to address staffing shortages in food protection, compliance and regulations:

Chemist II	2.0
Ag Microbiologist II	2.0
Food Compliance Officer I	1.0
Food Regulatory Specialist I	6.0

Same $

8 **Emergency Preparedness - Food Safety** — $538,257, 11.00

Provide funding for eleven (11.0) positions to address staffing shortages in food protection, compliance and regulations:

Chemist II	2.0
Ag Microbiologist II	2.0
Food Compliance Officer I	1.0
Food Regulatory Specialist I	6.0

Salaries and Benefits	$442,890
Purchased Services	$ 60,742
Other Expenses	$ 34,625

9 **Emergency Preparedness - Replace Distillation System**

Provide funding for the replacement of the water distillation system at Constable Laboratory.

$100,000 NR — $100,000 NR

10 **Emergency Preparedness - Purchase/Replace Lab Equipment**

Provide funding for the purchase and replacement of lab equipment.

$500,000 NR — $500,000 NR

11 **Pesticide Staffing Support** — $194,429, 3.00, $6,149 NR

Provide three (3.0) additional positions to the Pesticide Section:

Environmental Toxicologist	1.0
Bilingual Pesticide Specialist	1.0
Pesticide Environmental Investigative Specialist	1.0

Same $

Agriculture and Consumer Services

(Items in Controversy are Shaded)

		House FY 06-07	Senate FY 06-07	
12	**Pesticide Staffing Support**	$194,429 3.00 $6,149 NR		same $

Provide three (3.0) additional positions to the Pesticide Section:

Environmental Toxicologist	1.0
Bilingual Pesticide Specialist	1.0
Pesticide Environmental Investigative Specialist	1.0

Salaries and Benefits	$147,713
Purchased Services	$ 29,996
Supplies	$ 16,140
Other Expenses	$ 6,729

13	**Restore Funding for the Pesticide Disposal Program**	$222,407		Gov $0

Restore General Fund reduction to the Pesticide Disposal Program made in FY 05/06.

Markets

14	**Domestic Marketing**	$200,000 NR		Gov $0

Provide additional funding for the "Got to be NC" agriculture marketing initiative.

15	**Domestic Marketing**		$40,000 1.00 $240,300 NR	

Provide additional funding for the "Got to be NC" agriculture marketing initiative. Also provides one (1.0) Agricultural Marketing Specialist position.

Meat and Poultry

16	**Emergency Preparedness - Food Safety and Security Mandates**		$163,000 6.00	

Provide funding for 50 percent of six (6.0) meat inspector positions to match US Department of Agriculture funding.

17	**Emergency Preparedness - Food Safety and Security Mandates**	$163,000 6.00		same $

Provide funding for 50 percent of six (6.0) meat inspector positions to match US Department of Agriculture funding.

Salaries and Benefits	$134,400
Other Expenditures	$ 28,600

nt Industry

18 **Export Certification Program** — Senate: $145,310, 2.00

Provide funding to establish two (2.0) Export Certification positions required to respond to the increased demand for issuance of phytosanitary certificates in North Carolina.

Export Certification Specialist 2.0

Gov $58,323 1.0

19 **Export Certification Program** — House: $72,655, 1.00

Provide funding for one (1.0) Export Certification position to respond to the increased demand for issuance of phytosanitary certificates in North Carolina.

Salary and Benefits	$57,330
Other Expenses	$15,325

20 **Reduce Unrealized Fertilizer Receipts**

Replace a portion of unrealized fertilizer receipts. — House: $100,000 NR; Senate: $100,000 NR

search Stations

21 **Replace Unrealized Research Station Receipts**

Replace unrealized Research Stations receipts with a General Fund appropriation. — House: $350,000 NR; Senate: $350,000 NR

Reserves and Special Funds

22 **Reserve for Utility and Fuel Costs**

Establish a reserve to help offset the increased cost of natural gas and propane, fuel oil and gasoline expenses. — House: $317,516 NR; Senate: $317,516 NR

Standards

23 **Standards Inspectors** — Senate: $36,746, 2.00; $23,000 NR

Provide funding for two (2.0) additional Standards Inspectors to be assigned to inspect retail motor fuel dispensers and retail weights and measures devices.

Gov 0

Agriculture and Consumer Services

(Items in Controversy are Shaded)

		House FY 06-07	Senate FY 06-07
24	**Standards Inspectors**	$39,156 2.00 $23,000 NR	

Provide funding for two (2.0) additional Standards Inspectors to be assigned to inspect retail motor fuel dispensers and retail weights and measures devices.

Salaries and Benefits	$32,946
Equipment and Supplies	$25,240
Other Expenses	$ 3,970

Veterinary Services

25	**Emergency Preparedness - Director of Laboratory Operations position**		$147,172 1.00

Establish one (1.0) Director of Laboratory Operations position.

26	**Emergency Preparedness - Director of Laboratory Operations position**	$147,172 1.00	

Establish one (1.0) Director of Laboratory Operations position.

Salary and Benefits	$128,376
Purchased Services	$ 11,900
Equipment and Supplies	$ 5,696
Other Expenses	$ 1,200

same $

	House FY 06-07	Senate FY 06-07
Department Totals	**$2,111,458** **29.00** **$1,636,665 NR**	**$2,039,296** **31.00** **$1,636,965 NR**

Commerce

(Items in Controversy are Shaded)

		House FY 06-07	Senate FY 06-07	
Administrative Services				
27	**Establish Position to Monitor Non-Profits** Establish one (1.0) Auditor II position and provide operating funds to monitor all non-state entities receiving funds through the Department of Commerce. Salary and Benefits $63,000 Operating Expenses $37,000	$63,000 1.00 $37,000 NR		Gov: $150,000 1.0
28	**Establish Position to Monitor Non-Profits** Establish one (1.0) Auditor II position and provide operating funds to monitor all non-state entities receiving funds through the Department of Commerce.		$150,000 1.00	
Board of Science and Technology				
29	**One North Carolina Small Business Fund** Provide funds for the Federal Small Business Innovation Research/Small Business Technology Transfer Research matching program. The program provides incentive funds to small businesses to apply for federal innovation grants.	$5,000,000 NR	$5,000,000 NR	
Community Assistance				
30	**Regional Councils of Government (COGs)** Provide an additional $10,000 for all Regional COGs.	$170,000 NR		Gov $0
Finance Center				
31	**One North Carolina Fund** Provide funds for the One North Carolina Fund for FY 06/07.	$11,000,000 NR	$10,000,000 NR	Gov $10,000,000 R

Industrial Commission

32	**Replace Electronic Document System**	$750,000 NR	GOV $1,500,000 NR

Provide funds to replace electronic document system. State funds will be used in addition to existing fee receipts ($2,100,000) to fund the new system over a two-year period.

Total Requirements: $3,600,000
Less Anticipated Receipts: ($2,100,000)
TOTAL State Funds Required: $1,500,000

State Funds Required FY 06/07: $750,000
State Funds Required FY 07/08: $750,000

33	**Replace Electronic Document System**		$1,500,000 NR

Provide funds to replace electronic document system. State funds will be used in addition to existing fee receipts ($2,100,000) to fund the new system.

Total Requirements: $3,600,000
Less Anticipated Receipts: ($2,100,000)

State Funds Required: $1,500,000

Information Services

34	**Web Applications Development and Maintenance**	$70,819 1.00 $5,000 NR	Same $

Establish one (1.0) Application Analyst position to develop and maintain a web site for the department.

Salary and Benefits $70,819
Equipment $ 5,000

35	**Web Applications Development and Maintenance**		$70,819 1.00 $5,000 NR

Establish one (1.0) Application Analyst position to develop and maintain a web site for the department.

Local Planning and Management

36	**Expand Small Towns Main Street Program**	$71,965 1.00	

Establish one (1.0) Community Development Planner position to serve the western part of the state. Program activities in the eastern region are funded by a Z. Smith Reynolds grant.

Salary and Benefits $48,663
Transportation/Meals/Lodging $21,202
Supplies and Equipment $ 2,100

Commerce

(Items in Controversy are Shaded)

		House FY 06-07	Senate FY 06-07	
	Expand Small Towns Main Street Program Establish one (1.0) Community Development Planner position to serve the western part of the state. Program activities in the eastern region are funded by a Z. Smith Reynolds grant.		$71,965 1.00	Same $
38	**Expand 21st Century Communities Program** Establish three (3.0) Community Development Planner I positions and provide operating funds to expand the program to 5 new communities annually. Salaries and Benefits $198,459 Rent $ 6,400 Supplies and Office Equipment $ 17,190 Printing and Postage $ 1,650 Other Expenses $ 21,000	$244,699 3.00		GOV $274,699 3.0
39	**Expand 21st Century Communities Program** Establish three (3.0) Community Development Planner III positions and provide operating funds to expand the program to 5 new communities.		$274,699 3.00	

Marketing

40	**Promote N.C. as a Business Destination** Provide funds for advertising in business publications, public relations outreach, marketing materials, national and international industry trade shows, and conference participation.	$750,000 NR	$1,000,000 NR	GOV $1,500,000 R
41	**Furniture Market Advertising** Provide funds to the High Point International Home Furnishings Market Authority Corporation to promote the International Home Furnishings Market.	$750,000 NR	$1,750,000 NR	GOV $ 0

Commerce

(Items in Controversy are Shaded)

		House FY 06-07	Senate FY 06-07	
Policy and Research				
42	**Provide Additional Staff**	$150,000 2.00		GOV $302,000 3.0
	Provide funds for two (2.0) positions for the Division to expand research and planning for economic development. Economist III 1.0 Policy Development Analyst II 1.0 Salaries and Benefits $137,367 Operating Expenses $ 12,633			
43	**Provide Additional Staff**		$300,000 4.00	
	Provide funds for four (4.0) positions for the Division to expand research and planning for economic development. Economist III 1.0 Policy Development Analyst II 1.0 Business and Technical Application Tech. 2.0			
Tourism, Film and Sports Promotion				
44	**Marketing Reserve**	$1,000,000 NR		GOV $0
	Provide funds for a statewide marketing reserve.			
45	**Promote Film Industry**	$250,000 NR		GOV $0
	Provide funds to expand and promote the film industry in North Carolina.			
46	**Promote Motor Sports**		$100,000 NR	GOV $259,000 NR
	Provide funds to promote motor sports.			
	Department Totals	**$600,483** 8.00 **$19,712,000 NR**	**$867,483** 10.00 **$19,355,000 NR**	

Commerce - State Aid

(Items in Controversy are Shaded)

		House FY 06-07	Senate FY 06-07	
47	**Advanced Vehicle Research Center** Provide funds to the Advanced Vehicle Research Center Reserve. These funds may be transferred to the Department of Commerce for allocation to the Advanced Vehicle Research Center of North Carolina, Inc. for the construction of and operation of the center.	$7,500,000 NR		GOV $ 0
48	**Land Loss Prevention Project** Increase funding for the Land Loss Prevention Project to aid in the legal representation of financially distressed small farmers and rural landowners.	$46,000 $250,000 NR		GOV $ 0
49	**North Carolina Association of Community Development Corporations (NCACDCs)** Increase the General Fund appropriation for NCACDCs.	$200,000 NR		GOV $ 0
50	**Minority Support Center** Provide funds for the Minority Support Center to support the Generations Credit Union and the Latino Community Credit Union.	$1,457,138 NR		GOV $ 0
51	**Community Development Initiative (CDI)** Increase the General Fund appropriation for CDI.	$500,000 NR		GOV $ 0
52	**NC Institute of Minority Economic Development** Increase funding for the NC Institute of Minority Economic Development.	$500,000 NR		GOV $ 0

e-NC Authority

53	**Transfer the e-NC Authority** Transfer funds from the Rural Center's fund code to the Department of Commerce's State-Aid fund code. Historically the program was administratively located within the Rural Center's budget.		$500,000	GOV $ 0
	Department Totals	**$46,000** **$10,407,138 NR**	**$500,000**	

(2.0) CGIA

54 Fund NC OneMap

$70,000
1.00
$80,000 NR

Gov - $0

Provide funds to enhance NC OneMap system to provide 24-7 access and to provide technical assistance to local governments who connect to NC OneMap. Provide funds for one (1.0) new position.

