

2005

**SENATE
APPROPRIATIONS
BASE BUDGET**

**COMMITTEE
MINUTES**

MINUTES

SENATE APPROPRIATIONS COMMITTEE

May 3, 2005

The Senate Committee on Appropriations met on Tuesday, May 3, 2005, in Room 643 of the Legislative Office Building. There were 40 members present.

Senator Linda Garrou, Co-Chair of the Senate Appropriations Committee, opened the meeting and welcomed the members and visitors. She thanked the Sub-Committee Chairs for their work on the proposed Senate budget. Senator Garrou expressed her appreciation to her colleagues and Co-Chairs, Senator Kay Hagan and Senator Walter Dalton for their work on the proposed budget.

Senator Garrou presented an overview of the proposed Senate budget and reviewed *Rules for Senate Appropriations*. (Please see Attachment 1).

Next, Senator Kay Hagan, Co-Chair thanked the Committee Members, the Fiscal Research Staff and the Bill Drafting Staff. She noted that she, Senator Garrou and Senator Dalton could not have completed their work without the assistance of the staff.

Senator Walter Dalton, Co-Chair, thanked the Subcommittees for their work and stated how appreciative he was to work with Senator Garrou and Senator Hagan.

The following Committee and Staff reports of the proposed Senate budget were presented:

- Education – Presiding: Senator Garrou
Presenting: Senator Jeanne Lucas – Public Education
Senator A.B. Swindell – Community College
and University System
- Health and Human Services – Presiding: Senator Garrou
Presenting: Senator William Purcell
Senator Vernon Malone
- Transportation – Presiding: Senator Hagan
Presenting: Senator Clark Jenkins

- Justice and Public Safety – Presiding: Senator Hagan
Presenting: Senator Scott Thomas
- General Government – Presiding: Senator Hagan
Presenting: Senator Katie Dorsett
- Natural and Economic Resources – Presiding: Senator Dalton
Presenting: Senator David Weinstein
- Salaries and Benefits – Presiding – Senator Dalton
Presenting: Mr. Mark Trodgen, Fiscal Analyst
Mr. Marshall Barnes, Fiscal Analyst
Mr. Stanley Moore, Fiscal Analyst

The Appropriation Co-Chairs and the Subcommittee Co-Chairs again thanked the Fiscal Research and Bill Drafting staff for their assistance and counsel in the preparation of the proposed Senate budget.

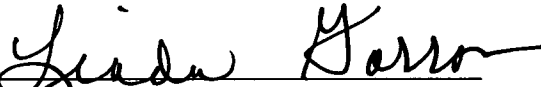
The Short Title of Senate Bill 622: ***2005 Appropriations Act***. The Long Title: ***An Act to Make Base Budget Appropriations for Current Operations of State Departments, Institutions, and Agencies, and for Other Purposes.*** (Please see Attachment 2).

Following the presentation of the proposed Senate budget Committee Reports, Senator Dalton accepted the Amendments to the proposed Senate budget. The following Amendments were offered:

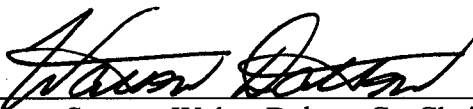
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|----------------------|--------|-----------------|
| 1. Senator Stevens | Passed | (Attachment 3) |
| 2. Senator Weinstein | Passed | (Attachment 4) |
| 3. Senator Swindell | Passed | (Attachment 5) |
| 4. Senator Rand | Passed | (Attachment 6) |
| 5. Senator Rand | Passed | (Attachment 7) |
| 6. Senator Swindell | Passed | (Attachment 8) |
| 7. Senator Hartsell | Passed | (Attachment 9) |
| 8. Senator Nesbitt | Failed | (Attachment 10) |
| 9. Senator Thomas | Passed | (Attachment 11) |

Senator Rand made a motion to accept Senate Bill 622 as *Unfavorable as to Bill, but Favorable as to Senate Committee Substitute Bill, with Amendments Attached*. The motion carried. Senate Bill 622 was referred to the Committee on Finance.


Senator Garrou adjourned the Senate Appropriations Committee meeting.




Senator Linda Garrou, Co-Chair



Senator Walter Dalton, Co-Chair



Senator Kay Hagan, Co-Chair



Christina K. Minard, Senate
Committee Assistant

**NORTH CAROLINA GENERAL ASSEMBLY
SENATE**

APPROPRIATIONS/BASE BUDGET COMMITTEE REPORT

**Senator Linda Garrou, Co-Chair
Senator Kay R. Hagan, Co-Chair
Senator Walter Dalton, Co-Chair**

Tuesday, May 3, 2005

Senator Garrou,

Submits the following with recommendations as to passage:

**UNFAVORABLE AS TO BILL, BUT FAVORABLE AS TO SENATE COMMITTEE
SUBSTITUTE BILL, with Amendments Attached**

S.B.(C.S.#1)

622

Draft Number:

Sequential Referral:

Recommended Referral:

Long Title Amended:

2005 Appropriations Act.

PCS20502

None

Finance

No

TOTAL REPORTED: 1

Committee Clerk Comments:

RULES FOR SENATE APPROPRIATIONS

If amendments are offered, then the following rules must be met in order to make the amendment eligible for consideration:

1. Money can only be transferred among items within the same subcommittee section.
2. Amendments where money is being transferred among items within a subcommittee must clearly identify the items/programs that are being increased and decreased.
3. Nonrecurring reductions cannot be made to fund recurring additions.
4. Provisions or amendments that spend reversions are not allowed. This includes any new expansion items.
5. Amendments that cause the budget to be unbalanced are not allowed.
6. Amendments are not allowed where funding for an item comes from statewide reserves.
7. Amendments are not allowed where funding comes from the unappropriated balance in either fiscal year as per the Availability Statement.
8. Amendments to the Finance Section are not allowed.

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2005**

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**SENATE BILL 622
PROPOSED COMMITTEE SUBSTITUTE S622-PCS20503-LT-6**

Short Title: 2005 Appropriations Act.

(Public)

Sponsors:

Referred to:

March 17, 2005

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

The General Assembly of North Carolina enacts:

PART I. INTRODUCTION AND TITLE OF ACT

Requested by: Senators Garrou, Dalton, Hagan

INTRODUCTION

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

Requested by: Senators Garrou, Dalton, Hagan

TITLE OF ACT

SECTION 1.2. This act shall be known as the "Current Operations and Capital Improvements Appropriations Act of 2005."

PART II. CURRENT OPERATIONS AND EXPANSION/GENERAL FUND

CURRENT OPERATIONS AND EXPANSION/GENERAL FUND

SECTION 2.1. Appropriations from the General Fund of the State for the maintenance of the State departments, institutions, and agencies, and for other purposes as enumerated, are made for the biennium ending June 30, 2007, according to the following schedule:

Current Operations – General Fund

2005-2006

2006-2007

EDUCATION

**SENATE
APPROPRIATIONS/BASE BUDGET COMMITTEE**

**REPORT
ON THE
CONTINUATION, EXPANSION
AND CAPITAL BUDGETS**

May 3, 2005

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Budget Reform Statement General Fund Availability

	FY 2005-2006	FY 2006-2007
1 Unappropriated Balance Remaining from Previous Year	0	247,722,490
2 Projected Over Collections FY 2004-05	428,400,000	0
3 Projected Reversions FY 2004-05	75,000,000	0
4 Less Earmarkings of Year End Credit Balance	0	0
5 Savings Reserve Account	(125,850,000)	0
6 Repairs and Renovations	(50,000,000)	0
7 Beginning Unreserved Credit Balance	327,550,000	247,722,490
8		
9 Revenues Based on Existing Tax Structure	15,250,100,000	15,903,000,000
10		
11 Non-tax Revenues		
12 Investment Income	75,300,000	78,500,000
13 Judicial Fees	142,200,000	147,900,000
14 Disproportionate Share	100,000,000	100,000,000
15 Insurance	56,600,000	58,800,000
16 Other Non-Tax Revenues	150,400,000	161,800,000
17 Highway Trust Fund/Use Tax Reimbursement Transfer	252,558,117	252,663,009
18 Highway Fund Transfer	16,200,000	16,200,000
19 Subtotal Non-tax Revenues	793,258,117	815,863,009
20		
21 Total General Fund Availability	16,370,908,117	16,966,585,499
22		
23 Adjustments to Availability: 2005 Session		
24 Streamlined Sales Tax Changes	72,200,000	87,800,000
25 Maintain 4.5% Sales Tax Rate	413,400,000	458,700,000
26 Other Sales Tax Changes		
27 Apply Sales Tax to Service Contracts and Warranties	9,100,000	16,800,000
28 Apply Sales Tax to Candy	11,000,000	15,800,000
29 Exempt Potting Soil for Farmers	(200,000)	(300,000)
30 Tobacco Tax Rate Changes	201,300,000	229,900,000
31 Reduce Highest Marginal Individual Income Tax Rate to 7.75% Over Two Years	20,100,000	24,600,000
32 Continue Use Tax Line on Individual Returns	3,200,000	3,200,000
33 Conform Estate Tax to Federal Sunset	30,700,000	121,600,000
34 Reduce Corporate Income Tax Rate	0	0
35 Corporate Tax "Throwout" Rule	9,800,000	10,300,000
36 Film Industry Jobs Incentives	(4,800,000)	(4,800,000)
37 IRC Update -- Partial Conformance	(8,000,000)	(10,700,000)
38 Increase Earmarking for NC Grape Growers Council	(150,000)	(150,000)
39 Justice and Public Safety fees	20,428,271	20,428,271
40 Transfer from Tobacco Trust Fund	34,000,000	30,000,000
41 Transfers from Special Revenue and Other Funds	8,953,950	0
42 Reimburse Debt Service for Certain Capital Facilities and Land Acquisition per SL 2004-179	5,958,723	21,060,827
43 Adjust Transfer from Insurance Regulatory Fund	256,513	243,813
44 Adjust Transfer from Treasurer's Office	68,478	67,478
45 Subtotal Adjustments to Availability: 2005 Session	827,315,935	1,024,550,389
46		
47 Revised General Fund Availability	17,198,224,052	17,991,135,888
48		
49 Less: General Fund Appropriations		
50 SB 622 (2005 Appropriations Act)	(16,850,501,562)	(17,416,590,416)
51 G.S. 143-15.3B: Clean Water Management Trust Fund	(100,000,000)	(100,000,000)
52		
Total General Fund Appropriations 2005-07 Biennium	(16,950,501,562)	(17,516,590,416)
53		
54 Unappropriated Balance Remaining	247,722,490	474,545,472

Adjusted Continuation Budget							
Restores Nonrecurring Reductions Directed by the 2003 General Assembly							
For Fiscal Years 2005-06 and 2005-07							
Budget Code	Function	FY 2005-2006 Recommended Continuation	General Assembly Adjustments	FY 2005-2006 Adjusted Continuation	FY 2006-2007 Recommended Continuation	General Assembly Adjustments	FY 2005-2006 Adjusted Continuation
	Education:						
13510	Public Schools	\$6,585,323,929		\$6,585,323,929	\$6,701,093,652		\$6,701,093,652
16800	Community Colleges						
	Scholarships from Escheats		\$7,517,506			\$4,772,205	
	Subtotal	\$748,803,374	\$7,517,506	\$756,320,880	\$748,813,317	\$4,772,205	\$753,585,522
160xx	University System						
	Scholarships from Escheats		\$10,562,440			(\$2,625,120)	
	Subtotal	\$1,832,929,378	\$10,562,440	\$1,843,491,818	\$1,860,934,661	(\$2,625,120)	\$1,858,309,541
16095	UNC Hospital	\$39,627,760		\$39,627,760	\$39,627,760		\$39,627,760
16011,12	UNC - GA Passthrough (16011,12)	\$141,202,864		\$141,202,864	\$154,670,846		\$154,670,846
	Total Education	\$9,347,887,305	\$18,079,946	\$9,365,967,251	\$9,505,140,236	\$2,147,085	\$9,507,287,321
	Health and Human Services:						
14410	Central Administration	\$102,490,388		\$102,490,388	\$106,490,388		\$106,490,388
14411	Aging	\$29,495,139		\$29,495,139	\$29,495,139		\$29,495,139
14420	Child Development	\$267,350,017		\$267,350,017	\$267,356,799		\$267,356,799
14424	Education Services	\$33,852,267		\$33,852,267	\$34,281,895		\$34,281,895
14430	Public Health	\$135,567,174		\$135,567,174	\$137,060,438		\$137,060,438
14440	Social Services	\$182,316,068		\$182,316,068	\$185,306,068		\$185,306,068
14445	Medical Assistance						
	Medicaid Trust Fund		\$56,000,000			\$36,000,000	
	Subtotal	\$2,629,076,714	\$56,000,000	\$2,685,076,714	\$2,958,257,177	\$36,000,000	\$2,994,257,177
14446	Child Health	\$62,035,981		\$62,035,981	\$62,035,981		\$62,035,981
14450	Services for the Blind	\$9,843,201		\$9,843,201	\$9,962,624		\$9,962,624
14460	Mental Health/DD/SAS						
	Central Office Contracts		\$500,000			\$119,781	
	Institutional Receipts		\$2,550,000			\$2,550,000	
	Subtotal	\$592,325,908	\$3,050,000	\$595,375,908	\$594,706,127	\$2,669,781	\$597,375,908
14470	Facility Services	\$12,551,896		\$12,551,896	\$12,551,896		\$12,551,896
14480	Vocational Rehabilitation	\$41,755,526		\$41,755,526	\$42,142,193		\$42,142,193
	Total Health & Human Services	\$4,098,660,279	\$59,050,000	\$4,157,710,279	\$4,439,646,725	\$38,669,781	\$4,478,316,506
	Natural and Economic Resources:						
13700	Agriculture & Consumer Services	\$52,243,772		\$52,243,772	\$51,965,810		\$51,965,810
14600	Commerce	\$35,532,306		\$35,532,306	\$35,583,572		\$35,583,572
14601	Commerce - State Aid	\$25,108,087		\$25,108,087	\$25,108,087		\$25,108,087
14300	Environment and Natural Resources	\$167,189,338		\$167,189,338	\$168,187,593		\$168,187,593
14301	Clean Water Mgt Trust Fund	\$62,000,000	\$38,000,000	\$100,000,000	\$62,000,000	\$38,000,000	\$100,000,000
13800	Labor	\$14,198,496		\$14,198,496	\$14,213,868		\$14,213,868
	Total Natural and Economic Resources	\$356,271,999	\$38,000,000	\$394,271,999	\$357,058,930	\$38,000,000	\$395,058,930
	Justice and Public Safety:						
14500	Correction	\$1,045,627,365		\$1,045,627,365	\$1,060,627,365		\$1,060,627,365
14900	Crime Control & Public Safety						
	VIPER		(\$500,000)			(\$500,000)	
	Caldwell County Armory		(\$975,000)			(\$975,000)	
	National Guard Family Assistance		(\$250,000)			(\$250,000)	
	Victims' Compensation		(\$2,500,000)			(\$2,500,000)	
	Subtotal	\$34,086,632	(\$4,225,000)	\$29,861,632	\$34,186,632	(\$4,225,000)	\$29,961,632
12000	Judicial						
	District Court Tape Recorders		(\$600,000)			(\$600,000)	
	Subtotal	\$342,043,618	(\$600,000)	\$341,443,618	\$345,843,618	(\$600,000)	\$345,243,618
12001	Judicial - Indigent Defense	\$96,688,190		\$96,688,190	\$91,688,190		\$91,688,190
12000	Justice	\$78,155,004		\$78,155,004	\$78,855,004		\$78,855,004
12060	Juvenile Justice	\$139,857,825		\$139,857,825	\$140,157,825		\$140,157,825
	Total Justice and Public Safety	\$1,736,458,634	(\$4,825,000)	\$1,731,633,634	\$1,751,358,634	(\$4,825,000)	\$1,746,533,634

Adjusted Continuation Budget							
Restores Nonrecurring Reductions Directed by the 2003 General Assembly							
For Fiscal Years 2005-06 and 2005-07							
		FY 2005-2006	General	FY 2005-2006	FY 2006-2007	General	FY 2005-2006
Budget		Recommended	Assembly	Adjusted	Recommended	Assembly	Adjusted
Code	Function	Continuation	Adjustments	Continuation	Continuation	Adjustments	Continuation
	General Government:						
14100	Administration	\$60,053,752		\$60,053,752	\$61,483,537		\$61,483,537
13300	State Auditor	\$10,850,737		\$10,850,737	\$10,840,918		\$10,840,918
14800	Cultural Resources	\$61,114,752		\$61,114,752	\$59,597,482		\$59,597,482
14802	Cultural Resources - Roanoke Island	\$1,783,374		\$1,783,374	\$1,783,374		\$1,783,374
11000	General Assembly						
	General Assembly Reserve		\$880,000			\$880,000	
	Subtotal	\$42,984,588	\$880,000	\$43,864,588	\$46,085,432	\$880,000	\$46,965,432
13000	Governor's Office	\$5,324,590		\$5,324,590	\$5,344,528		\$5,344,528
13010	NC Housing Finance	\$4,750,945		\$4,750,945	\$4,750,945		\$4,750,945
13900	Insurance	\$27,831,701		\$27,831,701	\$27,866,769		\$27,866,769
13901	Insurance - Worker's Fund	\$4,500,000		\$4,500,000	\$4,500,000		\$4,500,000
13100	Lieutenant Governor's Office	\$690,697		\$690,697	\$690,697		\$690,697
18210	Office of Administrative Hearings	\$2,976,210		\$2,976,210	\$2,967,712		\$2,967,712
14700	Revenue						
	Examination and Collection		\$3,664,145			\$3,664,145	
	Subtotal	\$79,153,299	\$3,664,145	\$82,817,444	\$79,296,299	\$3,664,145	\$82,960,444
13200	Secretary of State	\$8,568,943		\$8,568,943	\$8,549,857		\$8,549,857
18025	State Board of Elections	\$4,957,543		\$4,957,543	\$4,959,307		\$4,959,307
13005	State Budget and Management (OSBM)						
	Computer Equipment		(\$10,000)			(\$10,000)	
	Subtotal	\$4,914,371	(\$10,000)	\$4,904,371	\$4,918,931	(\$10,000)	\$4,908,931
13085	OSBM - Special Appropriations	\$3,180,000		\$3,180,000	\$3,180,000		\$3,180,000
14160	Office of State Controller	\$9,960,527		\$9,960,527	\$9,966,970		\$9,966,970
13410	State Treasurer	\$8,222,117		\$8,222,117	\$8,228,365		\$8,228,365
13412	State Treasurer - Retirement / Benefits	\$8,146,179		\$8,146,179	\$8,146,179		\$8,146,179
	Total General Government	\$349,964,325	\$4,534,145	\$354,498,470	\$353,157,302	\$4,534,145	\$357,691,447
	Transportation:						
14222	Transportation	\$12,027,377		\$12,027,377			
84210	Highway Fund						
	Death Benefit Plan		\$589,000			\$589,000	
	Subtotal	\$1,398,569,973	\$589,000	\$1,399,158,973	\$1,401,351,921	\$589,000	\$1,401,940,921
	Transportation-General Fund	\$12,027,377		\$12,027,377	\$12,945,066		\$12,945,066
	Transportation-Highway Fund	\$1,398,569,973	\$589,000	\$1,399,158,973	\$1,401,351,921	\$589,000	\$1,401,940,921
	Total General Fund Agency	\$15,901,269,919	\$114,839,091	\$16,016,109,010	\$16,419,306,893	\$78,526,011	\$16,497,832,904
	Debt Service:						
19420	General Debt Service	\$485,185,962		\$485,185,962	\$615,917,453		\$615,917,453
19425	Federal Reimbursement	\$1,616,380		\$1,616,380	\$1,616,380		\$1,616,380
	Total Debt Service	\$486,802,342		\$486,802,342	\$617,533,833		\$617,533,833
	Total Agency plus Debt Service	\$16,388,072,261	\$114,839,091	\$16,502,911,352	\$17,036,840,726	\$78,526,011	\$17,115,366,737
	Reserves & Adjustments:						
19001	Contingency and Emergency Reserve	\$5,000,000		\$5,000,000	\$5,000,000		\$5,000,000
19004	Salary Adjustment Reserve	\$9,000,000		\$9,000,000	\$9,000,000		\$9,000,000
19013	Job Development Incentive Grants	\$4,500,000		\$4,500,000	\$4,500,000		\$4,500,000
190xx	Death/Disability Benefit Plan	\$0	\$18,230,100	\$18,230,100	\$0	\$18,230,100	\$18,230,100
	Total Reserves & Adjustments	\$18,500,000	\$18,230,100	\$36,730,100	\$18,500,000	\$18,230,100	\$36,730,100
	Total General Fund Budget	\$16,406,572,261	\$133,069,191	\$16,539,641,452	\$17,055,340,726	\$96,756,111	\$17,152,096,837
	Total Highway Fund Budget	\$1,398,569,973	\$589,000	\$1,399,158,973	\$1,401,351,921	\$589,000	\$1,401,940,921

SUMMARY:

**GENERAL FUND
APPROPRIATIONS**

Summary of General Fund Appropriations

Fiscal Year 2005-2006

2005 Legislative Session

	Adjusted	Legislative Adjustments				Revised
	Continuation Budget	Recurring	Nonrecurring	Net	FTE	Appropriation
	2005-06	Adjustments	Adjustments	Changes	Changes	2005-06
Education:						
Community Colleges	756,320,880	(6,741,165)	43,205,000	36,463,835		792,784,715
Public Education	6,585,323,929	49,154,516	52,350,000	101,504,516		6,686,828,445
University System	2,024,322,442	48,226,685	(124,924)	48,101,761	569.70	2,072,424,203
Total Education	9,365,967,251	90,640,036	95,430,076	186,070,112	569.70	9,552,037,363
Health and Human Services:						
Office of the Secretary	102,490,388	18,690,531	(7,000,000)	11,690,531	5.00	114,180,919
Aging Division	29,495,139	0	0	0		29,495,139
Blind and Deaf / Hard of Hearing Services	9,843,201	(281,404)	75,000	(206,404)		9,636,797
Child Development	267,350,017	0	(2,600,000)	(2,600,000)		264,750,017
Education Services	33,852,267	0	0	0		33,852,267
Facility Services	12,551,896	2,986,990	506,517	3,493,507	45.50	16,045,403
Medical Assistance	2,685,076,714	(173,795,435)	(50,000,000)	(223,795,435)		2,461,281,279
Mental Health	595,375,908	4,922,747	75,000	4,997,747		600,373,655
NC Health Choice	62,035,981	0	0	0		62,035,981
Public Health	135,567,174	2,854,058	1,375,000	4,229,058	2.00	139,796,232
Social Services	182,316,068	2,022,993	1,000,000	3,022,993	8.00	185,339,061
Vocational Rehabilitation	41,755,526	0	0	0		41,755,526
Total Health and Human Services	4,157,710,279	(142,599,520)	(56,568,483)	(199,168,003)	60.50	3,958,542,276
Justice and Public Safety:						
Correction	1,045,627,365	(18,802,196)	(3,631,718)	(22,433,914)	-165.00	1,023,193,451
Crime Control & Public Safety	29,861,632	3,937,574	(290,000)	3,647,574	-1.00	33,509,206
Judicial Department	341,443,618	(4,029,351)	1,500,000	(2,529,351)	-16.00	338,914,267
Judicial - Indigent Defense	96,688,190	(5,809,002)	0	(5,809,002)	-17.50	90,879,188
Justice	78,155,004	(1,338,700)	(261,104)	(1,599,804)	-5.00	76,555,200
Juvenile Justice & Delinquency Prevention	139,857,825	(4,383,322)	(300,000)	(4,683,322)	-82.00	135,174,503
Total Justice and Public Safety	1,731,633,634	(30,424,997)	(2,982,822)	(33,407,819)	-286.50	1,698,225,815

Summary of General Fund Appropriations

Fiscal Year 2005-2006

2005 Legislative Session

	Adjusted	Legislative Adjustments				Revised
	Continuation Budget	Recurring	Nonrecurring	Net	FTE	Appropriation
	2005-06	Adjustments	Adjustments	Changes	Changes	2005-06
Natural And Economic Resources:						
Agriculture and Consumer Services	52,243,772	(2,414,659)	0	(2,414,659)	-11.00	49,829,113
Commerce	35,532,306	1,255,629	7,620,000	8,875,629	-3.00	44,407,935
Commerce - State Aid	11,222,085	0	0	0		11,222,085
Environment and Natural Resources	167,189,338	(4,475,488)	8,473,551	3,998,063	-20.50	171,187,401
DENR - Clean Water Mgmt. Trust Fund	100,000,000	0	0	0		100,000,000
Labor	14,198,496	(43,711)	0	(43,711)	-1.00	14,154,785
NC Biotechnology Center	9,083,395	1,500,000	1,500,000	3,000,000		12,083,395
Rural Economic Development Center	4,802,607	20,000,000	0	20,000,000		24,802,607
Total Natural and Economic Resources	394,271,999	15,821,771	17,593,551	33,415,322	-35.50	427,687,321
General Government:						
Administration	60,053,752	(1,512,036)	3,877,300	2,365,264	5.00	62,419,016
Auditor	10,850,737	0	0	0		10,850,737
Cultural Resources	61,114,752	2,393,897	32,800	2,426,697	8.00	63,541,449
Cultural Resources - Roanoke Island	1,783,374	0	0	0		1,783,374
General Assembly	43,864,588	0	(880,000)	(880,000)		42,984,588
Governor	5,324,590	0	0	0		5,324,590
Housing Finance Agency	4,750,945	0	1,000,000	1,000,000		5,750,945
Insurance	27,831,701	243,813	12,700	256,513	3.00	28,088,214
Insurance - Worker's Compensation Fund	4,500,000	0	(2,000,000)	(2,000,000)		2,500,000
Lieutenant Governor	690,697	62,340	1,700	64,040	1.25	754,737
Office of Administrative Hearings	2,976,210	2,000	9,200	11,200		2,987,410
Revenue	82,817,444	(5,125,420)	546,871	(4,578,549)	-83.00	78,238,895
Secretary of State	8,568,943	89,000	0	89,000		8,657,943
State Board of Elections	4,957,543	110,000	0	110,000	1.00	5,067,543
State Budget and Management	4,904,371	112,864	2,500	115,364	2.00	5,019,735
State Budget and Management -- Special	3,180,000	1,000,000	250,000	1,250,000		4,430,000
State Controller	9,960,527	77,541	5,200	82,741	1.00	10,043,268
Treasurer - Operations	8,222,117	67,478	401,000	468,478	1.00	8,690,595
Treasurer - Retirement / Benefits	8,146,179	405,278	0	405,278		8,551,457
Total General Government	354,498,470	(2,073,245)	3,259,271	1,186,026	-60.75	355,684,496

Summary of General Fund Appropriations

Fiscal Year 2005-2006

2005 Legislative Session

	Adjusted Continuation Budget 2005-06	Legislative Adjustments			FTE Changes	Revised Appropriation 2005-06
		Recurring Adjustments	Nonrecurring Adjustments	Net Changes		
Transportation	12,027,377	(11,284,198)	(743,179)	(12,027,377)	0.00	0
Statewide Reserves and Debt Service:						
Debt Service:						
Interest / Redemption	485,185,962	4,358,249	0	4,358,249		489,544,211
Federal Reimbursement	1,616,380	0	0	0		1,616,380
Subtotal Debt Service	486,802,342	4,358,249	0	4,358,249		491,160,591
Statewide Reserves:						
Compensation Increases		184,876,000	8,000,000	192,876,000		192,876,000
Salary Adjustment Fund: 2005-07 Biennium	4,500,000	0	0	0		4,500,000
Salary Adjustment Fund: 2004-05 Fiscal Year	4,500,000	0	0	0		4,500,000
Teachers' and State Employees' Retirement Contribution		14,617,000	0	14,617,000		14,617,000
Retirement System Payback		0	25,000,000	25,000,000		25,000,000
Death Benefit Trust	12,000,000	899,200	0	899,200		12,899,200
Disability Income Plan	6,230,100	356,400	0	356,400		6,586,500
State Health Plan	0	125,000,000	0	125,000,000		125,000,000
Contingency and Emergency Fund	5,000,000	0	0	0		5,000,000
Information Technology Rate Adjustments		(2,300,000)	0	(2,300,000)		(2,300,000)
Information Technology Fund		8,025,000	16,350,000	24,375,000		24,375,000
MH/DD/SAS Trust Fund		0	5,000,000	5,000,000		5,000,000
Health and Wellness Trust Fund		0	10,000,000	10,000,000		10,000,000
Job Development Investment Grants (JDIG)	4,500,000	3,500,000	0	3,500,000		8,000,000
Reserve for Healthy NC		0	2,000,000	2,000,000		2,000,000
Increased Fuel Costs		0	3,000,000	3,000,000		3,000,000
Subtotal Statewide Reserves	36,730,100	334,973,600	69,350,000	404,323,600		441,053,700
Total Reserves and Debt Service	523,532,442	339,331,849	69,350,000	408,681,849		932,214,291
Total General Fund for Operations	16,539,641,452	259,411,696	125,338,414	384,750,110	247.45	16,924,391,562

Summary of General Fund Appropriations

Fiscal Year 2005-2006

2005 Legislative Session

	Adjusted	Legislative Adjustments				Revised
	Continuation Budget	Recurring	Nonrecurring	Net	FTE	Appropriation
	2005-06	Adjustments	Adjustments	Changes	Changes	2005-06
Capital Improvements						
Water Resources Development Projects	0	0	14,760,000	14,760,000		14,760,000
Other Capital Improvements	0	0	11,350,000	11,350,000		11,350,000
Total Capital Improvements	0	0	26,110,000	26,110,000		26,110,000
Total General Fund Budget	16,539,641,452	259,411,696	151,448,414	410,860,110	247.45	16,950,501,562

Summary of General Fund Appropriations

Fiscal Year 2006-2007

2005 Legislative Session

	Adjusted	Legislative Adjustments				Revised
	Continuation Budget	Recurring	Nonrecurring	Net	FTE	Appropriation
	2006-07	Adjustments	Adjustments	Changes	Changes	2006-07
<u>Education:</u>						
Community Colleges	753,585,522	(6,741,165)	0	(6,741,165)		746,844,357
Public Education	6,701,093,652	34,531,700	(41,100,000)	(6,568,300)		6,694,525,352
University System	2,052,608,147	56,966,080	0	56,966,080	569.70	2,109,574,227
Total Education	9,507,287,321	84,756,615	(41,100,000)	43,656,615	569.70	9,550,943,936
<u>Health and Human Services:</u>						
Office of the Secretary	106,490,388	31,253,657	(7,000,000)	24,253,657	7.00	130,744,045
Aging Division	29,495,139	0	0	0		29,495,139
Blind and Deaf / Hard of Hearing Services	9,962,624	(281,404)	0	(281,404)		9,681,220
Child Development	267,356,799	0	0	0		267,356,799
Education Services	34,281,895	0	0	0		34,281,895
Facility Services	12,551,896	5,196,009	47,200	5,243,209	79.50	17,795,105
Medical Assistance	2,994,257,177	(338,055,652)	(50,000,000)	(388,055,652)		2,606,201,525
Mental Health	597,375,908	4,922,747	0	4,922,747		602,298,655
NC Health Choice	62,035,981	0	0	0		62,035,981
Public Health	137,060,438	2,854,058	1,400,000	4,254,058	2.00	141,314,496
Social Services	185,306,068	1,667,374	0	1,667,374	8.00	186,973,442
Vocational Rehabilitation	42,142,193	0	0	0		42,142,193
Total Health and Human Services	4,478,316,506	(292,443,211)	(55,552,800)	(347,996,011)	96.50	4,130,320,495
<u>Justice and Public Safety:</u>						
Correction	1,060,627,365	(18,802,196)	0	(18,802,196)	-165.00	1,041,825,169
Crime Control & Public Safety	29,961,632	3,937,574	0	3,937,574	-1.00	33,899,206
Judicial Department	345,243,618	(3,616,363)	0	(3,616,363)	-11.00	341,627,255
Judicial - Indigent Defense	91,688,190	(5,809,002)	0	(5,809,002)	-17.50	85,879,188
Justice	78,855,004	(1,664,248)	0	(1,664,248)	-5.00	77,190,756
Juvenile Justice & Delinquency Prevention	140,157,825	(4,383,322)	0	(4,383,322)	-82.00	135,774,503
Total Justice and Public Safety	1,746,533,634	(30,337,557)	0	(30,337,557)	-281.50	1,716,196,077

Summary of General Fund Appropriations

Fiscal Year 2006-2007

2005 Legislative Session

	Adjusted		Legislative Adjustments			Revised
	Continuation Budget	Recurring	Nonrecurring	Net	FTE	Appropriation
	2006-07	Adjustments	Adjustments	Changes	Changes	2006-07
Natural And Economic Resources:						
Agriculture and Consumer Services	51,965,810	(2,508,909)	0	(2,508,909)	-11.00	49,456,901
Commerce	35,583,572	1,175,629	0	1,175,629	-3.00	36,759,201
Commerce - State Aid	11,222,085	0	0	0		11,222,085
Environment and Natural Resources	168,187,593	(4,475,488)	0	(4,475,488)	-20.50	163,712,105
DENR - Clean Water Mgmt. Trust Fund	100,000,000	0	0	0		100,000,000
Labor	14,213,868	(44,357)	0	(44,357)	-1.00	14,169,511
NC Biotechnology Center	9,083,395	1,500,000	0	1,500,000		10,583,395
Rural Economic Development Center	4,802,607	20,000,000	0	20,000,000		24,802,607
Total Natural and Economic Resources	395,058,930	15,646,875	0	15,646,875	-35.50	410,705,805
General Government:						
Administration	61,483,537	(2,700,309)	0	(2,700,309)	5.00	58,783,228
Auditor	10,840,918	0	0	0		10,840,918
Cultural Resources	59,597,482	2,353,100	0	2,353,100	8.00	61,950,582
Cultural Resources - Roanoke Island	1,783,374	0	0	0		1,783,374
General Assembly	46,965,432	0	0	0		46,965,432
Governor	5,344,528	0	0	0		5,344,528
Housing Finance Agency	4,750,945	0	0	0		4,750,945
Insurance	27,866,769	243,813	0	243,813	3.00	28,110,582
Insurance - Worker's Compensation Fund	4,500,000	0	0	0		4,500,000
Lieutenant Governor	690,697	62,340	0	62,340	1.25	753,037
Office of Administrative Hearings	2,967,712	2,000	0	2,000		2,969,712
Revenue	82,960,444	(5,101,669)	0	(5,101,669)	-83.00	77,858,775
Secretary of State	8,549,857	89,000	0	89,000		8,638,857
State Board of Elections	4,959,307	110,000	0	110,000	1.00	5,069,307
State Budget and Management	4,908,931	112,864	0	112,864	2.00	5,021,795
State Budget and Management -- Special	3,180,000	1,000,000	0	1,000,000		4,180,000
State Controller	9,966,970	77,541	0	77,541	1.00	10,044,511
Treasurer - Operations	8,228,365	67,478	0	67,478	1.00	8,295,843
Treasurer - Retirement / Benefits	8,146,179	405,278	0	405,278		8,551,457
Total General Government	357,691,447	(3,278,564)	0	(3,278,564)	-60.75	354,412,883

Summary of General Fund Appropriations

Fiscal Year 2006-2007

2005 Legislative Session

	Adjusted	Legislative Adjustments				Revised
	Continuation Budget	Recurring	Nonrecurring	Net	FTE	Appropriation
	2006-07	Adjustments	Adjustments	Changes	Changes	2006-07
Transportation	12,945,066	(12,945,066)	0	(12,945,066)	0.00	0
Statewide Reserves and Debt Service:						
Debt Service:						
Interest / Redemption	615,917,453	3,373,687	0	3,373,687		619,291,140
Federal Reimbursement	1,616,380	0	0	0		1,616,380
Subtotal Debt Service	617,533,833	3,373,687	0	3,373,687	0.00	620,907,520
Statewide Reserves:						
Compensation Increases		491,376,000	8,500,000	499,876,000		499,876,000
Salary Adjustment Fund: 2005-07 Biennium	4,500,000			0		4,500,000
Salary Adjustment Fund: 2004-05 Fiscal Year	4,500,000	0	0	0		4,500,000
Teachers' and State Employees' Retirement Contribution		14,617,000	0	14,617,000		14,617,000
Retirement System Payback		0	0	0		0
Death Benefit Trust	12,000,000	899,200	0	899,200		12,899,200
Disability Income Plan	6,230,100	356,400	0	356,400		6,586,500
State Health Plan		167,000,000	0	167,000,000		167,000,000
Contingency and Emergency Fund	5,000,000	0	0	0		5,000,000
Information Technology Rate Adjustments		(2,300,000)	0	(2,300,000)		(2,300,000)
Information Technology Fund		8,025,000	0	8,025,000		8,025,000
MH/DD/SAS Trust Fund		0	0	0		0
Health and Wellness Trust Fund		0	0	0		0
Job Development Investment Grants (JDIG)	4,500,000	7,900,000	0	7,900,000		12,400,000
Reserve for Healthy NC		0	0	0		0
Increased Fuel Costs		0	0	0		0
Subtotal Statewide Reserves	36,730,100	687,873,600	8,500,000	696,373,600		733,103,700
Total Reserves and Debt Service	654,263,933	691,247,287	8,500,000	699,747,287		1,354,011,220
Total General Fund for Operations	17,152,096,837	452,646,379	(88,152,800)	364,493,579		17,516,590,416

Summary of General Fund Appropriations

Fiscal Year 2006-2007

2005 Legislative Session

	Adjusted					
	Continuation Budget	Recurring	Nonrecurring	Net	FTE	Revised
	2006-07	Adjustments	Adjustments	Changes	Changes	Appropriation
						2006-07
Capital Improvements						
Water Resources Development Projects	0	0	0	0		0
Other Capital Improvements	0	0	0	0		0
Total Capital Improvements	0	0	0	0		0
Total General Fund Budget	17,152,096,837	452,646,379	(88,152,800)	364,493,579	288.45	17,516,590,416



EDUCATION

Section F

Public Education

GENERAL FUND

	FY 05-06	FY 06-07
Adjusted Continuation Budget	\$6,585,323,929	\$6,701,093,652

Legislative Changes

A. Updated Projections

1 Average Daily Membership (ADM)

\$9,402,812	R	\$6,660,059	R
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Revise projected increase in ADM for FY 2005-06 to reflect 2,338 more students than originally projected. Dollar amount of adjustment includes increases to all position, dollar, and categorical allotments.

Total funded ADM for FY 2005-06 is 1,397,372, an increase of 28,309.

Due to upward adjustment in ninth grade ADM, increase receipts from Highway Fund budgeted for Driver's Education by \$129,405 in 2005-06 and \$255,618 in 2006-07.

2 Budgeted Average Salary

(\$23,642,099)	R	(\$23,965,417)	R
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Revise budgeted funding for certified personnel salaries based on actual salary data from December 2004. Adjustment does not reduce any salary paid to certified personnel.

B. Continuation Budget Adjustments

3 Central Office Administration

(\$510,023)	R	(\$510,023)	R
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Reduce dollar allotment for Central Office Administration by 0.5%. Resulting total allotment in FY 2005-06 is \$101,494,560.

4 Teacher Assistants

(\$57,549,042)	R	(\$57,549,042)	R
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Reduce dollar allotment for teacher assistants. Resulting total allotment in FY 2005-06 is \$337,375,675. Local education agencies (LEAs) are encouraged to use allotted funds to concentrate teacher assistants in grades K-2. LEAs may use funding allotted through the LEA Flexibility Fund (item 18) to offset these reductions.

5 School Building Administration

(\$5,038,433)	R	(\$5,038,433)	R
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Allot assistant principal positions on the basis of one 10-month position per 800 ADM. Resulting total allotment for assistant principals in FY 2005-06 is \$80,538,079.

6 Textbooks

(\$2,389,506)	R	(\$2,389,506)	R
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Allot funds for textbooks on the basis of an inflationary increase of 7.3%. Resulting total allotment in 2005-06 is \$85,996,465.

7 Limited English Proficiency (LEP)

(\$2,674,670) R

(\$2,674,670) R

Discontinue base allotment of the dollar equivalent of one teacher assistant per qualifying LEA. Supplemental funds will continue to be allotted based on: (i) qualifying ADM, and (ii) concentration of LEP students. Resulting total allotment in FY 2005-06 is \$40,980,218.

8 School Bus Replacement

(\$7,915,450) R

(\$7,915,450) R

Provide funds to meet outstanding lease purchase payment obligations, and \$10 million for new lease purchases (approximately 476 new buses). Resulting total allotment in FY 2005-06 is \$47,190,642.

9 Department of Public Instruction (DPI)

(\$598,666) R

(\$598,666) R

Reduce funds for the Department of Public Instruction by 2%.

10 ADM Contingency Reserve

(\$2,000,000) R

(\$2,000,000) R

Reduce ADM Contingency Reserve. Resulting appropriation is \$5,000,000.

11 Fund One LEA per County

(\$12,206,745) R

Fund all position, dollar, and categorical allotments on the basis of one LEA per county.

C. Reductions: Pass-Through Funds**12 ExplorNet**

(\$250,000) R

(\$250,000) R

Reduce pass-through funding to non-profit program. LEAs may contract for services provided by this organization using various other allotments that may be expended for professional development. Remaining recurring appropriation is \$150,000.

13 NC Network

(\$28,350) R

(\$28,350) R

Reduce pass-through funding to non-profit program by 10%. LEAs may contract for services provided by this organization using various other allotments that may be expended for professional development.

14 Partnership for Excellence

(\$50,000) R

(\$50,000) R

Eliminate pass-through funding to non-profit program. LEAs may contract for services provided by this organization using various other allotments that may be expended for professional development.

D. Increased Receipts**15 Corporate Income Tax**

(\$50,000,000) NR

(\$41,100,000) NR

Redirect corporate income tax receipts that would otherwise be deposited in the Public School Building Capital & Technology Fund, per rewritten G.S. 115C-546.1(b), to the State Public School Fund to support public school operations. Estimated resulting revenue to Capital & Technology Fund in FY 2005-06 is \$25 million.

16 Increase School Building Capital & Technology Fund

Transfer \$70 million in receipts from the Lottery Fund to the School Building Capital & Technology Fund to support local school capital and technology infrastructure projects.

E. Expansion: State Public School Fund**17 Restore Funding and Eliminate Negative Reserve**

\$44,291,248	R	\$44,291,248	R
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Restore the recurring negative reserve ("LEA Discretionary Reduction") that exists in the continuation budget.

18 LEA Flexibility Fund

\$47,300,000	R	\$47,300,000	R
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Allot discretionary funds to LEAs on the basis of ADM to enhance LEAs' ability to provide all of their students with the opportunity for high academic achievement. LEAs may use this allotment for any purpose allowable under the State Board of Education's chart of accounts.

LEAs are encouraged to fund additional instructional positions, such as teachers and teacher assistants; instructional support, such as nurses, counselors, and social workers; and school building administration, such as assistant principals. LEAs may use these funds to offset reductions appearing elsewhere in this budget document.

19 Disadvantaged Student Supplemental Funding (DSSF)

\$47,500,000	R	\$47,500,000	R
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Continue funding at levels allotted in FY 2004-05 for the sixteen pilot LEAs that have previously received DSSF allotments. Allot remaining funds to all other LEAs per the DSSF Allotment Formula developed by the State Board of Education. LEAs are encouraged to use funds to reduce class size and/or hire additional instructional support personnel, such as counselors, social workers, and nurses.

20 Evaluate Effectiveness of DSSF and Low Wealth Initiatives

\$1,000,000	NR		
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Provide funds for evaluation of both (i) the extent to which LEAs use DSSF and Low Wealth supplemental allotments to improve outcomes for students at-risk of school failure, and (ii) the extent to which DPI supports the LEAs in using DSSF and other supplemental allotments efficiently and effectively.

21 ABC Bonuses

\$100,000,000	NR		
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Fund ABC bonuses for schools that met or exceeded expected growth in the 2004-05 school year.

22 Learn and Earn Initiative

\$1,541,695	R	\$1,541,695	R
\$450,000	NR		

Expand the Learn and Earn High School Workforce Development Initiative into an additional five high schools (bringing the total to ten). Provide planning grants to ten additional high schools.

23 Virtual High School

\$150,000	R	\$150,000	R
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Provide funds to the State Board of Education for establishment and implementation of a pilot virtual high school during the 2005-2006 school year.

24 Online Professional Development Resource Center for Teachers and Principals

Provide funds to the State Board of Education for the establishment of a web portal that catalogues high-quality professional development opportunities for teachers and principals.

\$100,000 NR

F. Expansion: Pass-Through Funds**25 Teaching Fellows Scholarships**

Fund 100 additional Teaching Fellows Scholarships.

\$650,000 R \$1,300,000 R

26 Communities in Schools

Provide additional pass-through funding to non-profit program.

\$500,000 NR

27 A+ Schools

Provide funding to support non-profit program that assists schools in implementing comprehensive school reform by integrating arts into the curriculum.

\$100,000 R \$100,000 R

28 Center for 21st Century Skills

Provide funds to the State Board of Education for establishment of the Center for 21st Century Skills. The State Board will transfer funds to the Office of the Governor for this purpose.

\$250,000 R \$250,000 R

29 Teacher Working Conditions Survey

Provide funds to the State Board of Education for the administration of the Governor's Teacher Working Conditions Survey.

\$115,000 R \$115,000 R

30 SAS in Schools

Fund Statewide license for SAS in Schools, an instructional resource that will be made available to all NC teachers on-line through NC WISEOWL.

\$500,000 R \$500,000 R

31 Regional Education Networks

Provide funds to the North Carolina Rural Economic Development Center and the e-NC Authority for a feasibility study on developing regional education networks that are centrally managed to provide and sustain broadband connectivity to individual students and teachers in schools, community colleges, and universities. In conducting the study, the Rural Economic Development Center and e-NC Authority shall collaborate with representatives from local school administrative units, The University of North Carolina, the State Board of Education, the State Chief Information Officer, and the Community College System.

\$100,000 NR

32 Commission for a Sound Basic Education

Provide funding to the General Assembly to support the Commission for a Sound Basic Education.

\$200,000 NR

G. Expansion: Department of Public Instruction

33 Receipt Supported Positions

Create the following permanent receipt supported positions in the Department of Public Instruction:

A. Healthy Schools - Federal HIV and Abstinence Education Funds

3 Education Consultants - \$249,056

1 Program Assistant V - \$42,648

Consultants will assist schools in providing health education for HIV and other health issues for school-age populations. Program Assistant will provide clerical and program support for the staff.

B. Safe Schools - Federal 21st Century Community Learning Centers and Safe and Drug Free Schools Funds

3 Education Consultants - \$249,056

1 Program Assistant IV - \$39,558

One Consultant will provide technical assistance to schools and LEAs on middle and high school counseling issues. Two Consultants will provide technical assistance to and monitor the 190 centers providing after school programs to at-risk students. Program Assistant will provide clerical and program support for the staff.

C. Child Nutrition - Federal Child Nutrition Funds

2 School Meals Program Consultants - \$133,480

One Consultant will assist local education agencies in ensuring that all compliance requirements for federal child nutrition programs are met. The other Consultant will coordinate the implementation and oversight of US Department of Agriculture's Seamless Summer Food Service program, Summer Milk program, Fruit and Vegetable Program, USDA Best Practice program, and the Healthier US program.

D. LEA Plant Operations - Plant Operation Maintenance Receipts

Facility Electrical Engineer II - \$90,755

Engineering Technician II - \$49,713

Positions will assist LEA customers with engineering projects which includes designing, installing and assisting with electrical, mechanical, HVAC and plumbing projects.

E. Evaluation and Compliance - Federal Title 1 Funds and Indirect Cost Receipts

Program Assistant V - \$42,648

Personnel Analyst II - \$66,740

Program Assistant V will provide clerical and program support to the Senior Research Director and the Education Program Administrator for evaluation, research and federal programs. Personnel Analyst II will train agency management and employees with respect to employee relations, the performance management system, and equal employment opportunity policies.

Total Legislative Changes

\$49,154,516	R	\$34,531,700	R
\$52,350,000	NR	(\$41,100,000)	NR

Total Position Changes**Revised Budget**

\$6,686,828,445	\$6,694,525,352
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UNC System

GENERAL FUND

FY 05-06

FY 06-07

Adjusted Continuation Budget

\$2,024,322,442

\$2,052,608,147

Legislative Changes

A. Reductions

34 Management Flexibility Reduction for Certain UNC Campuses and Programs	(\$452,750)	R	(\$452,750)	R
Reduces the budgets for the NC School for the Arts, UNC-CH AHEC, NC School of Science and Math, and the Center for Public Television by .5%.				
35 Management Flexibility Reduction for UNC Campuses and Programs	(\$17,486,587)	R	(\$17,486,587)	R
Reduces the UNC budget for campuses and other programs by 1%, except for those programs identified for a .5% reduction. This reduction excludes Related Educational Programs (Legislative Tuition Grants, State Contractual Scholarship Program, etc.), the Hunt Institute, and the following K-12 programs : Model Teacher Education Consortium, NC Education Research Council, NC Teach, NC Teacher Academy, Principals Executive Program, Principal Fellows Program, Math and Science Education Network, and the NC Center for the Advancement of Teaching.				
36 Inflationary Adjustments and Equipment Replacement	(\$13,561,121)	R	(\$15,700,288)	R
Eliminates the inflationary adjustments and equipment replacement allowed by OSBM in the base budget. Remaining in the budget are adjustments to personal services, aid/grants, reserves, and receipts.				
37 Summer School	(\$3,658,515)	R	(\$3,658,515)	R
Eliminates General Fund subsidy of Summer School.				
38 Building Reserves - Minimum Hiring Rate	(\$1,428,329)	R	(\$3,005,385)	R
Reduces the starting salary from the midpoint to the minimum of the pay range for positions related to the operation of new buildings opening during the fiscal year.				
39 Building Reserves - Completion Dates	(\$2,189,924)	NR		
Adjusts the estimated completion dates for construction projects for information made available in March 2005. A delay in project completion results in a reduction in the number of months needed to staff and operate the new or renovated buildings.				

40 SREB Contractual Spaces

(\$169,600) R

(\$169,600) R

Eliminates funding for 16 vacant contracted spaces in optometry, dentistry and medical schools negotiated through the Southern Regional Educational Board. (7 dental, 7 medicine, and 68 optometry slots are currently filled with NC residents.)

41 Need-Based Financial Aid

(\$23,975,714) R

(\$23,975,714) R

Continues funding the Need Based Financial Aid program from the Escheats Fund.

42 Private Medical School Aid

(\$636,000) R

(\$636,000) R

Eliminates \$305,788 from the base budget and a \$330,212 projected increase for 05-06 based on data from the State Education Assistance Authority. The \$1.7 million remaining in the base budget will handle the growth in the number of NC residents attending Wake Forest University and Duke University medical schools.

43 Medical Scholarships

(\$768,299) R

(\$768,299) R

Reduces the base budget by \$154,664 and eliminates a \$613,635 projected increase because recent data from the State Education Assistance Authority shows that \$1.56 million is sufficient to handle growth in the number of NC residents attending medical schools at ECU, UNC, WFU and Duke.

44 State Contractual Scholarship Program

(\$545,800) R

(\$545,800) R

Adjusts the program budget to actual needs. Allows for 2.43% growth in enrollment of NC residents in the state's private colleges and universities and funds the enrollment of 575 NC residents at Johnson and Wales University. Continues the \$1,100 per student grant to the colleges.

45 Model Teaching Education Consortium

(\$1,000,000) R

(\$1,000,000) R

Reduces funding for this program.

46 Juvenile Justice Institute

(\$250,000) R

(\$250,000) R

Reduces the appropriation to this institute at NCCU from \$500,000 to \$250,000.

47 Legislators' Schools for Youth Leadership Development

(\$498,975) R

(\$498,975) R

Abolishes the summer youth programs based at ECU and WCU.

-5.00

-5.00

48 Non-credit and Receipt Supported Instruction

(\$684,532) R

(\$684,532) R

Eliminates General Fund subsidy of non-credit and receipt supported instruction on all campuses.

B. Expansion**49 Enrollment Growth for UNC Campuses**

\$72,753,678	R	\$72,753,678	R
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Funds the following enrollment growth in student FTE: 3,703.2 undergraduate and 283.5 graduate regular term students and 1,518.2 undergraduate and 1,416.9 graduate distance education students. The 6,921.8 added students is a 3.65% increase over the Fall 2004 enrollment of 189,615.

534.70

534.70

50 Enrollment Growth for NC School of Science and Math

\$200,000	R	\$200,000	R
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Increases the enrollment at the NC School of Science and Math by 10 students.

3.00

3.00

51 UNCW / ASU Equity Funding

\$8,398,101	R	\$8,398,101	R
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Increases appropriations to UNCW and ASU so that the appropriation per FTE (full time equivalent) student is 1 standard deviation from the mean for all UNC System campuses. The current appropriation per FTE student is \$8,545 for the UNC System, while the approp./FTE for UNCW is \$6,339 (-1.46 STD) and for ASU is \$6,933 (-1.07 STD).

52 UNCC Transition to Doctoral / Research Intensive Status

\$5,000,000	R	\$10,000,000	R
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Provides funding for additional faculty, library resources, and technology infrastructure needed to implement approved doctoral programs. UNCC achieved Doctoral/Research Intensive status in 2000, but has not received the operating funds commensurate with this elevated academic status.

53 Legislative Tuition Grants for Private College Students

\$1,395,488	R	\$1,395,488	R
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Funds a 2.43% increase in enrollment growth in NC residents attending private colleges and universities in the state (to 32,570). Accommodates the enrollment at Johnson & Wales University and students no longer funded by Fort Bragg. Continues the LTG rate at \$1,800 per student.

54 Need-Based Financial Aid

Funds the expansion in the Need-based scholarship program from the Escheats Fund. \$8,674,000 is needed due to enrollment growth and \$3,200,000 is needed due to the student loss of Pell Grant funds from a formula change. The Escheats Fund will also continue to pay \$1.1 million for the Health Science and Math Loan Program.

55 Millennium Teacher Scholarship Loan Program

Funds \$390,000 for the second class of 60 teaching scholars at ECSU, FSU, and WSSU. This was inadvertently left out of the base budget. This program is funded from the Escheats Fund.

56 UNC-NCCCS 2+2 E-Learning Initiative

\$1,000,000	NR		
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Provides funding for developing 2+2 distance education programs, for professional development for 2+2 faculty, for technology development and purchases, and for tracking students' progress between NCCCS and UNC. The Community College budget includes an additional \$1 million to support the community college side of this initiative.

FY 05-06**FY 06-07****57 UNC-NCCCS Joint Initiative for Teacher Education and Recruitment**

\$640,000 R

\$640,000 R

Creates 8 UNC positions to be based in the Regional Alternative Licensure Centers to support the expansion of the 2+2 Partnership Programs between UNC and NCCCS constituent institutions, to offer admissions advice to community college students seeking to transfer to a four year teacher education program, to work with prospective teachers to resolve curriculum issues between UNC and community colleges, and to recruit prospective teachers on community college campuses.

8.00

8.00

58 CFNC Teacher Recruitment and Marketing Online Module

\$25,000 R

\$25,000 R

Funds a teacher recruitment module on the College Foundation of North Carolina (CFNC) website. The module would provide future teachers with a single source for information concerning education and licensing requirements; grants, scholarships, and loans; and on-line applications for admissions and financial aid.

59 Biotechnology Initiatives

\$4,941,079 R

\$4,941,079 R

Appropriates \$2 million to the Biomanufacturing Research Institute and Technology Enterprise (BRITE) at North Carolina Central University and \$2.94 million to the Biomanufacturing Training and Education Center (BTEC) at North Carolina State University. Part of the funds are for scientific equipment and supplies needed for startup that were not funded by the construction grant from the Golden LEAF foundation. Funds will also be used to begin hiring administrative and research personnel.

60 UNC TV Closed Captioning

\$483,978 R

\$483,978 R

Enables the UNC Center for Public Television to meet a Federal Communication Commission mandate to provide closed captioning on 100% of its content by January 1, 2006. UNC TV must comply with the FCC requirements in order to retain its broadcast license.

61 William and Ida Friday Institute for Educational Innovation

\$2,500,000 R

\$2,500,000 R

Provides a reserve for staff, operations, and maintenance costs of the new facility constructed on North Carolina State's Centennial Campus adjacent to Wake County's Centennial Campus Middle School.

62 Teacher Scholarship for Math and Science

\$650,000 R

\$1,300,000 R

Creates the Future Teachers of North Carolina Scholarship Fund. This fund will award 100 scholarship loans each year to juniors and seniors in North Carolina public and private colleges that agree to become certified to teach math, science, special education, or English as a Second Language in North Carolina public schools. The loan is \$6,500 per year and is not repaid if the recipient teaches for three years in the state.

63 NC School of Science and Math University Tuition

\$585,565	R	\$1,523,183	R
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Funds the continued costs of the UNC tuition grant to graduates of the School of Science and Math that began in FY 2004-05. The base budget inadvertently left out funding for future graduates.

64 North Carolina in the World Project

\$200,000	NR		
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Makes a grant to the Center for International Understanding for the project "North Carolina in the World: A Plan to Increase Student Knowledge and Skills about the World".

65 Manufacturing Extension Partnership

\$150,000	NR		
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Increases state funding to this program within the Industrial Extension Service that assists small manufacturers to become more globally competitive.

66 NC A & T State University Matching Funds

\$1,089,000	R	\$1,089,000	R
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Increases the campus match of federal funds from 80% to 90% for agricultural research and extension programs as mandated by the Agricultural Research, Extension, and Education Reform Act of 1998. The funds are appropriated to the School of Agriculture and Environmental Science.

67 North Carolina Space Grant Consortium

\$200,000	R	\$200,000	R
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Provides funds to expand the program beyond the current participating universities. The program attempts to attract students to science and engineering degrees by providing undergraduate scholarships, graduate fellowships, research seed grants, and community outreach.

68 Focused Growth Campus Funds

\$2,500,000	R	\$2,500,000	R
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Provides additional funds to be evenly divided among the seven focused growth institutions (ECSU, FSU, NCA&T, NCCU, UNC-P, WCU, WSSU).

69 Initiatives to Close the Achievement Gap

\$300,000	R	\$300,000	R
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Appropriates funds to the Board of Governors to continue to support the operations and work of the North Carolina Historically Minority Colleges and Universities Consortium. The Consortium will determine the best practices and methodologies for closing the achievement gap among children of various demographic groups who are performing below grade level.

70 Center for Craft, Creativity and Design

\$200,000	R	\$200,000	R
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Provides operating funds for this center located on UNC-A's Kellogg Center property in Henderson County. A private foundation has made a proposal to establish a permanent endowment to fund graduate scholarships contingent upon the Center obtaining state operating funds.

2.50

2.50

Senate Subcommittee on Education

FY 05-06

FY 06-07

71 North Carolina Center on the Advancement of Teaching

\$3,046,018 R

\$3,014,018 R

Increases NCCAT's capacity to provide National Board for Professional Teaching Standards candidate preparation seminars for the 1,200 teachers now on the waiting list. Provides operating funds for new Ocracoke campus that will increase NCCAT's service to teachers by 40% and make its professional development services more accessible to Eastern North Carolina.

26.50

26.50

72 ECU Brody School of Medicine - Medicare Receipts

\$1,000,000 R

\$1,000,000 R

Repeals Medicare reimbursement to General Fund for cost of training physicians (faculty salaries and benefits). Deletion of the receipt in code 16066-0697 results in an increase in the ECU Health Affairs budget.

73 Judicial College

\$250,000 R

\$250,000 R

Establishes a Judicial College within the UNC-Chapel Hill School of Government to provide training and continuing education for the state's 400 judges.

74 Renaissance Computing Institute

\$5,900,000 R

\$11,800,000 R

Provides funds for the establishment of the Renaissance Computing Institute at UNC-Chapel Hill.

75 Western Carolina University Fire Protection

Provides funds to UNC Board of Governors for a grant-in-aid to the Cullowhee Volunteer Fire Department to purchase a 95 foot platform truck and equipment needed to provide fire protection services to high-rise facilities on the Western Carolina University campus.

\$715,000 NR

76 Hunt Institute

\$1,000,000 R

\$1,000,000 R

Funds operating expenses for the James B. Hunt, Jr Institute for Educational Leadership and Policy in Chapel Hill. The Institute's mission is to "engage governors and other leaders in strategic efforts to advance and sustain state-level education reform".

77 Program on Southern Politics, Media and Public Life

\$285,000 R

\$285,000 R

Provides operating support to this policy research program at UNC-Chapel Hill. This research group will provide the General Assembly with reports on demographic, social, economic, and environmental trends.

Total Legislative Changes

\$48,226,685 R

\$56,966,080 R

(\$124,924) NR

Total Position Changes

569.70

569.70

Revised Budget

\$2,072,424,203

\$2,109,574,227

Community Colleges

GENERAL FUND

	FY 05-06		FY 06-07
Adjusted Continuation Budget	\$756,320,880		\$753,585,522

Legislative Changes

A. Categorical and Miscellaneous Programs

78 Community Service Block Grant	(\$118,511)	R	(\$118,511)	R
Reduces the Community Service Block Grant by 10% (from \$1,185,114 to \$1,066,603).				
79 Compensatory Education	(\$109,736)	R	(\$109,736)	R
Reduces the appropriation for Compensatory Education by 10% (from \$1,097,364 to \$987,628). Colleges earn FTE for students enrolled in the Compensatory Education program.				
80 Off-Campus Center Funding	(\$1,400,000)	R	(\$1,400,000)	R
Eliminates the subsidy for off-campus center funding.				
81 NC Center for Applied Textile Technology	(\$475,000)	R	(\$475,000)	R
Reduces the appropriation for the NC Center for Applied Textile Technology based on administrative savings from the merger with Gaston College.				
82 Hosiery Technology Center	\$475,000	R	\$475,000	R
Increases the Hosiery Technology Center's budget to \$600,000, replacing funds lost from the Worker Training Trust Fund. These funds are being transferred from the NC Center for Applied Textile Technology (see item above).				
83 Customized Industry Training	\$2,000,000	R	\$2,000,000	R
Provides funding for a new workforce development program in the community college system that will allow colleges to serve companies that need training in order to stay competitive. The new program will complement training available to industry through Focused Industrial Training and New and Expanding Industry Training.				
84 Small Business Centers	\$1,000,000	R	\$1,000,000	R
Provides additional funding for the small business centers located at each community college.				
85 UNC-NCCCS 2+2 E-Learning Initiative	\$1,000,000	R	\$1,000,000	R
Provides funding to support the development of 2+2 distance education programs, professional development for 2+2 faculty, technology development and purchases, and to track students' progress between NCCCS and UNC. The university budget includes an additional \$1 million to support the university side of this initiative.				

86 Community College Innovative Learning Fund

Provides funding for innovative learning projects to assist colleges in meeting the needs of the changing economy. Funds will be distributed on a case by case basis as determined by the President of the Community College System and the State Board of Community Colleges. Priority will be given to projects that directly impact teacher education, allied health, economic development, or public safety. These funds may be used for planning, equipment, technology, or capital for innovative learning centers.

\$10,000,000 NR

87 Isothermal Lifelong Learning Center

Provides matching funds to Isothermal Community College for the Lifelong Learning Center. Funds may be used for construction of the facility or to equip the facility.

\$2,000,000 NR

88 Equipment

Provides additional non-recurring funding for community college equipment. Of these funds, up to \$500,000 may be used for the design of a replacement boat for the Marine Technology Program at Cape Fear Community College.

\$10,000,000 NR

89 NCCCS BioNetwork

Provides funding for the NCCCS BioNetwork.

\$7,101,864 R \$7,101,864 R

90 Advanced Manufacturing Center

Provides funding for the construction of the Bosch & Siemens Advanced Manufacturing Center at Craven Community College.

\$3,700,000 NR

91 Forsyth Tech Center for Emerging Technologies

Provides funds for the construction of the Center for Emerging Technologies at Forsyth Technical Community College. The Center will house the biotechnology, nanotechnology, design, and advance information technology programs, the Small Business Center, and Corporate Training Services.

\$5,000,000 NR

92 Southeastern Community College Facility Funds

Provides funds to establish, acquire, and/or renovate facilities for biotechnology and other programs at Southeastern Community College.

\$3,000,000 NR

93 Defense Technology Innovation Center

Provides funds to the NC Electronics and Information Technologies Association (NCEITA) for the development of the Defense Technology Innovation Center, a business incubator focusing on economic development opportunities in the industries relating to homeland security and national defense.

\$2,000,000 NR

94 Robeson Community College Workforce Development Center

Provides funds to Robeson Community College for the construction of the Workforce Development Center. Funds may also be used for the establishment of a training facility to provide training on the construction and use of structural insulated panels (SIPs).

\$1,350,000 NR

95 Lenoir Community College Simulated Cell Area

Provides funds to Lenoir Community College for the fabrication of a simulated cell for use in training prison personnel in Greene County and the surrounding areas.

\$250,000 NR

96 Bladen Community College Funds

Provides funding for Bladen Community College for equipment and planning. These funds may also be used to supplement maintenance of plant costs once all local funding for this purpose has been expended.

\$205,000 NR

97 Cleveland Community College Allied Health & Science Building

Provides funds for equipment and supplies for the Allied Health and Science Building at Cleveland Community College.

\$200,000 NR

98 Gaston College Allied Health Center

Provides matching funds to Gaston College for construction and equipment for the Gaston College Allied Health Center.

\$4,000,000 NR

99 COA Chowan Campus Funds

Provides funds to continue construction of Phase I of the Chowan campus expansion. These funds may be used for construction or equipment on the Chowan campus.

\$1,000,000 NR

100 Surry CC Viticulture Center

Provides funding for the expansion of the Viticulture Center at Surry Community College. These funds may be used for construction or equipment.

\$500,000 NR

B. Administrative and Instructional Formulae**101 Curriculum Instructional Formula**

Authorizes the State Board of Community Colleges to modify the curriculum instructional formula by adjusting the unit value.

(\$7,608,407) R (\$7,608,407) R

C. System Office**102 System Office Personnel**

Provides additional funding for two accounting specialists in the Division of Business and Finance, and an administrative assistant in the Executive Division.

\$150,000 R \$150,000 R

103 Receipt Supported Positions

Allows for the creation of the following receipt supported positions in the Community College System Office:

A. Career Readiness Certification - Workforce Investment Act Funds through the Division of Employment & Training in the Department of Commerce

1 Education Consultant II - \$80,155.40

This position will provide leadership and policy direction to the new Career Readiness Certification System that will be implemented by NCCCS, the local colleges, and the JobLink Career Centers across the State.

D. Enrollment, Tuition, and Financial Aid**104 Enrollment**

\$7,802,343	R	\$7,802,343	R
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Fully funds the community college enrollment increase.
Enrollment increased by 2,449 FTE in FY 04-05, from 188,610 FTE to 191,059, a 1.30% increase.

105 Need Based Financial Aid

(\$10,981,202)	R	(\$10,981,202)	R
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Funds the Need Based Financial Aid program from the Escheats Fund. An additional \$3,000,000 will be appropriated from the Escheats fund - \$2 million to offset the change in Pell Grant eligibility, and \$1 million to offset an increase in tuition. The total amount available for Need Based Financial Aid will be \$13,981,202.

106 Tuition

(\$5,577,516)	R	(\$5,577,516)	R
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Increases community college tuition by 4%, from \$38 per credit hour to \$39.50. Full-time students will pay \$632 per semester or \$1,264 per year.

E. Faculty Salaries**107 Increase Faculty and Professional Staff Salaries**

Funds are included in the Salary Reserve Section of this budget to provide an additional 2% increase to faculty and professional staff in the community colleges. These funds are in addition to funds provided for State Employee increases.

Total Legislative Changes

(\$6,741,165)	R	(\$6,741,165)	R
\$43,205,000	NR		

Total Position Changes**Revised Budget**

\$792,784,715		\$746,844,357	
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**HEALTH
&
HUMAN SERVICES
Section G**

Health and Human Services

GENERAL FUND

	FY 05-06	FY 06-07
Adjusted Continuation Budget	\$4,157,710,279	\$4,478,316,506

Legislative Changes

(1.0) Division of Medical Assistance

1 Freeze Medicaid Rates

(\$60,623,025)	R	(\$128,292,605)	R
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Freezes rates for SFY 2005-06 and SFY 2006-07 for most Medicaid providers at the level authorized in SFY 2004-05. The rate freeze applies to all Medicaid private and public providers with the following exceptions: federally qualified health clinics, rural health centers, state institutions, intermediate care facilities for the mentally retarded, outpatient hospital, and pharmacy. Savings to counties resulting from the rate freeze are (\$10,257,012) in SFY 2005-06 and (\$21,241,503) in SFY 2006-07.

2 Physician and Other Medical Provider Reimbursement

(\$9,530,550)	R	(\$13,401,096)	R
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Reduces physician reimbursement and other medical providers whose reimbursement is based on physician reimbursement from 95% of Medicare rates to 90% of Medicare rates. With this reimbursement change, NC continues to reimburse physicians at a rate higher than surrounding Southeastern states. Effective 10/1/05. Savings to counties resulting from the reimbursement reduction are (\$1,684,755) in SFY 2005-06 and (\$2,366,668) in SFY 2006-07.

3 Pharmacy Reimbursement

(\$1,535,438)	R	(\$3,810,351)	R
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Reduces funding for pharmacy reimbursement by reducing the payment for prescription drugs from Average Wholesale Price (AWP) minus 10% to AWP minus 11% plus the required dispensing fee. Effective October 1, 2005. Savings to counties resulting from the reimbursement change are (\$270,960) in SFY 2005-06 and (\$672,916) in SFY 2006-07.

4 Personal Care Services

(\$17,184,915)	R	(\$23,145,693)	R
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Reduces the funding for Personal Care Services by reducing the monthly limit to 40 hours from 60 hours for regular PCS and eliminating the PCS Plus Program. In addition, the daily limit is reduced from 3.5 hours to 3 hours per day. North Carolina and Florida are the only Southeastern states providing Personal Care Services as an independent service. Effective October 1, 2005. Savings to counties resulting from the policy change are (\$3,049,000) in SFY 2005-06 and (\$4,087,589) in SFY 2006-07.

FY 05-06**FY 06-07****5 Private Duty Nursing**

(\$1,001,562) R

(\$2,173,299) R

Reduces funding by limiting private duty nursing services provided outside a community alternatives program to the cost of providing the same level of care in a nursing facility. North Carolina and Florida are the only Southeastern states providing Private Duty Nursing as an independent service. Effective 1/1/06. Savings to counties resulting from the policy change are (\$176,727) in SFY 2005-06 and (\$383,810) in SFY 2006-07.

6 Medicaid Coverage for Aged, Blind and Disabled

(\$53,053,599) R

(\$115,119,694) R

Adjusts Medicaid coverage for Aged, Blind, and Disabled recipients with incomes exceeding the SSI income limit to the payment of Medicare Part B premiums, Medicare deductibles, and Medicare co-insurance. Prescription drug coverage will be provided under Medicare Part D. Long-term care services will be available under the Medically Needy optional coverage group. Effective January 1, 2006. Savings to counties resulting from the policy change are (\$9,361,393) in SFY 2005-06 and (\$20,330,433) in SFY 2006-07.

7 Safety Net Prescription Drug Coverage

\$5,000,000 R

\$5,000,000 R

Provides funding for the establishment of a reserve in the Office of the Secretary for a safety net program to continue prescription drug coverage for individuals who may lose coverage when Medicaid coverage for the Aged, Blind, and Disabled is adjusted. The Secretary may also develop additional safety net services as allowed under federal law.

8 Co-Payments

(\$6,000,000) R

(\$6,000,000) R

Increases the co-payments for the following services: chiropractic, optometry, podiatry, non-emergency ER visits, inpatient hospital stays, outpatient hospital visits, and generic prescription drugs. The new co-payments will be as follows:

Chiropractic	\$ 3.00
Optical	\$ 3.00
Podiatry	\$ 3.00
Hospital Inpatient	\$50.00
Hospital Outpatient	\$ 3.00
Non-emergency ER Visit	\$ 3.00
Generic Prescription Drug	\$ 3.00

Effective October 1, 2006. Savings to counties resulting from the increase in co-payments are (\$1,058,710) in SFY 2005-06 and (\$1,058,710) in SFY 2006-07.

9 Prescription Drug Override

(\$2,273,186) R (\$5,669,754) R

Adjusts the policy for prescription drug overrides by limiting the number of prescription drug overrides to two prescriptions per month per person for a total of eight prescriptions per month (six prescriptions without an override plus two additional prescriptions if the individual meets the override criteria). Savings to counties resulting from the policy change are (\$410,107) in SFY 2005-06 and (\$1,001,293) in SFY 2006-07. Effective January 1, 2006.

10 Medicare Part D Claw Back

(\$11,000,000) R (\$22,000,000) R

Reduces funding to reflect the savings realized by the State when the Medicare Part D program begins paying for prescription drugs for dual eligibles January 1, 2006. Savings to counties resulting from the policy change are (\$1,940,968) in SFY 2005-06 and (\$3,885,256) in SFY 2006-07.

11 Medicaid Reserve Fund

(\$50,000,000) NR (\$50,000,000) NR

Transfers funding from the G.S. 143-23.2 reserve to support current services and reduces state appropriations.

12 Community Care of NC Management Savings

(\$20,000,000) R (\$30,000,000) R

Reduces funding for the Medicaid program due to increased savings resulting from the expansion of scope of the Community Care of NC Program to Aged, Blind, and Disabled Medicaid recipients that are dually eligible for Medicaid and Medicare. Savings to counties resulting from the policy change are (\$3,529,032) in SFY 2005-06 and (\$5,298,077) in SFY 2006-07.

13 Community Care of NC Enhancement

\$3,000,000 R \$6,000,000 R

Expands the scope of the Community Care of NC program to Medicaid recipients who are Aged, Blind, and Disabled and dually eligible for Medicaid and Medicare. The Community Care of NC program will focus on improving the management and coordination of services for the dually eligible targeting Personal Care Services, Private Duty Nursing, Home Health, Durable Medical Equipment, Ancillary Professional Services, Specialty Care, Home Infusion Therapy, Pharmacy, and Residential Long-Term Care Services. Enhancing the financing of the Community Care of North Carolina program will insure that the Community Care Management Savings reductions will occur.

14 DOJ Medicaid Investigative Unit

\$406,840 R \$406,840 R

Provides funding to support the required state match for the Medicaid Investigative Unit in the Department of Justice.

15 Ticket-to Work Medicaid Expansion

\$150,000 R

Provides funding to implement a Medicaid buy-in program for workers with disabilities. Effective July 1, 2006.

(3.0) Division of Mental Health, Developmental Disabilities, and Substance Abuse Services

16 Institutional Receipts	(\$2,550,000)	R	(\$2,550,000)	R
Reduces funding for the State institutions by budgeting over-realized receipts.				
17 Central Office	(\$500,000)	R	(\$500,000)	R
Continues reduction in funding for the Central Office based on historical reversions.				
18 Crisis Intervention Services	\$2,000,000	R	\$2,000,000	R
Provides funding for the start-up and ongoing costs of providing community based crisis services for children and adults in the mental health target population.				
19 Adult Day Vocational Program	\$1,500,000	R	\$1,500,000	R
Provides funding to expand long-term vocational support services through Adult Day Vocational Program services to additional clients.				
20 System of Care for Child Mental Health	\$2,000,000	R	\$2,000,000	R
Provides transition funding for area and county programs for the implementation and on-going support of community-based system of care child and family teams.				
21 Intensive Substance Abuse Services for Children	\$1,250,000	R	\$1,250,000	R
Provides funding for the delivery of substance abuse services for children through multisystemic therapy and intensive in-home services.				
22 Adult Substance Abuse Services	\$750,000	R	\$750,000	R
Provides funding for adult substance abuse services.				
23 Division TEACCH Program	\$472,747	R	\$472,747	R
Provides funding for the Division TEACCH Program at the University of NC at Chapel Hill:				
\$153,000 to support a staff person responsible for researching and developing new public funding opportunities to support research and program development;				
\$132,847 for the Raleigh TEACCH Center;				
\$149,375 TEACCH mandated faculty salary increases;				
\$17,525 for administrative staff at the Greensboro TEACCH Center; and				
\$20,000 for rent increases in diagnostic clinics.				

24 El Futuro, Inc.

Provides a grant-in-aid to El Futuro, Inc. to develop a pilot project to improve access to and quality of mental health, developmental disabilities, and substance abuse services currently available to the Latino population in Orange and Chatham counties.

\$75,000 NR

(4.0) Division of Facility Services**25 Mental Health Licensure and Inspections**

Expands the Division of Facility Services' Mental Health Licensure and Certification Section by 13 positions in the first year and an additional 10 positions in the second year. Additional staff will allow annual inspections of 24-hour residential facilities for the mentally ill, developmentally disabled, and substance abuse populations. Two additional regional offices will be created.

\$936,029	R	\$1,560,724	R
\$45,500	NR	\$12,000	NR
13.00		23.00	

26 Adult Care Licensure and Inspections

Expands the Division of Facility Services' Adult Care Licensure Section by 14 positions in the first year and an additional 17 positions in the second year. Additional staff will allow annual inspections of adult care homes. Two additional regional offices will be created.

\$1,006,927	R	\$2,080,955	R
\$48,300	NR	\$25,000	NR
14.00		31.00	

27 Construction Inspections

Expands the Division of Facility Services' Construction Section by 9 positions in the first year and an additional 7 positions in the second year. Additional staff will allow physical plant and life-safety inspections of adult care homes and 24-hour residential facilities for the mentally ill, developmentally disabled, and substance abuse populations every two years. Also allows for a faster initial regulatory compliance review time.

\$656,413	R	\$1,166,709	R
\$33,600	NR	\$10,200	NR
9.00		16.00	

28 Complaint Intake

Expands the Division of Facility Services' Complaint Intake Unit by 4.5 positions. This expansion will provide the staff necessary to respond to the anticipated increase in complaint call volume as the DFS toll-free complaint number will now be posted in all residential facilities monitored by DFS. This expansion will also support a new automated call directory system.

\$169,126	R	\$169,126	R
\$373,648	NR		
4.50		4.50	

29 Home Care Agency Licensure and Inspections

Expands the Division of Facility Services' Licensure and Certification Section by 5 positions. Additional staff will allow for inspection and monitoring of non-Medicare licensed home care agencies on the same inspection schedule as Medicare certified agencies (every 36 months).

\$218,495	R	\$218,495	R
\$5,469	NR		
5.00		5.00	

(6.0) Divisions of Services for the Blind and Services for the Deaf and Hard of Hearing

30 Medical Eye Care Program	(\$81,404)	R	(\$81,404)	R
Reduces funding for inflation for the biennium.				
31 Receipts from Wireless and Relay Funds	(\$200,000)	R	(\$200,000)	R
Reduces funding by increasing receipts from the Wireless and Relay Funds to support 29% of fourteen existing positions in the Division of Services for the Deaf and Hard of Hearing.				
32 Accessible Electronic Information for Blind and Disabled Persons				
Provides funding to establish an accessible electronic information service for blind and disabled persons.	\$75,000	NR		

(8.0) Division of Social Services

33 State/County Special Assistance	(\$977,007)	R	(\$1,332,626)	R
Reduces excess funding in continuation budget.				
34 Reallocation of Child Caring Institutions Funding	(\$693,295)	R	(\$693,295)	R
Reallocates funding for child caring institutions to provide the necessary resources to strengthen regulatory oversight in the Division of Social Services for all foster care facilities.				
35 Strengthen Regulatory Oversight for Licensure	\$693,295	R	\$693,295	R
Provides funding to strengthen regulatory oversight in the Division of Social Services for all foster care facilities.	8.00		8.00	
36 Food Banks	\$1,000,000	R	\$1,000,000	R
Provides funding to be equally distributed to the regional network of food banks in North Carolina.				
37 Multiple Response System	\$2,000,000	R	\$2,000,000	R
Provides funding to hire additional child protective services workers at the local level to reduce the caseload per child protective services worker ratios throughout the State to support the expansion of the multiple response system to all counties in the State. This funding will be used to expand the Multiple Response System to counties which have not implemented the program.				
38 Boys and Girls Clubs	\$1,000,000	NR		
Provides funding for grants-in-aid to Boys and Girls Clubs across NC to implement programs to improve motivation, performance and self-esteem of youths and to implement other initiatives expected to reduce school dropout and teen pregnancy rates.				

(9.0) Division of Child Development**39 Replaces TEACH State funds with CCDF Block Grant Funds**

Replaces the TEACH Scholarship state appropriations with the Child Care Fund Development Block Grant.

(\$2,600,000) NR

(11.0) Division of Public Health**40 Newborn Screening Laboratory Fee**

Increases the fee for the newborn lab screenings from \$10.00 to \$14.00 per initial patient specimen and reduces state appropriations.

(\$370,690) R (\$370,690) R

41 Contract for Vaccines

Eliminates increased funding for new combination vaccines.

(\$1,300,000) R (\$1,300,000) R

42 Public Health Incubators

Provides funding for public health incubators.

\$1,250,000 NR

43 Public Health Improvements

Provides funding for local public health departments receiving accreditation. In addition, provides funding for the accreditation board, board staff, and others involved with the accreditation process for local public health departments.

\$700,000 R \$700,000 R

44 Interpreter Services for Local Health Departments

Provides funding for a pilot project to provide to interpreter services for local public health departments.

\$250,000 R \$250,000 R

45 School Nurses

Provides funding for fifty new school nurses.

\$2,500,000 R \$2,500,000 R

46 Vital Records Automation

Provides funding for the automation of the vital records system in North Carolina.

\$100,000 NR \$1,400,000 NR

47 Vital Records Improvements

Provides funding for two positions to process vital records.

\$74,748 R \$74,748 R

2.00

2.00

48 Arthritis

Funds an arthritis program in Mecklenburg County.

\$25,000 NR

49 AIDS Drug Assistance Program (ADAP)

Provides increased funding for the AIDS Drug Assistance Program.

\$1,000,000 R \$1,000,000 R

(12.0) Office of the Secretary**50 Prior Year Earned Revenue**

Requires the Department of Health and Human Services to budget prior year earned revenue and reduce state appropriations in the programs that received prior earned revenue.

(\$7,000,000) NR (\$7,000,000) NR

51 Position Elimination Reserve

Reduces funding by eliminating vacant or filled positions, reducing layers of management, and reducing related state administrative operating expenses within Central Management.

(\$500,000) R (\$500,000) R

52 Community Health Centers

Provides funding for grant-in-aids for Federally-qualified Health Centers, State-designated Rural Health Centers, Public Health Department Clinics, and other clinics.

\$2,000,000 R \$2,000,000 R

53 Food Runners/Meals on Wheels Collaborative

Provides support to a multi-county program that prepares and delivers meals for the elderly and disabled.

\$150,000 R \$150,000 R

54 N.C. Special Olympics, Inc.

Provides funding for a grant-in-aid for the North Carolina Special Olympics, Inc.

\$100,000 R \$100,000 R

55 ALS Association - Jim "Catfish" Hunter Chapter

Provides a grant-in-aid to the ALS Association - Jim "Catfish" Hunter Chapter for ALS research funding.

\$400,000 R \$400,000 R

56 More At Four Program Expansion

Provides funding for 6,400 additional slots for the biennium and an additional \$150 in funding for each slot. Also, provides funding for seven new positions.

\$16,540,531 R \$29,103,657 R
5.00 7.00

Total Legislative Changes

(\$142,599,520) R (\$292,443,211) R
(\$56,568,483) NR (\$55,552,800) NR

Total Position Changes

60.50 96.50

Revised Budget

\$3,958,542,276 \$4,130,320,495

**NATURAL
&
ECONOMIC
RESOURCES
Section H**

Agriculture and Consumer Services

GENERAL FUND

	FY 05-06		FY 06-07	
Adjusted Continuation Budget	\$52,243,772		\$51,965,810	

Legislative Changes

Administration

1 Reduce Funds for Purchased Services	(\$443,080)	R	(\$443,080)	R
Reduce funds department-wide for purchased services based on historical reversions.				
2 Reduce Funds for Supplies	(\$242,440)	R	(\$242,440)	R
Reduce funds for supplies department-wide based on historical reversions.				
3 Reduce Funds for Equipment	(\$173,480)	R	(\$173,480)	R
Reduce funds for property, plant and equipment department-wide based on historical reversions.				
4 Reduce Inflationary Increases	(\$202,701)	R	(\$202,701)	R
Reduce increases in the continuation budget for workers compensation, longevity and other expenses.				

Agronomic Services

5 Replace General Funds with Receipts	(\$88,600)	R	(\$88,600)	R
Replace General Funds for operations with revenue generated by increasing fees for Agronomic Sampling services as follows:				
Increase fees for routine nematode samples from \$2.00 to \$3.00 generating \$25,000 in additional revenue.				
Increase fees for routine waste samples from \$4.00 to \$5.00 generating \$20,000 in additional revenue.				
Increase research fees for soil and nematode samples from \$2.00 to \$12.00 generating \$10,000 in additional revenue.				
Increase research fees for plant, waste and solution samples from \$4.00 to \$12.00 generating \$33,600 in additional revenue.				
6 Replace General Funds with Receipts	(\$74,300)	R	(\$74,300)	R
Replace General Funds for operations with revenue generated by implementing new fees for Agronomic Sampling services.				
Establish a \$14.00 fee for out-of-state nematode samples; \$26.00 fee for out-of-state plant, waste and solution samples; and a various fees for other out-of-state services.				

Commercial Feed and Pet Food**7 Replace General Funds with Receipts**

(\$60,200) R

(\$60,200) R

Increase registration fees for non-canned pet food registration as follows:

Increase existing registration fees from \$3.00 to \$5.00;
Increase existing registration fees from \$30.00 to \$40.00; and
Increase existing registration fees from \$33.00 to \$45.00.

Increases the registration fee for canned pet food from \$10.00 to \$12.00.

Food and Drug**8 Eliminate Vacant Position**

(\$39,983) R

(\$39,983) R

Eliminate one Agriculture Microbiologist I position that has been vacant since 7/15/04.

-1.00

-1.00

Marketing**9 Reduce Funds for Farmer's Markets**

(\$90,537) R

(\$90,537) R

Reduce the appropriation for farmer's markets by 10%.

10 Close Farmer's Market

(\$282,750) R

(\$377,000)

Close the Southeast Agriculture Center.

-7.00

-7.00

11 Fund-Shift One Position

(\$35,685) R

(\$35,685) R

Fund shift one position with the Cooperative Inspection Service to receipts.

-1.00

-1.00

Pesticide Section**12 Pesticide Disposal Program**

(\$222,407) R

(\$222,407) R

Replace General Funds with funds from the Environmental Trust Fund for the pesticide disposal program.

-1.00

-1.00

Seed Testing**13 Replace General Funds with Receipts**

(\$124,587) R

(\$124,587) R

Increase seed inspection fees from \$.02 to \$.04 per 10 lb container.

State Fair**14 Establish Receipt-Supported Positions**

Establish twenty (20) receipt-supported general utility workers and eight (8) building custodians at the North Carolina State Fair.

General Utility Workers	20.0	\$522,500
Building Custodians	8.0	\$170,080

Structural Pest Control**15 Adjust Budgeted Receipts**

(\$18,000)

R

(\$18,000)

R

Reduce General Funds based on an increase in receipts.

Veterinary Services**16 Replace General Funds with Receipts**

(\$152,315)

R

(\$152,315)

R

Increase histopath fee from \$15.00 to \$30.00 generating \$113,233 in additional revenue. Increases EIA fee from \$4.00 to \$6.00 generating \$39,082 in additional revenue.

17 Replace General Funds with Receipts

(\$56,000)

R

(\$56,000)

R

Establish a \$1.00 blood pour off fee and a \$.04 vacuum tube handling fee.

Weights and Measures**18 Replace General Funds with Receipts**

(\$67,200)

R

(\$67,200)

R

Increase public weighmaster fees from \$12.00 to \$19.00, generating \$32,200 in additional revenue. Increases various calibration fees at the Standards Lab generating \$35,000 in additional revenue.

19 Replace General Funds with Receipts

(\$12,000)

R

(\$12,000)

R

Establish a \$20 fee for a Scale Technician License.

20 Fund Shift One Position

(\$28,394)

R

(\$28,394)

R

Fund existing position with Highway Funds transferred to the Department.