Business & Technology Applications Specialist 1.0

Salary and Benefits	$70,000
Computer and Software	$80,000

(2.0) Coastal Management

55 Create New Coastal Habitat Protection Compliance Positions

$249,757
4.00
$27,770 NR.

Provide funds to establish four (4.0) Compliance Coordinator positions, one in each Division of Coastal Management district to provide compliance and enforcement services.

Environmental Specialist III 4.0

Salaries and Benefits	$204,338
Rent	$ 6,668
Travel	$ 22,600
Supplies	$ 16,151
Furniture & Computers	$ 27,770

Same $

56 Create New Coastal Habitat Protection Compliance Positions

$249,757
4.00
$27,770 NR

Provide funds to establish four (4.0) Compliance Coordinator positions, one in each Division of Coastal Management district to provide compliance and enforcement services:

Environmental Specialist III 4.0

Environment & Natural Resources

(Items in Controversy are Shaded)

House FY 06-07 | Senate FY 06-07

Environmental Health

57 Fund Private Well Water Safety Program

House: $271,079 / 5.00 / $827,550 NR

Provide funds for technical support and enforcement assistance to counties as they enforce statewide private water supply well construction standards. Provide funds for five (5.0) new positions.

Environmental Health Regional Specialist	4.0
Administrative Assistant I	1.0

Salaries and Benefits	$234,454
Travel and Rent	$ 30,625
Supplies	$ 6,000
Furniture and Computers	$ 27,550

Same $

58 Fund Private Well Water Safety Program

Senate: $271,079 / 5.00 / $827,550 NR

Provide funds for technical support and enforcement assistance to counties as they enforce statewide private water supply well construction standards. Provide funds for five (5.0) new positions:

Environmental Health Regional Specialist	4.0
Administrative Assistant I	1.0

59 Protection of Drinking Water Supplies - Increase Fee

House $1,250,726 fees

Gov $1,001,165 fees + $300,000 R = $1,301,165

Provide funds for nineteen (19.0) additional positions for field response, inspections, technical assistance, compliance oversight, laboratory support and review and approval of plans to protect public drinking water supplies.

Environmental Engineer II	4.0
Environmental Engineer I	14.0
Environmental Technician V	1.0

Salaries and Benefits	$1,007,300
Rent	$ 38,000
Supplies and Phone	$ 44,175
Furniture and Computers	$ 104,690
Travel	$ 57,000

60 Establish Emergency Drinking Water Fund

Gov - $0

$500,000 NR

Create a fund to pay for notification of persons who reside in the same dwelling unit or work at the same business at which drinking water is supplied from a private drinking water well that is located within 1,500 feet of known groundwater contamination, to cover the costs of testing private drinking water wells for contamination, and for the provision of alternative drinking water supplies to persons whose drinking water well is contaminated.

Environment & Natural Resources

(Items in Controversy are Shaded)

		House FY 06-07	Senate FY 06-07	
61	**Fund Shellfish Sanitation Positions**	$167,980 3.00 $11,020 NR		Gov - $0

Provide funds to monitor and classify North Carolina's shellfish growing waters and to conduct the shoreline survey. Funds three (3.0) positions, one GIS staff person and two shoreline surveyors.

Environmental Health Specialist 1.0
Environmental Health Regional Specialist 1.0
Computing Consultant 1.0

Salaries and Benefits	$133,686
Travel	$ 19,000
Rent	$ 3,000
Supplies	$ 12,294
Furniture and Computers	$ 11,020

62	**Fund Wastewater Treatment Consultants**	$106,000 2.00		Gov - $0

Provide funds for two (2.0) positions to provide technical on-site assistance to customers requesting waste water permits for septic tanks.

Soil Scientist II 1.0
Environmental Engineer II 1.0

(2.0) Land Resources

63	**Restore Contractual Services**		$50,000 NR	Gov - $0

Restore funding for contractual services for a county boundary program eliminated in FY 05/06.

(2.0) Water Quality

64	**Ferrymon Program**		$300,000 NR	Gov - $0

Provide funds for the Ferrymon Program.

(3.0) Aquariums

65	**Fund Operating**		$2,500,000	Gov - $0

Provide funds for the operations of the aquariums.

Environment & Natural Resources

(Items in Controversy are Shaded)

	House FY 06-07	Senate FY 06-07

) Marine Fisheries

66 Coastal Recreational Fishing License Implementation

2.00
$375,000 NR

Gov
$375,000 R
2.0

Provide funds to establish two (2.0) positions and operating support for the development and operations of the licensing system associated with the Coastal Recreational Fishing License (CRFL). These positions will be funded with receipts generated from the sale of CRFL effective FY 07/08. Positions include:

Process Analyst IV	1.0
Bus Tech Applications Analyst	1.0

Salaries and Benefits	$128,351
Purchased Services	$191,629
Supplies	$ 6,120
Equipment	$ 48,900

67 Coastal Recreational Fishing License Implementation

$327,000
2.00
$48,000 NR

Provide two (2.0) positions and operating support for the development and operations of the licensing system associated with the Coastal Recreational Fishing License:

Process Analyst IV	1.0
Bus Tech Applications Analyst	1.0

68 Shellfish Mapping and Submerged Aquatic Vegetation Mapping Programs

$281,651
3.00
$87,048 NR

Gov
$0

Provide three (3.0) additional positions and operating expenses to enable the Marine Fisheries Division to map shellfish resources and habitat as recommended by the Coastal Habitat Protection Plan:

Computing Consultant	1.0
Marine Fisheries Technician II	2.0

Salaries and Benefits	$127,041
Purchased Services	$120,920
Supplies	$ 37,290
Equipment	$ 27,940
Other Expenses	$ 55,508

69 Shellfish Mapping and Submerged Aquatic Vegetation Mapping Programs

$331,651
5.00
$87,048 NR

Provide five (5.0) additional positions and operating expenses to enable the Marine Fisheries Division to map shellfish resources and habitat as recommended by the Coastal Habitat Protection Plan:

Computing Consultant I	1.0
Marine Fisheries Technician II	4.0

Environment & Natural Resources

(Items in Controversy are Shaded)

		House FY 06-07	Senate FY 06-07	
(3.0) Soil and Water Conservation				
70	**NC Agricultural Cost Share Technical Assistance** Provide additional support for cost-shared funds to soil and water conservation districts and counties for technical assistance needed to install quality Best Management Practices through the Agriculture Cost Share Program.	$333,778	$333,778	
71	**NC Agriculture Cost Share Financial Assistance** Provide additional funding to the Agriculture Cost Share Program to assist 100 additional producers per year to install Best Management Practices to improve water quality.	$400,000 NR	$400,000	Gov $400,000 R
72	**Extend Conservation Resource Enhancement Program (CREP)** Provide additional funding to the CREP program to expand into additional watersheds in need of riparian buffers and restored wetlands. Salaries and Benefits $139,895 Contracts and Easements $850,000 Other Operating Expenses $ 10,105	$150,000 3.00 $850,000 NR		Gov $500,000 R
73	**Extend Conservation Resource Enhancement Program (CREP)** Provide additional funding to the CREP program to expand into additional watersheds in need of riparian buffers and restored wetlands.		$1,000,000 3.00	
74	**Soil and Water Conservation District Supervisor Travel** Provide funding for travel reimbursement for Soil and Water Conservation District Supervisors.	$25,000 NR	$25,000	Gov $0
75	**Poultry Waste Management Best Farm Practices** Provide funds for new poultry waste management techniques.	$200,000 NR		Gov $0
(4.0) Reserves and Transfers				
76	**Fund Utility and Fuel Costs** Provide funds for rising fuel and utility costs throughout the Department of Environment and Natural Resources.	$1,280,752 NR	$1,280,752 NR	

Environment & Natural Resources

(Items in Controversy are Shaded)

		House FY 06-07		Senate FY 06-07		
	Clean Water SRF Match Funds					
	Provide funds to meet the 20% state match requirement for drawing down the maximum available federal funds for the Clean Water State Revolving Fund.	$3,160,852	NR	$3,160,852	NR	
78	**Drinking Water SRF Match Funds**					
	Provide funds to meet the 20% state match requirement for drawing down the maximum available federal funds for the Drinking Water State Revolving Fund.	$2,909,820	NR	$2,909,820	NR	
79	**Increase Grassroots Science Program Funding**					Gov #0
	Increase funding for the Grassroots Science Program.			$665,940	NR	
80	**Forest Development Program (FDP)**					Gov #563,645
	Provide additional funding to reduce the current waiting list of landowner applicants for cost share assistance to reforest land.	$600,000	NR	$400,000	NR	
81	**Resource Conservation and Development Councils**					Gov #0
	Provide each of the State's ten Resource Conservation and Development Councils with a grant of $25,000.	$250,000	NR			
82	**Monitoring and Emergency Cleanup of the Texfi Site Contamination**					Gov #0
	Provide funding for additional monitoring and cleanup of contamination at the Texfi Site.	$100,000	NR			
	Department Totals	**$1,630,245**		**$5,438,265**		
		23.00		**19.00**		
		$11,984,812	**NR**	**$9,457,732**	**NR**	

Labor

(Items in Controversy are Shaded)

	House FY 06-07	Senate FY 06-07

Administration

83 **Fund Travel and Office Space**

Provide funds for field staff to travel and for existing field office space.

House: $213,894 NR

Senate: $213,894

Gov - $90,000 for
$250,000 R
$340,000

Elevator and Amusement Device Bureau

84 **Establish Receipt-Supported Positions**

Establish two (2.0) receipt-supported positions to inspect elevator and amusement devices.

Elevator Inspectors 2.0 $111,696

Salaries and Benefits	$98,166
Travel and Phone	$12,748
Other	$ 782

85 **Establish Receipt-Supported Positions**

Establish two (2.0) receipt-supported positions to inspect elevators and amusement devices.

Elevator Inspectors 2.0 $111,696

Labor Standards and Inspections

86 **Replace Appropriations for Mine and Safety**

Provide funds to offset unrealized safety training fee receipts. Fund shift 3.5 positions from receipt supported.

Mine Safety & Health Representative 3.5

Salaries and Benefits	$199,669
Travel	$ 331

House: $200,000
3.50

Same $

87 **Replace Appropriations for Mine and Safety**

Provide funds to offset unrealized safety training fee receipts. Restore 3.5 positions.

Senate: $200,000
3.50

	House FY 06-07	Senate FY 06-07
Occupational Safety and Health		
88 **Fund Operating**		
Fund various operating line items in Occupational Safety and Health.	$200,000 NR	$200,000 NR
Department Totals	**$200,000**	**$413,894**
	3.50	**3.50**
	$413,894 NR	**$200,000 NR**

N.C. Biotechnology Center

(Items in Controversy are Shaded)

		House FY 06-07		Senate FY 06-07		
89	Increase Funding for Biotechnology Center	$1,000,000		$1,500,000		GOV $1,500,000 R
	Provide funds for the Biotechnology Center.	$2,000,000	NR	$2,000,000	NR	
90	Regional Offices	$1,000,000		$500,000		GOV $500,000 R
	Provide funds to support the Biotechnology Center's regional offices.					
	Department Totals	**$2,000,000**		**$2,000,000**		
		$2,000,000	**NR**	**$2,000,000**	**NR**	

Rural Economic Development Center

(Items in Controversy are Shaded)

	House FY 06-07	Senate FY 06-07

Rural Center

91	**Transfer the e-NC Authority**	($500,000)	GOV $0

Transfer funds from the Rural Center's fund code to the Department of Commerce's State-Aid fund code. Historically the program was administratively located within the Rural Center's budget. In S.L. 2005-276 the Rural Center was appropriated $20 million recurring, with $500,000 allocated to the e-NC Authority.