-1.00

-1.00

Total Legislative Changes

(\$2,414,659)

R

(\$2,508,909)

R

Total Position Changes

-11.00

-11.00

Revised Budget

\$49,829,113

\$49,456,901

Labor

GENERAL FUND

	FY 05-06	FY 06-07
Adjusted Continuation Budget	\$14,198,496	\$14,213,868

Legislative Changes

Administration

21 Eliminate 1.0 Vacant Position	(\$31,878)	R	(\$31,878)	R
Eliminate Office Assistant position in Commissioner's Office.	-1.00		-1.00	
22 Fund Shift 1.0 Position to Receipt Support	(\$36,030)	R	(\$36,030)	R
Fund shift Accounting Clerk position in Administrative Services to elevator receipt support.	-1.00		-1.00	
23 Eliminate Inflationary Increases	(\$1,755)	R	(\$1,755)	R
Eliminate inflationary increases allowed in the continuation budget for Administrative Services, Information Technology, and the Commissioner's Office.				
24 Reduce Operating	(\$24,461)	R	(\$24,461)	R
Reduce various operating line items in Administrative Services, Labor Statistics, Information Technology, and the Information Office.				

Labor Standards and Inspections

25 Shift Mine and Quarry Bureau to Receipt Support	(\$539,514)	R	(\$540,160)	R
Make the Mine and Quarry Bureau fully receipt-supported by instituting an annual fee and eliminating General Fund support.	-9.00		-9.00	
26 Eliminate Inflationary Increases	(\$3,623)	R	(\$3,623)	R
Eliminate inflationary increases allowed in the continuation budget for Apprenticeship, Employment Discrimination, and Wage and Hour.				
27 Reduce Operating Support	(\$17,400)	R	(\$17,400)	R
Reduce various operating line items in Apprenticeship, Employment Discrimination, and Wage and Hour.				
28 Continue to Fund Apprenticeship Program	\$663,374	R	\$663,374	R
General Fund dollars will partly restore funding for the Apprenticeship Program that is no longer available through the Worker Training Trust Fund.	10.00		10.00	

OSH**29 Eliminate Inflationary Increases**

(\$47,424) R (\$47,424) R

Eliminate inflationary increases allowed in continuation
budget for Occupational Safety and Health.**30 Reduce Operating**

(\$5,000) R (\$5,000) R

Reduce various operating line items in Occupational Safety
and Health.

Total Legislative Changes

(\$43,711) R (\$44,357) R

Total Position Changes

-1.00 -1.00

Revised Budget\$14,154,785 \$14,169,511

Environment & Natural Resources

GENERAL FUND

	FY 05-06	FY 06-07
Adjusted Continuation Budget	\$167,189,338	\$168,187,593

Legislative Changes

(1.0) Administration

31 Eliminate 1.0 Vacant Position	(\$74,070)	R	(\$74,070)	R
Eliminate vacant Federal Legislative Programs Coordinator position.	-1.00		-1.00	
32 Reduce Rent	(\$50,000)	R	(\$50,000)	R
Reduce Regional Office rent line item.				
33 Fund One-Stop Permitting Program Positions	\$113,168	R	\$113,168	R
Provide General Fund support for 2.0 One-Stop Permitting Program positions that have previously been supported through available funds.	2.00		2.00	
34 Expand Express Permitting Program Statewide				
Expand the Express Permitting Program statewide by establishing and supporting 12.0 positions using existing receipts in the Express Review Fund.				

(1.0) Ecosystem Enhancement Program

35 Fund Shift Ecosystem Enhancement Program	(\$235,439)	R	(\$235,439)	R
Fund shift remainder of Ecosystem Enhancement Program to receipt support.	-5.00		-5.00	

(1.0) Office of Conservation and Community Affairs

36 Fund Shift Natural Heritage Program	(\$250,851)	R	(\$250,851)	R
Fund shift remainder of Natural Heritage Program to Natural Heritage Trust Fund support.	-4.50		-4.50	

(2.0) Coastal Management

37 Reduce Purchased Services	(\$10,000)	R	(\$10,000)	R
Reduce various purchased services line items.				
38 Reduce Supplies	(\$3,200)	R	(\$3,200)	R
Reduce various supply line items.				
39 Reduce Equipment	(\$3,000)	R	(\$3,000)	R
Reduce various equipment line items.				

(2.0) Environmental Health**40 Eliminate 1.0 Vacant Position**

Eliminate Environmental Specialist III position in the On-Site Wastewater Section.

(\$61,040) R

(\$61,040) R

-1.00

-1.00

41 Reduce Purchased Services

Reduce various purchased services line items.

(\$26,500) R

(\$26,500) R

42 Reduce Supplies

Reduce various supply line items.

(\$10,000) R

(\$10,000) R

43 Reduce Equipment

Reduce various equipment line items.

(\$2,000) R

(\$2,000) R

44 Reduce Other Expenses

Reduce expenditures in the "Other Expenses" line item.

(\$3,000) R

(\$3,000) R

45 Fund Shift Position to General Fund Support

Fund shift West Nile Virus Control position previously supported through federal CDC grant funds to General Fund support.

\$54,113 R

\$54,113 R

1.00

1.00

(2.0) Land Resources**46 Reduce Sediment Education Funds**

Reduce funding for sediment education projects.

(\$100,000) R

(\$100,000) R

47 Eliminate Mining Education Funds

Eliminate funding for mining education programs.

(\$15,450) R

(\$15,450) R

48 Eliminate Inflationary Increases

Eliminate inflationary increases allowed in the continuation budget for utilities and travel.

(\$10,407) R

(\$10,407) R

49 Reduce Contractual Services

Reduce contractual services for county boundary program.

(\$50,000) R

(\$50,000) R

50 Reduce Operating

Reduce various operating line items.

(\$20,000) R

(\$20,000) R

(2.0) Marine Fisheries**51 Eliminate 1.0 Vacant Position**

Eliminate Research Vessel Engineer position.

(\$31,839) R

(\$31,839) R

-1.00

-1.00

Senate Subcommittee on Natural and Economic Resources

FY 05-06

FY 06-07

52 Reduce Boat Replacement Continuation Increase

(\$14,693) R

(\$14,693) R

Reduce continuation increase for boat replacement and maintain current replacement schedule.

(\$92,000) NR

53 Reduce Board Support

(\$30,000) R

(\$30,000) R

Reduce transportation and subsistence line items for the Marine Fisheries Commission.

54 Reduce Operating

(\$100,000) R

(\$100,000) R

Reduce various operating line items.

55 Receipt-Supported Position

Establish 1.0 time-limited, permanent position supported by Atlantic Coastal Cooperative Statistics Program Grant funds. This position will collaborate with the National Marine Fisheries Service and help fulfill federal fishery data requirements.

Computer Consultant II (1.0) \$49,217

(2.0) Pollution Prevention and Env. Assistance**56 Reduce Purchased Services**

(\$5,000) R

(\$5,000) R

Reduce various purchased services line items.

57 Reduce Supplies

(\$8,000) R

(\$8,000) R

Reduce various supply line items.

58 Reduce Equipment

(\$5,000) R

(\$5,000) R

Reduce various equipment line items.

59 Eliminate Other Contracts/Grants Funds

(\$35,976) R

(\$35,976) R

Eliminate funding in the "Other Contracts/Grants" line item.

(2.0) Waste Management**60 Eliminate 1.0 Position**

(\$48,673) R

(\$48,673) R

Eliminate Information/Communication Specialist III position.

-1.00

-1.00

61 Fund Shift 1.0 Position

(\$47,734) R

(\$47,734) R

Fund shift Waste Management Specialist position to septage management fee support.

-1.00

-1.00

62 Reduce Purchased Services

(\$94,000) R

(\$94,000) R

Reduce various purchased services line items.

63 Reduce Supplies

(\$20,000) R

(\$20,000) R

Reduce various supply line items.

64 Reduce Aid and Public Assistance

(\$24,235) R

(\$24,235) R

Reduce the aid and public assistance line items.

(2.0) Water Quality**65 Eliminate 5.0 Vacant Positions**

(\$226,563) R

(\$226,563) R

Eliminate 5.0 vacant positions.

-5.00

-5.00

Environmental Specialist II (1.0) (\$40,807)

Processing Assistant V (1.0) (\$34,869)

Environmental Supervisor I (1.0) (\$49,455)

Soil Scientist II (1.0) (\$47,362)

Environmental Engineer II (1.0) (\$54,070)

66 Reduce Inflationary Increases

(\$23,908) R

(\$23,908) R

Reduce inflationary increases allowed in the continuation budget for electrical services.

67 Reduce Purchased Services

(\$65,000) R

(\$65,000) R

Reduce various purchased services line items.

68 Reduce Supplies

(\$60,000) R

(\$60,000) R

Reduce various supply line items.

69 Reduce Equipment

(\$3,000) R

(\$3,000) R

Reduce various equipment line items.

70 Reduce Operating

(\$250,000) R

(\$250,000) R

Reduce various operating line items.

71 Receipt-Supported Position

Establish 1.0 permanent position supported by federal EPA 106 grant funds. This position will plan, coordinate, and support the NPDES Discharge Monitoring Coalition program.

Environmental Specialist III (1.0) \$47,189

(2.0) Water Resources**72 Reduce Contractual Services**

(\$50,000) R

(\$50,000) R

Reduce the contractual services line item.

73 Reduce Purchased Services

(\$10,000) R

(\$10,000) R

Reduce various purchased services line items.

74 Reduce Supplies

(\$5,000) R

(\$5,000) R

Reduce various supply line items.

(3.0) Aquariums**75 Oyster Hatchery Research**

\$600,000	R	\$600,000	R
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Provide funding to the Division of North Carolina Aquariums to plan for the development of an oyster hatchery and public education program regarding the hatcheries at each of the three North Carolina aquariums.

(3.0) Forest Resources**76 Reduce Funding for Equipment and Vehicles**

(\$1,036,921)	R	(\$1,036,921)	R
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Reduce funding increases allowed in the continuation budget for equipment and vehicles within the Division of Forest Resources. With the reduction, the Division would still receive a \$1,809,500 increase to these line items in the continuation budget.

77 Reduce Operating Support

(\$25,000)	R	(\$25,000)	R
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Reduce operating support to the Division of Forest Resources.

78 Forest Resources Receipt Supported Position

Allows for the establishment of 1.0 full-time permanent position with the Division of Forest Resources from aircraft deployment receipts. This position will be responsible for the Division's fixed wing and rotary wing fleet parts program.

Program Assistant V 1.0 \$31,941

79 Forest Resources Receipt Supported Positions

Establish 3.0 time-limited positions in the Division of Forest Resources upon receipt of federal grant funds. No state funds will be expended on these positions.

Fire & Rescue Training Instructor	1.0	\$45,605
Extension Education & Training Specialist I	1.0	\$37,892
Forester III	1.0	\$44,755

(3.0) Museum of Natural Sciences**80 Eliminate Vacant Positions**

(\$134,318)	R	(\$134,318)	R
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Eliminate 4.0 vacant positions in the Division of Museum of Natural Sciences.

-4.00		-4.00	
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Processing Assistant V	(1.0)	(\$31,284)
Environmental Technician I	(1.0)	(\$29,814)
Office Assistant IV	(1.0)	(\$32,339)
Natural Science Curator I	(1.0)	(\$40,341)

81 NC Museum of Natural Science Continuation of UNC-TV Show

Provide funds to continue production with UNC-TV of season two of Exploring NC.

\$250,000	NR		
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(3.0) NC Zoological Park**82 NC Zoological Park Receipt Supported Positions**

Establish 4.0 two-year time-limited, full-time positions in the Division of the NC Zoological Park from non-capital gift revenue. These positions are involved in the construction of a new Elephant/Rhino exhibit and holding facilities.

Maintenance Mechanic II 4.0 \$136,500

(3.0) Parks and Recreation**83 Reduce Operating Support**

(\$25,000) R (\$25,000) R

Reduce operating support for the Division of Parks and Recreation.

84 Reduce Operating Reserve

(\$1,000,000) R (\$1,000,000) R

Reduce the increase in operating reserve support allowed in the continuation budget for the Division of Parks and Recreation. With this reduction, the Division would receive a \$2.2 million increase in operating reserve support in FY 2005-06.

85 Parks and Recreation Receipt Supported Position

Establish 1.0 permanent, full-time position in the Division of Parks and Recreation. This position will plan, supervise and monitor design and construction contracts for park facilities funded by the Parks and Recreation Trust Fund.

Facility Engineering Specialist 1.0 \$43,907

(3.0) Soil and Water Conservation**86 Eliminate Vacant Position**

(\$45,171) R (\$45,171) R

Eliminate a vacant Soil Specialist position.

-1.00 -1.00

87 Reduce Operating Support

(\$40,000) R (\$40,000) R

Reduce various operating line items within the Division of Soil and Water Conservation

88 Establish 1.0 Position

\$40,000 R \$40,000 R

Establish 1.0 permanent position in the Division of Soil and Water Conservation for the expansion of a pilot program that inspects animal waste management systems.

1.00 1.00

Environmental Specialist II 1.0

(4.0) Reserves and Transfers**89 Eliminate Water Quality Workgroup Funds**

(\$87,300) R (\$87,300) R

Eliminate funding for Water Quality Workgroup research grants.

90 Shift Beaver Management Assistance Program funding to receipt support

(\$449,000) R

(\$449,000) R

Fund shift the Beaver Management Assistance Program from General Fund support in the Wildlife Resources Commission to available receipt support in the Department of Transportation.

91 Shift LEO Salary Adjustment Support to Receipts

(\$456,481) R

(\$456,481) R

Shift funding for a LEO salary adjustment that has been historically funded with General Fund monies to existing Wildlife Resources Commission receipts.

92 Partnership for the Sounds

Increase funding to enhance tourism marketing and economic development in the region.

\$2,000,000 NR

93 Superfund State Match Funds

Provides funds to meet the 10% state match requirement for drawing down the maximum available federal funds for the clean up of National Priority List sites.

\$1,000,000 NR

94 Clean Water SRF Match Funds

Provide funds to meet the 20% state match requirement for drawing down the maximum available federal funds for the Clean Water State Revolving Fund.

\$3,889,571 NR

95 Drinking Water SRF Match Funds

Provide funds to meet the 20% state match requirement for drawing down the maximum available federal funds for the Drinking Water State Revolving Fund.

\$1,415,980 NR

96 Funds for Global Warming Initiatives, Inc.

Provides funds for Global Warming Initiatives, Inc., a non-profit that promotes awareness and reporting of greenhouse gas emissions.

\$10,000 NR

97 Increase Grassroots Funding

Increase funding to the Grassroots Science Museums for two additional museums: Eastern and Elizabeth City.

\$100,000 R

\$100,000 R

98 Wildlife Resources Commission Receipt Supported Positions

Allows for the establishment of the following 8.0 positions.

Wildlife Technician II	3.0	\$107,886	75% Federal/25%
Wildlife			
Wildlife Technician III	1.0	\$ 32,662	NMFS and FWS Section 6
Wildlife Technician III	1.0	\$ 32,662	Waterfowl Fund
Processing Assistant V	1.0	\$ 29,814	Wildlife Fund
Applications Analyst	1.0	\$ 69,806	Wildlife Fund
Applications Specialist	1.0	\$ 91,250	Wildlife Fund

Total Legislative Changes	(\$4,475,488)	R	(\$4,475,488)	R
	\$8,473,551	NR		
Total Position Changes	-20.50		-20.50	
Revised Budget	\$171,187,401		\$163,712,105	

Commerce

GENERAL FUND

	FY 05-06		FY 06-07
Adjusted Continuation Budget	\$35,532,306		\$35,583,572

Legislative Changes

Administrative Services

99 Reduce Inflationary Increases	(\$24,287)	R	(\$24,287)	R
Reduce increases for office equipment and legal services.	(\$80,000)	NR		
100 Eliminate Vacant Position	(\$48,287)	R	(\$48,287)	R
Eliminate one Community Development Specialist position for the Wanchese Seafood Industrial Park that has not been filled since 3/31/2000.	-1.00		-1.00	
101 Wanchese Seafood Industrial Park	\$48,287	R	\$48,287	R
Provide operating funds for security at the Park.				

Business and Industry

102 Reduce Funds for Purchased Services and Equipment	(\$67,000)	R	(\$67,000)	R
Reduce expenditures for operations based on historical reversions.				

Community Assistance

103 Eliminate Vacant Position	(\$53,377)	R	(\$53,377)	R
Eliminate one Community Development Planner I position that has not been filled since 7/1/04.	-1.00		-1.00	
104 Reduce Funds for Purchased Services and Equipment	(\$35,000)	R	(\$35,000)	R
Reduce expenditures for operations based on historical reversions.				

Executive Aircraft

105 Reduce Funds for Purchased Services, Supplies and Equipment	(\$100,000)	R	(\$100,000)	R
Reduce expenditures for operations based on historical reversions.				
106 Reduce Inflationary Increases	(\$43,150)	R	(\$123,150)	R
Reduce increases for purchased services for FY 05/06 and reduces funds for purchased services and repairs for FY 06/07.				
107 Eliminate Vacant Position	(\$64,634)	R	(\$64,634)	R
Eliminate vacant Executive Pilot II position that has not been filled since 7/1/2004.	-1.00		-1.00	

Finance Center**108 Funds for One North Carolina Fund**

Provide funds for the One North Carolina Fund for FY 05/06.

\$5,000,000 NR

Industrial Commission**109 Establish Receipt-Supported Positions**

Establish four (4) receipt-supported positions with the Industrial Commission.

Legal Specialist I	1.0	\$45,280
Program Assistant V	1.0	\$29,516
Special Deputy Commissioners	2.0	\$113,438

110 Establish Receipt-Supported Positions

Establish thirteen (13) receipt-supported positions in the Industrial Commission with revenue generated by implementing a fee for the required review of Form 21 Agreements.

Administrative Officer II Positions (Workers' Comp. Fraud Investigators)	2.0
Administrative Officer II Positions (Ombudsman)	2.0
Program Assistant V	2.0
Receptionist III	1.0
Industrial Safety Representative II	4.0
Special Deputy Commissioners	2.0

Total Receipts Required	\$628,099
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International Trade**111 Budget Over-Collected Receipts**

(\$250,000)	R	(\$250,000)	R
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Require the Department to budget receipts that have been consistently collected during the previous three fiscal years for trade shows.

112 Eliminate Inflationary Increase for Purchased Services

(\$38,144)	R	(\$38,144)	R
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Eliminate an increase for purchased services for the biennium.

Marketing**113 Furniture Market Advertising**

\$1,000,000	R	\$1,000,000	R
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Provide funds to promote the North Carolina furniture industry, including the International Home Furnishings Market.

Policy and Research**114 Eliminate Vacant Position**

(\$26,244)	R	(\$26,244)	R
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Eliminate a vacant Processing Assistant III position that has not been filled since 1/1/04.

-1.00		-1.00	
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Senate Subcommittee on Natural and Economic Resources

FY 05-06

FY 06-07

115 North Carolina Economic Development Information System

Establish one (1.0) Data Base Administrator position and provide operating support for the NC EDIS.

\$297,898 R
\$1,000,000 NR
1.00

\$297,898 R
1.00

Reserves and Transfers

116 Duplin Agribusiness Center

Provide funds to Duplin County to match federal and local funds to construct the Duplin Commons Agribusiness Center.

\$1,000,000 NR

117 Gaston Chamber of Commerce

Provide funds for marketing and economic development initiatives in the region to assist in the recovery from lost textile and manufacturing jobs.

\$500,000 NR

Science and Technology

118 Establish Position

Provide funds for the Deputy Director/Chief Policy Analyst position for the N.C. Board of Science and Technology. This position has historically been funded through the University of North Carolina.

\$80,000 R
1.00

\$80,000 R
1.00

Travel and Tourism

119 Budget Over-Collected Receipts

Require the Department to budget receipts that have been consistently collected during the previous three fiscal years.

(\$90,000) R

(\$90,000) R

120 Eliminate Vacant Position

Eliminate vacant Travel Relation Specialist position that has not been filled since 8/13/2004.

(\$44,064) R
-1.00

(\$44,064) R
-1.00

121 Eliminate Inflationary Increase

Eliminate increase for legal services for both years of the biennium.

(\$41,369) R

(\$41,369) R

122 Reduce Funds for Purchased Services, Supplies and Equipment

Reduce expenditures for operations based on historical reversions.

(\$200,000) R

(\$200,000) R

123 Tourism Development

Provide funds to the Forsyth Development Tourism Authority for the Winston Salem Convention and Visitors Bureau to advertise and promote travel and tourism in the Forsyth County area.

\$200,000 NR

124 Statewide Marketing Reserve

Provide funds for promoting travel and tourism statewide.

\$1,000,000 R

\$1,000,000 R

Utilities Commission

125 Establish Receipt-Supported Position

Establish one (1.0) Attorney IV position at \$94,204 for the Utilities Commission Public Staff.

Welcome Centers

126 Reduce Funds for Purchased Services, Supplies and Equipment	(\$45,000)	R	(\$45,000)	R
Reduce expenditures for operations based on historical reversions.				

Total Legislative Changes

\$1,255,629	R	\$1,175,629	R
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\$7,620,000	NR
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Total Position Changes

-3.00	-3.00
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Revised Budget

\$44,407,935	\$36,759,201
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N.C. Biotechnology Center

GENERAL FUND

	FY 05-06		FY 06-07	
Adjusted Continuation Budget	\$9,083,395		\$9,083,395	
Legislative Changes				
NC Biotechnology Center				
127 Increase funding for the NC Biotechnology Center	\$1,500,000	R	\$1,500,000	R
Increase support for New Jobs Across North Carolina: A Strategic Plan for Growing the Economy Statewide through Biotechnology.	\$1,500,000	NR		
Total Legislative Changes	\$1,500,000	R	\$1,500,000	R
	\$1,500,000	NR		
Total Position Changes				
Revised Budget	\$12,083,395		\$10,583,395	

Rural Economic Development Center

GENERAL FUND

	FY 05-06		FY 06-07	
Adjusted Continuation Budget	\$4,802,607		\$4,802,607	
Legislative Changes				
Rural Economic Development Center				
128 Rural Economic Infrastructure	\$20,000,000	R	\$20,000,000	R
Provide funding to continue the North Carolina Infrastructure Program and provide matching grants to local governments. \$500,000 shall be allocated to the e-NC Authority.				
Total Legislative Changes	\$20,000,000	R	\$20,000,000	R
Total Position Changes				
Revised Budget	\$24,802,607		\$24,802,607	

JUSTICE
&
PUBLIC SAFETY
Section I

Judicial

GENERAL FUND

	FY 05-06		FY 06-07
Adjusted Continuation Budget	\$341,443,618		\$345,243,618

Legislative Changes

Drug Treatment Court

1 Reduce Drug Treatment Court Funding	(\$1,000,000)	R	(\$1,000,000)	R
Funding for the Drug Treatment Court program currently operating in nine judicial districts in the state is reduced by \$1 million. The AOC may use other funding sources to sustain program operations, and is encouraged to leverage all existing local resources. Two positions will remain in AOC to provide support and technical assistance to local courts seeking to operate sustainable treatment courts without additional resources.	-12.00		-12.00	

Equipment and Other Reserves

2 Mecklenburg Telephone System	\$1,500,000	NR		
Appropriates \$1.5 million non-recurring to equip the new Mecklenburg County Courthouse with a telephone system.				
3 Reduce Salary Reserve	(\$500,000)	R	(\$500,000)	R
Takes a recurring reduction to the AOC Salary Reserve Fund, which is generated by the difference between the budgeted salary for a position, and the lower amount paid for the position. This is an agency recommendation.				
4 Reduce Equipment and Reserves 10%	(\$1,033,725)	R	(\$1,033,725)	R
Takes a 10% recurring reduction in the line items for equipment and other reserves, including salary reserve accounts.				
5 Reduce Pay Plan and Longevity Reserves	(\$1,000,000)	R	(\$1,000,000)	R
Takes a reduction in the reserve accounts which support judicial pay plans and the judicial longevity. This cut is possible due to recent turnover which brings down the number of positions eligible for these benefits. This is an agency recommendation.				

Family Court

6 Reduce Family Court Staffing	(\$492,994)	R	(\$492,994)	R
Reduces appropriation to Family Court program by 25%. All current locations shall be kept in operation, but with reduced staffing.	-8.00		-8.00	

Systemwide**7 Create New Judicial Districts**

\$148,039 R \$561,027 R

Provides funding to split two current judicial districts. Superior Court District 20A (Anson and Richmond) and 20B (Stanly and Union) will be reconfigured with Stanly moving into 20A, leaving Union alone as 20B, effective December 1, 2005. District Court District 20 currently includes all four counties, but will align with the Superior Court District effective December 1, 2005. The Prosecutorial District will realign with the same county split effective January 1, 2007.

4.00

9.00

Superior and District Court District 29, encompassing Henderson, McDowell, Polk, Rutherford, and Transylvania Counties, will be split into 29A (McDowell and Rutherford) and 29B (Henderson, Polk, and Transylvania) effective December 1, 2005. The Prosecutorial District will split on the same lines effective January 1, 2007. The current Trial Court Administrator will continue to serve both districts.

Trial Courts**8 Reduce Dispute Settlement Centers Pass-through**

(\$150,671) R (\$150,671) R

Reduces the amount passed through to Dispute Settlement, or Mediation, Centers by 10%. Each local program's pass-through will be reduced by 10%.

Total Legislative Changes

(\$4,029,351) R (\$3,616,363) R

\$1,500,000 NR

Total Position Changes

-16.00

-11.00

Revised Budget

\$338,914,267

\$341,627,255

Judicial - Indigent Defense

GENERAL FUND

	FY 05-06		FY 06-07	
Adjusted Continuation Budget	\$96,688,190		\$91,688,190	
Legislative Changes				
Aid to Non-State Entities				
9 Reduce Grant-in-Aid to State Bar	(\$88,500)	R	(\$88,500)	R
Reduces the funding passed through to the State Bar to support the Center for Death Penalty Litigation by 15%.				
Attorney Fee Fund				
10 Reduce Indigent Persons Attorney Fee Fund	(\$2,040,217)	R	(\$2,040,217)	R
Takes a recurring reduction to the Indigent Persons Attorney Fee Fund's continuation growth.				
Sentencing Services				
11 Eliminate Sentencing Services Program	(\$3,680,285)	R	(\$3,680,285)	R
Eliminates funding for Sentencing Services, which develops community-based punishment plans for offenders. Cost per plan, at \$1,800, is excessive, and the demand for plans has been reduced by Structured Sentencing. Probation officers can provide quality pre-sentence investigations when requested by the sentencing judge.				
	-17.50		-17.50	
Total Legislative Changes	(\$5,809,002)	R	(\$5,809,002)	R
Total Position Changes	-17.50		-17.50	
Revised Budget	\$90,879,188		\$85,879,188	

Justice

GENERAL FUND

	FY 05-06	FY 06-07
Adjusted Continuation Budget	\$78,155,004	\$78,855,004

Legislative Changes

12 Budget Receipts for MIU State Match	(\$406,840)	R	(\$406,840)	R
Budget receipts from the Department of Health and Human Services for the 25 percent state match required for the Medicaid Fraud Investigation Unit.				

Criminal Justice Training & Standards

13 Budget Over-realized Receipts	(\$50,000)	R	(\$50,000)	R
Reduce the budget to offset increased receipts, based on revenue collections in FY 2003-04.				

14 Reduce Over-budgeted Worker's Compensation	(\$46,587)	R	(\$46,587)	R
The budget for worker's compensation is reduced due to a decrease in projected need.				

Department-wide

15 Reduce Travel Line Items	(\$58,589)	R	(\$58,589)	R
Reduce travel line items to actual 2003-04 expenditures.				

16 Eliminate vacant positions	(\$198,940)	R	(\$198,940)	R
Eliminate five vacant positions in the Department:				
3613-0000-0004-210 (Comp. Supp. Tech I)	-5.00		-5.00	
3613-0000-0002-029 (Comp. Supp. Tech I)				
3613-0000-0003-999 (Proc. Asst. V)				
3613-0000-0004-231 (Proc. Asst. V)				
3612-0000-0000-867 (Volunteer Services Coordinator)				

Law Enforcement - SBI

17 Reduce Vehicle Replacement Increase	(\$261,104)	NR		
One-year elimination of the recurring increase for vehicle replacement recommended in the Governor's continuation budget. This leaves a budget of approximately \$1.1 million in 2005-06 and \$1.4 million in 2006-07.				

18 Reduce SBI Increase for Equipment	(\$115,368)	R	(\$115,368)	R
Reduce the increase for equipment recommended in the Governor's continuation budget by 50 percent. The Department may use federal asset forfeiture funds to purchase additional equipment.				

19 Budget Increased Receipts From DCI-PIN Fee	(\$325,548)	R	(\$651,096)	R
Budget anticipated receipts from an increase in the monthly fee for access to the Division of Criminal Information - Police Information Network (DCI-PIN) from \$6 to \$12 for mobile data terminals, effective January 1, 2006.				
20 Reduce Over-budgeted Longevity	(\$136,828)	R	(\$136,828)	R
The longevity budget is reduced due to a decrease in projected longevity payments.				
<hr/>				
Total Legislative Changes	(\$1,338,700)	R	(\$1,664,248)	R
	(\$261,104)	NR		
Total Position Changes	-5.00		-5.00	
Revised Budget	\$76,555,200		\$77,190,756	
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Juvenile Justice & Delinquency Prevention

GENERAL FUND

	FY 05-06		FY 06-07
Adjusted Continuation Budget	\$139,857,825		\$140,157,825

Legislative Changes

Department-wide

21 Reduce Non-salary Line Items	(\$158,614)	R	(\$158,614)	R
Reduce the budget for data processing supplies and pc/printer equipment replacement				
22 Reduce Travel Budget	(\$63,882)	R	(\$63,882)	R
Reduce the continuation budget increase for employee travel.				
23 Budget Prior Year Receipts				
Increase the amount budgeted for prior year receipts to approximate the actual amount realized in recent fiscal years.				
	(\$300,000)	NR		

Intervention/Prevention

24 Juvenile Crime Prevention Councils	(\$1,187,326)	R	(\$1,187,326)	R
Reduce the continuation budget for JCPC formula grants by 5 percent.				

Special Initiatives

25 NC Communities In Schools	(\$103,500)	R	(\$103,500)	R
Reduce pass-through funding in the DJJDP continuation budget for the NC Communities in Schools (NCCIS) administrative office. The goal of NCCIS is to improve student school performance and it functions primarily to support the mission of the Department of Public Instruction. NCCIS will continue to receive continuation funding of \$169,000 R from DJJDP, \$200,000 R from the Governor's Office, and \$607,500 R from DPI. In addition, the Education Appropriations Subcommittee's budget provides \$500,000 R expansion, as requested in the Governor's Recommended Budget. In total, NCCIS will receive \$1,476,500 R in state funds in FY05-06.				
26 Project P.R.I.D.E.	(\$140,000)	R	(\$140,000)	R
Eliminate continuation budget funding for this program. Program should seek state funding available through the county JCPCs or federal grants from the Governor's Crime Commission.				

27 Eckerd Wilderness Camps

\$500,000 R

\$500,000 R

500,000 R is provided for the Eckerd Wilderness Camp contract. The purpose of this expanded funding is to offset the educational costs of juveniles referred to Eckerd from DHHS, DJJDP, and private sources. DPI will continue to provide a separate payment to Eckerd, outside of the DJJDP contract, to offset the educational costs of juveniles referred by local school systems.

Youth Development Centers**28 Reduce Funding for YDC Beds**

(\$3,230,000) R

(\$3,230,000) R

The funding for Youth Development Centers is over \$44 million dollars. This funding level is based on operating over 600 beds. DJJDP currently has 539 beds open and a population of 427. This action reduces funding by approximately 7% and reduces beds by approximately 50. In implementing this reduction, DJJDP shall not close any YDC's and shall implement the reduction throughout the YDC system.

-82.00

-82.00

Total Legislative Changes

(\$4,383,322) R

(\$4,383,322) R

(\$300,000) NR

Total Position Changes

-82.00

-82.00

Revised Budget

\$135,174,503

\$135,774,503

Correction

GENERAL FUND

	FY 05-06		FY 06-07	
Adjusted Continuation Budget	\$1,045,627,365		\$1,060,627,365	
Legislative Changes				
Central Administration				
29 Travel	(\$264,022)	R	(\$264,022)	R
Eliminate continuation increase in travel for DOC central administration.				
Community Corrections				
30 Reduce Miscellaneous Contract Line Item	(\$90,000)	R	(\$90,000)	R
Reduce line item. This will leave funds in excess of 2003-04 actual expenditures, to be used for risk assessments and other needs.				
31 Reduce Office Equipment	(\$90,000)	R	(\$90,000)	R
Reduce the budget for office equipment to more closely reflect actual 2003-04 expenditures.				
32 Reduce Probation/Parole Officer I Positions	(\$1,117,400)	R	(\$1,117,400)	R
Eliminate 25 vacant Probation/Parole Officer I positions. Caseloads for these positions have been increased from 90:1 to 110:1, leaving 59 positions that are not necessary to meet caseload goals. DCC may reallocate the remaining 34 positions for trainers, supervising officers, and other positions as needed.				
	-25.00		-25.00	
33 Reduce Increase for CJPP	(\$1,000,000)	R	(\$1,000,000)	R
Eliminate the increase in the Governor's recommended continuation budget. No funds shall be used for pre-trial release programs.				
Department Wide				
34 Computer Equipment	(\$943,839)	R	(\$943,839)	R
Reduce department wide personal computer/printer line item to 2003-04 actual expenditures				
35 Reduce Overtime Budget	(\$1,244,184)	R	(\$1,244,184)	R
Eliminate the recommended continuation budget increase in overtime pay.				
Post-Release Supervision & Parole Commission				
36 Eliminate Vacant Positions	(\$94,642)	R	(\$94,642)	R
Eliminate two vacant case analyst positions.				
	-2.00		-2.00	

37 Restructure Parole Commission

Reduce two of the three Commissioner positions from full-time to half-time positions. The Chair will remain a full-time position.

(\$102,662)	R	(\$102,662)	R
-1.00		-1.00	

Prisons**38 Carpentry/Hardware Supplies**

Reduce this line item by 10%

(\$500,000)	R	(\$500,000)	R
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39 Increase Inmate Medical Co-pay

Increase inmate co-pay for sick call from \$3 to \$5 and for sick call outside normal hours from \$5 to \$7. This does not affect indigent inmates

(\$149,000)	R	(\$149,000)	R
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40 Inmate Work Release Charges

The amount inmates pay towards the administration of the work release program is \$16 a day in per diem and \$2.50 a day for transportation. This increases per diem to \$18 and transportation to \$3

(\$536,000)	R	(\$536,000)	R
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41 Close Union Correctional Center

Union is one of the three remaining minimum custody prison field units recommended for closing by the Government Performance Audit Committee. While DOC will be short of prison beds in 2005-06 under current circumstances, the DOC projects an overage of minimum custody beds.

(\$1,157,396)	R	(\$1,157,396)	R
-32.00		-32.00	

42 Close Haywood Correctional Center

Haywood Correctional Center is one of the three remaining minimum custody prison field units recommended for closing in the Government Performance Audit Study. While DOC will be short of prison beds in 2005-06 under current circumstances, the DOC projects an overage of minimum custody beds.

(\$1,292,829)	R	(\$1,292,829)	R
-36.00		-36.00	

43 Close Gates Correctional Center

Gates is one of the three remaining minimum custody prison field units recommended for closing in the Government Performance Audit Study. While DOC will be short of prison beds in 2005-06 under current circumstances, the DOC projects an overage of minimum custody beds.

(\$1,019,120)	R	(\$1,019,120)	R
-28.00		-28.00	

44 Convert Cleveland Correctional Center

Cleveland Correctional Center is a medium custody facility whose cost per day is higher than the average medium custody prison. It is recommended that Cleveland be converted to minimum custody. This will allow reduction of positions and costs due to lower level security needs.

(\$263,692)	R	(\$263,692)	R
-11.00		-11.00	

45 Inmate Medical – Physician Charges

This reduction assumes that fees charged by outside providers (physicians and physician specialists) for inmate medical will be tied to State Health Plan reimbursement rates and that DOC will continue efforts to regionalize medical services

(\$1,750,000)	R	(\$1,750,000)	R
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46 Inmate Medical--Hospital Charges

(\$3,250,000) R (\$3,250,000) R

This reduction assumes that fees charged by hospitals for inpatient and outpatient services for DOC inmates will be tied to State Health Plan reimbursement rates and that DOC will continue efforts to regionalize medical services.

47 Partial Reimbursement for Inmate Labor

(\$600,000) R (\$600,000) R

DOC currently operates 115 inmate community work crews at a cost of approximately \$5 million dollars. These crews perform work projects at no cost to local and state agencies. DOC also has 140 inmate labor contracts with state and local governments. Inmate labor is provided for these long-term contracts at a charge of \$1 a day for each inmate. It is recommended that DOC charge other state and local governments for a portion of the operating costs of community work crews and for the administration of inmate labor contracts to recover a small portion of DOC costs. This will allow a reduction in the General Fund.

48 Delay Maury Correctional Center Positions

(\$1,061,088) NR

Maury Correctional center is due to open November 05; the inmate occupancy date is April 06. Positions are established on a rolling schedule from August 05 to November 05; this action pushes back the establishment of each position one month but is not intended to delay the opening of the prison.

49 Delay Maury Regional Medical Positions

(\$1,415,623) NR

DOC included funding for a regional medical program at Maury Correctional Center in its continuation budget. Based on the length of time for startup of a similar facility at Alexander Correctional Center, it is believed position establishment can be delayed until June of 05-06

50 Delay Bertie Positions

(\$1,155,007) NR

Construction of Bertie Correctional center is due to be completed in February, 2006; the inmate occupancy date is July 2006. Positions are established on a rolling schedule from September 05 to February 06. This action pushes back the establishment of each position one month but is not intended to delay the opening of the prison.

51 Reduce line items in Maury and Bertie budgets

(\$207,455) R (\$207,455) R

Reduce non-security line items by 10% at each prison (equipment, supplies etc)

52 Maury and Bertie Salary Reserve

(\$731,120) R (\$731,120) R

Eliminate salary reserve line item in new prisons. DOC can use department-wide salary reserve for position reallocation needs at Maury and Bertie.

53 Holiday Pay

(\$1,340,000) R (\$1,340,000) R

Reduce the continuation budget for holiday pay from 1.75 times regular pay to 1.5, the same holiday pay rate that other eligible state employees receive. DOC may use available funds to offset this reduction.

FY 05-06**FY 06-07****54 Reduce Unit Management Function in Prisons**

(\$1,058,835) R

(\$1,058,835) R

DOC uses unit management positions at eighteen prisons to assist security and program staff with the day to day operation of housing units. This reduction would reduce unit manager and assistant unit manager positions at thirteen prisons with 6 or more unit management staff.

-30.00

-30.00

Total Legislative Changes

(\$18,802,196) R

(\$18,802,196) R

(\$3,631,718) NR

Total Position Changes

-165.00

-165.00

Revised Budget**\$1,023,193,451****\$1,041,825,169**

Crime Control and Public Safety

GENERAL FUND

	FY 05-06		FY 06-07	
Adjusted Continuation Budget	\$29,861,632		\$29,961,632	
Legislative Changes				
Administration				
55 State/Local Redevelopment Liaison	(\$90,294)	R	(\$90,294)	R
Eliminate the State/Local Redevelopment Liaison Position (4910-2000-0001-212). The function of this position duplicates that of the staff in the Division of Community Assistance (DCA) at the Department of Commerce. DCA assists local governments across the state with community development, housing, economic development, and revitalization. In addition, the Institute of Government at UNC-CH provides community and economic development assistance to county and local governments.	-1.00		-1.00	
Alcohol Law Enforcement				
56 Leased Space	(\$120,000)	R	(\$120,000)	
Reduce the continuation budget for leases to correct an erroneous increase.				
Department-wide				
57 Increase Budgeted Receipts	(\$290,000)	NR		
Increase the amount budgeted for receipts to approximate actual amounts realized in recent years.				
58 Reduce Non-salary Line Items	(\$352,132)	R	(\$352,132)	R
Reduce the continuation amount budgeted for contracts, supplies, equipment, and other non-salary expenses in Alcohol Law Enforcement, Butner Public Safety, and Administration.				
National Guard				
59 National Guard Pension Fund	\$4,500,000	R	\$4,500,000	R
Provide \$4,500,000 for the NC National Guard Pension Fund. Effective July 1, 2005, these funds will be used to increase the monthly pension benefit payment to current and future retirees from a maximum of \$100 to a maximum of \$150.				

Total Legislative Changes	\$3,937,574	R	\$3,937,574	R
	(\$290,000)	NR		
Total Position Changes	-1.00		-1.00	
Revised Budget	\$33,509,206		\$33,899,206	

**GENERAL
GOVERNMENT
Section J**

Administration

GENERAL FUND

Adjusted Continuation Budget

FY 05-06

\$60,053,752

FY 06-07

\$61,483,537

Legislative Changes

1123 Historically Underutilized Businesses

1 Construction Database Mgm't System Enhancement

\$74,915 R

\$74,915 R

Provides funding to enhance the existing HUBSCO Construction Reporting System to meet the current State Technical Architecture standards and to establish one Application Analyst Programmer position. The Department developed the system to capture HUB expenditures and construction data for the HUB Office and the State Construction Office.

\$250,000 NR

1.00

1.00

Recurring	FY 2005-06	FY2006-07
531211 Salaries	\$63,000	\$63,000
531511 Social Security	\$4,820	\$4,820
531521 Retirement	\$3,663	\$3,663
531561 Med Ins	\$3,432	\$3,432
Total Recurring	\$74,915	\$74,915

Nonrecurring

532140 IT-HUBSCO Upgrades	\$250,000
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1230 Non-Public Education**2 Non-Public Education Personnel**

Provides funding to establish an Education Program Specialist position (\$30,354) and an Office Assistant IV position (\$23,316). Also provides additional funding for operating cost. The additional positions and operating cost will allow the Division to expand non-public school visitation, respond to citizen complaints about specific home schools, provide more careful review of annual standardized test results, and to contract out annual mailings to the home schools.

\$79,661	R	\$79,661	R
\$1,900	NR		
2.00		2.00	

	FY2005-06	FY2006-07
Recurring		
531211 Salaries	\$53,670	\$53,670
531511 Social Security	\$4,106	\$4,106
531521 Retirement	\$3,121	\$3,121
531561 Med Ins	\$6,864	\$6,864
532199 Annual Mailings	\$4,100	\$4,100
532714 Expanded Home Visitations	\$4,350	\$4,350
532840 Postage	\$3,000	\$3,000
532811 Telephones	\$450	\$450
Total Recurring	\$79,661	\$79,661

Nonrecurring	
534522 PC's	\$1,900

1241 Management Information Systems**3 Information Technology Security Personnel**

Provides funding to establish an IT Security Associate Analyst position (\$54,811) to address the department's IT security issues that have been identified in the IT Security Assessment conducted by the Office of Information Technology Services.

\$81,334	R	\$81,334	R
1.00		1.00	

	FY2005-06	FY2006-07
Recurring		
531211 Salaries	\$54,811	\$54,811
531511 Social Security	\$4,193	\$4,193
531521 Retirement	\$3,187	\$3,187
531561 Med Ins	\$3,432	\$3,432
534710 Computer Software	\$500	\$500
534522 Equipment-Computers	\$3,000	\$3,000
532811 Telephone Service	\$600	\$600
532942 Oth Emp Ed Expenses	\$3,000	\$3,000
532930 Registration Fees	\$250	\$250
532725 Meals - Out of State	\$150	\$150
532722 Lodging - Out of State	\$625	\$625
532440 Maint Agree -DP Equip	\$2,565	\$2,565
532441 Maint Agree - Software	\$5,021	\$5,021
Total Recurring	\$81,334	\$81,334

1311 Office of State Personnel**4 Operating Budget Increases**

Appropriates funds to perform a career banding study, to purchase equipment and software for the OSP Training Center, and to continue training for mediation services.

\$0	R	\$0	R
\$121,600	NR	\$0	NR
0.00		0.00	

	FY 05-06	FY 06-07
532199 Misc Contractual Svs	\$ 50,000	\$ 0
532942 Oth Svs/Training	\$ 21,600	\$ 0
534521 Office Equipment	\$ 25,000	\$ 0
534711 Computer Software	\$ 25,000	\$ 0

1511 Purchase and Contract**5 E-Procurement Compliance Personnel**

Provides funding to establish 2 compliance officer positions (\$51,334 each) to provide E-procurement educational outreach, manage the E-procurement contract, and perform compliance reviews. The E-procurement contract requires a review of all direct payments for all NCAS agencies on a quarterly basis.

\$135,846	R	\$135,846	R
\$3,800	NR	\$0	NR
2.00		2.00	

Recurring	FY2005-06	FY2006-07
531211 Salaries	\$102,668	\$102,668
531511 Social Security	\$7,854	\$7,854
531521 Retirement	\$5,970	\$5,970
531561 Med Ins	\$6,864	\$6,864
532714 Trans-ground	\$2,200	\$2,200
532727 Trans-other	\$25	\$25
532721 Lodging-In State	\$1,800	\$1,800
532724 Meals-In State	\$1,000	\$1,000
532811 Telephone Service	\$950	\$950
532814 Cellular Phones	\$1,700	\$1,700
532930 Registration Fees	\$3,500	\$3,500
533110 Gen Office Supplies	\$1,315	\$1,315
Total Recurring	\$135,846	\$135,846

Nonrecurring	
534511 Furniture Office	\$1,200
534539 Other Equipment	\$2,600
Total Nonrecurring	\$3,800

1771 Veterans Affairs Division**6 Scholarships Partially Funded From Escheats**

Transfers funding for 76.4% of the scholarships from appropriation-support to receipt-support. The receipts will come from the Escheats Funds. This funding shift continues the funding shift that was made in the 2003 Appropriations Act., S.L. 2003-284. The funding shift does not impact the total amount available for the scholarship program. The total available for scholarships is \$5,625,058 for fiscal year 2005-06 and \$5,704,249 for fiscal year 2006-07.

(\$1,491,106)	R	(\$2,679,379)	R
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7 NC Veterans Park Funds

Provides a grant-in-aid to the City of Fayetteville to establish the NC Veterans Park. The General Assembly made plans for the park in the 1990s that were never implemented.

\$3,500,000 NR

1811 GACPD**8 Personnel Reduction**

Eliminates salary and fringe benefits equivalent to that of the Assistant Director position (4140-1540-0000-480). The Division Director's position has been vacant since November 2001. The Division also has an Administrative Secretary III position that has been vacant since January 2004. These vacancies have been allowed to remain pending the Governor's decision regarding redesignation of the Council to a non-profit status. The responsibilities of the Director have been performed by the Assistant Director. With the elimination of the salary and fringe benefits in the amount of \$67,686, the Department may select which of the Council's 7.28 General Fund positions it will eliminate.

(\$67,686) R (\$67,686) R

-1.00 -1.00

1881 Transition Team**9 Operating Budget Reduction**

Eliminates transition funds for the Council of State members. This funding will not be needed during the 2005-07 biennium.

(\$120,000) R (\$120,000) R

1882 Governor's Inauguration**10 Operating Budget Reduction**

Eliminates funding for the Governor's Inauguration. Funding will not be needed during the 2005-07 biennium.

(\$205,000) R (\$205,000) R

Total Legislative Changes

(\$1,512,036) R (\$2,700,309) R

\$3,877,300 NR \$0 NR

Total Position Changes

5.00 5.00

Revised Budget

\$62,419,016 \$58,783,228

Cultural Resources

GENERAL FUND

	FY 05-06		FY 06-07
Adjusted Continuation Budget	\$61,114,752		\$59,597,482

Legislative Changes

1110 Office of the Secretary

11 Boards and Commissions and North Carolina Awards

\$50,000	R	\$50,000	R
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Provides funding that supports travel and work of the Director of Boards and Commissions, who serves as the departmental liaison with 39 nonprofit support groups and foundations for state historic sites and museums. Additionally, restores state funding for the North Carolina Awards Program, which has been receipt-supported for several years.

	FY 05-06	FY 06-07
532199 Misc Contractual Svs	\$ 10,000	\$ 10,000
532714 Grd Trans/In-state	\$ 9,000	\$ 9,000
532721 Lodging/In-state	\$ 8,000	\$ 8,000
532724 Meals/In-state	\$ 6,000	\$ 6,000
532727 Misc/In-state	\$ 2,000	\$ 2,000
532850 Printing	\$ 10,000	\$ 10,000
533900 Oth Materials/Supplies	\$ 5,000	\$ 5,000

12 Operating Budget Reduction

(\$180,000)	R	(\$180,000)	R
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Eliminates funding for historical, art and cultural grants.

1120 Administrative Services

13 Information Technology Services Expansion

\$50,000	R	\$50,000	R
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Appropriates funding to establish one (1) Applications Programmer I position and to purchase additional computer equipment.

\$2,500	NR		
1.00		1.00	

	FY 05-06	FY 06-07
531112 Salaries	\$ 41,000	\$ 41,000
531511 Social Security	\$ 3,137	\$ 3,137
531521 Retirement	\$ 2,384	\$ 2,384
531561 Med Ins	\$ 3,432	\$ 3,432
532199 Misc Contractual Svs	\$ 47	\$ 47
534522 Equip - Computers	\$ 2,500	

1241 State Historic Sites

14 Increase Operating Budget

\$500,000	R	\$500,000	R
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Provides additional funds for maintenance of historic sites statewide.

1243 State Capitol/Visitor Services**15 New Personnel**

Appropriates funds for two (2) Museum Specialist positions at pay grade 66 and salary of \$35,695. The total recurring expenditure is \$94,000, which includes \$85,597 for salaries and benefits and \$8,403 for operating expenses, and non-recurring expense of \$3,000 for office and computer equipment.

\$94,000	R	\$94,000	R
\$3,000	NR		
2.00		2.00	

1320 Museum of Art**16 Program Diversity and New Security Personnel**

Provides funding to extend programming to schools and communities using computers, the Internet, and other means in order to broaden the museum's reach statewide. Also, provides funds to establish five (5) new Museum Guard positions.

\$283,797	R	\$250,000	R
5.00		5.00	

	FY 05-06	FY 06-07
531112 Salaries	\$104,030	\$104,030
531511 Social Security	\$ 7,958	\$ 7,958
531521 Retirement	\$ 6,049	\$ 6,049
531561 Med Ins	\$ 17,160	\$ 17,160
532714 Grd Trans/In-state	\$ 4,500	\$ 4,500
532721 Lodging/In-state	\$ 2,300	\$ 2,300
532724 Meals/In-state	\$ 1,800	\$ 1,800
532727 Misc/In-state	\$ 1,100	\$ 1,100
533900 Oth Materials/Supplies	\$ 3,000	\$ 3,000
534539 Oth Equipment	\$ 15,000	\$ 15,000
534610 Art and Artifacts	\$120,899	\$ 87,102

1330 NC Arts Council**17 Grassroots Arts Program**

Increases funding in expenditure account 536996 for grants to local arts councils. This increase provides \$1.7 million for grants to local arts councils that are awarded through the formal application process.

\$580,000	R	\$580,000	R
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1410 State Library Services**18 Services to the Blind and Physically Handicapped**

Appropriates funds to install and maintain a new telephone system, and a card access security system for the building and the computer server room.

\$16,100	R	\$9,100	R
\$27,300	NR		

	FY 05-06	FY 06-07
532199 Misc Contractual Svs	\$ 8,000	\$ 1,000
532811 Telephone Service	\$ 7,000	\$ 7,000
532812 Telecomm Data Charges	\$ 1,100	\$ 1,100
534539 Other Equipment	\$ 27,300	

1480 State Library Statewide Programs**19 Aid to Counties**

\$1,000,000	R	\$1,000,000	R
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Provides additional funds to support grants to public libraries based upon the formula for State-Aid to Libraries. The additional funding provides \$15.8 million for aid to local libraries.

Total Legislative Changes

\$2,393,897	R	\$2,353,100	R
\$32,800	NR		

Total Position Changes

8.00	8.00
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Revised Budget

\$63,541,449	\$61,950,582
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General Assembly

GENERAL FUND

	FY 05-06	FY 06-07
Adjusted Continuation Budget	\$43,864,588	\$46,965,432

Legislative Changes

1900 Reserves and Transfers

20 Operating Reserves

Reduces operating reserve funds.

(\$880,000) NR

Total Legislative Changes

(\$880,000) NR

Total Position Changes

Revised Budget

\$42,984,588

\$46,965,432

Housing Finance Agency

GENERAL FUND

	FY 05-06	FY 06-07
Adjusted Continuation Budget	\$4,750,945	\$4,750,945
Legislative Changes		
8104 NC Housing Foreclosure		
21 Continue the Home Protection Pilot Program		
Appropriates funding to continue the Home Protection Pilot Program in the existing eight counties. The pilot was established in Section 20A.1 of S.L. 2004-124.	\$1,000,000	NR
Total Legislative Changes	\$1,000,000	NR
Total Position Changes		
Revised Budget	\$5,750,945	\$4,750,945

Insurance

GENERAL FUND

	FY 05-06	FY 06-07
Adjusted Continuation Budget	\$27,831,701	\$27,866,769

Legislative Changes

1200 Company Services Group

22 Information Technology Personnel

Provides funding to establish an Applications Analyst Programmer II position (\$58,803) and a Computer Systems Analyst IV position (\$64,429) in the Information Services Division. One position will be used to continue the ongoing upgrade from multiple legacy systems to the new integrated Operations Tracking and Information System (OTIS). Duties include programming and the new ongoing maintenance once the OTIS system is completed. The other position will be responsible for security issues at the Department, including implementing the ISO 17799 standard for information technology security.

\$153,852	R	\$153,852	R
\$7,200	NR	\$0	NR
2.00		2.00	

	FY2005-06	FY2006-07
Recurring		
531211 Salaries	\$123,232	\$123,232
531511 Social Security	\$9,427	\$9,427
531521 Retirement	\$7,166	\$7,166
531561 Med Ins	\$6,864	\$6,864
5327XX Transportation	\$2,213	\$2,213
5328XX Communication	\$1,200	\$1,200
5329XX Other Services	\$2,500	\$2,500
533110 Gen Office Supplies	\$1,250	\$1,250
Total Recurring	\$153,852	\$153,852

Nonrecurring

534511 Furniture Office	\$7,000
5358XX Other Admin. Exp.	\$200

The Insurance Regulatory Fund will reimburse the General Fund for the appropriation.

23 PEO Personnel and Operating Cost

Provides funding to establish an Insurance Company Examiner III position (\$60,000) to administer and enforce the NC Professional Employer Organization Act (G.S. 58-89A). The primary emphasis of the position will be on the licensing and financial solvency of the PEOs.

\$89,961	R	\$89,961	R
\$5,500	NR		
1.00		1.00	

Recurring	FY2005-06	FY2006-07
531211 Salaries	\$60,000	\$60,000
531511 Social Security	\$4,590	\$4,590
531521 Retirement	\$3,489	\$3,489
531561 Med Ins	\$3,432	\$3,432
5327XX Transportation	\$11,600	\$11,600
5328XX Communication	\$1,350	\$1,350
5329XX Other Services	\$500	\$500
533110 General Office Supplies	\$2,500	\$2,500
533120 Data Processing Supplies	\$2,500	\$2,500
Total Recurring	\$89,961	\$89,961

Nonrecurring	
534511 Furniture Office	\$3,000
534543 PC/Printer Equipment	\$2,500
Total Nonrecurring	\$5,500

Fees collected with PEO applications and annual filings will be deposited into the Insurance Regulatory Fund and will be used to reimburse the General Fund for the appropriation.

Total Legislative Changes

\$243,813	R	\$243,813	R
\$12,700	NR	\$0	NR

Total Position Changes

3.00		3.00	
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Revised Budget

\$28,088,214		\$28,110,582	
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Insurance - Workers' Compensation for Volunteer Firemen

GENERAL FUND

	FY 05-06	FY 06-07
Adjusted Continuation Budget	\$4,500,000	\$4,500,000
Legislative Changes		
1900 Reserves and Transfers		
24 Volunteer Safety Workers' Compensation Fund		
Reduces the General Fund appropriation to the Volunteer Safety Workers' Compensation Fund on a non-recurring basis. This reduction will not affect the operations of the Fund. The balance in the Fund as of February 28, 2005 was \$21.98 million. The average of the Fund's balances for the past 4 years is \$21.47 million.	(\$2,000,000)	NR
Total Legislative Changes	(\$2,000,000)	NR
Total Position Changes		
Revised Budget	\$2,500,000	\$4,500,000

Lieutenant Governor

GENERAL FUND

	FY 05-06		FY 06-07	
Adjusted Continuation Budget	\$690,697		\$690,697	
Legislative Changes				
1110 Administration				
25 Increase Office Assistant Position to Full Time	\$8,404	R	\$8,404	R
Increases an Office Assistant position (Pos # 3100-000-0016-035) from 30 to 40 hours per week.	0.25		0.25	
26 Increase Operating Budget	\$2,400	R	\$2,400	R
Provides funding to increase the operating budget in the following line items:				
	FY 05-06		FY 06-07	
532811 Telephone service	\$600		\$600	
532814 Cellular phone service	\$1,200		\$1,200	
532850 Printing, Binding, Dup	\$600		\$600	
27 Additional Personnel	\$51,536	R	\$51,536	R
Provides funding to establish a second Policy Development Analyst to serve as an Assistant to the Lieutenant Governor for Policy and Research.	\$1,700	NR		
	1.00		1.00	
	FY 05-06		FY 06-07	
531111 Salaries	\$42,307		\$42,307	
531511 Social Security	\$3,237		\$3,237	
531521 Retirement	\$2,460		\$2,460	
531561 Med Ins	\$3,432		\$3,432	
533110 Gen Office Sup	\$100		\$100	
534534 PC/Printer Equipment	\$1,200			
534713 PC Software	\$500			
Total Legislative Changes	\$62,340	R	\$62,340	R
	\$1,700	NR		
Total Position Changes	1.25		1.25	
Revised Budget	\$754,737		\$753,037	

Office of Administrative Hearings

GENERAL FUND

	FY 05-06		FY 06-07	
Adjusted Continuation Budget	\$2,976,210		\$2,967,712	
Legislative Changes				
1100 Administration and Operations				
28 Software Upgrade	\$2,000	R	\$2,000	R
Provides funding for a software upgrade that allows the North Carolina Register to be published on the Internet. Recurring funds are provided for the software's on-going maintenance support and hosting service, and nonrecurring funds are provided to purchase the upgrade.	\$9,200	NR		
Total Legislative Changes	\$2,000	R	\$2,000	R
	\$9,200	NR		
Total Position Changes				
Revised Budget	\$2,987,410		\$2,969,712	

Revenue

GENERAL FUND

Adjusted Continuation Budget

FY 05-06

\$82,817,444

FY 06-07

\$82,960,444

Legislative Changes

1602 Security

29 Additional Personnel

\$79,134 R

\$80,000 R

Provides funds to establish one (1) Systems Security Analyst position. This position will address issues raised in the 2004 Statewide Security Assessment conducted by the Office of Information Technology Services.

\$500,000 NR

1.00

1.00

	FY 05-06	FY 06-07
531211 Salaries	\$ 64,429	\$ 64,429
531511 Social Security	\$ 4,929	\$ 4,929
531521 Retirement	\$ 3,747	\$ 3,747
531561 Med Ins	\$ 3,432	\$ 3,432
532140 Oth IT	\$ 350,000	\$ 2,565
532714 Trans Grd In State	\$ 2,597	\$ 898
534713 PC Software Purchases	\$ 75,000	
534714 Server Software Purchases	\$ 75,000	

1605 InformationTechnology

30 Increase IT Operating Funds

\$134,107 R

\$134,107 R

Appropriates funding to support salaries, benefits, and computer equipment for three (3) additional positions: Computing Consultant III (\$38,773), Applications Analyst Programmer I (\$42,307), and Senior Computer Operator (\$28,038).

\$28,871 NR

3.00

3.00

	FY 05-06	FY 06-07
531211 Salaries	\$ 109,118	\$ 109,118
531511 Social Security	\$ 8,348	\$ 8,348
531521 Retirement	\$ 6,345	\$ 6,345
531561 Med Ins	\$ 10,296	\$ 10,296
534534 PC & Printer Purchases	\$ 24,000	
534713 PC Software	\$ 4,871	

1607 Tax Research

31 Personnel Adjustments

(\$59,375) R

(\$59,375) R

Eliminates salary and related benefits of two positions that have been vacant for more than six months: Office Assistant III, #4774-0000-0040-010 (\$29,561); and Statistical Assistant V, #4774-0000-0040-315 (\$29,814).

-2.00

-2.00

1629 Property Tax**32 New Personnel**

Appropriates funds to establish two (2) Property Tax Valuation Specialist positions. Also, provides funding to increase per diem for board members with the chairman receiving \$450 per day and members receiving \$400 per day, effective January 1, 2006. The cost associated with the positions and increased compensation for board members will be reimbursed on a monthly basis through the allowance for administrative cost available per G.S. 105-501 in the year subsequent to the year the cost is incurred. Property tax expenses are reimbursed by the local sales tax at 100%.

\$156,616	R	\$179,916	R
\$12,000	NR		
2.00		2.00	

	FY 05-06	FY 06-07
531211 Salaries	\$ 102,668	\$ 102,668
531511 Social Security	\$ 7,854	\$ 7,854
531521 Retirement	\$ 5,970	\$ 5,970
531561 Med Ins	\$ 6,864	\$ 6,864
531651 Comp to Board Members	\$ 19,700	\$ 43,000
532448 Maint Agreement-Software	\$ 460	\$ 460
532714 Trans Grd In State	\$ 9,000	\$ 9,000
532721 Lodging In State	\$ 1,200	\$ 1,200
532724 Meals In State	\$ 1,200	\$ 1,200
532811 Telephone Service	\$ 700	\$ 700
533110 Gen Office Supplies	\$ 1,000	\$ 1,000
534511 Furniture - Office	\$ 9,000	
534534 PC & Printer Purchases	\$ 1,800	
534713 PC Software Purchases	\$ 1,200	

1643 Taxpayer Assistance**33 Operating Expense Transfer**

Transfers 86 positions from General Fund to receipt-support from the 20% Collection Assistance Fee in Budget Code 24704-2472. The positions provide Level II and Level III call center support for the Taxpayer Assistance and Collection Center (TACC).

(\$2,007,624)	R	(\$2,008,039)	R
-86.00		-86.00	

1660 Examination and Collection**34 Operating Budget Reduction**

Adjusts budget with a recurring reduction that is the result of transferring General Fund operations to receipt-support in FY 04-05 using funds from the 20% Collection Assistance Fee in Budget Code 24704-2474.

(\$3,664,145)	R	(\$3,664,145)	R
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35 Personnel Transfer

Transfers salaries and related benefits from General Fund to receipt-support from the 20% Collection Assistance Fee in Budget Code 24704-2472 for two (2) positions: Revenue Administrative Officer I, #4784-0000-0076-593 (\$47,426); and Processing Assistant IV, #4784-0000-0076-598 (\$27,913).

(\$75,339)	R	(\$75,339)	R
-2.00		-2.00	

1663 Project Compliance**36 Hispanic Initiative**

\$250,000 R

\$250,000 R

Provides funding to continue the Hispanic initiative implemented in the 2004 Session that will improve tax compliance rates within the Hispanic population.

	FY 05-06	FY 06-07
532199004 Interpreter Svs	\$ 50,000	\$ 50,000
532714 Trans Grd In State	\$ 4,000	\$ 4,000
532840003 Postage	\$ 71,000	\$ 71,000
532850 Printing & Binding	\$ 25,000	\$ 25,000
532860 Advertising	\$ 90,000	\$ 90,000
533110 Gen Office Supplies	\$ 10,000	\$ 10,000

1670 Unauthorized Substance Tax**37 Additional Personnel**

\$61,206 R

\$61,206 R

Appropriates funds to establish one (1) Unauthorized Substance (USUB) Tax Enforcement Agent I. The cost associated with the position will be reimbursed on a monthly basis through the allowance for administrative cost available per G.S. 105-501 in the year subsequent to the year the cost is incurred. USUB expenses are reimbursed by the local sales tax at 70% with the General Fund supporting the remaining 30% of funding.

\$6,000 NR
1.00

1.00

	FY 05-06	FY 06-07
531211 Salaries	\$ 43,046	\$ 43,046
531511 Social Security	\$ 3,293	\$ 3,293
531521 Retirement	\$ 4,655	\$ 4,655
531561 Med Ins	\$ 3,432	\$ 3,432
532448 Maint Agreement-Software	\$ 230	\$ 230
532714 Trans Grd In State	\$ 4,500	\$ 4,500
532721 Lodging In State	\$ 600	\$ 600
532724 Meals In State	\$ 600	\$ 600
532811 Telephone Service	\$ 350	\$ 350
533110 Gen Office Supplies	\$ 500	\$ 500
534511 Furniture - Office	\$ 4,500	
534534 PC & Printer Purchases	\$ 900	
534713 PC Software Purchases	\$ 600	

1710 Fuel Tax Compliance**38 Expansion of Revenue Tax Evasion Project**

Provides funding to add nine (9) positions to staff the project that was authorized in the 2004 Session, resulting in a total of nineteen (19) positions. Receipt-support continues for the project with the transfer of funding from the Highway Trust Fund. Total funding for the additional personnel is \$548,633 in FY 05-06 and \$470,701 in FY 06-07.

Positions

1 Processing Unit Supervisor (Gr. 61)	-	\$23,251
1 Processing Assistant V (Gr. 61)	-	\$23,251
1 Information Processing Tech (Gr. 63)	-	\$30,684
4 Revenue Tax Auditor I (Gr. 73)	-	\$148,576
1 Revenue Tax Auditor II (Gr. 75)	-	\$51,334
1 Revenue Admin Officer III (Gr. 78)	-	\$58,803

	FY 05-06	FY 06-07
531211 Salaries	\$ 335,899	\$ 335,899
531511 Social Security	\$ 25,696	\$ 25,696
531521 Retirement	\$ 19,533	\$ 19,533
531561 Med Ins	\$ 30,888	\$ 30,888
532448 Maint Agreement-Software	\$ 0	\$ 1,035
532714 Trans Grd In State	\$ 32,000	\$ 32,000
532721 Lodging In State	\$ 4,000	\$ 4,000
532724 Meals In State	\$ 4,000	\$ 4,000
532811 Telephone Service	\$ 3,150	\$ 3,150
532821 Comp Data Processing	\$ 10,000	\$ 10,000
533110 Gen Office Supplies	\$ 4,500	\$ 4,500
Total Recurring	\$ 469,666	\$ 470,701

532447 Maint Agree - PC/Printer	\$ 2,456
532942 Oth Emp Ed Expenses	\$ 12,881
534511 Furniture - Office	\$ 40,500
534521 Office Equip (calculator)	\$ 900
534534 PC/Printer (laptops & desks)	\$ 12,380
534534 PC/Printer Equipment	\$ 4,450
534713 PC Software Purchases	\$ 5,400
Total Non-Recurring	\$ 78,967

Total Legislative Changes	(\$5,125,420)	R	(\$5,101,669)	R
	\$546,871	NR		
Total Position Changes	-83.00		-83.00	
Revised Budget	\$78,238,895		\$77,858,775	

Secretary of State

GENERAL FUND

	FY 05-06		FY 06-07	
Adjusted Continuation Budget	\$8,568,943		\$8,549,857	
Legislative Changes				
1230 Securities Division				
39 Operating Cost Increase	\$89,000	R	\$89,000	R
Provides funding for new lease costs for the Department's Securities Division. The Department had to enter into a lease for space for its Securities Division when it was required to vacate the Legislative Office Building.				
Total Legislative Changes	\$89,000	R	\$89,000	R
Total Position Changes				
Revised Budget	\$8,657,943		\$8,638,857	

State Board of Elections

GENERAL FUND

		FY 05-06		FY 06-07	
Adjusted Continuation Budget		\$4,957,543		\$4,959,307	
Legislative Changes					
1200 Campaign Reporting					
40 Campaign Reporting IT Support		\$110,000	R	\$110,000	R
Provides funding to establish one Applications Analyst Programmer I position (\$46,306) to assist in supporting and enhancing the Campaign Finance Management System.		1.00		1.00	
	FY2005-06	FY2006-07			
531211 Salaries	\$46,306	\$46,306			
531511 Social Security	\$3,542	\$3,542			
531521 Retirement	\$2,693	\$2,693			
531561 Med Ins	\$3,432	\$3,432			
532143 LAN Support Services	\$54,027	\$54,027			
Total Legislative Changes		\$110,000	R	\$110,000	
Total Position Changes		1.00		1.00	
Revised Budget		\$5,067,543		\$5,069,307	

State Budget & Management

GENERAL FUND

	FY 05-06	FY 06-07
Adjusted Continuation Budget	\$4,904,371	\$4,908,931

Legislative Changes

1310 Office of State Budget and Management

41 NEON Maintenance Contract

\$7,000	R	\$7,000	R
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Provides funding to pay for an annual Shadow Web Server maintenance contract. This cost is required for the maintenance of OSBM budget-related, Web-enabled applications located on the State-owned mainframe computer system.

42 Personnel Increases

\$105,864	R	\$105,864	R
\$2,500	NR	\$0	NR
2.00		2.00	

Provides funding to establish one Standard Level Analyst for the Justice and Public Safety (JPS) Section at a salary of \$48,321 and one Standard Level Analyst for the Education and Transportation sections at a salary of \$38,772. The JPS Analyst will assist in the budget preparation, administration, and oversight for the Administrative Office of the Courts and for the Departments of Crime Control and Public Safety, Justice, Correction, Indigent Defense, and Juvenile Justice. The time and effort for the second position will be devoted to the Education Section (50%) and to the Transportation Section (50%) to assist in the budget preparation, administration, and oversight for the University System, the Department of Public Instruction, the North Carolina Community College System and for the Department of Transportation, the Highway Fund, and the Highway Trust Fund.

	FY2005-06	FY2006-07
Recurring		
531211 SPA Regular Salaries	\$87,093	\$87,093
531511 Social Security	\$6,663	\$6,663
531521 Retirement	\$5,064	\$5,064
531561 Medical Insurance	\$6,864	\$6,864
Total Recurring	\$105,684	\$105,684

Nonrecurring	
534511 Furniture - Office	\$700
534534 PC & Printer Purchases	\$1,800

Total Legislative Changes	\$112,864	R	\$112,864	R
	\$2,500	NR	\$0	NR
Total Position Changes	2.00		2.00	
Revised Budget	\$5,019,735		\$5,021,795	

State Budget & Management - Special Appropriations

GENERAL FUND

	FY 05-06		FY 06-07
Adjusted Continuation Budget	\$3,180,000		\$3,180,000
Legislative Changes			
1022 2005 Special Appropriations			
43 Kids Voting NC Funds			
Provides funding to Kids Voting of North Carolina, Inc, a nonprofit corporation. Of the \$250,000 appropriated, \$50,000 shall be used to implement new Kids Voting programs in non-participating counties across the State. The remaining \$200,000 shall be divided on the basis of the North Carolina Department of Public Instruction's Average Daily Membership with a minimum of \$2,500 for the following counties: Buncombe, Cabarrus, Catawba, Clay, Cumberland, Durham, Greene, Guilford, Haywood, Henderson, Iredell, Jackson, Madison, Mecklenburg, New Hanover, Onslow, Randolph, and Wake to assist those counties with their Kids Voting programs (SB 690 and HB 895).	\$250,000	NR	
1023 Fire Protection Grant Fund			
44 Fire Protection Grants-in-Aid			
Increases funding for the Fire Protection Grants-in-Aid program. New State-owned buildings have been constructed statewide, and this increase will provide additional grants-in-aid to local fire fighting districts that provide fire protection and other services for these new facilities.	\$1,000,000	R	\$1,000,000 R
Total Legislative Changes	\$1,000,000	R	\$1,000,000 R
	\$250,000	NR	
Total Position Changes			
Revised Budget	\$4,430,000		\$4,180,000

State Controller

GENERAL FUND

	FY 05-06		FY 06-07
Adjusted Continuation Budget	\$9,960,527		\$9,966,970
<hr/>			
Legislative Changes			
 1000 Administration			
45 Additional Personnel	\$77,541	R	\$77,541
Appropriates funding for the addition of an Internal Control position to conduct on-site compliance reviews, prepare reports based on the findings, and perform follow-up on State property incident reports when warranted.	\$5,200	NR	
	1.00		1.00
	FY 05-06		FY 06-07
531112 Salaries	\$ 58,803		\$ 58,803
531511 Social Security	\$ 4,498		\$ 4,498
531521 Retirement	\$ 3,419		\$ 3,419
531561 Med Ins	\$ 3,432		\$ 3,432
532447 Maint Agree-PC & Printer	\$ 300		\$ 300
532448 Maint Agree-PC software.	\$ 300		\$ 300
532714 Trans Grd In State	\$ 1,725		\$ 1,725
532721 Lodging In State	\$ 2,977		\$ 2,977
532724 Meals In State	\$ 1,586		\$ 1,586
533110 Gen Office Supplies	\$ 500		\$ 500
534534 PC & Printer Purchases	\$ 5,200		
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Total Legislative Changes	\$77,541	R	\$77,541
	\$5,200	NR	
Total Position Changes	1.00		1.00
 Revised Budget	 \$10,043,268		 \$10,044,511

Treasurer

GENERAL FUND

Adjusted Continuation Budget

FY 05-06

\$8,222,117

FY 06-07

\$8,228,365

Legislative Changes

1310 Local Government Operations

46 Information Technology Enhancements

Provides funding to perform feasibility studies along with the development of the requirements of a new document imaging system and a new debt management system. The funds will be used to hire consultants to: 1) document current business processes and workflows, 2) prepare business and technical requirements for the new systems, 3) prepare a request for proposals, 4) research and provide a list of potential vendors, 5) develop a high level project plan, 6) develop a high level risk analysis, and 7) develop an estimated budget for the implementation of these 2 systems. Of the total provided, \$150,000 is for the document imaging system and \$250,000 is for the debt management system.

\$400,000 NR

1410 Retirement Systems Division

47 Information Technology Project/ 2005-07 Biennium

Authorizes the use of receipts on a nonrecurring basis from the Retirement Fund for the final two phases of the Retirement Systems Division's Information Technology project (ORBITS).

ORBITS Project	FY2005-06	FY2006-07
5321XX	\$6,528,742	\$4,209,349
5324XX	\$1,086,838	\$739,216
5325XX	\$129,600	\$129,600
5345XX	\$596,300	\$396,300
5347XX	\$35,350	\$35,350
Total	\$8,376,830	\$5,509,815

Also authorizes the use of receipts on a recurring basis to establish two Applications Analyst Programmer II positions (\$58,803 each) to help develop the new system and maintain the system once the project is completed.

Salaries/Fringes	FY2005-06	FY2006-07
531212 Salaries	\$117,606	\$117,606
531512 Social Security	\$8,997	\$8,997
531522 Retirement	\$6,839	\$6,839
531562 Med Ins	\$6,864	\$6,864
Total Recurring	\$140,306	\$140,306

No General Funds are required to fund this project.

48 Operating Budget to Support Administration of 401K

Authorizes the use of receipts for the salaries and benefits of one Administrative Officer III position as well as for operating cost to support the position. The position will be responsible for overseeing the 401(K) Supplemental Retirement Plan, its investments, and its third party administrator. The operating funds will also be used to provide an independent review of the investment performance of the program each year as well as actuarial and legal fees.

Recurring	FY 2005-06	FY 2006-07
531212 Salaries	\$44,923	\$44,923
531512 Social Security	\$3,437	\$3,437
531522 Retirement	\$2,612	\$2,612
531562 Medical Insurance	\$3,432	\$3,432
532120 Financial/Audit Services	\$94,896	\$94,894
532714 Transportation	\$3,500	\$3,500
532724 Meals	\$1,500	\$1,500
535830 Other Admin. Exp.	\$3,700	\$3,700
Total Recurring	\$158,000	\$158,000

Non-recurring	
534500 Equipment	\$2,000

Receipts to support the operating budget will come from amounts collected by the third-party administrator.

1510 Financial Operations Division**49 Personnel Increase**

Provides funding to establish a Debt Service Accounting position to properly account for the increased activity in the debt service area. With the substantial increased amount of debt that the State has issued and the complexity of the debt instruments, it has become very difficult to manage the increased workload with the current staffing levels.

\$67,478	R	\$67,478	R
\$1,000	NR		
1.00		1.00	

Recurring	FY2005-06	FY2006-07
531212 Salaries	\$56,181	\$56,181
531512 Social Security	\$4,298	\$4,298
531522 Retirement	\$3,267	\$3,267
531562 Med Insurance	\$3,432	\$3,432
533110 Gen Office Supplies	\$300	\$300
Total Recurring	\$67,478	\$67,478

Nonrecurring	
534511 Furniture-Office	\$1,000

The General Fund will be reimbursed from a non-tax revenue source for the amount of the appropriation.

Total Legislative Changes	\$67,478	R	\$67,478	R
	\$401,000	NR		
Total Position Changes	1.00		1.00	
Revised Budget	\$8,690,595		\$8,295,843	

**Treasurer - Retirement for Fire and Rescue
Squad Workers****GENERAL FUND**

	FY 05-06		FY 06-07	
Adjusted Continuation Budget	\$8,146,179		\$8,146,179	
Legislative Changes				
1412 Gen. Fund Contribution to Fire Pension Fund				
50 Increase Retirement Benefits	\$405,278	R	\$405,278	R
Increases the benefits in the Firemen's and Rescue Squad Workers' Pension Fund from \$161 to \$163 per month for retirees and future retirees effective July 1, 2005.				
Total Legislative Changes	\$405,278	R	\$405,278	R
Total Position Changes				
Revised Budget	\$8,551,457		\$8,551,457	

TRANSPORTATION

Section K

Transportation

GENERAL FUND

	FY 05-06		FY 06-07
Adjusted Continuation Budget	\$12,027,377		\$12,945,066
Legislative Changes			
(1200) Airport Grants			
1 Reduction in Grants			
Reduces airport grants to \$11,284,198 in FY 2006. This is an increase of \$109,454 over funding in FY 2005.	(\$743,179)	NR	
2 Transfer Support to Highway Fund	(\$11,284,198)	R	(\$12,945,066) R
This reduction is one part of a two step process to shift support of the aviation grant program from the General Fund to the Highway Fund.			
Total Legislative Changes	(\$11,284,198) R		(\$12,945,066) R
	(\$743,179) NR		
Total Position Changes			
Revised Budget	\$0		\$0

Transportation

HIGHWAY FUND

	FY 05-06	FY 06-07
Adjusted Continuation Budget	\$1,399,158,973	\$1,401,940,921

Legislative Changes

(0041) Aeronautics

3 Transfer Support from General Fund

\$11,284,198	R	\$12,945,066	R
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This increase is the second part of a two step process to shift support of the aviation grant program from the General Fund to the Highway Fund.

4 Airline Recruitment Program

\$350,000	R	\$350,000	R
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Provides funding for an incentive program to attract and retain improved airline services at North Carolina's eleven non-hub airports, where airline passenger traffic levels have been declining due to financial instability among major carriers.

(0863) Leaking Underground Storage Tank Fund

5 Statutory Adjustment

\$156,750	R	\$483,777	R
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In accordance with G.S.105-119.18, an adjustment based on estimated gallons of motor fuel sold is necessary to bring the Leaking Underground Storage Tank Fund allocation in line with current forecasts. The increase for FY 2006 brings total Highway Fund support for the program under this statute to \$6,010,286 in FY 2006.

(0866) State Highway Patrol

6 Motor Carrier Positions Upgrade

\$1,561,889	R	\$1,639,984	R
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Provides 149 Motor Carrier Enforcement Officers, formerly DMV Enforcement Officers, with the training required to have the same level of arrest authority and pay as their trooper counterparts.

7 Additional Troopers

\$197,495	R	\$308,431	R
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Provides funding to increase the number of State Trooper positions for the North Carolina Highway Patrol. The addition of trooper positions will help the SHP advance its mission by promoting safe and efficient transportation for all motorists traveling through North Carolina. Funding total of two new troopers for FY 2006 with two additional troopers for FY 2007, for an increase of four for the biennium.

8 VIPER (Voice Interoperable Communications Plan for Emergency Responders)

\$51,087 R

\$51,087 R

Provides funding to continue the deployment of the VIPER Strategic 800 MHZ statewide system for all of North Carolina's public safety agencies. In addition to funding for equipment, funding is also provided for a Network Control Technician I.

\$8,000,000 NR

(0867) DPI - Driver Training Program**9 Increase Driver Education Funding**

\$126,213 R

\$126,213 R

Provides funds for an increase in the Average Daily Membership (ADM) of students who will become eligible to take driver education during the biennium. With this increase, Highway Fund support for Driver Education in FY 2006 will be \$32,604,129.

\$3,192 NR

(0869) Global Transpark**10 Global Transpark**

\$1,600,000 R

\$1,600,000 R

Provides funding for the Global Transpark Authority.

(0871) Employer's Retirement Contribution**11 Optional Retirement Program - 1-year Vesting**

\$40,200 R

\$40,200 R

Increases the contribution rate to the Teacher's and State Employees' Retirement System for FY 2006 and FY 2007 to reduce the vesting period from five years of service to one year of service for employees of the University of North Carolina who elect to participate in the Optional Retirement Program.

12 Disability Income Plan

\$13,500 R

\$13,500 R

Additional amount needed in recurring funds for each year of the biennium to restore the reduction made during FY 2005. This increases the State's contribution from 0.445% to 0.52% of payroll as recommended by the Plan's actuary to ensure the Plan is adequately funded.

13 Retirement System Contributions

\$683,400 R

\$683,400 R

Increases the State's contribution for FY 2006 and 2007 to provide a 2.0% cost-of-living adjustment to retirees of the Teachers' and State Employees' Retirement System. This adjustment is funded in part with actuarial gains within the Retirement System.

(0872) Employer's Contributions - Death Benefit**14 Death Benefit Trust**

\$54,200 R

\$54,200 R

Additional amount needed, after an adjustment to the Continuation Budget in the amount of \$589,000 in recurring funds for each year of the biennium, to restore the reductions made during the 2003-2005 biennium. This restores the State's contribution of 0.16% of payroll as recommended by the Plan's actuary to ensure the Plan is adequately funded.

(0873) Salary Increase**15 State Funded Compensation Increases**

\$9,120,000	R	\$23,200,000	R
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Provides funds to support the greater of a \$500 flat amount or a 2% across-the-board salary increase for FY 2005-06 and to support a 3% annual salary increase for FY 2006-07 for full-time permanent employees supported with Highway Fund appropriations.

(0882) Reserve for Visitor Centers**16 Increase Funding**

\$25,000	R	\$25,000	R
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Provides \$25,000 in funding to support the visitor center in Transylvania County.

(0885) State Health Plan**17 Premium Increase**

\$6,240,000	R	\$8,320,000	R
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Effective October 1, 2005, provides a 15.2% premium increase to the Plan to continue non-contributory health benefit coverage for active and retired employees. The remaining financial support to keep the Plan solvent through the 2005-2007 biennium will come from increased fully contributory premiums paid by employees and retired employees to cover their families under the Plan, and a reduction in the Plan's benefits.

(0934) Reserve for General Maintenance**18 Increase Funding**

\$50,928,923	R	\$50,928,923	R
\$26,772,818	NR		

Provides additional funds to help bring highway infrastructure up to an acceptable level of service and to address significant increases in costs of highway construction materials. These funds are in addition to the continuation budget for maintenance, which amounts to \$614,793,288.

19 Cover Unreimbursed Maintenance Expenditures for Emergency Relief

\$23,400,000	NR		
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Of funds DOT has expended in previous years on emergency relief for hurricane and ice storm damage, roughly \$80 million will not be reimbursed by federal agencies. Funds are appropriated to partially address this \$80 million shortfall.

(7025) Information Technology**20 Email Replacement**

\$550,000	R	\$550,000	R
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Provides funding to replace the Department of Transportation's aging and obsolete email system. The current vendor, Netscape, has stopped supporting the email system, the operating system behind it, and the application software. The State CIO has approved \$300,000 for a planning project, with a "gate" approval in the project approval and reporting process before allowing the implementation to begin.

21 Verification of Customer Identification System

Provides funding for hardware and software at local DMV offices to access national databases for validating identification of people applying for driver licenses. The application will be outsourced through a competitive bidding process under the auspices of the State IT Purchasing Office. The department must follow the State CIO's project approval and reporting process, including procurement review and approval. Also the department must follow applicable new and emerging homeland security requirements.

\$1,272,000 NR

\$300,000 R

22 System to Stagger Commercial and Dealer Plates (Senate Bill 1083)

Senate Bill 1083, ratified in 2004, mandated the staggered issuance of commercial license plates, dealer license plates, and motor vehicle dealer plates expire on the same date, December 31 for commercial plates and June 30 for dealer plates. The mandated change goes into effect January 1, 2006, and additional funds are provided to accommodate the changes. The department must follow the State CIO's project approval and reporting process. Accordingly, the department must receive approval of a planning project and must also receive a "gate" approval before proceeding to the implementation phase.

\$1,280,000 NR

\$150,000 R

23 Desktop Computer Replacement

The Information Technology Division provides technology support for approximately 8,000 computers within the department. Because of the large number of existing computers, a four year rotation is planned, resulting in one fourth of all computers being replaced each year. This provides the necessary funding.

\$1,000,000 R

\$1,000,000 R

24 Document Management System

Document management refers to the storage, retrieval, tracking and administration of documents within an organization. The term applies to electronic documents and paper-based documents that have been converted to electronic form. Funding is provided for a feasibility study and pre-implementation preparation for a document management system to improve and streamline information access throughout the entire department. The State CIO has approved \$500,000 for a planning project, with a "gate" approval in the project approval and reporting process before allowing the implementation to begin.

\$500,000 NR

25 Automated Driver License Testing Systems

The Driver License section has installed automated testing systems in 45 of its busiest offices and will have additional systems installed in 23 more offices by spring of 2005. Provides additional funds to install the system in 34 more sites that are small to medium in customer volume. This will provide automated testing systems for every office that has two or more examiners.

\$185,100 R

\$287,100 R

\$811,760 NR

(7030) General Services**26 Mail Room Expenses**

\$900,000	R	\$900,000	R
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Provides additional funds to match expenditures for the mail room at DMV. The General Services Division administers the mail room services for the Division of Motor Vehicles. All driver license renewal notifications, vehicle registration renewals, and all other DMV related correspondence are processed by this division.

27 Division of Motor Vehicles Printing Contract

\$537,500	R	\$1,075,000	R
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The department's printing and finishing operations are managed by the General Services Division, with the exception of the contract printing and limited finishing services located at the DMV headquarters. The contract for the printing and finishing services expired at the end of 2004. Bids are being solicited for renewal of the existing contractual services in addition to new and expanded services. Provides funding to fully fund the services, including the expanded requirements for additional printing and finishing.

(7812) Secondary Roads**28 Statutory Adjustment**

\$2,370,000	R	\$4,980,000	R
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In accordance with G.S. 136-44.2A, an adjustment based on estimated gallons of motor fuel sold is necessary to bring the Secondary Roads Construction allocation in line with current forecasts. This increase brings total Highway Fund support for the program to \$91,237,000 in FY 2006.

(7813) Small Urban Construction**29 Increase Funding**

\$7,000,000	R	\$7,000,000	R
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Provides additional funds to bring the total budget to \$21,000,000, consistent with funding levels for FY 2005.

(7825) Ferry Operations**30 Funds for Maintenance Facility**

\$1,000,000	R	\$1,000,000	R
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Provides additional funds for the ferry maintenance facility to bring Highway Fund support for the Ferry Division to \$21,264,811.

(7829) Rail Program**31 Grants to Short Line Railroads**

\$1,000,000	NR		
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Creates a state grant program for rehabilitation projects that will strengthen North Carolina's short line infrastructure.

(7831) Public Transportation**32 Reduction in New Start Regional Transit Projects**

Delays in federal funding for the Triangle Transit Authority allow the State to postpone providing matching funds. These funds were included in the \$89,866,447 continuation budget for the Public Transportation program.

(\$23,400,000) NR

(7836) State Aid to Municipalities**33 Statutory Adjustment**

In accordance with G.S.136-41.1, an adjustment based on estimated gallons of motor fuel sold is necessary to bring the Aid to Municipalities allocation in line with current forecasts. This increase brings total Highway Fund support for the program to \$91,237,000 in FY 2006.

\$2,370,000 R \$4,980,000 R

Total Legislative Changes

\$98,345,455 R \$122,991,881 R

\$39,639,770 NR

Total Position Changes**Revised Budget**\$1,537,144,198 \$1,524,932,802

**RESERVES/
DEBT SERVICE/
ADJUSTMENTS
Section L**

Reserves, Debt Service and Adjustments

GENERAL FUND

	FY 05-06	FY 06-07
Adjusted Continuation Budget	\$523,532,442	\$654,263,933

Legislative Changes

A. Employee Benefits

1 State Funded Compensation Increases

\$181,600,000	R	\$488,100,000	R
\$8,000,000	NR	\$8,500,000	NR

Provide funds to support salary increases for employees of State agencies, departments and universities, community college institutions, and public schools.