Department Totals	**($500,000)**

NER Conference
Appropriations Subcommittee

Comparison Special Provisions

June 20th, 2006

NER Conference Provisions

Senate and House Differ

NER Block Grant

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SECTION 12.5 259

Senate and House Differ

Senate Version

TIMBER SALES RECEIPTS FOR CAPITAL IMPROVEMENTS AT AGRICULTURAL RESEARCH STATIONS AND FARMS

SECTION 23.7. Section 11.2 of S.L. 2005-276 reads as rewritten:

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

(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."

TIMBER SALES RECEIPTS FOR LAND ACQUISITION AT PIEDMONT RESEARCH STATION

SECTION 23.8. The sum of one million seven hundred thousand dollars ($1,700,000) shall be transferred from the Department of Agriculture and Consumer Services' timber sales capital improvement account in the Department of Agriculture and Consumer Services as such funds become available during the 2006-2007 fiscal year and shall be used by the Department for land acquisition at the Piedmont Research Station in Rowan County.

PLANT CONSERVATION PROGRAM FUNDS

SECTION 23.9. Section 11.3 of S.L. 2005-276 reads as rewritten:

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

House Version

TIMBER SALES RECEIPTS FOR CAPITAL IMPROVEMENTS

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

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

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

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

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

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

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

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

Senate Only

AQUARIUM FUNDS

SECTION 11.2. Of the funds appropriated in this act to the Department of Environment and Natural Resources, the sum of two million five hundred thousand dollars ($2,500,000) for the 2006-2007 fiscal year shall be for the Division of Aquariums for the operations of the Division of Aquariums of the Department of Environment and Natural Resources. These funds are in addition to the funding the Division of Aquariums receives from departmental receipts, and the Department of Environment and Natural Resources may use these funds to shift funding for operations of the Division from receipt-support to General Fund support.

Senate and House Differ

Senate Version

GRASSROOTS SCIENCE PROGRAM

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

"**SECTION 12.5.(a)** Of the funds appropriated in this act to the Department of Environment and Natural Resources for the Grassroots Science Program, the sum of three million one hundred ninety-seven thousand seven hundred sixty-two dollars ($3,197,762) for the 2005-2006 fiscal year and the sum of three million eight hundred sixty-three thousand seven hundred dollars ($3,863,700) for the 2006-2007 fiscal year is allocated as grants-in-aid ~~for each fiscal year~~ as follows:

	2005-2006	2006-2007
Aurora Fossil Museum	$59,057	$62,593
Cape Fear Museum	$161,007	$195,926
Carolina Raptor Center	$112,174	$126,878
Catawba Science Center	$133,429	$181,452
The Children's Museum of Iredell County		$65,424
Colburn ~~Gem and Mineral Museum, Inc.~~Earth Science Museum, Inc.	$74,545	$82,856
Discovery Place	$662,865	$845,882
Eastern NC Regional Science Center	$50,000	$51,094
~~Port Discover: Northeastern North Carolina's Center for Hands-On Science, Inc.~~	~~$50,000~~	
Fascinate-U	$80,742	$92,389
Granville County Museum Commission, Inc.–Harris Gallery	$56,422	$58,079
Greensboro Children's Museum	$135,076	$142,558
The Health Adventure Museum of Pack Place Education, Arts and Science Center, Inc.	$134,499	$194,079
Highlands Nature Center	$79,268	$83,826
Imagination Station	$86,034	$95,505
Kidsenses	$50,000	$92,676
Museum of Coastal Carolina	$74,192	$80,207
The Natural Science Center of ~~Greensboro~~Greensboro, Inc.	$186,354	$218,069
North Carolina Museum of Life and Science	$379,826	$432,752
Port Discover: Northeastern North Carolina's		

$ Dif

Center for Hands-On Science, Inc.	$50,000	$50,117
Rocky Mount Children's Museum	$72,254	$74,928
Schiele Museum of Natural History and Planetarium, Inc.	$229,547	$264,353
Sci Works Science Center and Environmental Park of Forsyth County	$146,499	$177,886
Western North Carolina Nature Center	$112,879	$123,079
Wilmington Children's Museum	$71,093	$71,093
Total	$3,197,762	$3,863,700

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

(1) The operating budget for the 2004-2005 fiscal year.
(2) The operating budget for the 2005-2006 fiscal year.
(3) The total attendance at the museum during the 2005 calendar year.

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

(1) The operating budget for the 2005-2006 fiscal year.
(2) The operating budget for the 2006-2007 fiscal year.
(3) The total attendance at the museum during the 2006 calendar year."

House Version

GRASSROOTS SCIENCE PROGRAM

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

"**SECTION 12.5.(a)** Of the funds appropriated in this act to the Department of Environment and Natural Resources for the Grassroots Science Program, the sum of three million one hundred ninety-seven thousand seven hundred sixty-two dollars ($3,197,762) for the 2005-2006 fiscal year and the sum of three million one hundred ninety-seven thousand seven hundred sixty dollars ($3,197,760) for the 2006-2007 fiscal year is allocated as grants-in-aid ~~for each fiscal year~~ as follows:

	2005-2006	2006-2007
Aurora Fossil Museum	$59,057	$59,444
Cape Fear Museum	$161,007	$159,444
Carolina Raptor Center	$112,174	$107,658

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

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

(1) The operating budget for the 2004-2005 fiscal year.
(2) The operating budget for the 2005-2006 fiscal year.
(3) The total attendance at the museum during the 2005 calendar year.

SECTION 12.5.(c) No later than March 1, 2007, the Department of Environment and Natural Resources shall report to the Fiscal Research Division

all of the following information for each museum that receives funds under this section:

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

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

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

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

H Or

Senate Only

MORATORIUM IMPOSED ON NEW LANDFILLS

SECTION 11.4.(a) Definitions. – The definitions set forth in G.S. 130A-290 apply throughout this section.

SECTION 11.4.(b) Moratorium Established. – There is hereby established a moratorium on consideration of applications for a permit and on the issuance of permits for new landfills in the State. The purposes of this moratorium are to allow the State to study solid waste disposal issues in order to protect public health and the environment. The Department of Environment and Natural Resources shall not consider a permit application nor issue a permit for a new landfill for the disposal of construction or demolition waste, municipal solid waste, or industrial solid waste for a period beginning on 1 July 2006 and ending on 1 January 2008.

SECTION 11.4.(c) Exceptions. – The moratorium established by subsection (b) of this section shall not prohibit consideration of an application for or issuance of:

(1) A modification of a permit for an existing permitted landfill.

(2) A permit to expand an existing permitted landfill if the proposed facility boundary will provide no more than five years of disposal capacity.

(3) A modification of a permit to reflect a transfer of ownership of an existing permitted landfill.

(4) A modification of a permit to provide for a substantial change to the waste stream described in a permit in effect as of 1 May 2006 for an existing landfill.

(5) A permit for a sanitary landfill used only to dispose of waste generated by a coal-fired generating unit that is owned or operated by an investor-owned utility subject to the requirements of G.S. 143-215.107D.

(6) A permit for a sanitary landfill determined to be necessary by the Secretary in order to respond to an imminent hazard to public health or a natural disaster.

SECTION 11.4.(d) Study. – The Environmental Review Commission, with the assistance of the Division of Waste Management of the Department of Environment and Natural Resources, shall study issues related to solid waste. The Commission shall specifically study measures concerning:

(1) Financial responsibility requirements for solid waste landfills, including the application of requirements to limited liability companies and other business entity structures of applicants seeking solid waste landfill permits.

(2) Application of franchise requirements and local government approval for solid waste landfill permits, including adequacy of

public notice and comment, community studies, and site designations prior to local government approval.

(3) Siting, design, and operational requirements for landfills for the disposal of construction or demolition waste, municipal solid waste, or industrial solid waste that are proposed in areas susceptible to flooding from natural disasters, areas with high water tables, and other environmentally sensitive areas.

(4) Traffic considerations for proposed landfills.

(5) Regulatory oversight and staffing for permitting and compliance of solid waste landfills, and inspection of waste containers on barges, railways, and trucks.

(6) Compliance with statutory prohibitions on disposal of certain types of solid waste and measures to prevent disposal of hazardous waste in solid waste and construction and demolition landfills.

(7) Ways to reduce the amount of solid waste disposed of within North Carolina landfills, including statewide tipping fees, bans on the disposal of certain types of waste in landfills, more aggressive recycling requirements, and enhanced regulatory requirements for landfills and other solid waste management facilities.

SECTION 11.4.(e) Subcommittee. – In order to facilitate the conduct of this study, the Cochairs of the Environmental Review Commission may establish a subcommittee of the Commission. The subcommittee of the Commission may include nonlegislative members who have special knowledge, interest, or expertise in various aspects of solid waste management, appointed in consultation with the President Pro Tempore of the Senate and the Speaker of the House of Representatives.

SECTION 11.4.(f) Report. – The Commission shall report its findings, together with any recommended legislation, to the 2007 Regular Session of the 2007 General Assembly upon its convening.

SECTION 11.4.(g) This section is effective when this act becomes law.

House Only

COASTAL RECREATIONAL FISHING LICENSES RECEIPTS

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

House Only

EMERGENCY DRINKING WATER FUND ESTABLISHED

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

"Part 11. Private Drinking Water Wells.

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

The Emergency Drinking Water Fund is established within the Department. The Fund shall be a nonreverting, interest-bearing fund consisting of monies appropriated to the Fund by the General Assembly and investment interest credited to the Fund. The Fund may be used to pay for notification, to the extent practicable, of persons who reside in the same dwelling unit or who work at the same business at which drinking water is supplied from a private drinking water well that is located within 1,500 feet of known groundwater contamination, to cover the costs of testing private drinking water wells for contamination, and for the provision of alternative drinking water supplies to persons whose drinking water well is contaminated. The Department shall disburse monies from the Fund based on financial need and on the risk to public health posed by groundwater contamination and shall give priority to the provision of services under this section to instances when an alternative source of funds is not available. The funds shall not be used for remediation of groundwater contamination. Nothing in this section expands, contracts, or modifies the obligation of responsible parties under Article 9 or 10 of Chapter 130A of the General Statutes, this Article, or Article 21A of this Chapter to assess contamination, identify receptors, or remediate groundwater or soil contamination. The Department shall establish criteria by which the Department is to evaluate applications and disburse funds from this Fund and may adopt any rules necessary to implement this section."

Senate and House Differ

Senate Version

ONE NORTH CAROLINA FUND

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

"**SECTION 13.6.(a)** Of the funds appropriated in this act to the One North Carolina Fund, the Department of Commerce may use up to three hundred thousand dollars ($300,000) to cover its expenses in administering the One North Carolina Fund and other economic development incentive grant programs in the ~~2005-2006~~2006-2007 fiscal year."

House Version

ONE NORTH CAROLINA FUND

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

"**SECTION 13.6.(a)** Of the funds appropriated in this act to the One North Carolina Fund, the Department of Commerce may use up to three hundred thousand dollars ($300,000) to cover its expenses in administering the One North Carolina Fund and other economic development incentive grant programs in the ~~2005-2006~~2006-2007 fiscal year.

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

H on

Senate and House Differ

Senate Version

EXTEND E-NC AUTHORITY SUNSET/E-NC AUTHORITY FUNDS AND REPORTING REQUIREMENTS

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

"**SECTION 4.** Sections 1 and 2 of this act become effective December 31, 2003, with the e-NC Authority hereby designated as the successor entity of the Rural Internet Access Authority that will dissolve on that date, as provided by Section 5 of S.L. 2000-149. The remainder of this act is effective when it becomes law. The e-NC Authority created in this act is dissolved effective ~~December 31, 2006.~~ December 31, 2008. This act is repealed effective ~~December 31, 2006.~~December 31, 2008. Part 2F of Article 10 of Chapter 143B of the General Statutes and G.S. 120-123(77), as enacted by this act, are repealed effective ~~December 31, 2006.~~ December 31, 2008."