2 Public School Salary Increases

Certified Teaching, School Based Administrators and Non-certified Personnel in local Public Schools, State agency based Public Schools, and the NC School of Science and Math.

Teachers and Instructional Support - Funds are provided to support an experience based step increase for teachers and instructional support personnel (average salary increase of 1.89%) and an increase in the teacher salary schedule of 0.11% for Fiscal Year 2005-2006 and to support an experienced based step increase (average salary increase of 1.85%) and an increase in the teacher salary schedule of 1.15% for Fiscal Year 2006-2007. Teachers and Instructional support who are at the top of the experience based salary schedule will receive a one-time lump sum bonus in each Fiscal Year equivalent to the average increase from Step 26 to Step 29 (1.58%).

Principals and Assistant Principals - Funds are provided to support an experience based step increase for school based administrators (avg. salary increase of 1.76%) and an increase in the school based administrator salary schedule of 0.24% for Fiscal Year 2005-2006 and to support an experience based step increase (average salary increase of 1.72%) and an increase in the school based administrator salary schedule of 1.28% for Fiscal Year 2006-2007. School based administrators who are at the top of the salary schedule will receive a one-time lump sum bonus equivalent to 2.0% in each Fiscal Year.

All other Public School Personnel - Provide funds to support the greater of a \$500 flat amount or 2.0% annual salary increase in Fiscal Year 2005-2006 and to support a 3.0% annual salary increase in Fiscal Year 2006-2007.

3 State Agency and University Salary Increases

Provide funds to support the greater of a \$500 flat amount or 2.0% annual salary increase for full-time permanent employees of agencies, departments, and universities in Fiscal Year 2005-2006 and to support a 3.0% annual salary increase in Fiscal Year 2006-2007.

4 Community College Salary Increases

For Fiscal Year 2005-2006, provide funds to support the greater of a \$500 flat amount or 2.0% annual salary increase for full-time permanent employees of local community college institutions supported by the State and funds for an additional 2.0% average salary increase for Community College faculty and professional staff.

For Fiscal Year 2006-2007, provide funds to support a 3.0% annual salary increase for full-time permanent employees of local community college institutions supported by the State.

5 Minimum Fair Wage for SPA Employees

\$906,000	R	\$906,000	R
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Funds are provided to support a minimum salary of at least \$20,112 for all permanent, full-time employees subject to the State Personnel Act and to support proportionate increases to permanent full-time employees working schedules requiring less than 12-months service per year.

Funds are also provided to support salary increases to address salary compression and pay inequities created by increasing the salaries of employees to the \$20,112 minimum. Allows adjustments to the salaries of supervisors and other employees who have, when considering classification, significantly more experience and length of service compared to employees receiving an increase in pay to the \$20,112 minimum.

6 Salary Supplements for Educational Personnel

\$314,000	R	\$314,000	R
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Allows Departments of Health and Human Services, Juvenile Justice and Delinquency Prevention and Correction to increase the salary supplement currently at 5% to match the supplement of the local educational agencies (LEA's) and/or counties. The supplement will not be below 5% and the increased supplement will not include one-time bonuses provided by LEA's and/or counties.

7 Coastal Management Division Salary Increases

\$56,000	R	\$56,000	R
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Funding is provided for fiscal year 2005-2006 and 2006-2007 to increase salaries by 5% for all positions supported with funds appropriated from the General Fund in the Division of Coastal Management.

8 Salary Increases for NCSU Agricultural Program Employees

\$2,000,000	R	\$2,000,000	R
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Funds are provided to support salary increases for Agricultural Program Employees who are exempt from the State Personnel Act. Increases shall be allocated to individuals in accordance with rules adopted by the UNC Board of Governors.

9 Retirement System Contributions

\$13,810,800	R	\$13,810,800	R
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Increases the State's contribution for fiscal year 2005-06 and 2006-07 to provide a 2% cost-of-living adjustment to retirees of the Teachers' and State Employees' Retirement System. This adjustment is funded in part with actuarial gains within the Retirement System.

Optional Retirement Program - 1-year Vesting

\$806,200	R	\$806,200	R
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Increases the contribution rate to the Teachers' and State Employees' Retirement System for fiscal year 2005-06 and 2006-07 to reduce the vesting period from five-years of service to one-year of service for employees of the University of North Carolina who elect to participate in the Optional Retirement Program.

11 Retirement System Payback

\$25,000,000	NR		
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Continue the repayments of funds withheld from the Retirement System in 2001-02 due to the budget crisis. This is the third year of the five-year payback period.

12 Disability Income Plan

\$356,400	R	\$356,400	R
-----------	---	-----------	---

Additional amount needed, after an adjustment to the Continuation Budget in the amount of \$6,230,100 in recurring funds for each year of the biennium, to restore the reductions made during the 2004-05 fiscal year. This increases the State's contribution from 0.445% to 0.52% of payroll as recommended by the Plan's actuary to ensure the Plan is adequately funded.

13 Death Benefit Trust

\$899,200	R	\$899,200	R
-----------	---	-----------	---

Additional amount needed, after an adjustment to the Continuation Budget in the amount of \$12,000,000 in recurring funds for each year of the biennium, to restore the reductions made during the 2003-2005 biennium. This restores the State's contribution of 0.16% of payroll as recommended by the Plan's actuary to ensure the Plan is adequately funded.

14 State Health Plan - Premium Increase

\$125,000,000	R	\$167,000,000	R
---------------	---	---------------	---

Effective October 1, 2005, provide a 15.2% premium increase to the Plan to continue non-contributory health benefit coverage for active and retired employees. The remaining financial support to keep the Plan solvent through the 2005-2007 biennium will come from increased fully contributory premiums paid by employees and retired employees to cover their families under the Plan, and a reduction in the Plan's benefits.

B. Debt Service**15 Adjustment to Debt Service**

(\$1,600,474)	R	(\$17,687,140)	R
---------------	---	----------------	---

Reduces funds for debt service due to revised estimates for principal and interest payments.

16 Debt Service Funds for New State Facilities and Land Acquisition

\$5,958,723	R	\$21,060,827	R
-------------	---	--------------	---

Provides funds to pay debt service requirements associated with various capital improvement and land acquisition projects authorized in S.L.2004-179 (HB 1264). The General Fund will be reimbursed for the payment of debt service requirements for these projects from various special revenue funds as required by the legislation.

C. Information Technology**17 ITS Rate Restructuring**

(\$3,000,000)	R	(\$3,000,000)	R
---------------	---	---------------	---

Reduces state agency IT budgets in response to a restructuring of the IT rate schedule and the implementation of a new Enterprise Fee for statewide IT activities through the Office of Information Technology Services. Implementation of the new fee schedule is expected to result in a cost savings for certain agencies that have historically subsidized enterprise-wide IT activities. The amount of anticipated cost-savings is captured in this reduction.

18 ITS Enterprise Fee Hold Harmless

\$700,000	R	\$700,000	R
-----------	---	-----------	---

Provides funds to hold affected state agencies harmless as a result of implementing a new Enterprise Fee through the Office of Information Technology Services, as approved by the Office of State Budget and Management.

19 Information Technology Fund

\$5,500,000	R	\$5,500,000	R
-------------	---	-------------	---

Provides funds to the Information Technology Fund, established in S.L.2004-129, for the purpose of carrying out statewide IT programs and activities. Statewide activities include IT project management, security, the state web portal, enterprise-wide procurement of software and hardware. In addition to the General Fund appropriation, a new Enterprise Fee to state agencies will be deposited to the IT Fund, as well as, a transfer from the ITS internal service fund. Total funds available for the 2005-2007 biennium are as follows:

	FY2005-06	FY2006-07
General Fund Appropriation	\$6,000,000	\$5,500,000
Trans. from ITS Intern. Serv. Fund	\$5,000,000	
Enterprise Fee to State Agencies	\$5,000,000	\$5,000,000

Total \$16,000,000 \$10,500,000

20 State Business Infrastructure Project

\$2,525,000	R	\$2,525,000	R
-------------	---	-------------	---

\$15,850,000	NR
--------------	----

Provides funds to the Information Technology Fund established in S.L.2004-129 for the Office of State Controller to replace the State's aging personnel and payroll information systems, as part of the State Business Infrastructure Project. This appropriation will fund the initial phase of the HR/Payroll project. The HR/Payroll project is currently projected to finish by July 2007 at a total cost of \$85.7 million in fixed costs and \$7.6 million in recurring costs.

D. Trust Funds**21 Trust Fund for MH/DD/SAS and Bridge Funding Needs**

\$5,000,000	NR
-------------	----

Provides funds pursuant to G.S.143-15.3D for the purpose of continuing mental health reform efforts.

Health and Wellness Trust Fund

Provides funds to the Health and Wellness Trust Fund for the purpose of operating the Senior Cares prescription drug program. Funds are sufficient to support the program through January 1, 2006, when the federal Medicare Part D prescription drug benefit is available.

\$10,000,000 NR

E. Other Reserves**23 JDIG Reserve**

Provides funds to a reserve controlled by the Office of State Management and Budget from which money will be periodically transferred to meet the cash requirements of the Job Development Investment Program.

\$3,500,000 R \$7,900,000 R

24 Reserve for Healthy NC

Provides funds to the Reserve for Healthy NC, a program to be established in the Department of Insurance. The Department of Insurance will reimburse insurers providing health insurance to small employers in the form of stop loss coverage for excessive medical claims.

\$2,000,000 NR

25 Reserve for Fuel Costs

Provides funds for unanticipated increases in diesel fuel costs not included in the continuation budget. The reserve partially offsets the surge in diesel fuel prices that have held since fall of 2004. The Office of State Budget and Management shall allocate these funds to state agencies based on each agency's inability to offset increased fuel costs with other funds.

\$3,000,000 NR

Total Legislative Changes

\$339,331,849 R \$691,247,287 R

\$69,350,000 NR \$8,500,000 NR

Total Position Changes**Revised Budget**

\$932,214,291 \$1,354,011,220

CAPITAL

Section M

Capital

GENERAL FUND

FY 05-06

FY 06-07

A. UNC System - Board of Governors**1 UNCG/NC A&T Joint Millennium Campus**

Provides capital improvement funds for UNCG and NC A&T's Joint Millennium Campus, including funds for planning, site development, infrastructure and renovation of facilities.

\$5,000,000 NR

2 Renaissance Computing Institute

Provides capital improvement planning funds for a new facility at UNC-Chapel Hill to house the Renaissance Computing Institute. The operating budget for the UNC system also includes \$5.9 million for FY 2005-06 and \$11.8 million for FY 2006-07 in expansion funds for operating the Renaissance Computing Institute.

\$500,000 NR

3 WSSU Lab Planning Funds

Provides capital improvement planning funds for a new lab facility at Winston-Salem State University.

\$750,000 NR

B. Department of Commerce**4 State Ports Authority**

Provides partial funding for the purchase, fabrication, delivery, and installation of two new container cranes for the Port of Wilmington. The total cost for the new cranes is \$17.8 million and the balance will be paid from other sources of funds available to the State Ports Authority.

\$5,000,000 NR

C. Department of Environment and Natural Resources**5 Water Resources Development Projects**

Provides funds for the state share of Water Resources Development Projects. Projects are specified in a special provision.

\$14,760,000 NR

D. Department of Health and Human Services**6 State Public Health Lab**

Provides funds to the Department of Health and Human Services for advance capital planning for the replacement facility of the State Public Health Lab in Raleigh.

\$100,000 NR

Senate Committee on Appropriations/Base Budget

FY 05-06

FY 06-07

Total Appropriation to Capital

\$26,110,000 NR



NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 622

S622-ALE-14 [v.2]

AMENDMENT NO. _____
(to be filled in by
Principal Clerk)

Page 1 of 1

Date _____, 2005

Comm. Sub. [YES]
Amends Title [NO]
S622-PCS20503-LT-6

Senator Stevens

- 1 moves to amend the bill on page 85, lines 32 and 35,
2 by deleting " Research University I" and substituting "Doctoral/Research University-
3 Extensive".
4

SIGNED _____

Amendment Sponsor

SIGNED _____

Committee Chair if Senate Committee Amendment

ADOPTED _____ FAILED _____ TABLED _____



NORTH CAROLINA GENERAL ASSEMBLY

AMENDMENT

Senate Bill 622

S622-ALD-1 [v.1]

AMENDMENT NO. _____
(to be filled in by
Principal Clerk)

Page 1 of 1

Date _____, 2005

Comm. Sub. [YES]
Amends Title [NO]
S622-PCS20503-LT-6Senator Weinstein

- 1 moves to amend the bill on page 146, lines 47 and 48, by deleting those lines and
2 substituting the following to read:
3 "Museum of Coastal Carolina \$74, 192
4 Natural Science Center of Greensboro \$186,354".
5

SIGNED _____
Amendment SponsorSIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED _____ FAILED _____ TABLED _____



NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
 Senate Bill 622

S622-ALB-38 [v.1]

AMENDMENT NO. _____
 (to be filled in by
 Principal Clerk)

Page 1 of 1

Date _____, 2005

Comm. Sub. [YES]
 Amends Title [NO]
 First Edition

Senator Swindell

- 1 moves to amend the bill on page 72, line 54, by adding the following:
- 2 "Requested by: Senators Swindell and Lucas
- 3 **COMMUNITY COLLEGE CAPITAL FUNDS**
- 4 **SECTION 8.12.** Notwithstanding G.S. 115D-31 or any other provision of
- 5 law, funds appropriated in this act for community college capital projects do not have to
- 6 be matched by local funds."
- 7

SIGNED _____
 Amendment Sponsor

SIGNED _____
 Committee Chair if Senate Committee Amendment

ADOPTED _____ FAILED _____ TABLED _____



NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 622

S622-ALE-12 [v.2]

AMENDMENT NO. _____
(to be filled in by
Principal Clerk)

Page 1 of 1

Date _____, 2005

Comm. Sub. [YES]
Amends Title [NO]
S622-PCS20503-LT-6

Senator Rand

- 1 moves to amend the bill on page 51, line 8,
- 2 by deleting " **SECTION 7.22.**" and substituting " **SECTION 7.22.(a)**"; and
- 3
- 4 further moves to amend the bill on page 51, line 17, by inserting a new subsection after
- 5 the line to read:
- 6 " **SECTION 7.22.(b)** The Visiting International Faculty Program is a State-
- 7 approved visiting international exchange teacher program."
- 8
- 9

SIGNED _____
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED _____ FAILED _____ TABLED _____



NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 622

S622-ALB-39 [v.1]

AMENDMENT NO. _____
(to be filled in by
Principal Clerk)

Page 1 of 1

Date _____, 2005

Comm. Sub. [YES]
Amends Title [NO]
S622-PCS20503-LT-6

Senator Rand

1 moves to amend the bill on page 113, by deleting lines 21-49.
2

SIGNED _____
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED _____ FAILED _____ TABLED _____



NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 622

S622-ALB-37 [v.2]

AMENDMENT NO. _____
(to be filled in by
Principal Clerk)

Page 1 of 1

Date _____, 2005

Comm. Sub. [YES]
Amends Title [NO]
First Edition

Senator Swindell

- 1 moves to amend the bill on page 191, line 41, by adding the following:
2 "Requested by: Senator Swindell
3 **STRENGTHEN REQUIREMENTS FOR ISSUING BUILDING PERMITS**
4 **SECTION 21.2.** The North Carolina Code Officials Qualification Board
5 shall take steps to ensure that building inspectors enforce the requirements of G.S.
6 87-14 and shall bring disciplinary action against any building inspector who willfully or
7 negligently issues a building permit in violation of G.S. 87-14."
8

SIGNED _____
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED _____ FAILED _____ TABLED _____



**NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 622**

AMENDMENT NO. _____
(to be filled in by
Principal Clerk)

S622-ALR-5 [v.2]

Page 1 of 3

Date _____, 2005

Comm. Sub. [YES]
Amends Title [NO]
S622-PCS20503-LT

Senator Hartsell

moves to amend the bill on page 150, line 25, by inserting the following:

"Requested by: Senator Hartsell

TRADE JOBS FOR SUCCESS REPORTING

SECTION 13.4A.(a) In addition to the statutory reporting requirements pursuant to G.S. 143B-438.17, the Employment Security Commission, Department of Commerce, and the Community Colleges System Office shall make a joint written progress report on their compliance with Section 13.7A of S.L. 2004-124, as to the following:

- (1) The actions taken to obtain from the U.S. Department of Labor as quickly as possible a waiver under the Trade Adjustment Act to allow the Trade Jobs for Success initiative to (i) serve persons regardless of their age, (ii) use unemployment funds to provide direct monetary incentives to participating employers and direct income to eligible workers in the retraining program, and (iii) use funds for in-State relocation assistance.
- (2) Whether waivers have been sought for other program components.
- (3) The progress made in implementing the Trade Jobs for Success initiative in the counties hardest hit by trade impacted job losses, particularly the counties having an unemployment rate of eight percent (8%) and the extent to which these counties have received priority consideration.
- (4) The efforts of the Department of Commerce seeking and receiving private grants and federal funds for the Trade Jobs for Success initiative.



NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 622

AMENDMENT NO. _____
(to be filled in by
Principal Clerk)

S622-ALR-5 [v.2]

Page 2 of 3

(5) Any reasons why legislative mandates have not been followed or the statutory goals have not been achieved.

The progress report shall be submitted to the Joint Legislative Commission on Governmental Operations and to the Chairs of the Appropriations Committees of the Senate and the House of Representatives by August 1, 2005.

SECTION 13.4A.(b) G.S. 143B-438.17 reads as rewritten:

'§ 143B-438.17. Reporting.

(a) Beginning July 1, 2005, The the Department of Commerce, in conjunction with the Employment Security Commission and the Community Colleges System Office, shall publish a quarterly-monthly written report on the Trade Jobs for Success (TJS) initiative. The monthly report shall provide information on the commitment, disbursement, and use of funds and the status of any grant proposals or waivers requested on behalf of the Trade Jobs for Success initiative. The monthly report shall be submitted to the Governor and to the Fiscal Research Division of the General Assembly.

(b) Beginning October 1, 2005, the Department of Commerce, in conjunction with the Employment Security Commission and the Community Colleges System Office, shall publish a quarterly written report on the Trade Jobs for Success initiative. The quarterly report shall also include legislative proposals and recommendations regarding statutory changes needed to maximize the effectiveness and flexibility of the TJS initiative. Copies of the quarterly report shall be provided to the Joint Legislative Commission on Governmental Operations, to the chairs of the Senate and House of Representatives Appropriations Committees, and to the Fiscal Research Division of the General Assembly.

(c) Beginning January 1, 2006, the Department of Commerce, in conjunction with the Employment Security Commission and the Community Colleges System Office, shall publish a comprehensive annual written report on the Trade Jobs for Success initiative. The annual report shall include a detailed explanation of outcomes and future planning for the TJS initiative. Copies of the annual report shall be provided to the Governor, to the Joint Legislative Commission on Governmental Operations, to



NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 622

AMENDMENT NO. _____
(to be filled in by
Principal Clerk)

S622-ALR-5 [v.2]

Page 3 of 3

- 1 the chairs of the Senate and House of Representatives Appropriations Committees, and
2 to the Fiscal Research Division of the General Assembly."

SIGNED _____
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED _____ FAILED _____ TABLED _____



NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
 Senate Bill 622

AMENDMENT NO. _____
 (to be filled in by
 Principal Clerk)

S622-ALE-13 [v.3]

Page 1 of 1

Date _____, 2005

Comm. Sub. [YES]
 Amends Title [NO]
 S622-PCS20503-LT-6

Senator Nesbitt

- 1 moves to amend the committee report on page F2, item 11,
- 2 by deleting the item; and
- 3
- 4 further moves to amend the committee report on page F3, item 18, by deleting the dollar
- 5 amounts and substituting the following:
- 6 "\$35,093,255 R \$35,093,255 R
- 7 \$12,206,745 NR"; and
- 8
- 9 further moves to amend the bill on page 60, line 45, through page 61, line 11, by
- 10 deleting the lines.
- 11

SIGNED *Mark Nesbitt*
 Amendment Sponsor

SIGNED _____
 Committee Chair if Senate Committee Amendment

ADOPTED _____ FAILED _____ TABLED _____



NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 622

S622-ALE-16 [v.1]

AMENDMENT NO. _____
(to be filled in by
Principal Clerk)

Page 1 of 1

Date _____, 2005

Comm. Sub. [YES]
Amends Title [NO]
PCS 20503-LT-6

Senator Thomas

- 1 moves to amend the bill on page 59, line 47, through page 60, line 31, by deleting the
2 lines.
3

SIGNED Scott Thomas
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED _____ FAILED _____ TABLED _____

**Highlights of Senate Budget
Public Schools
FY 05-06**

- Eliminates **\$44.3 million** LEA discretionary reduction contained in Governor's continuation budget
- Provides **\$47.3 million** in LEA Flexibility funds that LEAs can use to enhance their ability to provide all their students with the opportunity for high academic achievement. Funds may be used for any purpose allowable under the State Board's chart of accounts.
- Provides **\$47.5 million** for Disadvantaged Student Supplemental Funding (an initiative endorsed by Judge Manning of the *Leandro* case). \$22,500,000 will continue funding at prior year levels for the 16 pilot school systems, and \$25,000,000 will be spread among all other LEAs per the court-approved formula developed by the State Board of Education.
- Provides **\$100 million** (NR) for ABC bonuses.
- Provides **\$9.4 million** for additional growth in student population (average daily membership; "ADM") based on updated projections.
- Transfers **\$70 million** in lottery proceeds to the Public School Building Capital & Technology Fund (formerly the "Public School Building Capital Fund") for school capital and technology infrastructure projects.
- Redirects **\$50 million** in corporate tax receipts that otherwise would have gone into the Public School Building Capital & Technology Fund to the State Public School Fund for public school operations. (Net gain to the Capital & Technology Fund after the two actions in this budget is \$20 million; total revenue to the Fund in FY 2005-06, including these transfers, is estimated to be \$95 million.)
- Reduces allotment for teacher assistants by (**\$57.5 million**), the dollar equivalent of approximately 2,475 positions (at the State average salary and benefits.) Remaining Statewide allotment for teacher assistants is \$337 million.
- Reduces allotment for assistant principals by (**\$5 million**), or 89 10-month positions. Remaining allotment for assistant principals is \$80.5 million
- Reduces funds for school bus replacement by (**\$7.9 million**), or approximately 374 buses. Remaining allotment of \$49.4 million covers all outstanding 2nd and 3rd year lease purchase payments, and adds \$10 million for 1st year lease purchase of approximately 476 new buses.
- **Increase over prior year** (not including salary & benefit increases): **2.57%**
- **Increase to spending availability** (including increased receipts from Public School Building Capital & Technology Fund): **3.34%**

Senate Appropriations Subcommittee on Education
Public Schools Provisions
FY 05-06

7.1 Teacher Salary Schedules

Shifts salary schedule upwards by 0.11% in 2005-06 and by 1.15% in 2006-07. In conjunction with step increases, teachers will receive on average a 2% increase in base salary in 2005-06 and a 3% increase in 2006-07.

7.2 School Based Administrator Salary Schedules

Shifts salary schedule upwards by 0.24% in 2005-06 and by 1.28% in 2006-07. In conjunction with step increases, assistant principals and principals will receive on average a 2% increase in base salary in 2005-06 and a 3% increase in 2006-07.

7.3 Central Office Salaries

Increases salary ranges for central office personnel to accommodate increases of the greater of \$500 or 2% in 2005-06 and 3% in 2006-07. Nine-, ten-, eleven-, and twelve-month employees will all receive the raises as stated in this provision.

7.4 Noncertified Personnel Salaries

Provides increases of the greater of \$500 or 2% in 2005-06 and 3% in 2006-07. Nine-, ten-, eleven-, and twelve-month employees will all receive the raises as stated in this provision. Raises are pro-rated for part-time employees.

7.5 Bonuses for Certified Personnel at Top of Range

Provides one-time lump sum bonuses to teachers and school based administrators at the top of their respective pay schedules. Teachers will receive the average increase from the 26 to 29 year steps (1.58%) and school based administrators will receive 2%.

7.6 Supplemental Funding in Low Wealth Counties

Boilerplate – follows money in continuation budget.

7.7 Small School System Supplemental Funding

Boilerplate – follows money in continuation budget.

- 7.8 Disadvantaged Student Supplemental Funding**
Follows money items for funding allotment and evaluation of effectiveness.
- 7.9 Students with Limited English Proficiency (LEP)**
Boilerplate – details how funds are to be distributed and used.
- 7.10 High Priority Schools**
Allows local school boards to remove schools from the list of high priority schools if certain criteria are met.
- 7.11 At-Risk Student Services/Alternative Schools**
Boilerplate
- 7.12 Funds for Children with Disabilities**
Boilerplate – follows money in continuation budget.
- 7.13 Funds for Academically Gifted Children**
Boilerplate – follows money in continuation budget.
- 7.14 Expenditure of Funds to Improve Student Accountability**
Boilerplate – follows money in continuation budget.
- 7.15 Litigation Reserve Funds**
Boilerplate
- 7.16 Base Budget Reduction to DPI**
Follows money item
- 7.17 Replacement School Bus Funds**
Follows money item. Directs Department of Administration to solicit bids for school buses..
- 7.18 Expenditure for Driving Eligibility Certificates**
This codifies a boilerplate provision.
- 7.19 Discrepancies between Anticipated and Actual ADM**
Boilerplate – provides mechanism for adjusting ADM once school year begins.
- 7.20 Charter School Advisory Committee**
Boilerplate

7.21 Mentor Teacher Funds

Boilerplate – removes unnecessary section from last year's provision.

7.22 Visting International Exchange Teachers

Codifies State Board policy regarding conversion of position allotments to dollars to hire visiting international exchange teachers.

7.23 Funds to Implement the ABCs of Public Education

Boilerplate – follows money item.

7.24 LEA Assistance Program

Boilerplate – follows money in continuation budget.

7.25 Testing and Implementation of the New Student Information System

Boilerplate – allows funds for NCWISE system to not revert.

7.26 Public School Building Capital and Technology Fund

Follow money item. Also, renames Fund.

7.27 LEA Sales Tax Reporting

Directs Department of Revenue to report on sales tax refunded to LEAs.

7.28 Review of Standards for Masters in School Administration Programs

Directs a study.

7.29 Evaluation of School Principals

Changes statute to further clarify the criteria by which principals are evaluated.

7.30 Planning Time for Teachers

Directs State Board to survey and report on best practices in LEAs for providing planning time for teachers.

7.31 Online Professional Development Resource Center

Follows money item.

7.32 Learn and Earn High Schools

Follows money item.

7.33 Flexibility for High School Innovation

Amends statute to conform with needs of cooperative innovative high school projects that partner with the University system. Directs the State Board of Education to begin planning for three non-residential high schools that will focus intensively on math and science education.

7.34 Learn and Earn High Schools

Amends school calendar statutes to require that teachers are paid a full month's paycheck after the first month of employment.

7.35 Funds for Education of Students at Eckerd Youth Alternatives Camps

Directs that if LEAs refer students to Eckerd program, the LEAs will pay Eckerd for the education services provided to the students while at the camp.

7.36 Fund One LEA Per County

Follows money item.

7.37 Minimize Time Devoted to Standardized Tests

Codifies language previously appearing in 2001-02 session law that would limit student participation in standardized test taking.

7.38 Education Cabinet

Adds Secretary of Health and Human Services to the Education Cabinet and directs the cabinet to do a study of collaboration between various types of student support personnel.

7.39 Center for 21st Century Skills

Follows money item.

7.40 Teacher Working Conditions Survey

Follows money item.

7.41 Plan and Funding for a Virtual High School

Follows money item.

7.42 Feasibility Study for Developing Regional Education Networks

Follows money item.

7.43 Plan for Projecting School Technology Funding Needs

Amends statutory requirements of school technology plans. Directs DPI to assess extent to which plans are currently being adhered to. Directs State Board to determine total amount of funding needed to fully implement plans.

7.44 Annual Report that Highlights Impact of Education on Economic Growth

Directs Board of Science and Technology to prepare and annual report addressing this topic.

7.45 Process for More Assistance for E-Rate

Directs DPI to develop a process for providing more assistance to LEAs to help them apply for e-Rate funding.

7.46 Planning for a State Central Infrastructure Office

Directs the Office of State Budget to study the feasibility of establishing a State Central Infrastructure Office.

7.47 School Employee Salary Study

Directs Ed Oversight to study the system of salary schedules for school employees.

7.48 Commission for a Sound Basic Education

Follows money item.

**Highlights of Senate Budget
Community College Budget
FY 05-06**

- Reduced the Curriculum Instructional Formula by **\$7.6 million**
- Fully funded the **1.30% enrollment growth** (2,449 additional FTE for a total of 191,059) - **\$7.8 million**
- Provided an additional **\$10 million for equipment**.
- Provided an additional **\$3 million for financial aid** from the Escheats Fund
- Increased tuition by 4%, from \$38/ credit hour to \$39.50. Full time students will pay an additional \$48. NC Community College tuition will still be the third lowest tuition rate in the nation, and the lowest in the South.
- Increased funding for **Workforce Development Training by \$10 million**, including \$7.1 million for Biotech, \$1 million for Small Business Centers, and \$2 million for Customized Industry Training.
- Provided additional funding for **faculty and professional staff salary increases** in the Salary Reserve Section of the bill - **\$13.2 million**; this plus the regular legislative increase gave faculty and professional staff salary increases of at least **4%**.
-
- Provided **\$10 million** in non-recurring funds for **innovative learning projects**.
- **Total Community College General Fund budget - \$792.7 million**
- **Increase over prior year (not including salaries): 5.55%**
- **Increase to spending availability (not including salaries) (add back tuition & financial aid increase): 6.69%**

Senate Appropriations Subcommittee on Education
Community College Budget
FY 05-06

Beginning Budget:	\$756,320,880
General Fund Reductions:	(\$26,270,372)
General Fund Expansion:	<u>\$62,734,207</u>
Revised Budget:	\$792,784,715

Net Change to General Fund Budget over current year: +5.55%

Net Changes to Spending Availability: +6.69% (Includes financial aid increase funded from Escheats, and tuition increase)

Itemized Committee Report Summary

- 78. Community Service Block Grant (\$118,511)**
Reduces funding for senior programs by 10%. \$1 million remains in the line item.
- 79. Compensatory Education (\$109,736)**
Reduces funding for compensatory education programs by 10%. These students earn FTE in the regular enrollment formula.
- 80. Off-Campus Center Funding (\$1,400,000)**
Eliminates funding for off-campus centers. Off-campus center expenses can be covered through the instructional and administrative formula allotments.
- 81. NC Center for Applied Textile Technology (\$475,000)**
Reduces the appropriation for the Textile Center based on administrative savings realized from the merger with Gaston College.
- 82. Hosiery Technology Center \$475,000**
Increases the appropriation to the Hosiery Technology Center at Catawba Valley Community College. The total appropriation for the Hosiery Tech Center will be \$600,000.
- 83. Customized Industry Training Funds \$2,000,000**
Provides new funding to train employees at existing businesses who are not eligible for training assistance through Focused Industrial Training or New and Expanding Industry Training.
- 84. Small Business Centers \$1,000,000**
Provides additional funding for the small business centers located at all 58 community colleges. Each college will now receive approximately \$81,000.
- 85. UNC-NCCCS 2+2 E-Learning Initiative \$1,000,000**
Provides funding to support the development of collaborative teacher education programs in conjunction with the universities.

86. **Community College Innovative Learning Fund \$10,000,000 NR**
Provides funding for innovative learning projects to assist colleges in meeting the needs of the changing economy. Grants of up to \$1 million will be provided to colleges for planning, equipment, or technology for innovative learning centers.
87. **Isothermal Lifelong Learning Center \$2,000,000 NR**
Provides non-recurring funds to Isothermal Community College to match funds raised by the college, the county, and the public schools to construct and equip a Lifelong Learning Center on Isothermal's Campus.
88. **Equipment \$10,000,000 NR**
Provides additional non-recurring funds for equipment at all 58 colleges. \$500,000 will go to Cape Fear Community College for the design of a replacement boat for their Marine Technology program. The remaining funds will be distributed to the colleges in accordance with the equipment formula.
89. **NCCCS BioNetwork \$7,101,864**
Provides additional funds for the community college BioNetwork. Last year, this program was funded by a Golden Leaf grant.
90. **Advanced Manufacturing Center \$3,700,000 NR**
Provides funding for the construction of an Advanced Manufacturing Center at Craven Community College.
91. **Forsyth Tech Center for Emerging Technologies \$5,000,000 NR**
Provides funds for the construction of the Center for Emerging Technologies at Forsyth Tech.
92. **Southeastern Community College Facility Funds \$3,000,000 NR**
Provides funds for facilities' needs at Southeastern Community College.
93. **Defense Technology Innovation Center \$2,000,000 NR**
Provides funds to the NC Electronics and Information Technologies Association (NCEITA) for the development of a defense business incubator.
94. **Robeson CC Workforce Development Center \$1,350,000 NR**
Provides funds to Robeson Community College for the construction of the Workforce Development Center.
95. **Lenoir Community College Simulated Cell Area \$250,000 NR**
Provides funds to Lenoir Community College to create a simulated jail cell for training prison personnel in Greene County.
96. **Bladen Community College Funds \$205,000 NR**
Provides funds to Bladen Community College for planning and equipment.
97. **Cleveland CC Allied Health & Science Building \$200,000 NR**
Provides funds for equipment and supplies for the Allied Health & Science Building at Cleveland Community College.

98. **Gaston College Allied Health Center** **\$4,000,000 NR**
Provides matching funds for the construction of an Allied Health Center at Gaston College,
99. **Surry Community College Viticulture Center** **\$500,000 NR**
Provides funding for the expansion of the Viticulture Center at Surry Community College.
100. **COA Chowan Campus Funds** **\$1,000,000 NR**
Provides funding to the College of the Albemarle for continued renovation of the Chowan County Campus.
101. **Curriculum Instructional Formula** **(\$7,608,407)**
Authorizes the State Board of Community Colleges to modify the curriculum instructional formula by adjusting the unit value.
102. **System Office Personnel** **\$150,000**
Provides additional funds to the System Office for the establishment of two new accounting tech positions and one administrative assistant position.
103. **Receipt Supported Positions**
Allows for the creation of a receipt supported position for the Career Readiness Certification Program. Funding is provided through the Workforce Investment Act.
104. **Enrollment** **\$7,802,343**
Fully funds the 1.3% enrollment increase. Enrollment increased by 2,449 FTE, from 188,610 to 191,059.
105. **Need Based Financial Aid** **(\$10,981,202)**
Directs that Need Based Financial Aid will be funded from the Escheats Fund. Increases the amount provided for Financial Aid by \$3 million (\$2 million to offset the Pell Grant change, and \$1 million in new funding.) The total available for Need Based Financial Aid will be \$14 million.
106. **Tuition** **(\$5,577,516)**
Increases community college curriculum tuition by 4%. Full-time students will pay \$1,264 per year, an increase of \$48. NC community college tuition will still be the 3rd lowest community college tuition in the nation.
107. **Faculty and Professional Staff Salaries**
Information Item - \$13.2 million is appropriated in the Compensation Reserve section of the bill for an additional 2% salary increase for faculty and professional staff.

Senate Appropriations Subcommittee on Education
Community College Provisions
FY 05-06

- 8.1 Use of Funds for the College Information System Project – Boilerplate**
Section (a) provides that CIS funds do not revert.
Section (b) requires the State Board to report quarterly on the implementation of the project.
- 8.2 Carryforward for Equipment**
Allows the State Board to carryforward up to \$15 million from FY04-05 to the Equipment Reserve.
- 8.3 Salaries of Community College Faculty and Professional Staff - Boilerplate**
Continues the two part salary plan for NCCCS that incorporates a minimum salary level based on current faculty salaries and an incentive plan that provides colleges at higher average salaries with additional flexibility. The State Board of Community Colleges is required to report to the General Assembly on the implementation of the act by December 1 of each year, through 2009.
- 8.4 Workforce Development Programs**
Recodifies workforce development statutes in G.S. 1115D-5 so that they are all combined into one section G.S. 115D-5.1. Creates a Customized Industry Training Program that will allow colleges to train companies that do not qualify for NEIT or FIT programs.
- 8.5 Report on the Adequacy of Multicampus Funds**
Requires the System Office to report on the expenditure of funds for multicampus colleges by October 1 of each year.
- 8.6 Education Program Auditing Function**
Codifies the System Office program auditing function. The program auditors work to ensure that colleges are reporting FTE accurately. These audits are in addition to the financial audits performed by the State Auditor's Office.
- 8.7 Ferry Boat Operator Training Feasibility Study**
Directs the State Board, in consultation with the Division of Ferries, to study the need for training of ferry boat operators.
- 8.8 Extend the Sunset on Training and Reemployment Contributions**
Extends the sunset on HB275. HB275 created the Training and Employment Account. Funds for the account are from the unemployment insurance tax rate – if the Unemployment Insurance Fund is above \$900 million, then 20% of the taxes paid go into the account. The current sunset is January 1, 2006. This provision extends the sunset to January 1, 2011.

8.9 Community College Innovative Learning Fund

Creates a new fund within the Community College System to assist colleges with infrastructure needs as they evolve to meet the needs of the changing economy. Grants of up to \$1 million will be distributed by the President of the System and the State Board for projects that directly impact teacher education, allied health, economic development, or public safety. Funds may be used for planning, equipment, or technology.

8.10 Carryforward for Colleges in Economically Disadvantaged Counties

Allows certain colleges to carry forward funds remaining at the end of the fiscal year.

8.11 Defense Technology Innovation Center

Outlines the allowable usage of funds appropriated to NCEITA for the Defense Technology Innovation Center. Funds may be used for capital, equipment, staff, and operations of the Center. The Center will act as a business incubator focusing on economic development opportunities in the industries relating to homeland security and national defense.

VISITOR REGISTRATION SHEET

SENATE APPROPRIATIONS/BASE BUDGET

Tuesday, May 3, 2005

1:00 p.m.

NAME	FIRM OR AGENCY AND ADDRESS
Trey O'Quinn	OSBM
Jim Lora	OSBM
Julie Mitchel	OSBM
Caroline Kazmieriski	NETech Assoc
Ken T. D.	A/C A C D S
Bob	DOCA5
Eric Schmidt	NC Justice Center
El-Miz	NC B+TC
Lydia Prude	DPI
Thy Price	DPI
Linda Suggs	NC S/H Bd of Edu for
Melanie Ravenel	C14

VISITOR REGISTRATION SHEET

SENATE APPROPRIATIONS/BASE BUDGET

Tuesday, May 3, 2005

1:00 p.m.

NAME	FIRM OR AGENCY AND ADDRESS
Melvin Aelfred	OSBM
Jim Newell	IDS
Byrum Harris	OSBM
Dogma Ball	DHHS
Mark Burton	DHHS
Bob Fitzgerald	DHHS
Phillip Hoffman	DMH/DHSAS
Zaborah Long	Gov Office
Kari Barsness	OSBM
Chris Harder	OSBM
Bryan Conrad	OSBM

VISITOR REGISTRATION SHEET

SENATE APPROPRIATIONS/BASE BUDGET

Tuesday, May 3, 2005

1:00 p.m.

NAME	FIRM OR AGENCY AND ADDRESS
Ben Hebert	Senator HAGAN'S OFFICE
Owen Pollock	Sen. Graham
John Snow	STAFF
Joe [unclear]	UNC TV
Rob LEFAIVRE	NEWS 14
Maurice Griffin	" " "
Bobbie Pearl Eng	WRAL-TV CBC Inc.
Paul Labree	WRAL-TV CBC Inc.
C. Perine	OSBM
Allen Duffing	DHHS
Daphne Zigen	OSBM

VISITOR REGISTRATION SHEET

SENATE APPROPRIATIONS/BASE BUDGET

Tuesday, May 3, 2005

1:00 p.m.

NAME	FIRM OR AGENCY AND ADDRESS
Larry Pressell, Jr.	W. C. Retired School Personnel
A. C. Dawson	" " " "
Pam Deardorff	Retirement / DST
Ed Regan	NCRGEA
Colleen Kochanek	Holt York McDarris High
Krzymolek	
Buck LATTITUDE	CAMU, NC INDUSTRIAL Commission
SUSAN E. BROOKS	SENTENCING SERVICES / IDS
Portia Manley	NC DOT / DMV
Alison Roach	NC DOT / DMV
Beth Hathcock	NC DOJ - DMV Section

VISITOR REGISTRATION SHEET

SENATE APPROPRIATIONS/BASE BUDGET

Tuesday, May 3, 2005

1:00 p.m.

NAME	FIRM OR AGENCY AND ADDRESS
John Phelps	NCLM
JOSEPH COLETTI	JOHN LOCKE FDN
PATRICK BUFFKIN	NCGA
Tripp Melton	Sen. Stevens Office
BW Miller	NC Rural Center
Don Freeman	CFRA
George Millsaps	DOA

VISITOR REGISTRATION SHEET

SENATE APPROPRIATIONS/BASE BUDGET

Tuesday, May 3, 2005

1:00 p.m.

NAME	FIRM OR AGENCY AND ADDRESS
Jay Gardner	DMV License + Theft
Stacy Flannery	NCHCFA
Amos Jo Harne	NCMS
Karen Johnson	Smith Anderson
HUGH TILSON	NCHCFA
Andy Ellen	NCRMA
ANN WIRE	OUNS
Wally Beason	Capt. Troy
John Ncty	GOO OFFICE

VISITOR REGISTRATION SHEET

SENATE APPROPRIATIONS/BASE BUDGET

Tuesday, May 3, 2005

1:00 p.m.

NAME	FIRM OR AGENCY AND ADDRESS
<i>Chad Hinton</i>	<i>NCTMIF</i>
<i>Chad Hinton</i>	<i>Civitas Institute</i>
<i>Jim Edgar</i>	<i>AHHC</i>
<i>Suzanne Beasley</i>	<i>SEANC</i>
<i>Ardis Watkins</i>	<i>SEANC</i>
<i>Kevin LeCount</i>	<i>SEANC</i>
<i>Doug Heron</i>	<i>NC BAR ASSN</i>
<i>Baur Klen</i>	<i>Senator Fred Smith's Office</i>
<i>Cindy DeFoor</i>	<i>NCCIU</i>

VISITOR REGISTRATION SHEET

SENATE APPROPRIATIONS/BASE BUDGET

Tuesday, May 3, 2005

1:00 p.m.

NAME	FIRM OR AGENCY AND ADDRESS
Amy Bowman	DST
Pam Wortham	DST
Robert Wilson	S.O.S.
Lenwood V. Long	NCMSL
Mildred Spearman	NCDOC
Asahara Skulder	NCDCPS
Cathy Handy	DENR
Amber Mcneil	DENR
Cathy Cottle	DENR
Clara Gay	NCDA & CS
N. David Smith	Agriculture

VISITOR REGISTRATION SHEET

SENATE APPROPRIATIONS/BASE BUDGET

Tuesday, May 3, 2005

1:00 p.m.

NAME	FIRM OR AGENCY AND ADDRESS
Rd Nelson	UNC
Bill Ruston	ACP
Don Finner	DMV
Wayne Hurder	DOT - DMV
Teresa Cone	Dmv
JOHN GOODMAN	Alley Associates
JERRY HARKLEY	NCPC / Food Banks
BILL SCOGGIN	KCLH
Lee Holtz	KCLH
Suzanne Buelley	GAV OFFICE
Mikaela Trank	NCACC

SENATE APPROPRIATIONS/BASE BUDGET

1:00 p.m.

[illegible]

VISITOR REGISTRATION SHEET

SENATE APPROPRIATIONS/BASE BUDGET

Tuesday, May 3, 2005

1:00 p.m.

NAME

FIRM OR AGENCY AND ADDRESS

Cecil Bank

NCAE

Shirley Totten Dewitt

JWPC I

Kenn Bng

NCCCS

SENATE APPROPRIATIONS/BASE BUDGET

SENATE APPROPRIATIONS/BASE BUDGET

1:00 p.m.

[illegible]

MINUTES

SENATE APPROPRIATIONS BASE/BUDGET

Wednesday, May 18, 2005

The Senate Committee on Appropriations/Base Budget met in room 643 of the Legislative Office Building on Wednesday, May 18, 2005. There were 46 members present. Senator Linda Garrou, Co-Chair, presided. Senator Garrou called the meeting to order and welcomed the members and visitors. She stated the purpose of the meeting was to consider Senate Bill 967, *One North Carolina Small Business Fund*. (Please see Attachment 1).