SECTION 12.3.(b) Section 13.12 of S.L. 2005-276 reads as rewritten:

"**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)~~nineteen million five hundred thousand dollars ($19,500,000) 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.(f) Of the funds appropriated in this act to the Rural Economic Development Center, Inc., and allocated in subsection (a) of this section, 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 12.3.(c) Of the funds appropriated in this act to the Department of Commerce, the sum of five hundred thousand dollars ($500,000) 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 2007 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 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 September 30, 2006, and quarterly thereafter, report to the Joint Legislative Commission on Governmental Operations on program development and the evaluation of program activities.

House Version

EXTEND E-NC AUTHORITY SUNSET

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

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

Senate and House Differ

Senate Version

ADVANCED VEHICLE RESEARCH CENTER REPORTING REQUIREMENTS/FUNDS SHALL NOT REVERT

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

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

SECTION 12.5.(b) Funds appropriated to the Advanced Vehicle Research Center Reserve for the 2005-2006 fiscal year for the Advanced Vehicle Research Center of North Carolina, Inc., that are unexpended and unencumbered as of June 30, 2006, shall not revert to the General Fund on June 30, 2006, but shall remain available in the Reserve.

SECTION 12.5.(c) Subsection (b) of this section becomes effective June 30, 2006.

House Version

ADVANCED VEHICLE RESEARCH CENTER /FUNDS SHALL NOT REVERT

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

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

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

completed goals and projects consistent with the Center's business plan. The goals and projects shall include the following:

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

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

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

SECTION 13.8A.(c) The Center shall file with the Office of State Budget and Management and the Department of Commerce a copy of the Center's policy addressing conflicts of interest that may arise involving the Center's management employees and the members of its board of directors or other governing body before funds may be allocated to the Center. The policy shall address situations in which any of these individuals may directly or indirectly benefit, except as the Center's employees or members of the board or other governing body, from the Center's disbursing of State funds, and shall include actions to be taken by the entity or the individual, or both, to avoid conflicts of interest and the appearance of impropriety.

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

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

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

SECTION 13.8A.(g) Funds appropriated to the Advanced Vehicle Research Center Reserve for the 2005-2006 fiscal year for the Advanced Vehicle Research

Center of North Carolina, Inc., that are unexpended and unencumbered as of June 30, 2006, shall not revert to the General Fund on June 30, 2006, but shall remain available in the Reserve.

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

House Only

INCREASE CERTAIN PUBLIC WATER SYSTEMS ANNUAL OPERATING PERMIT FEES/IMPOSE FEES FOR REVIEW OF ENGINEERING PLANS AND SPECIFICATIONS FOR THE CONSTRUCTION OR ALTERATION OF PUBLIC WATER SYSTEMS

SECTION 27B.2.(a) G.S. 130A-328 reads as rewritten:

"**§ 130A-328. ~~Community~~ Public water system operating permit and permit fee.**

(a) No person shall operate a community or non transient non-community water system who has not been issued an operating permit by the Department. A community or non transient non-community water system operating permit shall be valid from January 1 through December 31 of each year unless suspended or revoked by the Department for cause. The Commission shall adopt rules concerning permit issuance and renewal and permit suspension and revocation. The annual fees in subsection (b) shall be prorated on a monthly basis for permits obtained after January 1 of each year.

(b) The following fees are imposed for the issuance or renewal of a permit to operate a community or non transient non-community water system; the fees are based on the number of persons served by the system:

~~Number of Persons Served~~	Fee
~~100 or fewer~~	~~$150~~
~~More than 100 but no more than 500~~	~~$175~~
~~More than 500 but no more than 3300~~	~~$300~~
~~More than 3300 but no more than 5000~~	~~$450~~
~~More than 5000 but no more than 10,000~~	~~$550~~
~~More than 10,000 but no more than 50,000~~	~~$650~~
~~More than 50,000~~	~~$850~~
Non Community Water Systems:	
Base Fee:	
Non transient non-community	$150
Community Water Systems:	
Number of Persons Served	
50 or fewer	$255
More than 50 but no more than 100	$270
More than 100 but no more than 200	$330
More than 200 but no more than 300	$350
More than 300 but no more than 400	$385
More than 400 but no more than 500	$420
More than 500 but no more than 750	$780
More than 750 but no more than 1000	$810
More than 1000 but no more than 2000	$840
More than 2000 but no more than 3000	$870

More than 3000 but no more than 4000	$1350
More than 4000 but no more than 5000	$1460
More than 5000 but no more than 7500	$1925
More than 7500 but no more than 10,000	$2065
More than 10,000 but no more than 25,000	$2600
More than 25,000 but no more than 50,000	$2925
More than 50,000 but no more than 75,000	$4250
More than 75,000 but no more than 100,000	$4675
More than 100,000 but no more than 250,000	$5100
More than 250,000 but no more than 500,000	$5525
More than 500,000	$5950

(c) The following fees are imposed for the review of plans, specifications, and other information submitted to the Department for approval of construction or alteration of a public water system. The fees are based on the type of constructions or alteration proposed:

Distribution system:	Fee
Construction of water lines, less than 5000 linear feet	$150
Construction of water lines, 5000 linear feet or more	$200
Other construction or alteration to a distribution system	$75
Ground water system:	
Construction of a new ground water system or adding a new well	$200
Alteration to an existing ground water system	$100
Surface Water system:	
Construction of a new surface water treatment facility	$250
Alteration to an existing surface water treatment facility	$150
Water System Management Plan review	$75
Miscellaneous changes or maintenance not covered above	$50

(d) The Department may charge an administrative fee of up to one hundred fifty dollars ($150.00) for failure to pay the permit fee by January 31 of each year.

(e) All fees collected under this section shall be applied to the costs of administering and enforcing this Article."

SECTION 27B.2.(b) The Department of Environment and Natural Resources may create a schedule for phasing in the new fees added to G.S. 130A-328, as amended by subsection (a) of this section, over multiple operating permit cycles.

SECTION 27B.2.(c) This section becomes effective January 1, 2007.

VISITOR REGISTRATION SHEET

Appropriations Subcommittee on NER — June 20, 2006

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Doug Byrd	Commerce
FRAN NOLAN	GRASSROOTS S.M.C.
David McLeod	NCDA&CS
Nancy Brantley	LA to Rep. Wilkins
Elizabeth Self	NC Sierra Club
Buck Lattimore	NC Industrial Commission
Thomas Cheek	OSBM
Donna S. Cox	OSBM
Erin Kinney	NC Conservation Network
[illegible]	[illegible]
Doug Lassiter	NCSTA

VISITOR REGISTRATION SHEET

Appropriations Subcommittee on NER — June 20, 2006

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Becky Brown	Labor
Art Briot	"
Jennifer Haigwood	"
Jerri Overton	Agriculture
N. David Smith	Agriculture
Cody Handy	DENR

Joint Appropriations Subcommittee on Natural and Economic Resources
Conferees

Wednesday June 21, 2006

Representative Edith Warren, Representative Howard Hunter, Representative Mary McAllister, and Senator David Weinstein – Co-Chairs

Senator David Weinstein, Presiding
8:30 a.m. Room 423

Co-Chairs Comments

- **NER Conference Appropriations Subcommittee**
  DRAFT Money Report *Fiscal Research Staff*

- **NER Conference Appropriations Subcommittee**
  DRAFT Special Provisions *Fiscal Research Staff*

Closing Remarks – Senator Weinstein

Adjourn

MINUTES

Joint Appropriations Subcommittee
on
Natural and Economic Resources Conferees
Wednesday, June 21, 2006, at 9:00 a.m.
423 Legislative Office Building

The Joint Appropriations Subcommittee on Natural and Economic Resources Conferees met at 8:30 a.m. on Wednesday, June 21, 2006, in Room 423 of the Legislative Office Building. Two Senate conferees attended along with Representatives Warren, Allen, Harrison, Langdon, and McAllister. Senator David Weinstein presided.

The meeting was called to order and the subcommittee conferees and interested parties were welcomed. The following served the meeting: Pages –Rachel Hembree, Paige Hixon, and Will Colvill sponsored by Senator Linda Garrou, Sadie Cooke sponsored by Senator David Hoyle, Marie Taylor sponsored by Senator Tony Rand, John Cuffney sponsored by Senator Neal Hunt, and David Guest sponsored by Senator Stan Bingham; Sergeant at Arms - Ernie Sherrell and Ron Spann; and the Fiscal Research NER Team - Joy Hicks, Susan Morgan, and Kristin Walker.

The purpose of the meeting was to review the NER Conference Draft Money Report and the NER Conference Draft Special Provisions. A copy of these reports was distributed to the conferees (Attachments 1 and 2).

The NER Conference Draft Money Report was the first to be reviewed. Items that changed in description only are marked same, the figures circled are the agreed upon amounts, and the items with an F are items that are up for further discussion. Only the items in controversy were reviewed and the review was conducted by the NER Fiscal Research Team, each in the area they are assigned. It was noted that the spending target that the joint conferees received and what they were working from was approximately a mid point between what the Senate spent and what the House spent, so some money was still available for further discussion. After the review the NER Fiscal Research Team and Senator Weinstein entertained questions and/or comments from the conferees.

The NER Conference Draft Special Provisions were then reviewed. The special provisions were reviewed by the Fiscal NER Research Team, again each in the area they are assigned.

Senator Weinstein asked if there were any questions and/or comments from the conferees. There were none and the meeting adjourned at 9:25 a.m.

David F. Weinstein
Senator David Weinstein
Chairman

Jane M. Bagley
Jane M. "Dee" Bagley
Committee Assistant

Attachment 1

NER Conference
Appropriations Subcommittee

DRAFT Money Items

June 21st, 2006

House/Senate Comparison Report

Agriculture and Consumer Services

(Items in Controversy are Shaded)

	House FY 06-07	Senate FY 06-07

Administration

1 Human Resources — $97,382, 1.00

Provide funding for one (1.0) Personnel Technician position in Human Resources.

2 Human Resources — $97,382, 1.00

Provide funding for one (1.0) Personnel Technician position in Human Resources.

Salary and Benefits	$40,590
Other Expenses	$56,792

same $

3 Public Affairs - Agricultural Review — $40,000

Provide increased funding for the Agricultural Review to address rising operational costs.

$40,000 NR

Gov $0

Emergency Programs

4 Emergency Preparedness - Staffing Support — $337,000, 4.00

Provide General Fund appropriation for four (4.0) positions:

Veterinarian	1.0
Animal Health Technician II	1.0
Application Analyst II	2.0

5 Emergency Preparedness - Operating Expenses — $337,000, 4.00

Provide General Fund appropriation to establish two (2.0) new positions and to fund shift two (2.0) existing positions from receipt-support:

Veterinarian	1.0
Animal Health Technician II	1.0
Application Analyst II	2.0

Salaries and Benefits	$283,252
Equipment and Supplies	$ 15,248
Other Expenses	$ 38,500

same $

6 Emergency Preparedness - Operating Expenses — $300,000 — $300,000

Provide additional funding for operating expenses associated with the Multi-Hazard Threat Database.

Food and Drug

7 Emergency Preparedness - Food Safety — Senate: $538,257, 11.00

Provide funding for eleven (11.0) positions to address staffing shortages in food protection, compliance and regulations:

Chemist II	2.0
Ag Microbiologist II	2.0
Food Compliance Officer I	1.0
Food Regulatory Specialist I	6.0

8 Emergency Preparedness - Food Safety — House: $538,257, 11.00 — same $

Provide funding for eleven (11.0) positions to address staffing shortages in food protection, compliance and regulations:

Chemist II	2.0
Ag Microbiologist II	2.0
Food Compliance Officer I	1.0
Food Regulatory Specialist I	6.0

Salaries and Benefits	$442,890
Purchased Services	$ 60,742
Other Expenses	$ 34,625

9 Emergency Preparedness - Replace Distillation System

Provide funding for the replacement of the water distillation system at Constable Laboratory.