Senator Rand made a motion to accept a Committee Substitute for Senate Bill 967, for purposes of discussion. The Committee concurred. (Please see Attachment 2).

Senator Dalton was recognized by Senator Garrou to brief the Committee on the Committee Substitute. Next, Senator Garrou introduced Secretary of Commerce James T. Fain III. Secretary Fain complimented the Senate on the bill and offered strong support of the economic development components in the proposed Senate Committee Substitute Bill and Budget. Mr. Don Hobart, Legislative Liaison for the Department of Commerce presented a PowerPoint presentation on the value of North Carolina's Economic Development program. Following Mr. Hobart's presentation, Secretary Fain responded to several questions from the Committee members. Mr. Scott Paragrim, Director of the Small Business Section at the University of North Carolina – Chapel Hill, was asked by Senator Garrou to respond to a Committee member's question. Mr. Paragrim did respond. Dr. John Hardin, Chief Policy Advisor, North Carolina Board of Science and Technology spoke in support of the proposed Committee Substitute for Senate Bill 967.

The Short Title of the proposed Committee Substitute for Senate Bill 967: *One North Carolina Small Business Fund/JDIG*. The Long Title: *An Act to Establish the One North Carolina Small Business Fund and to Extend the Sunset on the Job Development Investment Grant Program*. The Bill Summary is included as Attachment 3. Senator Weinstein made a motion that Senate Bill 967 be *Unfavorable as to Bill, But Favorable as to Committee Substitute Bill*. The motion carried.



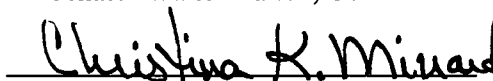
Senator Linda Garrou, Co-Chair



Senator Kay Hagan, Co-Chair



Senator Walter Dalton, Co-Chair



Christina K. Minard, Senate
Committee Assistant

**NORTH CAROLINA GENERAL ASSEMBLY
SENATE**

APPROPRIATIONS/BASE BUDGET COMMITTEE REPORT

**Senator Linda Garrou, Co-Chair
Senator Kay R. Hagan, Co-Chair
Senator Walter H. Dalton, Co-Chair**

Wednesday, May 18, 2005

Senator DALTON,
submits the following with recommendations as to passage:

**UNFAVORABLE AS TO BILL, BUT FAVORABLE AS TO COMMITTEE SUBSTITUTE
BILL**

S.B.	967	One North Carolina Small Business Fund.	
		Draft Number:	PCS75313
		Sequential Referral:	None
		Recommended Referral:	None
		Long Title Amended:	Yes

TOTAL REPORTED: 1

Committee Clerk Comments:

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2005**

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1

SENATE BILL 967*

Short Title: One North Carolina Small Business Fund.

(Public)

Sponsors: Senators Dalton; and Hoyle.

Referred to: Appropriations/Base Budget.

March 24, 2005

A BILL TO BE ENTITLED

AN ACT TO ESTABLISH THE ONE NORTH CAROLINA SMALL BUSINESS
FUND AND TO APPROPRIATE FUNDS TO THE ONE NORTH CAROLINA
FUND.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 143B-437.71(b) reads as rewritten:

"(b) Purposes. – Moneys in the One North Carolina Fund may be allocated only to the One North Carolina Small Business Fund created pursuant to G.S. 143B-437.80 and to local governments for use in connection with securing commitments for the recruitment, expansion, or retention of new and existing businesses. Moneys in the One North Carolina Fund allocated to local governments shall be used for the following purposes only:

(1) Installation or purchase of equipment.

(2) Structural repairs, improvements, or renovations to existing buildings to be used for expansion.

(3) Construction of or improvements to new or existing water, sewer, gas, or electric utility distribution lines or equipment for existing buildings.

(4) Construction of or improvements to new or existing water, sewer, gas, or electric utility distribution lines or equipment for new or proposed buildings to be used for manufacturing and industrial operations.

(5) Any other purposes specifically provided by an act of the General Assembly."

SECTION 2. Article 10 of Chapter 143B of the General Statutes is amended by adding a new Part to read:

"Part 2I. One North Carolina Small Business Fund.

"§ 143B-437.80. One North Carolina Small Business Fund established.

The One North Carolina Small Business Fund is established as a special revenue fund in the Department of Commerce to be administered by the North Carolina Board of Science and Technology. Moneys in the One North Carolina Small Business Fund may

be used for the North Carolina SBIR/STTR Incentive Program and the North Carolina SBIR/STTR Matching Funds Program, as specified in this Part, only.

"§ 143B-437.81. North Carolina SBIR/STTR Incentive Program.

(a) Program. – There is established the North Carolina SBIR/STTR Incentive Program to be administered by the North Carolina Board of Science and Technology. In order to foster job creation and economic development in the State, the Board may provide grants to eligible businesses to offset costs associated with applying to the United States Small Business Administration for Small Business Innovative Research (SBIR) grants or Small Business Technology Transfer Research (STTR) grants.

(b) Eligibility. – In order to be eligible for a grant under this section, a business must satisfy all of the following conditions:

- (1) The business must be a for-profit, North Carolina-based business. For the purposes of this section, a North Carolina-based business is one that has its principal place of business in this State.
- (2) The business must have submitted a qualified SBIR/STTR Phase I proposal to a participating federal agency in response to a specific federal solicitation.
- (3) The business must satisfy all federal SBIR/STTR requirements.
- (4) The business may not receive concurrent funding support from other sources that duplicates the purpose of this section.
- (5) The business must certify that at least fifty-one percent (51%) of the research described in the federal SBIR/STTR Phase I proposal will be conducted in this State and that the business will remain a North Carolina-based business for the duration of the SBIR/STTR Phase I project.
- (6) The business must demonstrate its ability to conduct research in its SBIR/STTR Phase I proposal.

(c) Grant. – The North Carolina Board of Science and Technology may award grants to reimburse an eligible business for up to fifty percent (50%) of the costs of preparing and submitting a SBIR/STTR Phase I proposal, up to a maximum of three thousand dollars (\$3,000). A business may receive only one grant under this section per year. A business may receive only one grant under this section with respect to each federal proposal submission. Costs that may be reimbursed include costs incurred directly related to preparation and submission of the grant such as word processing services, proposal consulting fees, project-related supplies, literature searches, rental of space or equipment related to the proposal preparation, and salaries of individuals involved with the preparation of the proposals. Costs that may not be reimbursed include travel expenses, large equipment purchases, facility or leasehold improvements, and legal fees.

(d) Application. – A business shall apply, under oath, to the North Carolina Board of Science and Technology for a grant under this section on a form prescribed by the Board that includes at least all of the following:

- (1) The name of the business, the form of business organization under which it is operated, and the names and addresses of the principals or management of the business.
- (2) An acknowledgement of receipt of the Phase I proposal by the relevant federal agency.
- (3) An itemized statement of the costs that may be reimbursed.
- (4) Any other information necessary for the Board to evaluate the application.

"§ 143B-437.82. North Carolina SBIR/STTR Matching Funds Program.

(a) Program. – There is established the North Carolina SBIR/STTR Matching Funds Program to be administered by the North Carolina Board of Science and Technology. In order to foster job creation and economic development in the State, the Board may provide grants to eligible businesses to match funds received by a business as a SBIR or STTR Phase I award and to encourage businesses to apply for Phase II awards.

(b) Eligibility. – In order to be eligible for a grant under this section, a business must satisfy all of the following conditions:

- (1) The business must be a for-profit, North Carolina-based business. For the purposes of this section, a North Carolina-based business is one that has its principal place of business in this State.
- (2) The business must have received a SBIR/STTR Phase I award from a participating federal agency in response to a specific federal solicitation. To receive the full match, the business must also have submitted a final Phase I report, demonstrated that the sponsoring agency has interest in the Phase II proposal, and submitted a Phase II proposal to the agency.
- (3) The business must satisfy all federal SBIR/STTR requirements.
- (4) The business may not receive concurrent funding support from other sources that duplicates the purpose of this section.
- (5) The business must certify that at least fifty-one percent (51%) of the research described in the federal SBIR/STTR Phase II proposal will be conducted in this State and that the business will remain a North Carolina-based business for the duration of the SBIR/STTR Phase II project.
- (6) The business must demonstrate its ability to conduct research in its SBIR/STTR Phase II proposal.

(c) Grant. – The North Carolina Board of Science and Technology may award grants to match the funds received by a business through a SBIR/STTR Phase I proposal, up to a maximum of one hundred thousand dollars (\$100,000). Seventy-five percent (75%) of the total grant shall be remitted to the business upon receipt of the SBIR/STTR Phase I award and application for funds under this section. Twenty-five percent (25%) of the total grant shall be remitted to the business upon submission by the business of the Phase II application to the funding agency and acceptance of the Phase I report by the funding agency. A business may receive only one grant under this section

per year. A business may receive only one grant under this section with respect to each federal proposal submission. Over its lifetime, a business may receive a maximum of five awards under this section.

(d) Application. – A business shall apply, under oath, to the North Carolina Board of Science and Technology for a grant under this section on a form prescribed by the Board that includes at least all of the following:

- (1) The name of the business, the form of business organization under which it is operated, and the names and addresses of the principals or management of the business.
- (2) An acknowledgement of receipt of the Phase I report and Phase II proposal by the relevant federal agency.
- (3) Any other information necessary for the Board to evaluate the application.

"§ 143B-437.83. Program guidelines.

The Department of Commerce shall develop guidelines related to the administration of the One North Carolina Small Business Fund. At least 20 days before the effective date of any guidelines or nontechnical amendments to guidelines, the Department of Commerce must publish the proposed guidelines on the Department's Web site and provide notice to persons who have requested notice of proposed guidelines. In addition, the Department must accept oral and written comments on the proposed guidelines during the 15 business days beginning on the first day that the Department has completed these notifications. For the purpose of this section, a technical amendment is either of the following:

- (1) An amendment that corrects a spelling or grammatical error.
- (2) An amendment that makes a clarification based on public comment and could have been anticipated by the public notice that immediately preceded the public comment.

"§ 143B-437.84. Reports.

The Department of Commerce shall publish a report on the use of funds in the One North Carolina Small Business Fund at the end of each fiscal quarter. The report shall contain information on the disbursement and use of funds allocated under the One North Carolina Small Business Fund. The report is due no later than one month after the end of the fiscal quarter and must be submitted to the following:

- (1) The Joint Legislative Commission on Governmental Operations.
- (2) The chairs of the House of Representatives and Senate Finance Committees.
- (3) The chairs of the House of Representatives and Senate Appropriations Committees.
- (4) The Fiscal Research Division of the General Assembly."

SECTION 3. There is appropriated from the General Fund to the One North Carolina Fund, created pursuant to G.S. 143B-437.71, the sum of five million dollars (\$5,000,000) for the 2005-2006 fiscal year. Of the funds appropriated by this section, the Department of Commerce may use up to three hundred thousand dollars (\$300,000)

- 1 to cover its expenses in administering the One North Carolina Fund and other economic
- 2 development incentive grant programs during the 2005-2006 fiscal year.
- 3 **SECTION 4.** This act becomes effective July 1, 2005.

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2005**

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D

**SENATE BILL 967*
PROPOSED COMMITTEE SUBSTITUTE S967-PCS75313-LY-12**

Short Title: One North Carolina Small Business Fund/JDIG.

(Public)

Sponsors:

Referred to:

March 24, 2005

A BILL TO BE ENTITLED
AN ACT TO ESTABLISH THE ONE NORTH CAROLINA SMALL BUSINESS
FUND AND TO EXTEND THE SUNSET ON THE JOB DEVELOPMENT
INVESTMENT GRANT PROGRAM.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 143B-437.71(b) reads as rewritten:

"(b) Purposes. – Moneys in the One North Carolina Fund may be allocated only to the One North Carolina Small Business Fund created pursuant to G.S. 143B-437.80 and to local governments for use in connection with securing commitments for the recruitment, expansion, or retention of new and existing businesses. Moneys in the One North Carolina Fund allocated to local governments shall be used for the following purposes only:

- (1) Installation or purchase of equipment.
- (2) Structural repairs, improvements, or renovations to existing buildings to be used for expansion.
- (3) Construction of or improvements to new or existing water, sewer, gas, or electric utility distribution lines or equipment for existing buildings.
- (4) Construction of or improvements to new or existing water, sewer, gas, or electric utility distribution lines or equipment for new or proposed buildings to be used for manufacturing and industrial operations.
- (5) Any other purposes specifically provided by an act of the General Assembly."

SECTION 2. Article 10 of Chapter 143B of the General Statutes is amended by adding a new Part to read:

"Part 2I. One North Carolina Small Business Fund.

"§ 143B-437.80. One North Carolina Small Business Fund established.

The One North Carolina Small Business Fund is established as a special revenue fund in the Department of Commerce to be administered by the North Carolina Board of

1 Science and Technology. Moneys in the One North Carolina Small Business Fund may
2 be used for the North Carolina SBIR/STTR Incentive Program and the North Carolina
3 SBIR/STTR Matching Funds Program, as specified in this Part, only.

4 "§ 143B-437.81. North Carolina SBIR/STTR Incentive Program.

5 (a) Program. – There is established the North Carolina SBIR/STTR Incentive
6 Program to be administered by the North Carolina Board of Science and Technology. In
7 order to foster job creation and economic development in the State, the Board may
8 provide grants to eligible businesses to offset costs associated with applying to the
9 United States Small Business Administration for Small Business Innovative Research
10 (SBIR) grants or Small Business Technology Transfer Research (STTR) grants.

11 (b) Eligibility. – In order to be eligible for a grant under this section, a business
12 must satisfy all of the following conditions:

13 (1) The business must be a for-profit, North Carolina-based business. For
14 the purposes of this section, a North Carolina-based business is one
15 that has its principal place of business in this State.

16 (2) The business must have submitted a qualified SBIR/STTR Phase I
17 proposal to a participating federal agency in response to a specific
18 federal solicitation.

19 (3) The business must satisfy all federal SBIR/STTR requirements.

20 (4) The business may not receive concurrent funding support from other
21 sources that duplicates the purpose of this section.

22 (5) The business must certify that at least fifty-one percent (51%) of the
23 research described in the federal SBIR/STTR Phase I proposal will be
24 conducted in this State and that the business will remain a North
25 Carolina-based business for the duration of the SBIR/STTR Phase I
26 project.

27 (6) The business must demonstrate its ability to conduct research in its
28 SBIR/STTR Phase I proposal.

29 (c) Grant. – The North Carolina Board of Science and Technology may award
30 grants to reimburse an eligible business for up to fifty percent (50%) of the costs of
31 preparing and submitting a SBIR/STTR Phase I proposal, up to a maximum of three
32 thousand dollars (\$3,000). A business may receive only one grant under this section per
33 year. A business may receive only one grant under this section with respect to each
34 federal proposal submission. Costs that may be reimbursed include costs incurred
35 directly related to preparation and submission of the grant such as word processing
36 services, proposal consulting fees, project-related supplies, literature searches, rental of
37 space or equipment related to the proposal preparation, and salaries of individuals
38 involved with the preparation of the proposals. Costs that may not be reimbursed
39 include travel expenses, large equipment purchases, facility or leasehold improvements,
40 and legal fees.

41 (d) Application. – A business shall apply, under oath, to the North Carolina
42 Board of Science and Technology for a grant under this section on a form prescribed by
43 the Board that includes at least all of the following:

- (1) The name of the business, the form of business organization under which it is operated, and the names and addresses of the principals or management of the business.
- (2) An acknowledgement of receipt of the Phase I proposal by the relevant federal agency.
- (3) An itemized statement of the costs that may be reimbursed.
- (4) Any other information necessary for the Board to evaluate the application.

"§ 143B-437.82. North Carolina SBIR/STTR Matching Funds Program.

(a) Program. – There is established the North Carolina SBIR/STTR Matching Funds Program to be administered by the North Carolina Board of Science and Technology. In order to foster job creation and economic development in the State, the Board may provide grants to eligible businesses to match funds received by a business as a SBIR or STTR Phase I award and to encourage businesses to apply for Phase II awards.

(b) Eligibility. – In order to be eligible for a grant under this section, a business must satisfy all of the following conditions:

- (1) The business must be a for-profit, North Carolina-based business. For the purposes of this section, a North Carolina-based business is one that has its principal place of business in this State.
- (2) The business must have received a SBIR/STTR Phase I award from a participating federal agency in response to a specific federal solicitation. To receive the full match, the business must also have submitted a final Phase I report, demonstrated that the sponsoring agency has interest in the Phase II proposal, and submitted a Phase II proposal to the agency.
- (3) The business must satisfy all federal SBIR/STTR requirements.
- (4) The business may not receive concurrent funding support from other sources that duplicates the purpose of this section.
- (5) The business must certify that at least fifty-one percent (51%) of the research described in the federal SBIR/STTR Phase II proposal will be conducted in this State and that the business will remain a North Carolina-based business for the duration of the SBIR/STTR Phase II project.
- (6) The business must demonstrate its ability to conduct research in its SBIR/STTR Phase II proposal.

(c) Grant. – The North Carolina Board of Science and Technology may award grants to match the funds received by a business through a SBIR/STTR Phase I proposal up to a maximum of one hundred thousand dollars (\$100,000). Seventy-five percent (75%) of the total grant shall be remitted to the business upon receipt of the SBIR/STTR Phase I award and application for funds under this section. Twenty-five percent (25%) of the total grant shall be remitted to the business upon submission by the business of the Phase II application to the funding agency and acceptance of the Phase I report by the funding agency. A business may receive only one grant under this section per year.

1 A business may receive only one grant under this section with respect to each federal
2 proposal submission. Over its lifetime, a business may receive a maximum of five
3 awards under this section.

4 (d) Application. – A business shall apply, under oath, to the North Carolina
5 Board of Science and Technology for a grant under this section on a form prescribed by
6 the Board that includes at least all of the following:

7 (1) The name of the business, the form of business organization under
8 which it is operated, and the names and addresses of the principals or
9 management of the business.

10 (2) An acknowledgement of receipt of the Phase I report and Phase II
11 proposal by the relevant federal agency.

12 (3) Any other information necessary for the Board to evaluate the
13 application.

14 **"§ 143B-437.83. Program guidelines.**

15 The Department of Commerce shall develop guidelines related to the administration
16 of the One North Carolina Small Business Fund. At least 20 days before the effective
17 date of any guidelines or nontechnical amendments to guidelines, the Department of
18 Commerce must publish the proposed guidelines on the Department's Web site and
19 provide notice to persons who have requested notice of proposed guidelines. In addition,
20 the Department must accept oral and written comments on the proposed guidelines
21 during the 15 business days beginning on the first day that the Department has
22 completed these notifications. For the purpose of this section, a technical amendment is
23 either of the following:

24 (1) An amendment that corrects a spelling or grammatical error.

25 (2) An amendment that makes a clarification based on public comment
26 and could have been anticipated by the public notice that immediately
27 preceded the public comment.

28 **"§ 143B-437.84. Reports.**

29 The Department of Commerce shall publish a report on the use of funds in the One
30 North Carolina Small Business Fund at the end of each fiscal quarter. The report shall
31 contain information on the disbursement and use of funds allocated under the One North
32 Carolina Small Business Fund. The report is due no later than one month after the end
33 of the fiscal quarter and must be submitted to the following:

34 (1) The Joint Legislative Commission on Governmental Operations.

35 (2) The chairs of the House of Representatives and Senate Finance
36 Committees.

37 (3) The chairs of the House of Representatives and Senate Appropriations
38 Committees.

39 (4) The Fiscal Research Division of the General Assembly."

40 **SECTION 3.** G.S. 143B-437.62 reads as rewritten:

41 **"§ 143B-437.62. Expiration.**

42 The authority of the Committee to enter into new agreements expires January 1,
43 2006-2008."

44 **SECTION 4.** This act becomes effective July 1, 2005.



SENATE BILL 967: One North Carolina Small Business Fund/JDIG

BILL ANALYSIS

Committee:	Senate Appropriations/Base Budget	Date:	May 17, 2005
Introduced by:	Sen. Dalton	Summary by:	Y. Canaan Huie
Version:	PCS to First Edition		Staff Attorney
	S967-CSLY-12		

SUMMARY: *This bill would create the One North Carolina Small Business Fund and would allow for allocations from the One North Carolina Fund to that Fund. The bill would also extend the Job Development Investment Grant Program for an additional two years.*

[As introduced, this bill was identical to H899, as introduced by Reps. Owens, Daughtridge, LaRoque, which is currently in House Appropriations.]

BILL ANALYSIS:

One North Carolina Fund.

The One North Carolina Fund was created in 1993 and was originally known as the Industrial Recruitment Competitive Fund. The Fund was established in order to provide a source of funding to be used by the Governor and the Department of Commerce in recruiting or retaining new and expanding businesses. Moneys in the Fund may be used only for the following purposes:

1. Installation or purchase of equipment.
2. Structural repairs, improvements, or renovations to existing buildings to be used for expansion.
3. Construction of or improvements to new or existing water, sewer, gas, or electric utility distribution lines or equipment for existing buildings.
4. Construction of or improvements to new or existing water, sewer, gas, or electric utility distribution lines or equipment for new or proposed buildings to be used for manufacturing and industrial operations.
5. Any other purposes specifically provided for by an act of the General Assembly.

Appropriations to the Fund have been sporadic since its inception in 1993. The Fund received a \$5 million appropriation in 1993-1994 and a \$7 million appropriation in 1994-1995. Over the next six fiscal years, the Fund received an appropriation of either \$1 million or \$2 million each year. For the 2001-2002 fiscal year, the General Assembly appropriated \$15 million to the Fund. No appropriations to the Fund were made in the 2002-2003 fiscal year. In 2003-2004, an emergency, non-reverting appropriation was made to Fund effective on June 30, 2004. In 2005, the Senate included an appropriation of \$5 million to the Fund as part of its budget proposal. Although the Fund was not originally set up as a non-reverting account, each year the General Assembly allowed the moneys remaining in the Fund to be carried over to the next fiscal year.

Moneys from the Fund are allocated only to local governments for use in connection with securing commitments for the recruitment, expansion, or retention of new and existing businesses. Legislation enacted in 2004 codified the One North Carolina Fund in the General Statutes as a special revenue fund in the Department of Commerce. Special revenue funds are non-reverting funds that are tracked differently for budgetary purposes. In addition, the 2004 legislation codified the purposes of the Fund as

Senate Bill 967

Page 2

well as the existing guidelines regarding local match, job creation or retention, written agreements, disbursement only following performance, and purposes for which grants may be made.

This bill would create a new use for moneys appropriated to the One North Carolina Fund. Under this bill, in addition to the uses currently allowed for those moneys, moneys in the One North Carolina Fund could also be allocated to the One North Carolina Small Business Fund.

This bill creates the One North Carolina Small Business Fund as a means of providing an incentive for small businesses to apply for grants to offset costs of applying for SBIR/STTR grants or to provide matching funds for SBIR/STTR grants. The United States Small Business Administration administers the Small Business Innovative Research (SBIR) grant program and the Small Business Technology Transfer Research (STTR) grant program.¹ In order to be eligible for a grant under one of those federal programs, the business must be a qualified small business.²

Funds in the One North Carolina Small Business Fund could be used to provide two types of grants. First, funds could be used to provide grants of up to \$3,000 to offset fifty percent (50%) of the costs of preparing and submitting an SBIR or STTR Phase I proposal. Second, funds could be used to provide grants of up to \$100,000 to serve as matching funds for funds awarded to a business through a SBIR or STTR Phase I grant. In order to be eligible for either type of grant, the applicant business must, among other things, be a North Carolina business and certify that at least fifty-one percent (51%) of the research described in the grant proposal will be performed in North Carolina.

The Department of Commerce would develop guidelines related to the One North Carolina Small Business Fund. In addition, the Department of Commerce would make reports on the use of funds in the One North Carolina Small Business Fund. These reports would be provided to the Joint Legislation Commission on Government Operations, the chairs of the House of Representatives and Senate Finance and Appropriations Committees, and the Fiscal Research Division of the General Assembly.

Job Development Investment Grant Program.

S.L. 2002-172 created a new economic development tool for new and expanding businesses in North Carolina, the Job Development Investment Grant (JDIG) Program. JDIG is used to attract businesses to the State by allowing a five-member committee to award grants to businesses. The grants may be awarded over as many as 12 years and the amounts of the grants are based on income tax withholdings

¹ The SBIR program provides qualified small businesses with the opportunity to propose innovative solutions to meet specific research and development needs of government agencies. The STTR program is a similar program directed at small businesses that work in conjunction with non-profit research institutions. Both programs are competitive, three-phase programs. Phase I in both programs is the start-up phase. In that phase the program provides grants of up to \$100,000 to support approximately six months worth of research and development. A project that shows merit in Phase I is eligible for a Phase II grant. In Phase II, the program provides up to \$750,000 for as long as two years to further develop the research and development conducted in Phase I and to explore the commercialization potential of the R&D. Phase III is the period in which Phase II proposals move from development to the marketplace. No funding is available in Phase III, but Phase III viability is a condition precedent for Phase II funding.

² A qualified small business is one that satisfies both the following conditions: 1) It is an American-owned, independently-operated, for-profit business, and 2) It has 500 or fewer employees. For the STTR program, the partnering research institution must be located in the United States and must be either a nonprofit college or university, a domestic nonprofit research organization, or a federally funded research and development center.

Senate Bill 967

Page 3

from new jobs created by the businesses. The committee may enter into no more than 25 agreements per calendar year and may commit no more than \$15 million in any fiscal year under all agreements entered into during a single calendar year.³ When the General Assembly created the program it imposed a two-year sunset on the authority of the committee to enter into new grant agreements. In 2004, the General Assembly voted to extend this sunset by one year. This bill would extend the sunset an additional two years, until January 1, 2008.

EFFECTIVE DATE:

S0967e1-SMLY-CSLY-12

³ Originally, the committee was limited to 15 agreements per year with a total cost not to exceed \$10 million in any fiscal year for agreements entered into in any one year. These amounts were increased in 2004 effective in that year.

VISITOR REGISTRATION SHEET

SENATE APPROPRIATIONS COMMITTEE MEETING

Wednesday, May 18, 2005

NAME	FIRM OR AGENCY AND ADDRESS
Kary Zunker	Sen. P. Berger's Office
John Hardin	NC Board of Science & Technology
Carolyn L. Carry	Rowan Homes 215 Guffy St - Salisbury NC 28147
Alycia Shelton	Rowan Homes Inc 215 Guffy St. Salisbury NC 28147
Jeff J.	Rowan Homes INC 215 Guffy St "
Josh S.	Rowan Homes Inc 215 Guffy St "
Diana K	Rowan Homes Inc 215 Guffy St "
OBIA GELI LITTLEJOHN	Focus Support Group Inc - Mooresville
Rabin Onuoha	Focus Support Group Inc. (857 PLAZA LN, MOORESVILLE NC 28115
DONNA H.	Focus Support Group Inc. MOORESVILLE NC 28115
KATHERINE REID	Focus Support Group Inc. MOORESVILLE NC 28115

VISITOR REGISTRATION SHEET

SENATE APPROPRIATIONS COMMITTEE MEETING

Wednesday, May 18, 2005

NAME	FIRM OR AGENCY AND ADDRESS
Susan Reed	401 Oberlin Rd., Suite 225 The Arc of Wake County Raleigh, NC 27605
Caroline Karmierski	NC Tech. Assoc.
Ed Turbington	Brooks Pierce / NCTA
Kate Thompson	Sen. Cowell's Office
David Trebing	Daimler Chrysler Corp Auburn Hills MI
JENNIFER SYDER	COALITION 2001/ NC PSYCHOLOGICAL ASSOC.
Jeff McLeod	COALITION 2001 / Governor's Advocacy Council for Persons with Disabilities
Ross Good	Daimler Chrysler Auburn Hills, MI

VISITOR REGISTRATION SHEET

SENATE APPROPRIATIONS COMMITTEE MEETING

Wednesday, May 18, 2005

NAME	FIRM OR AGENCY AND ADDRESS
CARD MAURICE	Rowan Homes, INC., Elum Estates Group Home 355 Hummingbird Cir. Salisbury, NC 28146
Terry McGeorge	Elum Estates Group Home 355 Hummingbird Circle Salisbury, NC 28146
Ruth Swade	Shamrock Group Home 125 Shamrock Dr. Salisbury, NC.
Patricia Cowan	Rowan Homes INC 7016337370 213 GUFFY ST. Salisbury, N.C.
TODD M.	Northwood Group Home 1211 N. Church St. Salisbury N.C.
Janice Miller	Northwood Group Home 1211 N. Church St. Salisbury, N.C.
IDA Bowling	Northwood Group Home 1211 N. Church St. Salisbury N.C.
Melissa Horst	Oakview Group Home 1212 Stanley St. Salisbury, N.C.
Tatti Jones	Rowan Homes, Inc. 215 Guffy St. Salisbury, NC 28147
Judy P. Ressen	Daniel Co. Group Home, Inc. 785 Sanford Ave. Mocksville, N.C. 27028
Chris Collins	DCB Home 785 Sanford Ave. Mocksville, N.C.
Ken Melton	D.O.R.

VISITOR REGISTRATION SHEET

SENATE APPROPRIATIONS COMMITTEE MEETING

Wednesday, May 18, 2005

NAME	FIRM OR AGENCY AND ADDRESS
Sharon & Scott Hager	Danico Co. Group Home Inc. 209 Duke St Apt 203 Mocksville, N.C. 27028
Dorothy Nelson	Danico Co. Group Home, Inc 209 Duke St Apt 20 27028 168 Mulling Rd Apt 5B Mocksville, N.C.
Eric Greco	DC & H, Inc 207 Duke St Apt 101 Mocksville, N.C. 27028
Allison Smith	DC & H, Inc 209 Duke St Apt 202 Mocksville, N.C. 27028
Gerni Smith	The Arc of Wake County The Arc of North Carolina 4800 Six Forks Rd, Suite 100, Raleigh, NC
Cathy Pickering	RCMHC - CFAC 144 Community College Rd. Ahoskie, NC 27910
Carol Cannon	NAMI - Pitt County & Roanoke Chowan Human Services Ctr. CFAC 144 Community College Rd, Ahoskie, NC 27910
Sam Taylor	NCBIO
Scott Dougherty	SBTDC UNIV. of NC
Elizabeth Dalton	NCCBT
Anne Garland	NCDOC
Bruce Thomson	PARKER POE

[illegible]

MINUTES

SENATE APPROPRIATIONS BASE/BUDGET

Wednesday, May 25, 2005

The Senate Committee on Appropriations/Base Budget met on Wednesday, May 25, 2005 at 9:00 a.m. in room 643 of the Legislative Office Building. There were 44 members present. Senator Kay Hagan, Co-Chair presided. Senator Hagan called the meeting to order and welcomed the members and visitors. She introduced the following Pages: Derek Brookfield, sponsored by Senator David Hoyle; Katherine Johnson, Randall Wink and Melanie Matthews, sponsored by Senator Kay Hagan; and, Andrew Hopson, sponsored by Senator Richard Stevens.

The first bill that was discussed in the Committee meeting was Senate Bill 1067. Senator Rand made a motion that a Committee Substitute for Senate Bill 1067 be adopted for purposes of discussion. The motion carried. The Short Title of the proposed Committee Substitute for Senate Bill 1067: ***Defense Technology Innovation Center***. The Long Title: ***An Act to Provide for the Development of a Defense Technology Innovation Center***. (Please see Attachment 1).

Senator Hagan introduced Ms. Joan Meyers from NCEITA . Ms. Meyers briefed the Committee on the Defense Technology Innovation Center in North Carolina. She espoused the value of Senate Bill 1067 for North Carolina and the nations Defense Technology Program. (Please see Attachment 2).

Senator Rand made a motion for a Favorable Report for the proposed Committee Substitute for Senate Bill 1067. The Committee voted to give the bill the following status: ***Unfavorable as to Committee Substitute Bill No. 1, but Favorable as to Committee Substitute Bill No. 2***.

Next, the Committee discussed Senate Bill 486 (Committee Substitute #1). The Short Title of SB 486: ***Rachel's Law***. The Long Title: ***An Act to Increase the Penalty for Discharging Certain Weapons into Occupied Property in Certain Circumstances***. (Please see Attachment 3). Please see Attachment 4, for the Legislative Fiscal Note.

Senator Hagan recognized Senator Allran to explain the bill. Senator Allran thanked the members for their consideration of Senate Bill 486. He explained to the members the origins of the bill that is known as "Rachel's Law".

Senator Dannelly made a motion to give ***Senate Bill 486 a Favorable Report***. The motion carried.

The third bill that was presented was Senate Bill 61. The Short Title of Senate Bill 61: ***Felony Death/Serious Injury by Vehicle***. The Long Title: ***An Act to Strengthen the Laws Against Impaired Driving by Increasing the Punishment for Felony Death by Vehicle and Creating the Offense of Felony Serious Injury by Vehicle***. (Please see Attachment 5). The Legislative Fiscal Note is included as Attachment 6.

Senator Dannelly made a motion to give Senate Bill 61 a ***Favorable Report***. The Committee concurred.

The fourth bill that was discussed in the Committee was Senate Bill 724. The Short Title of SB 724: ***NCNG-Dependents Pay In-State Tuition***. The Long Title: ***An Act to Provide that Dependents of Members of the North Carolina National Guard Pay In-State Tuition***. (Please see Attachment 7). The Legislative Fiscal Note for Senate Bill 724 is included as Attachment 8. Senator East made a motion to give ***SB 724 a Favorable Report***. The motion passed.

The last item on the agenda for the Senate Appropriations/ Base Budget Committee was Senate Bill 687. The Short Title of Senate bill 687: ***Volunteer Rescue/EMS Funding***. The Long Title: ***An Act to Amend the Law Governing the Volunteer Rescue/EMS Fund***. (Please see Attachment 9).

Senator Hagan recognized Senator Kerr to explain the bill. Senator Kerr briefed the Committee. Senator Kerr introduced Mr. Gordon Joyner, Director, North Carolina EMS Rescue Association. Mr. Joyner spoke briefly in support of Senate Bill 687.

Senator Tillman made a motion to give ***Senate Bill 687 a Favorable Report***. The motion carried.

Senator Hagan thanked the Committee members and adjourned the meeting.



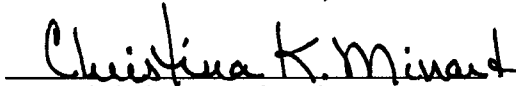
Senator Kay Hagan, Co-Chair



Senator Linda Garrou, Co-Chair



Senator Walter Dalton, Co-Chair



Christina K. Minard, Senate
Committee Assistant

**NORTH CAROLINA GENERAL ASSEMBLY
SENATE**

APPROPRIATIONS/BASE BUDGET COMMITTEE REPORT

**Senator Linda Garrou, Co-Chair
Senator Kay R. Hagan, Co-Chair
Senator Walter H. Dalton, Co-Chair**

CORRECTED REPORT

Wednesday, May 25, 2005

Senator HAGAN,
submits the following with recommendations as to passage:

FAVORABLE

S.B.	61	Felony Death/Serious Injury by Vehicle.	
		Sequential Referral:	None
		Recommended Referral:	None
S.B.(CS #1)	486	Rachel's Law.	
		Sequential Referral:	None
		Recommended Referral:	None
S.B.	687	Volunteer Rescue/EMS Funding.	
		Sequential Referral:	None
		Recommended Referral:	None
S.B.	724	NCNG-Dependents Pay In-State Tuition.	
		Sequential Referral:	None
		Recommended Referral:	None

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

S.B.(CS #1)	1067	Defense Technology Innovation Center.	
		Draft Number:	PCS85249
		Sequential Referral:	None
		Recommended Referral:	None
		Long Title Amended:	Yes

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2005**

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**SENATE BILL 1067*
Information Technology Committee Substitute Adopted 3/30/05
PROPOSED COMMITTEE SUBSTITUTE S1067-PCS85249-LE-12**

Short Title: Defense Technology Innovation Center.

(Public)

Sponsors:

Referred to:

March 24, 2005

A BILL TO BE ENTITLED

AN ACT TO PROVIDE FOR THE DEVELOPMENT OF A DEFENSE
TECHNOLOGY INNOVATION CENTER.

Whereas, the nation has committed enormous resources to national security and to countering terrorism evidenced by the fact that between 2001 and 2004 total federal spending on defense, homeland security, and international affairs rose more than fifty percent, in excess of five hundred forty-seven billion dollars; and

Whereas, North Carolina is home to five major military installations, including three first-strike military bases; and

Whereas, North Carolina is recognized as a global leader in technology development and home to world-class innovation and achievement, and by connecting the technology and scientific expertise with the military knowledge and relationships, North Carolina can achieve powerful opportunities for new business; and

Whereas, a comprehensive action plan, entitled the Defense Technology Innovation Center, has been drafted by the North Carolina Technology Association that aims to couple the State's innovation assets and military relationships into a sector-focused business accelerator for fueling entrepreneurs and innovators to create technologies that could be used in the global war on terror; and

Whereas, this model of business acceleration could have a powerful economic impact in North Carolina by developing technologies that can be used in the defense and intelligence communities; and

Whereas, intellectual property and technologies developed at the Defense Technology Innovation Center would be of a sensitive nature and would need to be secure; and

Whereas, certain clearances must be obtained to work in and around this type of environment; and

1 Whereas, in order for the Center to successfully implement its business plan,
2 all documentation and financial audits should be executed by a private company; Now,
3 therefore,

4 The General Assembly of North Carolina enacts:

5 **SECTION 1.** Funds appropriated to the Partnership for Defense Innovation
6 for the 2005-2006 fiscal year shall be used for the development of a Defense
7 Technology Innovation Center, a business incubator focusing on economic development
8 opportunities in the industries relating to homeland security and national defense.
9 These funds shall be used for the following:

- 10 (1) Site selection and acquisition, including the purchase or lease of real
11 property to house the Center; the construction of buildings or other site
12 structures; the improvement or refurbishment of existing structures to
13 provide appropriate laboratory and administrative space; and the
14 improvement of existing infrastructure at the facility, including
15 improvements to utility, telecommunications, and Internet
16 infrastructure.
- 17 (2) Equipment acquisition, including acquisition of laboratory equipment
18 and supplies and office furniture, equipment, and supplies.
- 19 (3) Employment of staff to support the mission of the Center and to
20 oversee day-to-day operations of the Center.
- 21 (4) Implementation of a comprehensive business and marketing plan for
22 the Center.
- 23 (5) Development of a tenant screening process and the recruitment of
24 appropriate tenants for the Center.
- 25 (6) Administration and operation of the Center and the development of a
26 sustainable business plan for the Center.

27 **SECTION 2.** This act becomes effective July 1, 2005.

Defense Technology Innovation Center

INNOVATION AND MILITARY EXCELLENCE FOR SECURITY AND DEFENSE



➤The Nation is facing a new spectrum of threats. Military and homeland security will leverage revolutionary technologies to address these challenges...1



➤North Carolina is a global leader in communications, information technologies, imaging, software, sensors, nanotechnology, and advanced manufacturing...2



➤Connecting the technology and scientific expertise in North Carolina, with military knowledge and relationships at our military bases will create powerful opportunities for new business...4

History

The North Carolina Technology Association (NCTA), a state-wide organization which represents the technology business community in North Carolina, has taken a leadership role in leveraging NC's military presence with the State's innovation and R&D assets, in an effort to convert these resources into products, companies, and jobs. To accomplish its goal's, NCTA conceived of the idea for a security and defense-focused business accelerator and then championed it before the General Assembly and the community.

The New Threat¹

National security used to be considered by studying foreign frontiers, weighing opposing groups of states, and measuring industrial might. To be dangerous, an enemy had to muster large armies. Threats emerged slowly, often visibly, as weapons were forged, armies conscripted, and units trained and moved into place. Because large states were more powerful, they also had more to lose. They could be deterred.

Now threats can emerge quickly. An organization like al Qaeda, headquartered in a country on the other side of the earth, in a region so poor that electricity or telephones were scarce, could nonetheless scheme to wield weapons of unprecedented destructive power in the largest cities of the United States.

The nation has committed enormous resources to national security and to countering terrorism. Between fiscal year 2001, the last budget adopted before 9/11, and the present fiscal year 2004, total federal spending on defense, homeland security, and international affairs rose more than 50 percent, from \$354 billion to about \$547 billion.

With its increased reliance and demand for technology, the military is an important market for technology development and commercialization. Equally important, commercial applications for security technologies open the door to much larger markets and growth opportunities for early stage technology companies developing technology and products to meet these demands.

¹ Excerpts from *The 9/11 Report*, the National Commission on Terrorist Attacks Upon the United States.

Technology and the Military

With its increased reliance and demand for technology, the military is an important market for technology development and commercialization. Homeland security needs also drive demand for similar technologies and products. In fact, *Forbes* magazine predicts, "...the money flowing into military and homeland infrastructure security will leverage revolutionary technologies and materials of the new digital age. This will fuel entrepreneurs and capitalists to combat terrorist threats, collaterally spurring a new round of basic innovation."²

The business opportunities in the fast-growing security and defense sectors are significant and North Carolina is well positioned to serve these markets.

By supporting soldiers with advanced technologies, the U.S. Army will lead in its ability to see first, understand first, decide and act first, finish decisively, and survive and endure.

North Carolina - 4th Largest Military Presence in the World

The Fayetteville/Cumberland County area is the home of Fort Bragg and Pope Air Force Base, which each have unique capabilities. Fort Bragg hosts the XVIII Airborne Corps (America's only airborne corps), the 82nd Airborne Division, the U.S. Army Special Operations Command, and is one of the largest military complexes in the world with more than 45,000 active duty personnel. Pope AFB is adjacent to Fort Bragg and serves as the forward deployment platform for the XVIII Airborne Corps, and the home of the 43d Airlift Wing. The total economic impact³ of Fort Bragg to the local community is \$5.84 Billion. Pope AFB's economic impact on the local economy is approximately \$400 Million.⁴



In particular, the U.S. Army Special Operations Command (USASOC) is an important and distinctive asset. USASOC is the most technologically skilled unit in the military. Having its own budget and contracting vehicles, USASOC continually scouts for technologies that can be developed rapidly to meet their immediate needs (6 to 18 month timeframe). Once identified, USASOC can utilize special contracting vehicles to purchase the technology and fund its development. In addition to USASOC's presence in the Fayetteville/Cumberland County area, the area is home to a number of transitioning Special Operations Forces personnel who have started their own businesses selling products made from off-the-shelf technology, as well as services, to USASOC. It is a unique market opportunity that the Center can tap to grow technology businesses in North Carolina, and will be an important first step for partnering with the military.

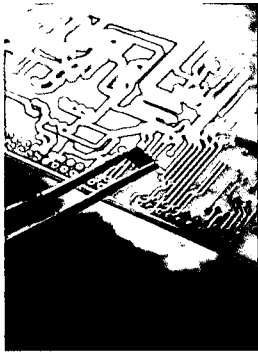
These important, and largely untapped, opportunities can become the drivers for new knowledge-based business and job creation.

² Mills, Mark P., "The Security-Industry Complex", *Forbes Magazine*, November 15, 2004.

³ Includes payroll, annual expenditures, estimated jobs-created value.

⁴ Fayetteville Area Economic Development Corp., <http://www.faedcnc.com>, Metrovisions 2004.

North Carolina – Global Leader in Technology Development and Business



Within approximately an hour's driving distance of Fayetteville is Research Triangle Park (RTP), recognized as home to world-class innovation and achievement. RTP's primary strengths are superior research and training institutions, and a large pool of scientists and skilled workers. A number of the areas of technology strength in RTP, including academic, government and corporate research and development, have important applications for security and defense. These include advanced materials, imaging, information technology hardware, software, microelectronics, optics/photonics, sensors and telecommunications. In addition, RTP is home to many leading technology companies, including Cisco Systems, Cree, EMC, Lockheed Martin Information Technology, SAS Institute, SciQuest, Red Hat, IBM, and Xerox.

Connecting the technology and scientific expertise present in the RTP area, and other regions of the state, with the military knowledge and relationships already located here will create powerful opportunities for new business.

A New Model – Building From Our Strengths

A new model for business incubation was identified that had the potential to bridge NC's innovation and military communities and provide business start-up services and flexible facilities to accelerate the formation and growth of early stage technology ventures.