House: $100,000 NR — Senate: $100,000 NR

10 Emergency Preparedness - Purchase/Replace Lab Equipment

Provide funding for the purchase and replacement of lab equipment.

House: $500,000 NR — Senate: $500,000 NR

11 Pesticide Staffing Support — Senate: $194,429, 3.00, $6,149 NR

Provide three (3.0) additional positions to the Pesticide Section:

Environmental Toxicologist	1.0
Bilingual Pesticide Specialist	1.0
Pesticide Environmental Investigative Specialist	1.0

same ##

Agriculture and Consumer Services

(Items in Controversy are Shaded)

		House FY 06-07	Senate FY 06-07
12	**Pesticide Staffing Support** Provide three (3.0) additional positions to the Pesticide Section: Environmental Toxicologist 1.0 Bilingual Pesticide Specialist 1.0 Pesticide Environmental Investigative Specialist 1.0 Salaries and Benefits $147,713 Purchased Services $ 29,996 Supplies $ 16,140 Other Expenses $ 6,729	$194,429 3.00 $6,149 NR	same $
13	**Restore Funding for the Pesticide Disposal Program** Restore General Fund reduction to the Pesticide Disposal Program made in FY 05/06.	$222,407	Gov $0

Markets

14	**Domestic Marketing** Provide additional funding for the "Got to be NC" agriculture marketing initiative.	$200,000 NR	Gov $0
15	**Domestic Marketing** Provide additional funding for the "Got to be NC" agriculture marketing initiative. Also provides one (1.0) Agricultural Marketing Specialist position.	$40,000 1.00 $240,300 NR	

Meat and Poultry

16	**Emergency Preparedness - Food Safety and Security Mandates** Provide funding for 50 percent of six (6.0) meat inspector positions to match US Department of Agriculture funding.		$163,000 6.00
17	**Emergency Preparedness - Food Safety and Security Mandates** Provide funding for 50 percent of six (6.0) meat inspector positions to match US Department of Agriculture funding. Salaries and Benefits $134,400 Other Expenditures $ 28,600	$163,000 6.00	same $

Agriculture and Consumer Services

(Items in Controversy are Shaded)

		House FY 06-07	Senate FY 06-07	
Plant Industry				
18	**Export Certification Program**		$145,310 2.00	Gov $58,323 1.0
	Provide funding to establish two (2.0) Export Certification positions required to respond to the increased demand for issuance of phytosanitary certificates in North Carolina. Export Certification Specialist 2.0			
19	**Export Certification Program**	$72,655 1.00		
	Provide funding for one (1.0) Export Certification position to respond to the increased demand for issuance of phytosanitary certificates in North Carolina. Salary and Benefits $57,330 Other Expenses $15,325			
20	**Reduce Unrealized Fertilizer Receipts**			
	Replace a portion of unrealized fertilizer receipts.	$100,000 NR	$100,000 NR	
Research Stations				
21	**Replace Unrealized Research Station Receipts**			
	Replace unrealized Research Stations receipts with a General Fund appropriation.	$350,000 NR	$350,000 NR	
Reserves and Special Funds				
22	**Reserve for Utility and Fuel Costs**			
	Establish a reserve to help offset the increased cost of natural gas and propane, fuel oil and gasoline expenses.	$317,516 NR	$317,516 NR	
Standards				
23	**Standards Inspectors**		$36,746 2.00 $23,000 NR	Gov 0
	Provide funding for two (2.0) additional Standards Inspectors to be assigned to inspect retail motor fuel dispensers and retail weights and measures devices.			

Agriculture and Consumer Services

(Items in Controversy are Shaded)

		House FY 06-07	Senate FY 06-07
24	**Standards Inspectors** Provide funding for two (2.0) additional Standards Inspectors to be assigned to inspect retail motor fuel dispensers and retail weights and measures devices. Salaries and Benefits $32,946 Equipment and Supplies $25,240 Other Expenses $ 3,970	$39,156 2.00 $23,000 NR	

Veterinary Services

25	**Emergency Preparedness - Director of Laboratory Operations position** Establish one (1.0) Director of Laboratory Operations position.		$147,172 1.00
26	**Emergency Preparedness - Director of Laboratory Operations position** Establish one (1.0) Director of Laboratory Operations position. Salary and Benefits $128,376 Purchased Services $ 11,900 Equipment and Supplies $ 5,696 Other Expenses $ 1,200	$147,172 1.00	same $
	Department Totals	**$2,111,458** **29.00** **$1,636,665 NR**	**$2,039,296** **31.00** **$1,636,965 NR**

Commerce

(Items in Controversy are Shaded)

	House FY 06-07	Senate FY 06-07

Administrative Services

27 Establish Position to Monitor Non-Profits

Establish one (1.0) Auditor II position and provide operating funds to monitor all non-state entities receiving funds through the Department of Commerce.

Salary and Benefits $63,000
Operating Expenses $37,000

House: $63,000 1.00 $37,000 NR

Gov: $150,000 1.0

Compromise: $63,000 R $87,000 NR 1.00

28 Establish Position to Monitor Non-Profits

Establish one (1.0) Auditor II position and provide operating funds to monitor all non-state entities receiving funds through the Department of Commerce.

Senate: $150,000 1.00

Board of Science and Technology

29 One North Carolina Small Business Fund

Provide funds for the Federal Small Business Innovation Research/Small Business Technology Transfer Research matching program. The program provides incentive funds to small businesses to apply for federal innovation grants.

House: $5,000,000 NR

Senate: $5,000,000 NR

Community Assistance

30 Regional Councils of Government (COGs)

Provide an additional $10,000 for all Regional COGs.

House: $170,000 NR

Gov: $0

Finance Center

31 One North Carolina Fund

F

Provide funds for the One North Carolina Fund for FY 06/07.

House: $11,000,000 NR

Senate: $10,000,000 NR

Gov: $10,000,000 R

F

Commerce

(Items in Controversy are Shaded)

	House FY 06-07	Senate FY 06-07

Industrial Commission

32 Replace Electronic Document System — $750,000 NR

Provide funds to replace electronic document system. State funds will be used in addition to existing fee receipts ($2,100,000) to fund the new system over a two-year period.

Total Requirements: $3,600,000
Less Anticipated Receipts: ($2,100,000)
TOTAL State Funds Required: $1,500,000

State Funds Required FY 06/07: $750,000
State Funds Required FY 07/08: $750,000

GOV $1,509,000 NR

33 Replace Electronic Document System — $1,500,000 NR

Provide funds to replace electronic document system. State funds will be used in addition to existing fee receipts ($2,100,000) to fund the new system.

Total Requirements: $3,600,000
Less Anticipated Receipts: ($2,100,000)

State Funds Required: $1,500,000

Information Services

34 Web Applications Development and Maintenance — $70,819 / 1.00 / $5,000 NR

Establish one (1.0) Application Analyst position to develop and maintain a web site for the department.

Salary and Benefits $70,819
Equipment $ 5,000

35 Web Applications Development & Maintenance — $70,819 / 1.00 / $5,000 NR

Establish one (1.0) Application Analyst position to develop and maintain a web site for the department.

Same $

Local Planning and Management

36 Expand Small Towns Main Street Program — $71,965 / 1.00

Establish one (1.0) Community Development Planner position to serve the western part of the state. Program activities in the eastern region are funded by a Z. Smith Reynolds grant.

Salary and Benefits $48,663
Transportation/Meals/Lodging $21,202
Supplies and Equipment $ 2,100

Commerce

(Items in Controversy are Shaded)

		House FY 06-07	Senate FY 06-07
37	**Expand Small Towns Main Street Program** Establish one (1.0) Community Development Planner position to serve the western part of the state. Program activities in the eastern region are funded by a Z. Smith Reynolds grant.		$71,965 1.00 Same $
38	**Expand 21st Century Communities Program** Establish three (3.0) Community Development Planner I positions and provide operating funds to expand the program to 5 new communities annually. Salaries and Benefits $198,459 Rent $ 6,400 Supplies and Office Equipment $ 17,190 Printing and Postage $ 1,650 Other Expenses $ 21,000	$244,699 3.00	Gov. $274,699 ~~$0~~ 3.0
39	**Expand 21st Century Communities Program** Establish three (3.0) Community Development Planner III positions and provide operating funds to expand the program to 5 new communities.		$274,699 3.00

Marketing

40	**Promote N.C. as a Business Destination** Provide funds for advertising in business publications, public relations outreach, marketing materials, national and international industry trade shows, and conference participation.	$750,000 NR	$1,000,000 NR Gov $1,500,000 R Flag
41	**Furniture Market Advertising** Provide funds to the High Point International Home Furnishings Market Authority Corporation to promote the International Home Furnishings Market.	$750,000 NR	$1,750,000 NR Gov $0 Compromise $1,250,000 NR

Commerce

(Items in Controversy are Shaded)

	House FY 06-07	Senate FY 06-07

Policy and Research

42 Provide Additional Staff

Provide funds for two (2.0) positions for the Division to expand research and planning for economic development.

Economist III
1.0
Policy Development Analyst II
1.0

Salaries and Benefits	$137,367
Operating Expenses	$ 12,633

House: $150,000 / 2.00

Compromise: $225,000 / 3.0

GOV: $300,000 / ~~3.0~~ 4.0

43 Provide Additional Staff

Provide funds for four (4.0) positions for the Division to expand research and planning for economic development.

Economist III
1.0
Policy Development Analyst II
1.0
Business and Technical Application Tech.
2.0

House: $300,000 / 4.00

Tourism, Film and Sports Promotion

44 Marketing Reserve

Provide funds for a statewide marketing reserve.

House: $1,000,000 NR

Compromise: $500,000 NR

GOV: $0

45 Promote Film Industry

Provide funds to expand and promote the film industry in North Carolina.

House: $250,000 NR

GOV: $0

46 Promote Motor Sports

Provide funds to promote motor sports.

House: $100,000 NR

GOV: $250,000 NR

Department Totals	House FY 06-07	Senate FY 06-07
	$600,483	$867,483
	8.00	10.00
	$19,712,000 NR	$19,355,000 NR

Commerce - State Aid

(Items in Controversy are Shaded)

	House FY 06-07	Senate FY 06-07

47 Advanced Vehicle Research Center

Provide funds to the Advanced Vehicle Research Center Reserve. These funds may be transferred to the Department of Commerce for allocation to the Advanced Vehicle Research Center of North Carolina, Inc. for the construction of and operation of the center.

$7,500,000 NR — $0 — F — GOV $0

48 Land Loss Prevention Project

Increase funding for the Land Loss Prevention Project to aid in the legal representation of financially distressed small farmers and rural landowners.

$46,000

$250,000 NR — $0 — F — GOV $0

49 North Carolina Association of Community Development Corporations (NCACDCs)

Increase the General Fund appropriation for NCACDCs.

$200,000 NR — $0 — F — GOV $0

50 Minority Support Center

Provide funds for the Minority Support Center to support the Generations Credit Union and the Latino Community Credit Union.

$1,457,138 NR — $0 — F — GOV $0

51 Community Development Initiative (CDI)

Increase the General Fund appropriation for CDI.

$500,000 NR — $0 — F — GOV $0

52 NC Institute of Minority Economic Development

Increase funding for the NC Institute of Minority Economic Development.

$500,000 NR — $0 — F — GOV $0

e-NC Authority

53 Transfer the e-NC Authority

Transfer funds from the Rural Center's fund code to the Department of Commerce's State-Aid fund code. Historically the program was administratively located within the Rural Center's budget.

$500,000 — GOV $0

Department Totals	$46,000	$500,000
	$10,407,138 NR	

Environment & Natural Resources

(Items in Controversy are Shaded)

	House FY 06-07	Senate FY 06-07

(2.0) CGIA

54 Fund NC OneMap

House: $70,000 / 1.00 / $80,000 NR

Gov - $0

Provide funds to enhance NC OneMap system to provide 24-7 access and to provide technical assistance to local governments who connect to NC OneMap. Provide funds for one (1.0) new position.

Business & Technology Applications Specialist 1.0

Salary and Benefits	$70,000
Computer and Software	$80,000

(2.0) Coastal Management

55 Create New Coastal Habitat Protection Compliance Positions

House: $249,757 / 4.00 / $27,770 NR

Provide funds to establish four (4.0) Compliance Coordinator positions, one in each Division of Coastal Management district to provide compliance and enforcement services.

Environmental Specialist III 4.0

Salaries and Benefits	$204,338
Rent	$ 6,668
Travel	$ 22,600
Supplies	$ 16,151
Furniture & Computers	$ 27,770

Same $

56 Create New Coastal Habitat Protection Compliance Positions

Senate: $249,757 / 4.00 / $27,770 NR

Provide funds to establish four (4.0) Compliance Coordinator positions, one in each Division of Coastal Management district to provide compliance and enforcement services:

Environmental Specialist III 4.0

(2.0) Environmental Health

57 **Fund Private Well Water Safety Program**

$271,079
5.00
$827,550 NR

Provide funds for technical support and enforcement assistance to counties as they enforce statewide private water supply well construction standards. Provide funds for five (5.0) new positions.

Environmental Health Regional Specialist	4.0
Administrative Assistant I	1.0

Salaries and Benefits	$234,454
Travel and Rent	$ 30,625
Supplies	$ 6,000
Furniture and Computers	$ 27,550

Same $

58 **Fund Private Well Water Safety Program**

$271,079
5.00
$827,550 NR

Provide funds for technical support and enforcement assistance to counties as they enforce statewide private water supply well construction standards. Provide funds for five (5.0) new positions:

Environmental Health Regional Specialist	4.0
Administrative Assistant I	1.0

f fee **Protection of Drinking Water Supplies - Increase Fee**

House $1,250,726 fees

Gov $1,001,165 fees
$ 300,000 R
$1,301,165

F

Provide funds for nineteen (19.0) additional positions for field response, inspections, technical assistance, compliance oversight, laboratory support and review and approval of plans to protect public drinking water supplies.

Environmental Engineer II	4.0
Environmental Engineer I	14.0
Environmental Technician V	1.0

Salaries and Benefits	$1,007,300
Rent	$ 38,000
Supplies and Phone	$ 44,175
Furniture and Computers	$ 104,690
Travel	$ 57,000

60 **Establish Emergency Drinking Water Fund**

$500,000 NR

Gov - $0

Create a fund to pay for notification of persons who reside in the same dwelling unit or work at the same business at which drinking water is supplied from a private drinking water well that is located within 1,500 feet of known groundwater contamination, to cover the costs of testing private drinking water wells for contamination, and for the provision of alternative drinking water supplies to persons whose drinking water well is contaminated.

Environment & Natural Resources

(Items in Controversy are Shaded)

	House FY 06-07	Senate FY 06-07
61 **Fund Shellfish Sanitation Positions**	$167,980 3.00 $11,020 NR	Gov - $0

Provide funds to monitor and classify North Carolina's shellfish growing waters and to conduct the shoreline survey. Funds three (3.0) positions, one GIS staff person and two shoreline surveyors.

Environmental Health Specialist 1.0
Environmental Health Regional Specialist 1.0
Computing Consultant 1.0

Salaries and Benefits	$133,686
Travel	$ 19,000
Rent	$ 3,000
Supplies	$ 12,294
Furniture and Computers	$ 11,020

62 f **Fund Wastewater Treatment Consultants**	$106,000 2.00 F	Gov - $0

Provide funds for two (2.0) positions to provide technical on-site assistance to customers requesting waste water permits for septic tanks.

Soil Scientist II 1.0
Environmental Engineer II 1.0

(2.0) Land Resources

63 **Restore Contractual Services**	$50,000 NR	Gov - $0.

Restore funding for contractual services for a county boundary program eliminated in FY 05/06.

(2.0) Water Quality

64 **Ferrymon Program**	$300,000 NR	Gov - $0

Provide funds for the Ferrymon Program.

(3.0) Aquariums

65 f **Fund Operating**	$0 F	$2,500,000	Gov - $0

Provide funds for the operations of the aquariums.

(3.0) Marine Fisheries

66 **Coastal Recreational Fishing License Implementation**

2.00
$375,000 NR

Gov
$375,000 R
2.0

Provide funds to establish two (2.0) positions and operating support for the development and operations of the licensing system associated with the Coastal Recreational Fishing License (CRFL). These positions will be funded with receipts generated from the sale of CRFL effective FY 07/08. Positions include:

Process Analyst IV	1.0
Bus Tech Applications Analyst	1.0

Salaries and Benefits	$128,351
Purchased Services	$191,629
Supplies	$ 6,120
Equipment	$ 48,900

67 **Coastal Recreational Fishing License Implementation**

$327,000
2.00
$48,000 NR

Provide two (2.0) positions and operating support for the development and operations of the licensing system associated with the Coastal Recreational Fishing License:

Process Analyst IV	1.0
Bus Tech Applications Analyst	1.0

68 **Shellfish Mapping and Submerged Aquatic Vegetation Mapping Programs**

$281,651
3.00
$87,048 NR

Gov
$0

Provide three (3.0) additional positions and operating expenses to enable the Marine Fisheries Division to map shellfish resources and habitat as recommended by the Coastal Habitat Protection Plan:

Computing Consultant	1.0
Marine Fisheries Technician II	2.0

Salaries and Benefits	$127,041
Purchased Services	$120,920
Supplies	$ 37,290
Equipment	$ 27,940
Other Expenses	$ 55,508

69 **Shellfish Mapping and Submerged Aquatic Vegetation Mapping Programs**

$331,651
5.00
$87,048 NR

Provide five (5.0) additional positions and operating expenses to enable the Marine Fisheries Division to map shellfish resources and habitat as recommended by the Coastal Habitat Protection Plan:

Computing Consultant I	1.0
Marine Fisheries Technician II	4.0

Environment & Natural Resources

(Items in Controversy are Shaded)

		House FY 06-07	Senate FY 06-07	
(3.0) Soil and Water Conservation				
70	**NC Agricultural Cost Share Technical Assistance** Provide additional support for cost-shared funds to soil and water conservation districts and counties for technical assistance needed to install quality Best Management Practices through the Agriculture Cost Share Program.	$333,778	$333,778	
71	**NC Agriculture Cost Share Financial Assistance** Provide additional funding to the Agriculture Cost Share Program to assist 100 additional producers per year to install Best Management Practices to improve water quality.	$400,000 $400,000 NR Compromise $200,000 NR $200,000 R	$400,000	Gov $400,000 R
72	**Extend Conservation Resource Enhancement Program (CREP)** Provide additional funding to the CREP program to expand into additional watersheds in need of riparian buffers and restored wetlands. Salaries and Benefits $139,895 Contracts and Easements $850,000 Other Operating Expenses $ 10,105	$150,000 3.00 $850,000 NR Compromise $575,000 R $425,000 NR	$1,000,000 3.00	Gov $500,000 R
73	**Extend Conservation Resource Enhancement Program (CREP)** Provide additional funding to the CREP program to expand into additional watersheds in need of riparian buffers and restored wetlands.			
74	**Soil and Water Conservation District Supervisor Travel** Provide funding for travel reimbursement for Soil and Water Conservation District Supervisors.	$25,000 NR	$25,000	Gov $0
75	**Poultry Waste Management Best Practices** Provide funds for new poultry waste management techniques.	$200,000 NR		Gov $0
(4.0) Reserves and Transfers				
76	**Fund Utility and Fuel Costs** Provide funds for rising fuel and utility costs throughout the Department of Environment and Natural Resources.	$1,280,752 NR	$1,280,752 NR	

Environment & Natural Resources

(Items in Controversy are Shaded)

		House FY 06-07	Senate FY 06-07	
77	**Clean Water SRF Match Funds** Provide funds to meet the 20% state match requirement for drawing down the maximum available federal funds for the Clean Water State Revolving Fund.	$3,160,852 NR	$3,160,852 NR	
78	**Drinking Water SRF Match Funds** Provide funds to meet the 20% state match requirement for drawing down the maximum available federal funds for the Drinking Water State Revolving Fund.	$2,909,820 NR	$2,909,820 NR	
79	**Increase Grassroots Science Program Funding** Increase funding for the Grassroots Science Program.	Compromise $59,452 F	$665,940 NR	Gov $0
80	**Forest Development Program (FDP)** Provide additional funding to reduce the current waiting list of landowner applicants for cost share assistance to reforest land.	$600,000 NR	$400,000 NR	Gov $563,695
81	**Resource Conservation and Development Councils** Provide each of the State's ten Resource Conservation and Development Councils with a grant of $25,000.	$250,000 NR		Gov $0
82	**Monitoring and Emergency Cleanup of the Texfi Site Contamination** Provide funding for additional monitoring and cleanup of contamination at the Texfi Site.	$100,000 NR	Compromise $50,000 NR	Gov $0
	Department Totals	**$1,630,245** **23.00** **$11,984,812 NR**	**$5,438,265** **19.00** **$9,457,732 NR**	

Labor

(Items in Controversy are Shaded)

	House FY 06-07	Senate FY 06-07

Administration

83 Fund Travel and Office Space

Provide funds for field staff to travel and for existing field office space.

House: $213,894 NR

Senate: $213,894

Gov - $90,000
$250,000
$340,000

Elevator and Amusement Device Bureau

84 Establish Receipt-Supported Positions

Establish two (2.0) receipt-supported positions to inspect elevator and amusement devices.

Elevator Inspectors 2.0 $111,696

Salaries and Benefits	$98,166
Travel and Phone	$12,748
Other	$ 782

85 Establish Receipt-Supported Positions

Establish two (2.0) receipt-supported positions to inspect elevators and amusement devices.

Elevator Inspectors 2.0 $111,696

Labor Standards and Inspections

86 Replace Appropriations for Mine and Quarry Program

Provide funds to offset unrealized safety training fee receipts. Fund shift 3.5 positions from receipt supported.

Mine Safety & Health Representative 3.5

Salaries and Benefits	$199,669
Travel	$ 331

Senate: $200,000
3.5

Same $

87 Replace Appropriations for Mine and Quarry Program

Provide funds to offset unrealized safety training fee receipts. Restore 3.5 positions.

Senate: $200,000
3.5

	House FY 06-07	Senate FY 06-07
Occupational Safety and Health		
88 **Fund Operating**		
Fund various operating line items in Occupational Safety and Health.	$200,000 NR	$200,000 NR
Department Totals	**$200,000**	**$413,894**
	3.50	**3.50**
	$413,894 NR	**$200,000 NR**

N.C. Biotechnology Center

(Items in Controversy are Shaded)

		House FY 06-07		Senate FY 06-07		
89	**Increase Funding for Biotechnology Center**	$1,000,000		$1,500,000		GOV $1,500,000 R
	Provide funds for the Biotechnology Center.	$2,000,000	NR	$2,000,000	NR	
90	**Regional Offices**	$1,000,000		$500,000		GOV $500,000 R
	Provide funds to support the Biotechnology Center's regional offices.					
	Department Totals	**$2,000,000**		**$2,000,000**		
		$2,000,000	**NR**	**$2,000,000**	**NR**	

Rural Economic Development Center

(Items in Controversy are Shaded)

	House FY 06-07	Senate FY 06-07

ural Center

91	**Transfer the e-NC Authority**	($500,000)	GOV # 0

Transfer funds from the Rural Center's fund code to the Department of Commerce's State-Aid fund code. Historically the program was administratively located within the Rural Center's budget. In S.L. 2005-276 the Rural Center was appropriated $20 million recurring, with $500,000 allocated to the e-NC Authority.