The new model was identified based on a similar concept in Annapolis, Maryland. The Chesapeake Innovation Center (CIC) – the first Homeland Security Incubator in the country was launched by Business Cluster Development (BCD), a consulting group that has launched more than 25 incubator projects around the country – several of which have won industry recognition as best practice incubators.

BCD was retained to assist NCTA with the creation of a plan for a homeland security incubator. BCD creates successful incubators for its clients based upon a proven model of sector-focused incubation. The BCD Model has been replicated in universities, corporations, cities and communities. On each project, BCD works closely with the community to identify unique assets and partnerships that will contribute to a unique sector focused competitive advantage for the client.

Distinguishing Factors:

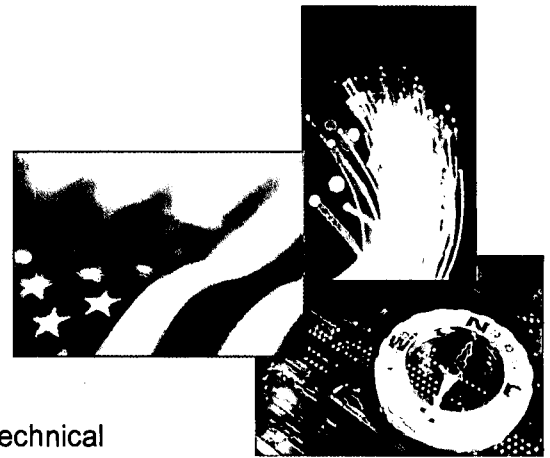
- Sector focused to leverage the unique competitive advantage of the region;
- Proximity to a strategic partner to help overcome significant start-up barriers;
- Focus on services (vs. space) as critical for successful acceleration of start-up companies.

Sector-focused incubation has proven to be a highly effective model for achieving economic development goals. By targeting growth opportunities in specific sectors where a region has strengths, sector-focused initiatives have helped to diversifying local economies and create jobs and wealth.

Defense Technology Innovation Center

The Defense Technology Innovation Center will create collaborations with the military, entrepreneurs and innovators that will drive technology solutions, business development, commercialization, and job creation in the Fayetteville/Cumberland County region.

By providing specialized expertise, technology business assistance, technical resources, and a network of valuable relationships, the Center will assist entrepreneurs and innovators with developing new businesses and dual use technologies focused on both military and commercial needs in the areas of security and defense.



Goals

- Generate successful, new technology businesses in Fayetteville;
- Develop technology solutions to security and defense problems identified by the military;
- Foster collaborations among the military, entrepreneurs, universities and technology companies to share ideas, understand needs, and commercialize technologies;
- Create dual use applications in the security and homeland defense sectors;
- Provide early stage funding to technology companies at the Center to foster their growth;
- Create jobs for transitioning military and spouses and others in Fayetteville; and
- Serve as a model of business incubation for North Carolina.

Key Components

Incubator – A 12,000 to 15,000 square foot facility for 12 to 15 startup companies and up to 10 affiliate companies.

Collaborative Workbench – A space within the facility equipped with the tools and engineering expertise to assist entrepreneurs with prototype development, testing and evaluation by the military that will enable the rapid creation of new technology.

Forum – To build collaborations, the Center will conduct regular briefings, seminars and events to both create an exchange of information on

military and market needs, and to build a network of relationships among the military, universities, large technology companies and entrepreneurs.

Validation Fund – An early stage grant program will provide \$25,000 to \$50,000 investments in participating companies, to help take them from concept to commercial prototype and will help leverage other investments.

Security Clearances – one or two key staff will hold appropriate clearances.

The Center will assist entrepreneurs with generating new, just-in-time security and defense technology solutions to meet the military's technology needs, as well as business demands. As part of its operations, the Center will build a strong relationship with the military, developing a clear understanding of its technology needs and requirements.

Best Practices Lead to Results

Business incubation programs accelerate the successful development of entrepreneurial companies*:

- 80% of businesses which participate in an incubator program succeed;
- 84% of the businesses locate within five miles of the incubator site after graduating from the incubator program.

* Molinar, Lawrence, *Business Incubation Works*, (NBIA Publications, 1997).

The Center will seek and find technologies and companies that will meet specific requirements, and then assist in the successful incubation of these technologies and companies. In addition, by collaborating with researchers and innovators in RTP and throughout the state, commercialization of technology will result. Other important outcomes, or measures of success, include the creation of business opportunities and knowledge-based jobs, including jobs for transitioning military and military spouses in the Fayetteville/Cumberland County area. Affiliate companies who participate actively in Center programs but reside remotely, spin-off jobs into other regions in the state.

The Center will help to strengthen the security and defense technology industries in North Carolina, and create new business opportunities.

Security and Defense business incubation combined with regional strengths in business attraction, trained workforce, and quality of life have the potential to create quality jobs as “graduate” companies produce products and grow their operations.

Champions for the Center

The Defense Technology Innovation Center will be locally driven, with the strong participation of local community members. The Cumberland County Business Council will take a leadership role in the Center. The Center will operate under the not-for-profit umbrella of an existing, or “host”, 501(c)3 organization in the Fayetteville/Cumberland County area. The Center will create an Advisory Board to provide oversight and expertise specific to the Center’s mission and operations. Its small professional staff will combine military, business and technology expertise and experience.



NCTA and MCNC continue to work with the project, especially during its critical start-up phase, and serve as important champions. NCTA and MCNC would collaborate with the host organization to share the expertise developed over the course of the project and the unique resources of both organizations.

Funding and Sustainability

Most incubators take 5 to 10 years to reach a self-sustaining level. In its initial phases, funding the Center, as for all incubators, will require public funding. It is estimated that the Center will require a subsidy of approximately \$5 million for the first three years (\$2 million-Year One, \$1.5 million-Year Two and Year Three). To create a sustainable model for the Center, a number of different sources would be combined over time. Small shares of equity participation in client companies; a sponsorship program to generate contributions from the business community; partnerships with the military, universities, corporations, and organizations; program grants and funding from government and private sources; and real estate arrangements with developers or landlords are among the options to fund the Center over time and put it on a path to sustainability. This sustainable business model has been created and utilized by Business Cluster Development to assist over 20 other business incubators throughout the United States.

Next Steps

The Business Plan for the Defense Technology Innovation Center describes a course of action for the creation of the incubator. At this point, the General Assembly should make a decision about whether to proceed with the next steps for an incubator and the implementation of the business plan. If the General Assembly approves the plan and decides to move forward with the creation of the Center, the Cumberland County Business Council, with the support of NCTA and MCNC, will seek funding of approximately \$5 million for a three year period to subsidize the Center's development and early operations.

The incubation model developed for the Center has the potential to be replicated with North Carolina's other military base communities. If successful, the model developed for Fayetteville and Fort Bragg, could be explored as an incubation model for the communities that house Seymour Johnson Air Force Base and MCB Camp Lejeune.

**"Science and technology have never been
more essential to the defense of the nation
and health of our economy."**

PRESIDENT GEORGE W. BUSH

Contact

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GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2005

S

2

SENATE BILL 486*
Judiciary II Committee Substitute Adopted 4/13/05

Short Title: Rachel's Law.

(Public)

Sponsors:

Referred to:

March 15, 2005

A BILL TO BE ENTITLED

AN ACT TO INCREASE THE PENALTY FOR DISCHARGING CERTAIN
WEAPONS INTO OCCUPIED PROPERTY IN CERTAIN CIRCUMSTANCES.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 14-34.1 reads as rewritten:

"§ 14-34.1. **Discharging certain barreled weapons or a firearm into occupied property.**

(a) Any person who willfully or wantonly discharges or attempts to discharge:

(1) ~~Any discharge any firearm or~~ barreled weapon capable of discharging
shot, bullets, pellets, or other missiles at a muzzle velocity of at least
600 feet per second; or

(2) A firearm

second into any building, structure, vehicle, aircraft, watercraft, or other conveyance,
device, equipment, erection, or enclosure while it is occupied is guilty of a Class E
~~felony~~ felony, unless a greater penalty applies.

(b) A person who willfully or wantonly discharges a weapon described in
subsection (a) of this section into an occupied dwelling or into any occupied vehicle,
aircraft, watercraft, or other conveyance that is being operated upon a public road,
highway, public vehicular area, railroad track or waterway, or in any airspace is guilty
of a Class C felony.

(c) If a person violates subsection (a) of this section and the violation results in
serious injury to any person, the person is guilty of a Class B2 felony."

SECTION 2. This act becomes effective December 1, 2005, and applies to
offenses committed on or after that date.

GENERAL ASSEMBLY OF NORTH CAROLINA

Session 2005

Legislative Incarceration Fiscal Note
(G.S. 120-36.7)

BILL NUMBER: Senate Bill 486 (Second Edition)

SHORT TITLE: Rachel's Law.

SPONSOR(S): Senator Allran

FISCAL IMPACT					
	Yes (X)	No ()	No Estimate Available ()		
	<u>FY 2005-06</u>	<u>FY 2006-07</u>	<u>FY 2007-08</u>	<u>FY 2008-09</u>	<u>FY 2009-10</u>
GENERAL FUND					
Correction	Exact amount cannot be determined. Each conviction will cost \$24,740 in the first year and \$50,964 in the second year. Costs will begin in 06-07.				
Judicial	Exact amount cannot be determined (see pg. 2 for details).				
ADDITIONAL PRISON BEDS*	Exact amount cannot be determined. Each conviction will require one prison bed in the first year and two beds in the second year.				
POSITIONS: (cumulative)	Exact amount cannot be determined (see pg. 2 for details).				
PRINCIPAL DEPARTMENT(S) & PROGRAM(S) AFFECTED: Department of Correction; Judicial Branch					
EFFECTIVE DATE: December 1, 2005					
<i>*This fiscal analysis is independent of the impact of other criminal penalty bills being considered by the General Assembly, which could also increase the projected prison population and thus the availability of prison beds in future years. The Fiscal Research Division is tracking the cumulative effect of all criminal penalty bills on the prison system as well as the Judicial Department.</i>					

BILL SUMMARY: Current G.S. 14-34.1 makes it a Class E felony to discharge a specified barreled weapon or firearm into occupied property. This bill amends the statute to provide that if the property is (1) a dwelling or (2) a conveyance traveling on a public road, highway, vehicular area, railroad track, waterway, or in any airspace, then the offense is a Class B2 felony if serious injury to any person results, and is otherwise a Class C felony. *Source: Adapted from Bill Digest S.B. 486 (03/14/2005).*

ASSUMPTIONS AND METHODOLOGY:

General

Under current law, the offenses created by this bill would likely be charged as Class E felonies, either under present G.S. 14-31.1 for discharging certain barreled weapons or firearms into occupied property, or under G.S. 14-32(b) for Assault with a Deadly Weapon Inflicting Serious Injury.

Any conviction elevated from felony Class E to Class C or B2 due to this bill would carry a longer sentence and require that the sentence be active (Class E convictions in Prior Record Levels I and II may result in intermediate sanctions). These enhanced penalties are projected to increase prison bed needs and therefore prison costs. In addition, increased court workload and costs are anticipated due to a more vigorous defense and prosecution.

The Sentencing and Policy Advisory Commission prepares prison population projections for each criminal penalty bill. The Commission assumes for each bill that increasing criminal penalties does not have a deterrent or incapacitative effect on crime. Therefore, the Fiscal Research Division does not assume savings due to deterrent effects for this bill or any criminal penalty bill.

Department of Correction

The Sentencing and Policy Advisory Commission prepares inmate population projections annually. The projections used for incarceration fiscal notes are based on January 2005 projections. These projections are based on historical information on incarceration and release rates under Structured Sentencing, crime rate forecasts by a technical advisory group, probation and revocation rates, and the decline (parole and maxouts) of the stock prison population sentenced under previous sentencing acts. Based on the most recent population projections and estimated available prison bed capacity, *there are no surplus prison beds available for the five-year fiscal note horizon and beyond.*

Because this bill creates two new criminal offenses (a Class C and Class B2 felony), the Sentencing Commission has no data from which to project the number of convictions that might result from this legislation. Except in the event of extraordinary mitigation, all felony Class C and Class B2 offenders must receive active sentences. Due to the length of sentences imposed, the number of prison beds required for these offenders will build over time, as new offenders enter the system prior to the release of existing offenders. As a result, convictions under this bill would have a long-term prison impact. The average annual operating cost for one prison bed in FY 2006-07 will be an estimated \$24,740.

Felony Class C: During FY 2003-04, there were 89 convictions under current G.S. 14-34.1 for discharging certain barreled weapons or a firearm into occupied property, a Class E felony. It is unknown how many of these convictions involved a dwelling or vehicle in operation and would thus be elevated to Class C felonies under this legislation. If, for example, there were one conviction for this offense per year, this bill would result in the need for one additional prison bed the first year and two additional prison beds the second year. The average time served for a Class C felony in FY 2003-04 was 95 months.

Felony Class B2: During FY 2003-04, there were 453 convictions under G.S. 14-32(b) for assault with a deadly weapon inflicting serious injury, a Class E felony. It is unknown how many of these convictions involved the willful or wanton discharge of a firearm or specified barreled weapon into a dwelling or vehicle in operation and would thus become Class B2 felonies under this legislation. It is also not known how many of the 89 convictions under G.S. 14-24.1 inflicted serious injury and would, therefore, also be elevated to Class B2 felonies under this bill. If, for example, there was one conviction for this offense per year, this bill would result in the need for one additional prison bed the first year and two additional prison beds the second year. The average time served for a Class B2 felony in FY 2003-04 was 189 months.

Non-Active Sentences: Under current law, some individuals convicted of the Class E felonies affected by this bill may receive intermediate sanctions and be supervised by the Division of Community Corrections (DCC). Because felony Class C and B2 offenders cannot receive intermediate sanctions, there would be short-term cost savings to DCC for any offenders who receive active rather than intermediate sanctions due to this bill. However, in the long term DCC would incur the cost of post-release supervision for Class C and B2 offenders upon their release from prison.

Judicial Branch

For most criminal penalty bills, the Administrative Office of the Courts (AOC) provides Fiscal Research with an analysis of the fiscal impact of the specific bill. For these bills, fiscal impact is typically based on the assumption that court time will increase due to an expected increase in trials and a corresponding increase in the hours of work for judges, clerks, and prosecutors. This increased court time is also expected to result in greater expenditures for jury fees and indigent defense.

AOC data for calendar year 2004 show 688 defendants charged with Class E felonies under current G.S. 14-34.1 for discharging a weapon into occupied property. AOC does not have data on how many of these violations involved shooting into a dwelling or a traveling vehicle. Under this bill, these offenses would be charged as Class C felonies, or Class B2 felonies if serious injury resulted.

AOC data additionally show 2,074 defendants charged during calendar year 2004 under G.S. 14-32(b) for Assault with a Deadly Weapon Inflicting Serious Injury, also a Class E felony. No data is available on the number of these charges that involved the discharge of a firearm or specified barreled weapon into occupied property and would, therefore, be elevated to Class B2 felonies due to this bill. AOC notes that charges under G.S. 14-32(c) for Assault with a Deadly Weapon with Intent to Kill (felony Class E) and G.S. 14-32(a) for Assault with a Deadly Weapon with Intent to Kill Inflicting Serious Injury (felony Class C) could also potentially be elevated to felony Class C and B2, respectively, as a result of this bill.

For any felony charge with an elevated offense classification due to this bill, there would be additional court and preparation time needed to process the charge, thus increasing superior court workload. As shown in Table 1 on the following page, the estimated increase in cost to dispose of a single charge that is elevated from felony Class E to Class C is \$3,513 per trial and \$84 per guilty plea.

Table 1: Average Estimated Per Charge Felony Class C Settlement Costs

Felony Class	Settled via Trial			Settled via Guilty Plea
	Court/Attorney Costs	Indigent Defense	Total	-
Class E	\$5,847	\$2,912	\$8,759	\$414
Class C	\$7,179	\$3,653	\$10,832	\$498
Increased Cost	\$2,531	\$982	\$3,513	\$84

As shown in Table 2 below, the estimated increase in cost to dispose of a single charge that is elevated from felony Class E to Class B2 is \$4,472 per trial and \$622 per guilty plea.

Table 2: Average Estimated Per Charge Felony Class B2 Settlement Costs

Felony Class	Settled via Trial			Settled via Guilty Plea
	Court/Attorney Costs	Indigent Defense	Total	-
Class E	\$5,847	\$2,912	\$8,759	\$414
Class B2	\$8,752	\$4,479	\$13,231	\$1,036
Increased Cost	\$2,905	\$1,567	\$4,472	\$622

SOURCES OF DATA: Department of Correction; Judicial Branch; North Carolina Sentencing and Policy Advisory Commission

TECHNICAL CONSIDERATIONS: None

FISCAL RESEARCH DIVISION: (919) 733-4910

PREPARED BY: Aaron Paul and Chloe Gossage

APPROVED BY: James D. Johnson, Director
Fiscal Research Division



DATE: April 12, 2005

Signed Copy Located in the NCGA Principal Clerk's Offices

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2005

S

1

SENATE BILL 61

Short Title: Felony Death/Serious Injury by Vehicle.

(Public)

Sponsors: Senators Thomas; Apodaca, Bingham, Garwood, Jenkins, Presnell, Smith, Swindell, Tillman, and Weinstein.

Referred to: Judiciary II.

February 7, 2005

A BILL TO BE ENTITLED
AN ACT TO STRENGTHEN THE LAWS AGAINST IMPAIRED DRIVING BY
INCREASING THE PUNISHMENT FOR FELONY DEATH BY VEHICLE AND
CREATING THE OFFENSE OF FELONY SERIOUS INJURY BY VEHICLE.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 20-141.4 reads as rewritten:

"§ 20-141.4. Felony and misdemeanor death by vehicle.

(a) Repealed by Session Laws 1983, c. 435, s. 27.

(a1) Felony Death by Vehicle. – A person commits the offense of felony death by vehicle if he unintentionally causes the death of another person while engaged in the offense of impaired driving under G.S. 20-138.1 or G.S. 20-138.2 and commission of that offense is the proximate cause of the death.

(a2) Misdemeanor Death by Vehicle. – A person commits the offense of misdemeanor death by vehicle if he unintentionally causes the death of another person while engaged in the violation of any State law or local ordinance applying to the operation or use of a vehicle or to the regulation of traffic, other than impaired driving under G.S. 20-138.1, and commission of that violation is the proximate cause of the death.

(a3) Felony Serious Injury by Vehicle. – A person commits the offense of felony serious injury by vehicle if he unintentionally causes serious injury to another person while engaged in the offense of impaired driving under G.S. 20-138.1 or G.S. 20-138.2, and commission of that offense is the proximate cause of the serious injury.

(b) Punishments. – Felony death by vehicle is a Class ~~G-D~~ felony. Felony serious injury by vehicle is a Class E felony. Misdemeanor death by vehicle is a Class 1 misdemeanor.

(c) No Double Prosecutions. – No person who has been placed in jeopardy upon a charge of death by vehicle may be prosecuted for the offense of manslaughter arising

1 out of the same death; and no person who has been placed in jeopardy upon a charge of
2 manslaughter may be prosecuted for death by vehicle arising out of the same death."

3 **SECTION 2.** This act becomes effective December 1, 2005, and applies to
4 offenses committed on or after that date.

GENERAL ASSEMBLY OF NORTH CAROLINA

Session 2005

Legislative Incarceration Fiscal Note
(G.S. 120-36.7)

REVISED

BILL NUMBER: Senate Bill 61 (First Edition)

SHORT TITLE: Felony Death/Serious Injury by Vehicle

SPONSOR(S): Senator Thomas

	FISCAL IMPACT				
	Yes (X)	No ()	No Estimate Available ()		
	<u>FY 2005-06</u>	<u>FY 2006-07</u>	<u>FY 2007-08</u>	<u>FY 2008-09</u>	<u>FY 2009-10</u>
EXPENDITURES:					
HIGHWAY FUND					
Transportation	\$18,388	-	-	-	-
GENERAL FUND					
Correction ⁺					
Recurring	-	\$432,799+	\$1,255,931+	\$2,072,553+	\$3,065,809+
Non-Recurring	There are no available prison beds during this timeframe. This note assumes that contractual beds will be used in the short run. In the long term, the state will need to construct new cells at an average cost of \$86,957 per bed.				
Judicial (Recurring)	\$13,559+	\$24,406+	\$25,626+	\$26,907+	\$28,252+
TOTAL					
EXPENDITURES:	\$31,947+	\$457,205+	\$1,281,557+	\$2,099,460+	\$3,094,061+
ADDITIONAL PRISON BEDS*	-	12+	41+	70+	102+
POSITIONS: (cumulative)	-	5+	16+	28+	41+
PRINCIPAL DEPARTMENT(S) & PROGRAM(S) AFFECTED: Department of Correction; Judicial Branch; Department of Transportation.					
EFFECTIVE DATE: December 1, 2005					
⁺ Costs reflect only the impact of enhancing the penalty for Felony Death by Vehicle. There would be an indeterminate number of additional prison beds and costs to the Administrative Office of the Courts (AOC) and the Department of Correction (DOC) as a result of the new offense of Felony Serious Injury by Vehicle. See Assumptions and Methodology for details.					
*This fiscal analysis is independent of the impact of other criminal penalty bills being considered by the General Assembly, which could also increase the projected prison population and thus the availability of prison beds in future years. The Fiscal Research Division is tracking the cumulative effect of all criminal penalty bills on the prison system as well as the Judicial Department.					

BILL SUMMARY: This bill amends G.S. 20-141.4 to raise the offense class of Felony Death by Vehicle from felony Class G to Class D and creates a new offense, Felony Serious Injury by Vehicle, punishable as a Class E felony. Both offenses require that the offender be engaged in the offense of Driving While Impaired.

ASSUMPTIONS AND METHODOLOGY:

General

The Sentencing and Policy Advisory Commission prepares prison population projections for each criminal penalty bill. The Commission assumes for each bill that increasing criminal penalties does not have a deterrent or incapacitative effect on crime. Therefore, the Fiscal Research Division does not assume savings due to deterrent effects for this bill or any criminal penalty bill.

Offenders that could be convicted of Felony Serious Injury by Vehicle due to this bill are eligible under current law to be convicted of Assault with a Deadly Weapon Inflicting Serious Injury, also a Class E felony. The Sentencing Commission does not have data reflecting the number of these convictions that involve the perpetration of a Driving While Impaired offense. To the extent that these offenders are already being charged and convicted of a Class E felony, the impact upon prison population and the court system due to this new offense would be reduced. However, an informal poll of district attorneys conducted by AOC in 2002 indicated that no charges other than DWI are currently being brought against these defendants.

Department of Transportation/Highway Fund

The State Automated Driver License System (SADLS) will require the following modifications to implement the new offense of Felony Serious Injury by Vehicle:

- Logic for new conviction codes and business rules to enforce these new codes.
- New AOC code process logic.
- New suspension codes and the business rules to enforce these new codes.
- Changes to the correspondence system for new correspondence produced.
- Alcohol Restriction for new codes and business rules to enforce these new codes.

The Drivers License Section estimates 206 hours of programming, testing, and implementation at \$80/hour for a total of \$16,720, plus ITS charges totaling \$1,668. Total nonrecurring expenditures for the Drivers License Section are estimated to be \$18,388.

Department of Correction – Division of Prisons

This bill could increase the number of prison beds needed by three means: 1) raising the offense class of Felony Death by Vehicle from Class G to Class D; 2) creating the new offense of Felony Serious Injury by Vehicle; and 3) inducing prosecutors to seek convictions for Felony Death by Vehicle in cases in which they presently seek a conviction for Involuntary Manslaughter (a Class F felony). Due to lack of historical data, the Sentencing Commission cannot estimate any impact on prison population resulting from the creation of a new offense or a change in prosecutorial behavior. Throughout this fiscal note, the + symbol is used to indicate the potential for additional, unquantifiable prison beds and expenditures resulting from those aspects of this bill.

1) Felony Death by Vehicle

This bill would increase the penalty for Felony Death by Vehicle from Class G to Class D, resulting in an increase in both sentence length and activation rate. While a judge may impose an intermediate sanction for a Class G felony, a Class D felony requires an active sentence. In FY 2003-04, there were 35 convictions for Felony Death by Vehicle. The Sentencing Commission projects that raising the offense classification to Class D would increase the number of prison beds needed each year, resulting in the need for 102 new beds by FY 2009-10.

2) Felony Serious Injury by Vehicle

The new offense of Felony Serious Injury by Vehicle would be punishable as a Class E felony. Division of Motor Vehicles (DMV) data indicates that there were 625 alcohol-related crashes that caused serious injury as defined by DMV in 2003, a continued decline from previous years. Although AOC has provided an estimate of the number of charges that could result from these accidents, it is not possible to estimate the number of convictions that might result from those charges. If, for example, there were two convictions for this offense per year, the combination of active sentences and probation revocations would result in the need for one additional prison bed in the first year and two additional beds in the second year. The statewide average annual operating cost for each additional prison bed in FY 2006-07 is projected to be \$24,740.

3) Change in Prosecutorial Behavior

The bill would raise Felony Death by Vehicle to an offense class above Involuntary Manslaughter (G.S. 14-18), a Class F felony. It is possible that, as a result of this bill, some convictions for Involuntary Manslaughter would instead be for Felony Death by Vehicle, increasing sentence length and ensuring an active sentence. In FY 2003-04, there were 83 convictions for Involuntary Manslaughter. There is no data on the number of these convictions that involved the commission of a Driving While Impaired offense. As such, the Sentencing Commission cannot project the number of offenders that might be convicted of Felony Death by Vehicle if it were classified above Involuntary Manslaughter.

The chart on the next page compares the projected inmate population to available prison bed capacity system-wide and shows any population increases caused by a specific bill. Based on the most recent population projections and estimated available prison bed capacity, *there are no surplus prison beds available for the five-year fiscal note horizon and beyond.* That means the number of beds needed (row five) is always equal to the projected additional inmates due to a bill (row four).

Rows four and five in the chart show the impact of the increased penalty for Felony Death by Vehicle proposed by this bill. As shown in bold in the chart, the Sentencing Commission estimates that this specific legislation will add *at least* 102 inmates to the prison system by the end of FY 2009-10. There will be additional beds required by the creation of the new Class E offense of Felony Serious Injury by Vehicle, but the number cannot be determined.

	<u>June 30 2006</u>	<u>June 30 2007</u>	<u>June 30 2008</u>	<u>June 30 2009</u>	<u>June 30 2010</u>
1. Projected No. Of Inmates Under Current Structured Sentencing Act ¹	38,106	39,021	39,864	40,750	41,668
2. Projected No. of Prison Beds (DOC Expanded Capacity) ²	37,015	37,911	38,807	38,807	38,807
3. No. of Beds Over/Under No. of Inmates Under Current Structured Sentencing Act	-1,091	-1,110	-1,057	1,943	-2,861
4. No. of Projected Additional Inmates <u>Due to this Bill</u> ³	-	12+	41+	70+	102+
5. No. of Additional Beds Needed Each Fiscal Year <u>Due to this Bill</u> ³	-	12+	41+	70+	102+

POSITIONS: It is anticipated that *at least* 41 positions would be needed to supervise the additional inmates housed under this bill by 2009-10. This position total includes security, program, and administrative personnel at a ratio of one employee for every 2.5 inmates. This ratio is the combined average of the last five prisons opened by DOC and two prisons under construction. Two of the prisons were medium custody and five were close custody.

FISCAL IMPACT BEYOND FIVE YEARS: Fiscal notes look at the impact of a bill through FY 2010. However, there is information available on the impact of this bill in later years. The chart below shows the additional inmates due to this bill, the projected available beds, and required beds due only to this bill each year.

	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>
Inmates Due to This Bill*	134+	155+	163+	169+
Available Beds (over/under)	-3,787	-4,692	-5,574	-6,505
New Beds Needed (minimum)*	-3,921	-4,847	-5,737	-6,674
* Only part of the impact is quantifiable.				

¹ The Sentencing and Policy Advisory Commission prepares inmate population projections annually. The projections used for incarceration fiscal notes are based on January 2005 projections. These projections are based on historical information on incarceration and release rates under Structured Sentencing, crime rate forecasts by a technical advisory group, probation and revocation rates, and the decline (parole and maxouts) of the stock prison population sentenced under previous sentencing acts.

² Projected number of prison beds is based on beds completed, under construction, or authorized for construction as of December 2004. The number of beds is based on DOC operating at Expanded Operating Capacity (EOC).

³ Criminal penalty bills effective December 1, 2005 will not affect prison population and bed needs until FY 2006-07 due to the lag time between when an offense is committed and an offender is sentenced.

DISTRIBUTION OF BEDS: After analyzing the proposed legislation, the Department of Correction estimates the following distribution of beds as needed under this bill:

32% Close Custody
60% Medium Custody
8% Minimum Custody

CONSTRUCTION: Construction costs for new prison beds, as listed in the following chart, are based on estimated 2004-05 costs for each custody level as provided by the Office of State Construction and the Department of Correction. An inflation rate of five percent per year is applied to future years. *The costs assume stand-alone facilities; single cells for close custody and dormitories for medium and minimum.*

<u>Custody Level</u>	<u>Minimum</u>	<u>Medium</u>	<u>Close</u>
Construction Cost Per Bed 2004-05	\$45,500	\$73,500	\$98,500

The cost to construct each bed required by this bill is shown in the Fiscal Impact Table on page one of this note. This cost is for 2006-07 and assumes that funds to construct prison beds should be budgeted three years in advance since building a prison typically requires three years for planning, design, and construction.

The total cost to construct new beds to accommodate the 102 inmates this bill is projected to add to the prison system by FY 2009-10 is estimated to be \$8.87 million. DOC would need to begin construction of these beds in FY 2006-07. By FY 2013-14, 169 beds would be needed due to this legislation. **The cost to construct the additional 67 beds beginning in FY 2010-11 would be \$7.08 million.** These figures represent a FY 2004-05 average base cost per bed of \$78,873 adjusted for inflation at a rate of five percent annually. This base cost per bed is a weighted average of the cost per bed for each of the three custody levels as shown above.

OPERATING: Operating costs are based on actual 2003-04 costs for each custody level as provided by the Department of Correction. These costs include security, inmate programs, inmate costs (food, medical etc.) and administrative overhead costs for the Department and the Division of Prisons. A three percent annual inflation rate will be added each year to the base costs for FY 2003-04 shown below and included in the recurring costs estimated in the Fiscal Impact Table on page one.

Daily Inmate Operating Cost 2003-04

<u>Custody Level</u>	<u>Minimum</u>	<u>Medium</u>	<u>Close</u>	<u>Statewide Average</u>
Daily Cost Per Inmate (2003-04)	\$49.34	\$65.59	\$82.46	\$62.03

Department of Correction – Division of Community Corrections

Offenders convicted of Felony Serious Injury by Vehicle (felony Class E) in Prior Record Levels I and II could receive an intermediate rather than active punishment. Probation officers in the Division of Community Correction supervise offenders with intermediate sanctions at an estimated cost of \$10.94 per day for the first six months and \$1.87 per day thereafter. This cost estimate is based on the average cost and duration of intensive probation, the most common intermediate sanction. In FY 2003-04, 51 percent of Class E felons received an intermediate punishment, and the average length of supervision was 36 months.

If, for example, there were two convictions for Felony Serious Injury by Vehicle, and the rate of intermediate sentences was the same as the overall rate for Class E in 2003-04, one offender would receive an intermediate punishment. Costs to the Division of Community Corrections (DCC) for that offender would be an estimated \$2,338 in the first year and \$683 per year in the second and third years. As with active sentences, costs would begin in FY 2006-07 due to the lag time between charge and conviction.

As a Class G offense, individuals convicted of Felony Death by Vehicle can receive intermediate sanctions administered by DCC. Because Class D offenders cannot receive intermediate sanctions, there would be short-term cost savings to DCC if Felony Death by Vehicle were reclassified as a Class D offense. However, in the long term DCC would incur the cost of post-release supervision for Class D offenders. To the extent that offenders charged with Felony Serious Injury by Vehicle are presently being charged with a lesser offense with a higher non-active sentence rate, the same would hold true for that offense.

Judicial Branch

For most criminal penalty bills, AOC provides Fiscal Research with an analysis of the fiscal impact of the specific bill. For these bills, fiscal impact is typically based on the assumption that court time will increase due to an expected increase in trials and a corresponding increase in the hours of work for judges, clerks and prosecutors. This increased court time is also expected to result in greater expenditures for jury fees and indigent defense.

Felony Death by Vehicle

AOC estimates that it would cost the courts an additional \$23,244 to process charges for Felony Death by Vehicle if it were reclassified as a Class D offense. According to AOC data, in calendar year 2004 a total of 65 defendants were charged with Felony Death by Vehicle. Of these charges, AOC estimates that four percent were settled by jury trial, sixty percent by guilty plea, and the remaining charges were dismissed. Based on the costs of jury fees, attorney preparation, and court time, AOC estimates the cost to dispose of these cases as Class G felonies at \$20,458. The cost of indigent defense, based on an estimated indigency rate of 39 percent, would total an additional \$4,077.

Using overall disposition rates for Class D felony cases in 2004, AOC estimates that, if 65 defendants were charged as Class D felons for Felony Death by Vehicle, seven percent would be disposed of by jury trial, 56 percent by plea, and the remaining charges would be dismissed. The cost to process these cases, based on the costs of jury fees, attorney preparation, and time in court, would be \$39,518. At an estimated indigency rate of 39 percent, costs of indigent defense would

total an additional \$8,261. The increase in cost to process Felony Death by Vehicle as a Class D offense reflects presumed increases in trial rates, trial length, attorney preparation time, and time to handle pleas. This figure does not include the cost of processing dismissals, any additional appeals that could result from the punishment enhancement, nor any increase in prosecution for violent habitual felony. The figures in the box on the front page reflect the difference in total cost (\$23,244), inflated at a rate of three percent annually, and adjusted in FY 2005-06 to reflect only the seven months for which the bill would be effective.

Felony Serious Injury by Vehicle

Based on the costs of jury fees, time in court, attorney preparation, and indigent defense, the total cost to process an estimated 120 additional Class E charges as a result of this new felony would equal \$54,721 per year. North Carolina Division of Motor Vehicles data reveals that in calendar year 2003 there were 354 alcohol-related crashes resulting in at least one fatality. During that same time period, AOC data shows that there were 68 charges for Felony Death by Vehicle, indicating that approximately 19.2 percent of alcohol-related fatal crashes in 2003 resulted in charges for Felony Death by Vehicle. According to DMV data, there were 625 alcohol-related crashes involving serious injury in 2003. If the same proportion of these 625 accidents were to result in charges for Felony Serious Injury by Vehicle, the court system could expect to handle approximately 120 charges of this new Class E felony. Using the average disposition rates of all Class E felonies during 2004, these 120 charges would result in 6 jury trials, 52 pleas, and 62 dismissals. The cost of attorney preparation time and time in court to process these charges would equal an estimated \$45,814. At an indigency rate of 39 percent, additional costs for indigent defense would equal \$8,907. Since no actual data exists regarding charges for this new offense and we do not know how these cases are currently charged, these figures are not included in the box on the front page.

SOURCES OF DATA: Department of Transportation; Department of Correction; Judicial Branch; North Carolina Sentencing and Policy Advisory Commission; and Office of State Construction.

TECHNICAL CONSIDERATIONS: None

FISCAL RESEARCH DIVISION: (919) 733-4910

PREPARED BY: Jim Mills and Aaron Paul

Official
Fiscal Research Division
Publication

APPROVED BY: James D. Johnson, Director Fiscal Research Division

DATE: March 29, 2005

Signed Copy Located in the NCGA Principal Clerk's Offices

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2005

S

1

SENATE BILL 724

Short Title: NCNG – Dependents Pay In-State Tuition. (Public)

Sponsors: Senators Thomas; Apodaca, Bingham, Brown, Dalton, Forrester,
Garwood, Hoyle, Jenkins, Rand, Swindell, and Weinstein.

Referred to: Education/Higher Education.

March 22, 2005

A BILL TO BE ENTITLED

AN ACT TO PROVIDE THAT DEPENDENTS OF MEMBERS OF THE NORTH
CAROLINA NATIONAL GUARD PAY IN-STATE TUITION.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 116-143.3 is amended by adding a new subsection to
read:

"(c1) Any dependent relative of a member of the North Carolina National Guard as defined by the Board of Governors of The University of North Carolina and by the State Board of Community Colleges while sharing the abode of that member shall be eligible to be charged the in-State tuition rate, if the dependent relative qualifies for admission to an institution of higher education as defined in G.S. 116-143.1(a)(3). The dependent relatives shall comply with the requirements of the Selective Service System, if applicable, in order to be accorded this benefit."

SECTION 2. This act becomes effective July 1, 2005.

GENERAL ASSEMBLY OF NORTH CAROLINA

Session 2005

Legislative Fiscal Note

BILL NUMBER: Senate Bill 724 (First Edition)

SHORT TITLE: NCNG – Dependents Pay In-State Tuition.

SPONSOR(S): Senator Thomas

FISCAL IMPACT

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

FY 2005-06 FY 2006-07 FY 2007-08 FY 2008-09 FY 2009-10

REVENUES

UNC & Comm.

Coll. Receipts

Receipts loss - See Assumptions and Methodology

EXPENDITURES

PRINCIPAL DEPARTMENT(S) &

PROGRAM(S) AFFECTED: Board of Governors of the University of North Carolina;
State Board of Community Colleges

EFFECTIVE DATE: July 1, 2005

BILL SUMMARY: The bill provides in-state tuition to the dependents of members of the North Carolina National Guard who reside out-of-state. The tuition is for both state universities and community colleges. The dependent must reside with the National Guard member.

ASSUMPTIONS AND METHODOLOGY: There is no data on the number of National Guard dependents that attend public colleges and community colleges in North Carolina. However, it is known that in 2005 there are 652 North Carolina Army and Air National Guard members who reside out-of-state. These non-resident National Guard members have 105 children of college age that could take advantage of in-state tuition. These Guard members also have 75 more children aged 13 to 17 that will be of college age in the next five years. (see following chart)

Not all students that graduate from high school attend college. According to the National Center for Education Statistics, the national college going rate in 2002 was 56.2%. Assuming Guard dependents follow the national average for college attendance, then only 69 of the 122 eligible Guard dependents will likely attend a college or community college in FY 2005-06. Since the bill has no age limit on the in-state tuition paid for public college attendance, those students eligible in 2004-05 are assumed eligible for the 5 years estimated in this fiscal note. (see following chart)

<u>Fiscal Year</u>	<u>Age</u>	<u>Number</u>	<u>Total Eligible</u>	<u>College Going Rate (56.2%)</u>
04-05	College age	105		
05-06	17	17	122	69
06-07	16	33	155	87
07-08	15	35	190	107
08-09	14	28	218	123
09-10	13	30	248	139

The non-resident members of the North Carolina National Guard come primarily from neighboring states. It is conceivable that a number of the non-resident National Guard children now attend a North Carolina college or community college. Based on statistics from UNC's Statistical Abstract of Higher Education 03-04, the following enrollment of non-resident students was reported for Fall 2003:

Georgia	1,156	Tennessee	436
South Carolina	1,210	Virginia	2,995

For community colleges, the Abstract reported the following students from neighboring states:

Georgia	74	Tennessee	62
South Carolina	104	Virginia	179

What if this legislation motivated 69 nonresident National Guard dependents to attend a North Carolina community college or public university in FY 2005-06?

Scenario 1: If 69 non-resident students were admitted to the UNC system schools and paid the average weighted out-of-state tuition of \$13,144, then the UNC schools would receive \$906,936 in revenue. If the same students were granted in-state tuition by this bill, then their payment of the average weighted tuition of \$2,239 would yield \$154,491 in tuition receipts. The revenue lost in this scenario is \$752,445.

Scenario 2: If 69 non-resident students were admitted to schools in the Community College system and paid the out-of-state tuition of \$6,752 per year, the community colleges would receive \$465,888 in tuition revenue. If the same students were granted in-state tuition by this bill, then their payment of the in-state tuition of \$1,216 would yield \$83,904 in tuition receipts. The revenue lost in this scenario is \$381,984.

Based on the above scenarios, the cost to North Carolina public colleges and community colleges ranges from \$381,984 to \$752,445 in FY 05-06.

Given the number of known Guard dependents what is the future cost of this tuition benefit? Using the difference between out-of-state and in-state tuition shown above, the following chart calculates the range of revenue loss from this bill. By FY 2009-10, this tuition benefit could cost the state \$1.5 million. The fiscal impact will be even greater if non-resident tuition grows at a rate higher than resident tuition, thus increasing the tuition differences.

<u>Fiscal Year</u>	<u>Estimated # of Students</u>	<u>UNC Tuition Difference \$10,905</u>	<u>CC Tuition Difference \$5,536</u>
05-06	69	\$752,445	\$381,984
06-07	87	\$948,735	\$481,632
07-08	107	\$1,166,835	\$592,352
08-09	123	\$1,341,315	\$680,928
09-10	139	\$1,515,795	\$769,504

The unknown factor in this analysis is the future number of nonresident National Guard members. Lengthy foreign deployments have discouraged many from joining the Guard in the past year. A December 17, 2004 CBS/AP news story reported that Guard enlistments had fallen 30% below recruitment goals in the last two months of 2004. However, the North Carolina National Guard reported it had exceeded its recruiting goals for the year ending September 2004. The future cost of this tuition reduction will depend on how successful North Carolina is in maintaining its troop strength using both residents and nonresidents.

SOURCES OF DATA: North Carolina Air National Guard; North Carolina Army National Guard; UNC Statistical Abstract of Higher Education 03-04; National Center for Education Statistics; CBSNEWS.com; North Carolina National Guard news release December 2, 2004.

TECHNICAL CONSIDERATIONS: This bill does not limit the age of the college student. GS 115-2 limits tuition waivers in the UNC and Community College System to 23 years old and under. An age limit of 25 is imposed on Veterans Scholarships in GS 165-20.

FISCAL RESEARCH DIVISION: (919) 733-4910

PREPARED BY: Richard Bostic

APPROVED BY: James D. Johnson, Director
Fiscal Research Division



DATE: April 26, 2005

Signed Copy Located in the NCGA Principal Clerk's Offices

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2005

S

1

SENATE BILL 687

Short Title: Volunteer Rescue/EMS Funding.

(Public)

Sponsors: Senator Kerr.

Referred to: Appropriations/Base Budget.

March 21, 2005

A BILL TO BE ENTITLED

AN ACT TO AMEND THE LAW GOVERNING THE VOLUNTEER RESCUE/EMS
FUND.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 58-87-5 reads as rewritten:

"§ 58-87-5. Volunteer Rescue/EMS Fund.

(a) There is created in the Department of Insurance the Volunteer Rescue/EMS Fund to provide grants to volunteer rescue units providing rescue or rescue and emergency medical services to purchase equipment and make capital improvements. An eligible rescue or rescue/EMS unit may apply to the Department of Insurance for a grant under this section. The application form and criteria for grants shall be established by the Department. The North Carolina Association of Rescue and Emergency Medical Services, Inc., shall provide the Department with an advisory priority listing for rescue equipment eligible for funding and the The Department of Health and Human Services shall provide the Department with an advisory priority listing of EMS equipment eligible for funding. The State Treasurer shall invest the Fund's assets according to law, and the earnings shall remain in the Fund. On December 15 of each year, the Department shall make grants to eligible rescue or rescue/EMS units subject to all of the following limitations:

- (1) A grant to an applicant who is required to match the grant with non-State funds may not exceed ~~fifteen thousand dollars (\$15,000)~~, twenty-five thousand dollars (\$25,000) and a grant to an applicant who is not required to match the grant with non-State funds may not exceed three thousand dollars (\$3,000).
- (2) An applicant whose liquid assets, when combined with the liquid assets of any corporate affiliate or subsidiary of the applicant, are more than one thousand dollars (\$1,000) shall match the grant on a dollar-for-dollar basis with non-State funds.

(3) The grant may be used only for equipment purchases, ~~payment of highway use taxes on those purchases,~~purchases or capital expenditures.

(4) An applicant may receive no more than one grant per fiscal year.

In awarding grants under this section, the Department shall to the extent possible select applicants from all parts of the State based upon need. Up to two percent (2%) of the Fund may be used for additional staff and resources to administer the Fund in each fiscal year. In addition, notwithstanding G.S. 58-78-20, up to four percent (4%) of the Fund may be used for additional staff and resources for the North Carolina Fire and Rescue Commission.

(b) A rescue or rescue/EMS unit is eligible for a grant under this section if it meets all of the following conditions:

(1) Repealed by Session Laws 1989 (Regular Session, 1990), c. 1066, s. 33(a).