Department Totals	**($500,000)**

Attachment 2

NER Conference
Appropriations Subcommittee

DRAFT Special Provisions

June 21st, 2006

Senate and House Differ

~~Senate Version~~ House Version

NER BLOCK GRANTS

SECTION 5.2.(a) Appropriations from federal block grant funds are made for fiscal year ending June 30, 2007, according to the following schedule:

COMMUNITY DEVELOPMENT BLOCK GRANT

01. State Administration	$ 1,000,000
02. Urgent Needs and Contingency	1,000,000
03. Scattered Site Housing	13,200,000
04. Economic Development	8,710,000
05. Community Revitalization	13,500,000
06. State Technical Assistance	450,000
07. Housing Development	2,000,000
08. Infrastructure	5,140,000
TOTAL COMMUNITY DEVELOPMENT BLOCK GRANT – 2007 Program Year	$ 45,000,000

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

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

SECTION 5.2.(d) Limitations on Community Development Block Grant Funds. – Of the funds appropriated in this section for the Community Development Block Grant, the following shall be allocated in each category for each program year: up to one million dollars ($1,000,000) may be used for State Administration; not less than one million dollars ($1,000,000) may be used for Urgent Needs and Contingency; up to thirteen million two hundred thousand dollars ($13,200,000) may be used for Scattered

Site Housing; up to eight million seven hundred ten thousand dollars ($8,710,000) may be used for Economic Development, including Urban Redevelopment Grants and Small Business or Entrepreneurial Assistance; not less than thirteen million five hundred thousand dollars ($13,500,000) shall be used for Community Revitalization; up to four hundred fifty thousand dollars ($450,000) may be used for State Technical Assistance; up to two million dollars ($2,000,000) may be used for Housing Development; up to five million one hundred forty thousand dollars ($5,140,000) may be used for Infrastructure. If federal block grant funds are reduced or increased by the Congress of the United States after the effective date of this act, then these reductions or increases shall be allocated in accordance with subsection (b) or (c) of this section, as applicable.

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

SECTION 5.2.(f) 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.

Diff

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.

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House Version

NER BLOCK GRANTS

SECTION 5.2.(a) Appropriations from federal block grant funds are made for fiscal year ending June 30, 2007, according to the following schedule:

COMMUNITY DEVELOPMENT BLOCK GRANT

01.	State Administration	$ 1,000,000
02.	Urgent Needs and Contingency	1,000,000
03.	Scattered Site Housing	13,200,000
04.	Economic Development	8,710,000
05.	Community Revitalization	13,500,000
06.	State Technical Assistance	450,000
07.	Housing Development	2,000,000
08.	Infrastructure	5,140,000
TOTAL COMMUNITY DEVELOPMENT BLOCK GRANT – 2007 Program Year		$ 45,000,000

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

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

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

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thousand dollars ($13,500,000) shall be used for Community Revitalization; up to four hundred fifty thousand dollars ($450,000) may be used for State Technical Assistance; up to two million dollars ($2,000,000) may be used for Housing Development; up to five million one hundred forty thousand dollars ($5,140,000) may be used for Infrastructure. If federal block grant funds are reduced or increased by the Congress of the United States after the effective date of this act, then these reductions or increases shall be allocated in accordance with subsection (b) or (c) of this section, as applicable.

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

SECTION 5.2.(f) The Department of Commerce will create a small business/entrepreneurship program in coordination with micro-lending programs and other small business assistance groups in the State. The Department of Commerce shall award up to one million dollars ($1,000,000) in grants to local governments to provide assistance to low-to-moderate income individuals for small business and entrepreneurship development.

Diff

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.

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House Version

Senate and House Differ

~~Senate Version~~

TIMBER SALES RECEIPTS FOR CAPITAL IMPROVEMENTS AT AGRICULTURAL RESEARCH STATIONS AND FARMS

SECTION 23.7. Section 11.2 of S.L. 2005-276 reads as rewritten:

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

(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."

TIMBER SALES RECEIPTS FOR LAND ACQUISITION AT PIEDMONT RESEARCH STATION

SECTION 23.8. The sum of one million seven hundred thousand dollars ($1,700,000) shall be transferred from the Department of Agriculture and Consumer Services' timber sales capital improvement account in the Department of Agriculture and Consumer Services as such funds become available during the 2006-2007 fiscal year and shall be used by the Department for land acquisition at the Piedmont Research Station in Rowan County.

PLANT CONSERVATION PROGRAM FUNDS

SECTION 23.9. Section 11.3 of S.L. 2005-276 reads as rewritten:

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

House Version

TIMBER SALES RECEIPTS FOR CAPITAL IMPROVEMENTS

5

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

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

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

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

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

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

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

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

6

Flag $

Senate Only

AQUARIUM FUNDS

SECTION 11.2. Of the funds appropriated in this act to the Department of Environment and Natural Resources, the sum of two million five hundred thousand dollars ($2,500,000) for the 2006-2007 fiscal year shall be for the Division of Aquariums for the operations of the Division of Aquariums of the Department of Environment and Natural Resources. These funds are in addition to the funding the Division of Aquariums receives from departmental receipts, and the Department of Environment and Natural Resources may use these funds to shift funding for operations of the Division from receipt-support to General Fund support.

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Insert Compromise

Senate and House Differ

Senate Version

GRASSROOTS SCIENCE PROGRAM

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

"**SECTION 12.5.(a)** Of the funds appropriated in this act to the Department of Environment and Natural Resources for the Grassroots Science Program, the sum of three million one hundred ninety-seven thousand seven hundred sixty-two dollars ($3,197,762) for the 2005-2006 fiscal year and the sum of three million eight hundred sixty-three thousand seven hundred dollars ($3,863,700) for the 2006-2007 fiscal year is allocated as grants-in-aid ~~for each fiscal year~~ as follows:

	2005-2006	2006-2007	
Aurora Fossil Museum	$59,057	$62,593	
Cape Fear Museum	$161,007	$195,926	
Carolina Raptor Center	$112,174	$126,878	
Catawba Science Center	$133,429	$181,452	
The Children's Museum of Iredell County		$65,424	
Colburn ~~Gem and Mineral Museum, Inc.~~Earth Science Museum, Inc.	$74,545	$82,856	
Discovery Place	$662,865	$845,882	
Eastern NC Regional Science Center	$50,000	$51,094	$ Diff
~~Port Discover: Northeastern North Carolina's Center for Hands-On Science, Inc.~~	~~$50,000~~		
Fascinate-U	$80,742	$92,389	
Granville County Museum Commission, Inc.–Harris Gallery	$56,422	$58,079	
Greensboro Children's Museum	$135,076	$142,558	
The Health Adventure Museum of Pack Place Education, Arts and Science Center, Inc.	$134,499	$194,079	
Highlands Nature Center	$79,268	$83,826	
Imagination Station	$86,034	$95,505	
Kidsenses	$50,000	$92,676	
Museum of Coastal Carolina	$74,192	$80,207	
The Natural Science Center of ~~Greensboro~~Greensboro, Inc.	$186,354	$218,069	
North Carolina Museum of Life and Science	$379,826	$432,752	
Port Discover: Northeastern North Carolina's Center for Hands-On Science, Inc.	$50,000	$50,117	
Rocky Mount Children's Museum	$72,254	$74,928	

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Schiele Museum of Natural History and Planetarium, Inc.	$229,547	$264,353
Sci Works Science Center and Environmental Park of Forsyth County	$146,499	$177,886
Western North Carolina Nature Center	$112,879	$123,079
Wilmington Children's Museum	$71,093	$71,093
Total	$3,197,762	$3,863,700

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

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

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

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

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

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

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

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

House Version

GRASSROOTS SCIENCE PROGRAM

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

"**SECTION 12.5.(a)** Of the funds appropriated in this act to the Department of Environment and Natural Resources for the Grassroots Science Program, the sum of three million one hundred ninety-seven thousand seven hundred sixty-two dollars ($3,197,762) for the 2005-2006 fiscal year and the sum of three million one hundred ninety-seven thousand seven hundred sixty dollars ($3,197,760) for the 2006-2007 fiscal year is allocated as grants-in-aid ~~for each fiscal year~~ as follows:

	2005-2006	2006-2007	
Aurora Fossil Museum	$59,057	$59,444	
Cape Fear Museum	$161,007	$159,444	
Carolina Raptor Center	$112,174	$107,658	
Catawba Science Center	$133,429	$148,588	
Colburn ~~Gem and Mineral Museum, Inc.~~Earth Science Museum, Inc.	$74,545	$74,642	$ Diff
Discovery Place	$662,865	$646,907	
Eastern NC Regional Science Center	$50,000	$50,820	
~~Port Discover: Northeastern North Carolina's Center for Hands-On Science, Inc.~~	~~$50,000~~		
Fascinate-U	$80,742	$81,792	

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Granville County Museum Commission, Inc.–Harris Gallery	$56,422	$56,059
Greensboro Children's Museum	$135,076	$119,418
The Health Adventure Museum of Pack Place Education, Arts and Science Center, Inc.	$134,499	$158,058
Highlands Nature Center	$79,268	$75,370
Imagination Station	$86,034	$84,129
The Iredell Museums, Inc.		$61,568
Kidsenses	$50,000	$82,007
Museum of Coastal Carolina	$74,192	$72,655
The Natural Science Center of ~~Greensboro~~Greensboro, Inc.	$186,354	$176,051
North Carolina Museum of Life and Science	$379,826	$337,062
Port Discover: Northeastern North Carolina's Center for Hands-On Science, Inc.	$50,000	$50,087
Rocky Mount Children's Museum	$72,254	$68,696
Schiele Museum of Natural History and Planetarium, Inc.	$229,547	$210,764
Sci Works Science Center and Environmental Park of Forsyth County	$146,499	$145,914
Western North Carolina Nature Center	$112,879	$104,809
Wilmington Children's Museum	$71,093	$65,820
Total	$3,197,762	$3,197,760

$ Diff

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

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

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

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

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

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

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

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

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

H Only

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Flag

Senate Only

MORATORIUM IMPOSED ON NEW LANDFILLS

SECTION 11.4.(a) Definitions. – The definitions set forth in G.S. 130A-290 apply throughout this section.

SECTION 11.4.(b) Moratorium Established. – There is hereby established a moratorium on consideration of applications for a permit and on the issuance of permits for new landfills in the State. The purposes of this moratorium are to allow the State to study solid waste disposal issues in order to protect public health and the environment. The Department of Environment and Natural Resources shall not consider a permit application nor issue a permit for a new landfill for the disposal of construction or demolition waste, municipal solid waste, or industrial solid waste for a period beginning on 1 July 2006 and ending on 1 January 2008.

SECTION 11.4.(c) Exceptions. – The moratorium established by subsection (b) of this section shall not prohibit consideration of an application for or issuance of:

(1) A modification of a permit for an existing permitted landfill.

(2) A permit to expand an existing permitted landfill if the proposed facility boundary will provide no more than five years of disposal capacity.

(3) A modification of a permit to reflect a transfer of ownership of an existing permitted landfill.

(4) A modification of a permit to provide for a substantial change to the waste stream described in a permit in effect as of 1 May 2006 for an existing landfill.

(5) A permit for a sanitary landfill used only to dispose of waste generated by a coal-fired generating unit that is owned or operated by an investor-owned utility subject to the requirements of G.S. 143-215.107D.

(6) A permit for a sanitary landfill determined to be necessary by the Secretary in order to respond to an imminent hazard to public health or a natural disaster.

SECTION 11.4.(d) Study. – The Environmental Review Commission, with the assistance of the Division of Waste Management of the Department of Environment and Natural Resources, shall study issues related to solid waste. The Commission shall specifically study measures concerning:

(1) Financial responsibility requirements for solid waste landfills, including the application of requirements to limited liability companies and other business entity structures of applicants seeking solid waste landfill permits.

(2) Application of franchise requirements and local government approval for solid waste landfill permits, including adequacy of public notice and comment, community studies, and site designations prior to local government approval.

(3) Siting, design, and operational requirements for landfills for the disposal of construction or demolition waste, municipal solid waste, or

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industrial solid waste that are proposed in areas susceptible to flooding from natural disasters, areas with high water tables, and other environmentally sensitive areas.

(4) Traffic considerations for proposed landfills.

(5) Regulatory oversight and staffing for permitting and compliance of solid waste landfills, and inspection of waste containers on barges, railways, and trucks.

(6) Compliance with statutory prohibitions on disposal of certain types of solid waste and measures to prevent disposal of hazardous waste in solid waste and construction and demolition landfills.

(7) Ways to reduce the amount of solid waste disposed of within North Carolina landfills, including statewide tipping fees, bans on the disposal of certain types of waste in landfills, more aggressive recycling requirements, and enhanced regulatory requirements for landfills and other solid waste management facilities.

SECTION 11.4.(e) Subcommittee. – In order to facilitate the conduct of this study, the Cochairs of the Environmental Review Commission may establish a subcommittee of the Commission. The subcommittee of the Commission may include nonlegislative members who have special knowledge, interest, or expertise in various aspects of solid waste management, appointed in consultation with the President Pro Tempore of the Senate and the Speaker of the House of Representatives.

SECTION 11.4.(f) Report. – The Commission shall report its findings, together with any recommended legislation, to the 2007 Regular Session of the 2007 General Assembly upon its convening.

SECTION 11.4.(g) This section is effective when this act becomes law.

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House Only

COASTAL RECREATIONAL FISHING LICENSES RECEIPTS

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

Senate $

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House Only

EMERGENCY DRINKING WATER FUND ESTABLISHED

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

"Part 11. Private Drinking Water Wells.

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

The Emergency Drinking Water Fund is established within the Department. The Fund shall be a nonreverting, interest-bearing fund consisting of monies appropriated to the Fund by the General Assembly and investment interest credited to the Fund. The Fund may be used to pay for notification, to the extent practicable, of persons who reside in the same dwelling unit or who work at the same business at which drinking water is supplied from a private drinking water well that is located within 1,500 feet of known groundwater contamination, to cover the costs of testing private drinking water wells for contamination, and for the provision of alternative drinking water supplies to persons whose drinking water well is contaminated. The Department shall disburse monies from the Fund based on financial need and on the risk to public health posed by groundwater contamination and shall give priority to the provision of services under this section to instances when an alternative source of funds is not available. The funds shall not be used for remediation of groundwater contamination. Nothing in this section expands, contracts, or modifies the obligation of responsible parties under Article 9 or 10 of Chapter 130A of the General Statutes, this Article, or Article 21A of this Chapter to assess contamination, identify receptors, or remediate groundwater or soil contamination. The Department shall establish criteria by which the Department is to evaluate applications and disburse funds from this Fund and may adopt any rules necessary to implement this section."

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Senate and House Differ

Senate Version

ONE NORTH CAROLINA FUND

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

"**SECTION 13.6.(a)** Of the funds appropriated in this act to the One North Carolina Fund, the Department of Commerce may use up to three hundred thousand dollars ($300,000) to cover its expenses in administering the One North Carolina Fund and other economic development incentive grant programs in the ~~2005-2006~~2006-2007 fiscal year."

House Version

ONE NORTH CAROLINA FUND

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

"**SECTION 13.6.(a)** Of the funds appropriated in this act to the One North Carolina Fund, the Department of Commerce may use up to three hundred thousand dollars ($300,000) to cover its expenses in administering the One North Carolina Fund and other economic development incentive grant programs in the ~~2005-2006~~2006-2007 fiscal year.

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

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Compromise.
Senate #
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Senate and House Differ

Senate Version

EXTEND E-NC AUTHORITY SUNSET/E-NC AUTHORITY FUNDS AND REPORTING REQUIREMENTS

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

"**SECTION 4.** Sections 1 and 2 of this act become effective December 31, 2003, with the e-NC Authority hereby designated as the successor entity of the Rural Internet Access Authority that will dissolve on that date, as provided by Section 5 of S.L. 2000-149. The remainder of this act is effective when it becomes law. The e-NC Authority created in this act is dissolved effective ~~December 31, 2006.~~ December 31, 2008. This act is repealed effective ~~December 31, 2006.~~December 31, 2008. Part 2F of Article 10 of Chapter 143B of the General Statutes and G.S. 120-123(77), as enacted by this act, are repealed effective ~~December 31, 2006.~~ December 31, ~~2008."~~ 2011

SECTION 12.3.(b) Section 13.12 of S.L. 2005-276 reads as rewritten:

"**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)~~nineteen million five hundred thousand dollars ($19,500,000) 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.(f) Of the funds appropriated in this act to the Rural Economic Development Center, Inc., and allocated in subsection (a) of this section, 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:

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(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 12.3.(c) Of the funds appropriated in this act to the Department of Commerce, the sum of five hundred thousand dollars ($500,000) 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 2007 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 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 September 30, 2006, and quarterly thereafter, report to the Joint Legislative Commission on Governmental Operations on program development and the evaluation of program activities.

House Version

EXTEND E-NC AUTHORITY SUNSET

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

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

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Article 10 of Chapter 143B of the General Statutes and G.S. 120-123(77), as enacted by this act, are repealed effective ~~December 31, 2006.~~ December 31, 2011."

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Senate and House Differ

Senate Version

ADVANCED VEHICLE RESEARCH CENTER REPORTING REQUIREMENTS/FUNDS SHALL NOT REVERT

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

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

SECTION 12.5.(b) Funds appropriated to the Advanced Vehicle Research Center Reserve for the 2005-2006 fiscal year for the Advanced Vehicle Research Center of North Carolina, Inc., that are unexpended and unencumbered as of June 30, 2006, shall not revert to the General Fund on June 30, 2006, but shall remain available in the Reserve.

SECTION 12.5.(c) Subsection (b) of this section becomes effective June 30, 2006.

House Version

ADVANCED VEHICLE RESEARCH CENTER /FUNDS SHALL NOT REVERT

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

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

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

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

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

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

SECTION 13.8A.(c) The Center shall file with the Office of State Budget and Management and the Department of Commerce a copy of the Center's policy addressing conflicts of interest that may arise involving the Center's management employees and the members of its board of directors or other governing body before funds may be allocated to the Center. The policy shall address situations in which any of these individuals may directly or indirectly benefit, except as the Center's employees or members of the board or other governing body, from the Center's disbursing of State funds, and shall include actions to be taken by the entity or the individual, or both, to avoid conflicts of interest and the appearance of impropriety.

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

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

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

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

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

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House Only

INCREASE CERTAIN PUBLIC WATER SYSTEMS ANNUAL OPERATING PERMIT FEES/IMPOSE FEES FOR REVIEW OF ENGINEERING PLANS AND SPECIFICATIONS FOR THE CONSTRUCTION OR ALTERATION OF PUBLIC WATER SYSTEMS

SECTION 27B.2.(a) G.S. 130A-328 reads as rewritten:

"**§ 130A-328. ~~Community~~ Public water system operating permit and permit fee.**

(a) No person shall operate a community or non transient non-community water system who has not been issued an operating permit by the Department. A community or non transient non-community water system operating permit shall be valid from January 1 through December 31 of each year unless suspended or revoked by the Department for cause. The Commission shall adopt rules concerning permit issuance and renewal and permit suspension and revocation. The annual fees in subsection (b) shall be prorated on a monthly basis for permits obtained after January 1 of each year.

(b) The following fees are imposed for the issuance or renewal of a permit to operate a community or non transient non-community water system; the fees are based on the number of persons served by the system:

~~Number of Persons Served~~	Fee
~~100 or fewer~~	~~$150~~
~~More than 100 but no more than 500~~	~~$175~~
~~More than 500 but no more than 3300~~	~~$300~~
~~More than 3300 but no more than 5000~~	~~$450~~
~~More than 5000 but no more than 10,000~~	~~$550~~
~~More than 10,000 but no more than 50,000~~	~~$650~~
~~More than 50,000~~	~~$850~~
Non Community Water Systems:	
Base Fee:	
Non transient non-community	$150
Community Water Systems:	
Number of Persons Served	
50 or fewer	$255
More than 50 but no more than 100	$270
More than 100 but no more than 200	$330
More than 200 but no more than 300	$350
More than 300 but no more than 400	$385
More than 400 but no more than 500	$420
More than 500 but no more than 750	$780
More than 750 but no more than 1000	$810
More than 1000 but no more than 2000	$840
More than 2000 but no more than 3000	$870
More than 3000 but no more than 4000	$1350
More than 4000 but no more than 5000	$1460
More than 5000 but no more than 7500	$1925

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More than 7500 but no more than 10,000	$2065
More than 10,000 but no more than 25,000	$2600
More than 25,000 but no more than 50,000	$2925
More than 50,000 but no more than 75,000	$4250
More than 75,000 but no more than 100,000	$4675
More than 100,000 but no more than 250,000	$5100
More than 250,000 but no more than 500,000	$5525
More than 500,000	$5950

(c) The following fees are imposed for the review of plans, specifications, and other information submitted to the Department for approval of construction or alteration of a public water system. The fees are based on the type of constructions or alteration proposed:

Distribution system:	Fee
Construction of water lines, less than 5000 linear feet	$150
Construction of water lines, 5000 linear feet or more	$200
Other construction or alteration to a distribution system	$75
Ground water system:	
Construction of a new ground water system or adding a new well	$200
Alteration to an existing ground water system	$100
Surface Water system:	
Construction of a new surface water treatment facility	$250
Alteration to an existing surface water treatment facility	$150
Water System Management Plan review	$75
Miscellaneous changes or maintenance not covered above	$50

(d) The Department may charge an administrative fee of up to one hundred fifty dollars ($150.00) for failure to pay the permit fee by January 31 of each year.

(e) All fees collected under this section shall be applied to the costs of administering and enforcing this Article."

SECTION 27B.2.(b) The Department of Environment and Natural Resources may create a schedule for phasing in the new fees added to G.S. 130A-328, as amended by subsection (a) of this section, over multiple operating permit cycles.

SECTION 27B.2.(c) This section becomes effective January 1, 2007.

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GENERAL ASSEMBLY OF NORTH CAROLINA DRAFT

SESSION 2006

DRAFT
SPECIAL PROVISION

2006-COMM-S12

Department of Commerce/Economic Development
Senate Appropriations Subcommittee on Natural and Economic Resources

Requested by: Senator

DEPARTMENT OF COMMERCE/REPORT ON AGRIBUSINESS FUNDS

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

SECTION #.(b) In the report , the Department shall collaborate with the Department of Agriculture to evaluate the use ~~make recommendations for the development~~ of economic incentive programs designed specifically for agribusinesses. The report shall include a plan to implement the programs recommended and the estimated cost of the programs. In determining the estimated cost of the programs, the Department shall consider ~~and include~~ all known sources of funding, including federal, state, ~~local,~~ and grant funds.

SECTION #.(c) The Department of Agriculture and Consumer Services, the Rural Economic Development Center, Inc., the University System and all other state agencies with agribusiness programs shall compile and provide the requested information to the Department to assist in the preparation of this report. ~~Department shall collaborate with the Department of Agriculture and Consumer Services, the Rural Economic Development Center, Inc., and the University System, in preparing the report.~~

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

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GRASSROOTS SCIENCE PROGRAM

SECTION XXXa) 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 2006-2007 fiscal year is allocated as grants-in-aid for each fiscal year as follows:

	2006-2007
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 XXX.(b) No later than March 1, 2007, the Department of Environment and Natural Resources shall report to the Fiscal Research Division all of the following information for each museum that receives funds under this section:

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

(2) The operating budget for the 2006-2007 fiscal year.
(3) The total attendance at the museum during the 2006 calendar year.

SECTION XXX.(e) Each museum receiving funding through this allocation shall provide to the Department of Environment and Natural Resources and the Fiscal Research Division: (i) a copy of the museum's annual audited financial statement within 30 days of issuance of the statement; and (ii) a copy of the museum's IRS Form 990.

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

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Joint Appropriations Subcommittee on NER Conferees June 21, 2006

Name of Committee **Date**

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