(2) It consists entirely of volunteer members, with the exception that the unit may have paid members to fill the equivalent of ~~three~~ 10 full-time paid positions.

(3) It has been recognized by the Department as an organization that provides rescue or rescue and emergency medical ~~services.~~ services, or emergency medical services only. A department that provides emergency medical services only will be eligible only after all those eligible rescue or rescue and emergency medical services that are approved have been funded each grant year, and then only to the level of emergency medical services that they are approved to provide by the authority having jurisdiction.

(4) It satisfies the eligibility criteria established by the Department under subsection (a) of this section.

(c) For the purpose of this section and Article 88 of this Chapter, "rescue" means the removal of individuals facing external, nonmedical, and nonpatient related peril to areas of relative safety. A "rescue unit" or "rescue squad" means a group of individuals who are not necessarily trained in emergency medical services, fire fighting, or law enforcement, but who expose themselves to an external, nonmedical, and nonpatient related peril to effect the removal of individuals facing the same type of peril to areas of relative safety. The unit or squad must comply with existing State statutes and with eligibility criteria established by the North Carolina Association of Rescue and Emergency Medical Services, Inc."

SECTION 2. This act becomes effective July 1, 2005.

Principal Clerk _____
Reading Clerk _____

REVISED: ADD SB 687

SENATE
NOTICE OF COMMITTEE MEETING
And
BILL SPONSOR NOTICE

The Senate Committee on **APPROPRIATIONS** will meet at the following time:

DAY	DATE	TIME	ROOM
Wednesday	May 25, 2005	9:00 a.m.	643 LOB

The following will be considered:

BILL NO.	SHORT TITLE	SPONSOR
• SB 1067	Defense Technology Innovation Center	Senator Rand
• SB 486	Rachel's Law	Senator Allran
• SB 61	Felony Death/Serious Injury by Vehicle	Senator Thomas
• SB 724	NCNG-Dependents Pay In-State Tuition	Senator Thomas
• SB 687	Volunteer Rescue/EMS Funding	Senator Kerr

Senator Linda Garrou, Chair
Senator Walter Dalton, Chair
Senator Kay Hagan, Chair

AGENDA

SENATE APPROPRIATIONS BASE/BUDGET COMMITTEE

Wednesday, May 25, 2005 at 9:00 a.m.

Room 643, Legislative Office Building

I. Welcome and Opening Remarks

II. Bills to be considered:

- | | | |
|-----------|--|----------------|
| • SB 1067 | Defense Technology Innovation Center | Senator Rand |
| • SB 486 | Rachel's Law | Senator Allran |
| • SB 61 | Felony Death/Serious Injury by Vehicle | Senator Thomas |
| • SB 724 | NCNG-Dependents Pay In-State Tuition | Senator Thomas |
| • SB 687 | Volunteer Rescue/EMS Funding | Senator Kerr |

III. Other Business

IV. Adjournment

VISITOR REGISTRATION SHEET

SENATE APPROPRIATIONS COMMITTEE MEETING

Wednesday, May 25, 2005

NAME	FIRM OR AGENCY AND ADDRESS
John Madler	NC Sentencing Commission
Kary Isenhour Kenna Briggs	Sen Phil Berger's office NCCCS
Kathy Daniels	Capitol Group
Fred Bone	Bone's Asso.
Caroline Kazmierski	NCTA
Joan Myers	NCTA
Ed Turlington	Brooks Pierce
Stacey Holzinger	Fayetteville Chamber
Jessica Sage	NCFPC
Margaret Brooks	NCFPC
John [Signature]	NCFPC

VISITOR REGISTRATION SHEET

SENATE APPROPRIATIONS COMMITTEE MEETING

Wednesday, May 25, 2005

NAME	FIRM OR AGENCY AND ADDRESS
Nick Terryson	HBA of Durham & Orange Co
Frank Wiesner	HBA of Durham & Orange Co?
Ray Wale	HBA of Winston-Salem
Paul W Mullins	RELI Construction Co Inc 5193 Country Club Rd Winston Salem, N.C. 27104
Erik A. Anderson	Anderson-Moore Builders, Inc 8030 North Point Blvd, Suite 30, W-S, NC 27106
RONALD R. SCHWARTZ JR	AUDIO VIDEO ONE, INC. 1447 TRADEMART BLVD. WINSTON-SALEM, NC 27127
Zack Rothrock	Zack Rothrock Builders, Inc. 4385 Styers Ferry Rd. Winston Salem NC 27104
Clay Ceb	W.S. Home Builders Association
Kathy Caven Froedgrass	Piedmont Natural Gas - of Winston-Salem Home Builders Assoc.
Cadet Ivina Basile	Tarheel challenge Academy
NEAL A. HARRIS	TARHEEL CHALLENGE ACADEMY SALEMBURG, NC

VISITOR REGISTRATION SHEET

SENATE APPROPRIATIONS COMMITTEE MEETING

Wednesday, May 25, 2005

NAME	FIRM OR AGENCY AND ADDRESS
Hal Miller	ncAect
Suzanne Buckley	governors office
John Mettugh	"
Dick Carlton	attorneys
Danny Phelps	National Guard/DCPS
William Raliff	National Guard/DCPS
Paula A. Wolf	El Pueblo
Wally Seaton	Capitol Group
Thomas Leonard	D C Home Builders Assoc.
Tony Leonard	" "
Juanita Williams	NCCC

VISITOR REGISTRATION SHEET

SENATE APPROPRIATIONS COMMITTEE MEETING

Wednesday, May 25, 2005

NAME

FIRM OR AGENCY AND ADDRESS

Gene Causey

NCS FSA

Frogg Luddat

NCSOA

Doug Lassiter

NCSYA

John Bowditch

ADA

Ann Wile

DUHS

MINUTES

SENATE APPROPRIATIONS BASE/BUDGET

Wednesday, June 1, 2005

The Senate Appropriations/Base Budget Committee met on Wednesday, June 1, 2005, in the Senate Chamber. There were 42 members present. Senator Walter Dalton, Co-Chair, opened the meeting. Senator Dalton called the meeting to order and welcomed the members and visitors.

Senator Dalton stated the purpose of the meeting was to discuss Senate Bill 692 (*Please see Attachment 1*) and Senate Bill 811 (*Please see Attachment 2*).

Senator Dalton recognized Senator Rand. Senator Rand made a motion to accept a proposed Committee Substitute for Senate Bill 692 for purposes of discussion. The motion was approved.

The Short Title of the proposed Committee Substitute: ***Green Square Project.-A.*** The Long Title: ***An Act to Authorize the Green Square Project.*** (*Please see Attachment 3*). Following a short discussion, Senator Swindell made a motion to vote Senate Bill 692 ***Unfavorable as to Bill, but Favorable as to Committee Substitute Bill.*** The motion carried.

Next, Senator Dalton recognized Senator Garwood. Senator Garwood made a motion to accept a proposed Committee Substitute for Senate Bill 811 for purposes of discussion. The motion was approved.

The Short Title of the proposed Committee Substitute for Senate Bill 811: ***Divide Judicial Districts 20 and 29.*** The Long Title: ***An Act to Divide district Court District 20 and Prosecutorial District 20 into 20A and 20B, to Realign Superior Court Districts 20A and 20B, and to Divide Superior Court, district Court, and Prosecutorial Districts 29 into Districts 29A and 29B.*** (*Please see Attachment 4*).

Senator Dannelly made a motion to vote Senate Bill 811 ***Unfavorable as to Bill, but Favorable as to Committee Substitute Bill.*** The motion carried.

Senator Dalton thanked the Committee members and adjourned the meeting.



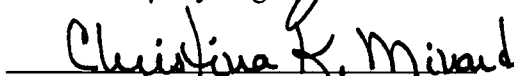
Senator Walter Dalton, Co-Chair



Senator Linda Garrou, Co-Chair



Senator Kay Hagan, Co-Chair



Christina K. Minard, Senate
Committee Assistant

**NORTH CAROLINA GENERAL ASSEMBLY
SENATE**

APPROPRIATIONS/BASE BUDGET COMMITTEE REPORT

**Senator Linda Garrou, Co-Chair
Senator Kay R. Hagan, Co-Chair
Senator Walter H. Dalton, Co-Chair**

Wednesday, June 01, 2005

Senator DALTON,
submits the following with recommendations as to passage:

**UNFAVORABLE AS TO BILL, BUT FAVORABLE AS TO COMMITTEE SUBSTITUTE
BILL**

S.B.	692	Green Square Project.-AB	
		Draft Number:	PCS 85262
		Sequential Referral:	None
		Recommended Referral:	None
		Long Title Amended:	No
S.B.	811	Divide Judicial District 29.	
		Draft Number:	PCS 55246
		Sequential Referral:	None
		Recommended Referral:	None
		Long Title Amended:	Yes

TOTAL REPORTED: 2

Committee Clerk Comments:

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2005**

S

1

SENATE BILL 692*

Short Title:	Green Square Project.-AB	(Public)
Sponsors:	Senators Rand; Berger of Franklin, Bingham, Cowell, Dorsett, Graham, Horton, Malone, Purcell, and Stevens.	
Referred to:	Appropriations/Base Budget.	

March 21, 2005

**A BILL TO BE ENTITLED
AN ACT TO AUTHORIZE THE GREEN SQUARE PROJECT.**

Whereas, the Green Square Project is an innovative partnership that involves private and state agencies in the development of the city block in downtown Raleigh just west of the Museum of Natural Sciences (Museum); and

Whereas, this project would finance and construct a new 60,000 square foot State Employees' Credit Union (SECU) financial services center, a 170,000 square foot office building for the Department of Environment and Natural Resources (DENR), and a 95,000 square foot Nature Research Center that engages the public in understanding the scientific research that affects our daily lives; and

Whereas, the Credit Union will finance and develop the project, and The Friends of the Museum will conduct a private capital campaign to address the Museum expansion; and

Whereas, DENR currently leases 165,000 square feet of office space in Raleigh at an annual cost of \$2,435,000, and the new office building could allow the relocating of environmental staff from dispersed areas to consolidate operation in the State Government Complex; and

Whereas, this would affect approximately 615 staff; and

Whereas, the financial strategy for use of offices in this new complex could be commensurate with rental space costs to DENR; and

Whereas, the Green Square partners have been in the planning phases for the past two years, the project has received endorsements from city, county and state officials, as well as business leaders, the Capital Area Planning Commission approved the concept in November 2003 and the General Assembly approved a \$500,000 allocation of DENR capital funds in the FY 2005 Budget for planning the Green Square; and

Whereas, funding is in place for Schematic Design but before this phase begins, two aspects of the project need to be approved: the Financing Plan and the Land Transfer Plan; and

Whereas, at the end of Schematic Design, the Credit Union will begin financing the Green Square Project, the Credit Union will be responsible for financing the full cost of site preparation, design and construction of the key elements of the Green Square Project, and the

Credit Union intends to construct the Green Square and associated parking deck in the block west of the Museum, excluding that portion of the real estate occupied by the Offices of the Attorney General; and

Whereas, the Credit Union desires that the State sell the land in June 2006 (other than the property now owned by the Credit Union) to the Credit Union, in fee simple, for one dollar \$1.00; and

Whereas, the State will retain a right to reacquire the Green Square Project property for the sum of (\$1.00) in the event the Project does not go forward as planned; and

Whereas, upon completion of construction, the Credit Union will be the landlord for all of the occupants, the State will have an option to purchase all Green Square property (except for the portion of property now owned by the State Employees' Credit Union and rights to certain parking spaces in the parking deck) during the first 20 years after occupancy at the total cost of site preparation, design, and construction and the land cost of \$1.00, less any Principal Payments previously made, plus any accrued and unpaid interest; and

Whereas, if the State does not exercise its option to repurchase the land and improvements within 20 years, SECU will have the right to purchase the land from the State at the then current market value; and

Whereas, the Museum will lease, and then purchase, approximately 95,000 square feet in the Green Square Project for the Nature Research Center; and DENR will lease approximately 170,000 square feet in the Green Square Project; and

Whereas, the Credit Union, Museum and DENR intend that the lease rate be such that the Credit Union receives a return on its total investment for construction costs for the site preparation, design and construction of the space in the building leased to the Museum and DENR (Principal Investment) in accordance with the financing approved, plus an agreed upon schedule for the repayment of the Principal Investment; and

Whereas, the Museum and DENR are allowed to repay the Principal Investment at any time, without penalty, and the lease payments after such payment of the Principal Investment shall be recalculated on the balance; Now, therefore,
The General Assembly of North Carolina enacts:

SECTION 1. The State of North Carolina shall convey to State Employees Credit Union, a North Carolina Corporation, for consideration of \$1.00, title to the following described property:

PROJECT SITE:

The Green Square Project site is located diagonally and directly northwest of the State Capitol grounds and is bordered on the south by Edenton Street, on the west by McDowell, on the north by Jones, and on the east by Salisbury. The perimeter property lines of the Green Square Project define a square measuring approximately 420 feet per side. The Green Square Project site only includes the southwest, northwest and northeast quadrants of the square. The "Old Education Building" occupies the fourth southeast quadrant. The Old Education Building will remain and will continue to be occupied by the offices of the State Attorney General.

SECTION 2. The General Assembly makes the following findings and authorizes the actions on behalf of the State set out in this section:

- (1) The State Employees' Credit Union (SECU) owns a parcel of land within the city block bounded by McDowell, Salisbury, Edenton and Jones Streets in the City of Raleigh, Wake County, North Carolina. The rest of the real estate contained in the aforementioned block is the property of the State of North Carolina.

- (2) The SECU desires and intends to construct a building and associated parking deck upon the real estate described in subdivision (1) of this section, excluding that portion of the real estate occupied by the Offices of the Attorney General, such building, parking deck, and adjoining real estate hereinafter referred to as the "Green Square Project". The SECU will be responsible for the full costs of site preparation, design and construction of the Green Square Project. Construction of the Green Square Project will necessitate demolition of certain structures already located thereon.
- (3) The SECU desires that the State sell the land (other than the property now owned by the SECU) to the SECU, in fee simple, upon which the Green Square Project will be located to the SECU for \$1.00.
- (4) The State will retain a right to reacquire the Green Square Project property for the sum of \$1.00 in the event the project does not go forward as planned, except for the portion of property now owned by the SECU.
- (5) Upon completion of construction, the SECU will be the landlord for all of the occupants. The State will have an option to purchase all Green Square property, excluding the property, both land and facility, designed for and intended to be occupied by the SECU and the SECU's ownership rights to certain parking spaces in the parking deck during the first 20 years after occupancy at the total cost of site preparation, design, and construction and the land cost of \$1.00, less any Principal Payments previously made, plus any accrued and unpaid interest. If the State does not exercise its option to repurchase the land and improvements within 20 years, the SECU will have the right to purchase the land from the State at the then current market value.
- (6) The Museum desires and intends to lease approximately 95,000 square feet in the Green Square Project. The Museum shall have the right to consult upon and ultimately approve the design applicable to the space the Museum intends to occupy within the building, and the Museum will be responsible for the cost of special upfitting to suit its specific Museum purposes.
- (7) DENR desires and intends to lease approximately 170,000 square feet in the Green Square Project. DENR shall have the right to consult upon and ultimately approve the design applicable to the space it intends to occupy within the building.
- (8) SECU, Museum and DENR intend and desire that the lease rate be such that the SECU receives a return on its total investment for construction costs for the site preparation, design and construction of the space in the building leased to the Museum and DENR with an agreed upon schedule for the repayment of the Principal Investment. The Museum and DENR are allowed to repay the Principal Investment at any time, without penalty, and the lease payments after such payment of the Principal Investment shall be recalculated on the balance. Lease payments will be monthly, quarterly, or annually, as the parties mutually determine to be agreeable after completion of construction and occupancy of the space.
- (9) The parties agree to share initial architectural design costs for the Pre-Design Phase and the Schematic Design Phase with DENR and the Museum paying 67% and the Credit Union paying 33%. After completion of the Schematic Design Phase, DENR will obtain final approval of the Green Square Project

from the Capital Area Planning Commission.

- (10) Upon receipt of the approval set forth in paragraph 10, all further design site preparation, design, and construction costs shall be capitalized by the SECU, as part of the overall project cost and apportioned appropriately among the project participants.
- (11) All parties hereto desire, intend and agree to use best efforts to secure the requisite approvals to proceed with the Green Square Project. Upon securing such approvals, the parties agree that the details of the Project and the responsibilities of the respective parties shall be set forth in a binding contract that shall supercede this Memorandum of Understanding and be executed prior to the beginning of construction.
- (12) All parties agree and acknowledge that the SECU will at all times, now and in the future, retain full ownership and title to its new facility and the associated land and parking.

SECTION 3. This act is effective when it becomes law.

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2005**

S

1

SENATE BILL 811

Short Title: Divide Judicial District 29.	(Public)
Sponsors: Senators Apodaca and Dalton.	
Referred to: Appropriations/Base Budget.	

March 23, 2005

A BILL TO BE ENTITLED
AN ACT TO DIVIDE SUPERIOR COURT, DISTRICT COURT, AND PROSECUTORIAL
DISTRICTS 29 INTO DISTRICTS 29A AND 29B.

The General Assembly of North Carolina enacts:

SECTION 1.(a) G.S. 7A-41(a) reads as rewritten:

"(a) The counties of the State are organized into judicial divisions and superior court districts, and each superior court district has the counties, and the number of regular resident superior court judges set forth in the following table, and for districts of less than a whole county, as set out in subsection (b) of this section:

Judicial Division	Superior Court District	Counties	No. of Resident Judges
First	1	Camden, Chowan, Currituck, Dare, Gates, Pasquotank, Perquimans	2
First	2	Beaufort, Hyde, Martin, Tyrrell, Washington	1
First	3A	Pitt	2
Second	3B	Carteret, Craven, Pamlico	3
Second	4A	Duplin, Jones, Sampson	1
Second	4B	Onslow	1
Second	5A	(part of New Hanover, part of Pender see subsection (b))	1
	5B	(part of New Hanover, part of Pender see subsection (b))	1
	5C	(part of New Hanover, see subsection (b))	1

First	6A	Halifax	1
First	6B	Bertie, Hertford, Northampton	1
First	7A	Nash	1
First	7B	(part of Wilson, part of Edgecombe, see subsection (b))	1
First	7C	(part of Wilson, part of Edgecombe, see subsection (b))	1
Second	8A	Lenoir and Greene	1
Second	8B	Wayne	1
Third	9	Franklin, Granville, Vance, Warren	2
Third	9A	Person, Caswell	1
Third	10A	(part of Wake, see subsection (b))	2
Third	10B	(part of Wake, see subsection (b))	2
Third	10C	(part of Wake, see subsection (b))	1
Third	10D	(part of Wake, see subsection (b))	1
Fourth	11A	Harnett, Lee	1
Fourth	11B	Johnston	1
Fourth	12A	(part of Cumberland, see subsection (b))	1
Fourth	12B	(part of Cumberland, see subsection (b))	1
Fourth	12C	(part of Cumberland, see subsection (b))	2
Fourth	13	Bladen, Brunswick, Columbus	2
Third	14A	(part of Durham, see subsection (b))	1
Third	14B	(part of Durham, see subsection (b))	3
Third	15A	Alamance	2
Third	15B	Orange, Chatham	2
Fourth	16A	Scotland, Hoke	1
Fourth	16B	Robeson	2
Fifth	17A	Rockingham	2
Fifth	17B	Stokes, Surry	2
Fifth	18A	(part of Guilford, see subsection (b))	1
Fifth	18B	(part of Guilford, see subsection (b))	1

Fifth	18C	(part of Guilford, see subsection (b))	1
Fifth	18D	(part of Guilford, see subsection (b))	1
Fifth	18E	(part of Guilford, see subsection (b))	1
Sixth	19A	Cabarrus	1
Fifth	19B	Montgomery, Randolph	1
Sixth	19C	Rowan	1
Fifth	19D	Moore	1
Sixth	20A	Anson, Richmond	1
Sixth	20B	Stanly, Union	2
Fifth	21A	(part of Forsyth, see subsection (b))	1
Fifth	21B	(part of Forsyth, see subsection (b))	1
Fifth	21C	(part of Forsyth, see subsection (b))	1
Fifth	21D	(part of Forsyth, see subsection (b))	1
Sixth	22	Alexander, Davidson, Davie, Iredell	3
Fifth	23	Alleghany, Ashe, Wilkes, Yadkin	1
Eighth	24	Avery, Madison, Mitchell, Watauga, Yancey	2
Seventh	25A	Burke, Caldwell	2
Seventh	25B	Catawba	2
Seventh	26A	(part of Mecklenburg, see subsection (b))	2
Seventh	26B	(part of Mecklenburg, see subsection (b))	3
Seventh	26C	(part of Mecklenburg, see subsection (b))	2
Seventh	27A	Gaston	2
Seventh	27B	Cleveland, Lincoln	2
Eighth	28	Buncombe	2
Eighth	29	Henderson, McDowell, Polk, Rutherford, Transylvania	2
	<u>29A</u>	<u>McDowell, Rutherford</u>	<u>1</u>
	<u>29B</u>	<u>Henderson, Polk, Transylvania</u>	<u>1</u>
Eighth	30A	Cherokee, Clay, Graham, Macon, Swain	1
Eighth	30B	Haywood, Jackson	1."

SECTION 1.(b) The superior court judgeship established for District 29A by

subsection (a) of this section shall be filled by the superior court judge from current District 29 who resides in Rutherford County. That judge's term expires on December 31, 2012, and a successor shall be elected in the 2012 general election.

SECTION 1.(c) The superior court judgeship established for District 29B by subsection (a) of this section shall be filled by the superior court judge from current District 29 who resides in Henderson County. That judge's term expires on December 31, 2006, and a successor shall be elected in the 2006 general election.

SECTION 1.(d) The trial court administrator serving current District 29 shall serve as trial court administrator for both District 29A and District 29B.

SECTION 2.(a) G.S. 7A-133(a) reads as rewritten:

"(a) Each district court district shall have the numbers of judges as set forth in the following table:

District	Judges	County
1	5	Camden Chowan Currituck Dare Gates Pasquotank Perquimans
2	4	Martin Beaufort Tyrrell Hyde Washington
3A	5	Pitt
3B	5	Craven Pamlico Carteret
4	8	Sampson Duplin Jones Onslow
5	8	New Hanover Pender
6A	2	Halifax
6B	3	Northampton Bertie Hertford
7	7	Nash Edgecombe Wilson
8	6	Wayne Greene
9	4	Lenoir Granville (part of Vance)

		see subsection (b))
		Franklin
9A	2	Person
		Caswell
9B	2	Warren
		(part of Vance
		see subsection (b))
10	15	Wake
11	8	Harnett
		Johnston
		Lee
12	9	Cumberland
13	6	Bladen
		Brunswick
		Columbus
14	6	Durham
15A	4	Alamance
15B	4	Orange
		Chatham
16A	3	Scotland
		Hoke
16B	5	Robeson
17A	2	Rockingham
17B	4	Stokes
		Surry
18	12	Guilford
19A	4	Cabarrus
19B	6	Montgomery
		Moore
		Randolph
19C	4	Rowan
20	7	Stanly
		Union
		Anson
		Richmond
21	9	Forsyth
22	9	Alexander
		Davidson
		Davie
		Iredell
23	4	Alleghany
		Ashe
		Wilkes
		Yadkin
24	4	Avery
		Madison
		Mitchell

25	8	Watauga Yancey Burke Caldwell Catawba Mecklenburg Gaston Cleveland Lincoln Buncombe Henderson McDowell Polk Rutherford Transylvania
26	17	
27A	6	
27B	4	
28	6	
29	7	
<u>29A</u>	<u>3</u>	<u>McDowell</u> <u>Rutherford</u>
<u>29B</u>	<u>4</u>	<u>Henderson</u> <u>Polk</u> <u>Transylvania</u>
30	5	Cherokee Clay Graham Haywood Jackson Macon Swain."

SECTION 2.(b) The district court judgeships established for District 29A by subsection (a) of this section shall be filled by the district court judges from current District 29 who reside in McDowell and Rutherford Counties and by the judge established for District 29 to be appointed by the Governor pursuant to Section 14.6 of S.L. 2004-124, as amended by subsection (c) of this section. The term of the judge living in Rutherford County expires the first Monday in December 2006. That judge's successor shall be elected in the 2006 general election. The term of the judge living in McDowell County expires the first Monday in December 2006. That judge's successor shall be elected in the 2006 election.

SECTION 2.(c) Section 14.6(f) of S.L. 2004-124 reads as rewritten:

"**SECTION 14.6.(f)** The Governor shall appoint the additional district court judges for Districts 5, 21, and ~~29~~ 29A authorized by subsection (e) of this section, and those judges' successors shall be elected in the 2006 general election for four-year terms commencing on the first Monday in December 2006.

The district court judge for the additional judgeship in District 17B, as authorized by subsection (e) of this section, shall be elected in the 2004 general election in the same manner as provided for in G.S. 163-329 to serve a four-year term beginning the first Monday in December 2004, and no vacancy exists before that date."

SECTION 2.(d) The district court judgeships established for District 29B by subsection (a) of this section shall be filled by the district court judges from current district 29 who reside in Henderson and Transylvania Counties. The term of the three judges living in

Henderson County expire the first Monday in December 2008. Those judges' successors shall be elected in the 2008 general election. The term of the judge living in Transylvania County expires the first Monday in December 2008. That judge's successor shall be elected in the 2008 general election.

SECTION 3.(a) G.S. 7A-60(a1) reads as rewritten:

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

Prosecutorial District	Counties	No. of Full-Time Asst. District Attorneys
1	Camden, Chowan, Currituck, Dare, Gates, Pasquotank, Perquimans	10
2	Beaufort, Hyde, Martin, Tyrrell, Washington	6
3A	Pitt	9
3B	Carteret, Craven, Pamlico	10
4	Duplin, Jones, Onslow, Sampson	14
5	New Hanover, Pender	14
6A	Halifax	4
6B	Bertie, Hertford, Northampton	4
7	Edgecombe, Nash, Wilson	16
8	Greene, Lenoir, Wayne	11
9	Franklin, Granville, Vance, Warren	11
9A	Person, Caswell	4
10	Wake	31
11	Harnett, Johnston, Lee	14
12	Cumberland	18
13	Bladen, Brunswick, Columbus	11
14	Durham	13
15A	Alamance	8
15B	Orange, Chatham	7
16A	Scotland, Hoke	5
16B	Robeson	10
17A	Rockingham	5
17B	Stokes, Surry	5
18	Guilford	27
19A	Cabarrus	6
19B	Montgomery, Moore, Randolph	11
19C	Rowan	5
20	Anson, Richmond, Stanly, Union	15
21	Forsyth	17

22	Alexander, Davidson, Davie, Iredell	16
23	Alleghany, Ashe, Wilkes, Yadkin	5
24	Avery, Madison, Mitchell, Watauga, Yancey	4
25	Burke, Caldwell, Catawba	15
26	Mecklenburg	36
27A	Gaston	12
27B	Cleveland, Lincoln	9
28	Buncombe	11
29	Henderson, McDowell, Polk, Rutherford, Transylvania	11
<u>29A</u>	<u>McDowell, Rutherford</u>	<u>5</u>
<u>29B</u>	<u>Henderson, Polk, Transylvania</u>	<u>6</u>
30	Cherokee, Clay, Graham, Haywood, Jackson, Macon, Swain."	9

SECTION 3.(b) The district attorneys established for Districts 29A and 29B by subsection (a) of this section shall be elected in the 2006 general election.

SECTION 3.(c) The five assistant district attorney positions established for District 29A by subsection (a) of this section shall be filled by five assistant district attorneys currently serving McDowell and Rutherford Counties in current District 29. The six district attorney positions established for District 29B by subsection (a) of this section shall be filled by six assistant district attorneys currently serving Henderson, Polk, and Transylvania Counties in current District 29.

SECTION 3.(d) G.S. 7A-69 reads as rewritten:

"§ 7A-69. Investigatorial assistants.

The district attorney in prosecutorial districts 1, 3B, 4, 5, 7, 8, 11, 12, 13, 14, 15A, 15B, 16A, 18, 19B, 20, 21, 22, 24, 25, 26, 27A, 27B, 28, ~~29~~, 29A, 29B, and 30 is entitled to one investigatorial assistant, and the district attorney in prosecutorial district 10 is entitled to two investigatorial assistants, to be appointed by the district attorney and to serve at his pleasure.

It shall be the duty of the investigatorial assistant to investigate cases preparatory to trial and to perform such other Duties as may be assigned by the district attorney. The investigatorial assistant is entitled to reimbursement for his subsistence and travel expenses to the same extent as State employees generally."

SECTION 4. There is appropriated from the General Fund to the Judicial Department the sum of sixty-six thousand two hundred thirty-seven dollars (\$66,237) for the 2005-2006 fiscal year and the sum of two hundred forty-eight thousand one hundred forty-four dollars (\$248,144) for the 2006-2007 fiscal year to implement the provisions of this act.

SECTION 5. Section 3 of this act becomes effective January 1, 2007, but the district attorneys for Prosecutorial Districts 29A and 29B shall be elected in the 2006 general election. The remainder of this act becomes effective December 1, 2005.

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2005**

S

D

**SENATE BILL 692*
PROPOSED HOUSE COMMITTEE SUBSTITUTE S692-PCS85262-LB-66**

Short Title: Green Square Project.-AB

(Public)

Sponsors:

Referred to:

March 21, 2005

A BILL TO BE ENTITLED
AN ACT TO AUTHORIZE THE GREEN SQUARE PROJECT.

Whereas, the Green Square Project is an innovative partnership that involves private and State agencies in the development of the city block in downtown Raleigh just west of the Museum of Natural Sciences (Museum); and

Whereas, this project would finance and construct a new 60,000-square-foot State Employees' Credit Union (SECU) financial services center, a 170,000-square-foot office building for the Department of Environment and Natural Resources (DENR), and a 95,000-square-foot Nature Research Center that engages the public in understanding the scientific research that affects our daily lives; and

Whereas, the Credit Union will finance and develop the project, and The Friends of the Museum will conduct a private capital campaign to address the Museum expansion; and

Whereas, DENR currently leases 165,000 square feet of office space in Raleigh at an annual cost of \$2,435,000, and the new office building could allow the relocating of environmental staff from dispersed areas to consolidate operation in the State Government Complex; and

Whereas, this would affect approximately 615 staff; and

Whereas, the financial strategy for use of offices in this new complex could be commensurate with rental space costs to DENR; and

Whereas, the Green Square partners have been in the planning phases for the past two years, the project has received endorsements from city, county, and State officials, as well as business leaders, the Capital Area Planning Commission approved the concept in November 2003, and the General Assembly approved a \$500,000 allocation of DENR capital funds in the FY 2005 Budget for planning the Green Square; and

1 Whereas, funding is in place for Schematic Design, but before this phase
2 begins, two aspects of the project need to be approved: the Financing Plan and the Land
3 Transfer Plan; and

4 Whereas, at the end of Schematic Design, the Credit Union will begin
5 financing the Green Square Project, the Credit Union will be responsible for financing
6 the full cost of site preparation, design, and construction of the key elements of the
7 Green Square Project, and the Credit Union intends to construct the Green Square and
8 associated parking deck in the block west of the Museum, excluding that portion of the
9 real estate occupied by the Offices of the Attorney General; and

10 Whereas, the Credit Union desires that the State sell the land in June 2005
11 (other than the property now owned by the Credit Union) to the Credit Union, in fee
12 simple, for one dollar; and

13 Whereas, the State will retain a right to reacquire the Green Square Project
14 property for the sum of one dollar in the event the Project does not go forward as
15 planned; and

16 Whereas, upon completion of construction, the Credit Union will be the
17 landlord for all of the occupants, the State will have an option to purchase all Green
18 Square property (except for the portion of property now owned by the State Employees'
19 Credit Union and rights to certain parking spaces in the parking deck) during the first 20
20 years after occupancy at an amount to be agreed upon between the State and the Credit
21 Union, such amount not to exceed the Credit Union's investment in the portion of the
22 Green Square Project to be leased to the Museum and DENR (calculated as described
23 below); and

24 Whereas, SECU will agree that if the improvements described above are
25 constructed as so described and the State does not exercise its option to repurchase the
26 land and improvements within 20 years, SECU will make a payment to the State in an
27 amount that reflects the then current market value of the land at the time of payment;
28 and

29 Whereas, the Museum will lease, with an option to purchase (under the State's
30 option to purchase), approximately 95,000 square feet in the Green Square Project for
31 the Nature Research Center; and DENR will lease, with an option to purchase (under
32 the State's option to purchase), approximately 170,000 square feet in the Green Square
33 Project; and

34 Whereas, the Credit Union, Museum, and DENR intend that the lease
35 payments to be paid by the Museum and DENR be such that the Credit Union receives a
36 return on its total investment for construction costs for the site preparation, design, and
37 construction of the space in the building leased to the Museum and DENR; Now,
38 therefore,

39 The General Assembly of North Carolina enacts:

40 **SECTION 1.** The State of North Carolina shall convey to the State
41 Employees' Credit Union, a North Carolina Corporation, for consideration of one dollar
42 (\$1.00), title to the following described property:

43 **PROJECT SITE:**

1 The Green Square Project site is located diagonally and directly northwest of the State
2 Capitol grounds and is bordered on the south by Edenton Street, on the west by
3 McDowell, on the north by Jones, and on the east by Salisbury. The perimeter property
4 lines of the Green Square Project define a square measuring approximately 420 feet per
5 side. The Green Square Project site only includes the southwest, northwest, and
6 northeast quadrants of the square. The "Old Education Building" occupies the fourth
7 southeast quadrant. The Old Education Building will remain and will continue to be
8 occupied by the offices of the State Attorney General.

9 **SECTION 2.** The General Assembly makes the following findings and
10 authorizes the actions on behalf of the State set out in this section:

- 11 (1) The State Employees' Credit Union (SECU) owns a parcel of land
12 within the city block bounded by McDowell, Salisbury, Edenton, and
13 Jones Streets in the City of Raleigh, Wake County, North Carolina.
14 The rest of the real estate contained in the aforementioned block is the
15 property of the State of North Carolina.
- 16 (2) The SECU desires and intends to construct a building and associated
17 parking deck upon the real estate described in subdivision (1) of this
18 section, excluding that portion of the real estate occupied by the
19 Offices of the Attorney General, such building, parking deck, and
20 adjoining real estate hereinafter referred to as the "Green Square
21 Project". The SECU will be responsible for the full costs of site
22 preparation, design, and construction of the Green Square Project.
23 Construction of the Green Square Project will necessitate demolition
24 of certain structures already located thereon.
- 25 (3) The SECU desires that the State sell the land (other than the property
26 now owned by the SECU) to the SECU, in fee simple, upon which the
27 Green Square Project will be located to the SECU for one dollar
28 (\$1.00).
- 29 (4) The State will retain a right to reacquire the Green Square Project
30 property for the sum of one dollar (\$1.00) in the event the project does
31 not go forward as planned, except for the portion of property now
32 owned by the SECU.
- 33 (5) Upon completion of construction, the SECU will be the landlord for all
34 of the occupants. The State will have an option to purchase all Green
35 Square property, excluding the property, both land and facility,
36 designed for and intended to be occupied by the SECU and the SECU's
37 ownership or other rights to certain parking spaces in the parking deck
38 during the first 20 years after occupancy. The purchase price shall be
39 an amount to be agreed upon between the State and the Credit Union,
40 such amount not to exceed the Credit Union's investment in the portion
41 of the Green Square Project to be leased to the Museum and DENR
42 (calculated as described below). SECU will agree that if the
43 improvements described above are constructed as so described and if
44 the State does not exercise its option to repurchase the land and

1 improvements within 20 years, the SECU will make a payment to the
2 State in an amount that reflects the market value of the land at the time
3 of payment.

4 (6) The Museum desires and intends to lease, with option to purchase
5 (under the State's option to purchase), approximately 95,000 square
6 feet in the Green Square Project. The Museum shall have the right to
7 consult upon and ultimately approve the design applicable to the space
8 the Museum intends to occupy within the building, and the Museum
9 will be responsible for the cost of special upfitting to suit its specific
10 Museum purposes.

11 (7) DENR desires and intends to lease, with option to purchase (under the
12 State's option to purchase), approximately 170,000 square feet in the
13 Green Square Project. DENR shall have the right to consult upon and
14 ultimately approve the design applicable to the space it intends to
15 occupy within the building.

16 (8) SECU, The Museum and DENR intend and desire that the lease
17 payments to be paid by the Museum and DENR be such that the SECU
18 receives a return on its total investment for construction costs for the
19 site preparation, design, and construction of the space in the building
20 leased to the Museum and DENR, as the case may be, including
21 associated parking for those respective portions of the building. Lease
22 payments will be monthly, quarterly, or annually, as the parties
23 mutually determine to be agreeable after completion of construction
24 and occupancy of the space. The State, on behalf of the Museum or
25 DENR, may exercise its option to purchase all Green Square property,
26 excluding the property, both land and facility, designed for and
27 intended to be occupied by the SECU and the SECU's ownership or
28 other rights to certain parking spaces in the parking deck at any time.

29 (9) The parties agree to share initial architectural design costs for the
30 Pre-Design Phase with DENR and the Museum paying sixty-seven
31 percent (67%) and the Credit Union paying thirty-three percent (33%).
32 After completion of the Schematic Design Phase, DENR will obtain
33 final approval of the Green Square Project from the Capital Area
34 Planning Commission.

35 (10) Upon receipt of the approval set forth in paragraph 9, all further design
36 site preparation, design, and construction costs may be included by the
37 SECU, as part of its overall investment in the project and apportioned
38 appropriately among the project components (and included in the
39 calculation of lease payments or the purchase price of the Green
40 Square Project).

41 (11) All parties hereto desire, intend, and agree to use best efforts to secure
42 the requisite approvals to proceed with the Green Square Project. Upon
43 securing such approvals, the parties agree that the details of the Project
44 and the responsibilities of the respective parties shall be set forth in a

1 binding contract that shall be executed prior to the beginning of
2 construction. Such agreement may contain the details of the lease
3 payments to be paid by DENR and the Museum during any period the
4 facilities are leased by them, the terms under which the State may
5 exercise its options to purchase portions of the building, and such other
6 details as shall be necessary or appropriate. Such agreement shall be
7 entered into on behalf of the State by the Secretary of Administration,
8 subject to the approval of the State Treasurer and the State Budget
9 Officer.

- 10 (12) The State agrees and acknowledges that the SECU will at all times,
11 now and in the future, retain full ownership and title to the portion of
12 the new facility under the control of SECU and the associated land and
13 parking.

14 **SECTION 3.** This act is effective when it becomes law.

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2005**

S

D

**SENATE BILL 811
PROPOSED COMMITTEE SUBSTITUTE S811-PCS55246-LL-15**

Short Title: Divide Judicial Districts 20 and 29.

(Public)

Sponsors:

Referred to:

March 23, 2005

A BILL TO BE ENTITLED

AN ACT TO DIVIDE DISTRICT COURT DISTRICT 20 AND PROSECUTORIAL DISTRICT 20 INTO 20A AND 20B, TO REALIGN SUPERIOR COURT DISTRICTS 20A AND 20B, AND TO DIVIDE SUPERIOR COURT, DISTRICT COURT, AND PROSECUTORIAL DISTRICTS 29 INTO DISTRICTS 29A AND 29B.

The General Assembly of North Carolina enacts:

SECTION 1.(a) G.S. 7A-41(a) reads as rewritten:

"(a) The counties of the State are organized into judicial divisions and superior court districts, and each superior court district has the counties, and the number of regular resident superior court judges set forth in the following table, and for districts of less than a whole county, as set out in subsection (b) of this section:

Judicial Division	Superior Court District	Counties	No. of Resident Judges
First	1	Camden, Chowan, Currituck, Dare, Gates, Pasquotank, Perquimans	2
First	2	Beaufort, Hyde, Martin, Tyrrell, Washington	1
First	3A	Pitt	2
Second	3B	Carteret, Craven, Pamlico	3
Second	4A	Duplin, Jones, Sampson	1
Second	4B	Onslow	1
Second	5A	(part of New Hanover,	1

1			part of Pender see subsection (b))	
2		5B	(part of New Hanover,	1
3			part of Pender see subsection (b))	
4		5C	(part of New Hanover,	1
5			see subsection (b))	
6	First	6A	Halifax	1
7	First	6B	Bertie, Hertford,	1
8			Northampton	
9	First	7A	Nash	1
10	First	7B	(part of Wilson,	1
11			part of Edgecombe,	
12			see subsection (b))	
13	First	7C	(part of Wilson,	1
14			part of Edgecombe, see	
15			subsection (b))	
16	Second	8A	Lenoir and Greene	1
17	Second	8B	Wayne	1
18	Third	9	Franklin, Granville,	2
19			Vance, Warren	
20	Third	9A	Person, Caswell	1
21	Third	10A	(part of Wake,	2
22			see subsection (b))	
23	Third	10B	(part of Wake,	2
24			see subsection (b))	
25	Third	10C	(part of Wake,	1
26			see subsection (b))	
27	Third	10D	(part of Wake,	1
28			see subsection (b))	
29	Fourth	11A	Harnett, Lee	1
30	Fourth	11B	Johnston	1
31	Fourth	12A	(part of Cumberland,	1
32			see subsection (b))	
33	Fourth	12B	(part of Cumberland,	1
34			see subsection (b))	
35	Fourth	12C	(part of Cumberland,	2
36			see subsection (b))	
37	Fourth	13	Bladen, Brunswick,	2
38			Columbus	
39	Third	14A	(part of Durham,	1
40			see subsection (b))	
41	Third	14B	(part of Durham,	3
42			see subsection (b))	
43	Third	15A	Alamance	2
44	Third	15B	Orange, Chatham	2

1	Fourth	16A	Scotland, Hoke	1
2	Fourth	16B	Robeson	2
3	Fifth	17A	Rockingham	2
4	Fifth	17B	Stokes, Surry	2
5	Fifth	18A	(part of Guilford,	1
6			see subsection (b))	
7	Fifth	18B	(part of Guilford,	1
8			see subsection (b))	
9	Fifth	18C	(part of Guilford,	1
10			see subsection (b))	
11	Fifth	18D	(part of Guilford,	1
12			see subsection (b))	
13	Fifth	18E	(part of Guilford,	1
14			see subsection (b))	
15	Sixth	19A	Cabarrus	1
16	Fifth	19B	Montgomery, Randolph	1
17	Sixth	19C	Rowan	1
18	Fifth	19D	Moore	1
19	Sixth	20A	Anson, <u>Richmond</u>	+ 2
20			<u>Richmond Stanly</u>	
21	Sixth	20B	<u>Stanly</u> , Union	2 1
22	Fifth	21A	(part of Forsyth,	1
23			see subsection (b))	
24	Fifth	21B	(part of Forsyth,	1
25			see subsection (b))	
26	Fifth	21C	(part of Forsyth,	1
27			see subsection (b))	
28	Fifth	21D	(part of Forsyth,	1
29			see subsection (b))	
30	Sixth	22	Alexander, Davidson,	3
31			Davie, Iredell	
32	Fifth	23	Alleghany, Ashe,	1
33			Wilkes, Yadkin	
34	Eighth	24	Avery, Madison,	2
35			Mitchell, Watauga, Yancey	
36	Seventh	25A	Burke, Caldwell	2
37	Seventh	25B	Catawba	2
38	Seventh	26A	(part of Mecklenburg,	2
39			see subsection (b))	
40	Seventh	26B	(part of Mecklenburg,	3
41			see subsection (b))	
42	Seventh	26C	(part of Mecklenburg,	2
43			see subsection (b))	
44	Seventh	27A	Gaston	2

1	Seventh	27B	Cleveland, Lincoln	2
2	Eighth	28	Buncombe	2
3	Eighth	29	Henderson,	2
4			McDowell, Polk, Rutherford,	
5			Transylvania	
6		29A	McDowell, Rutherford	1
7		29B	Henderson, Polk, Transylvania	1
8	Eighth	30A	Cherokee, Clay,	1
9			Graham, Macon, Swain	
10	Eighth	30B	Haywood, Jackson	1."

SECTION 1.(b) The superior court judgeship established for District 20A by subsection (a) of this section shall be filled by the judge currently serving District 20B who resides in Stanly County. That judge's current term expires on December 31, 2006. No election shall be held in 2006 for that judge's seat, and that judge shall serve until a successor is elected in the 2008 general election, in order to provide for unstagged terms for multiple judgeships in the same district.

SECTION 1.(c) The superior court judgeship established for District 29A by subsection (a) of this section shall be filled by the superior court judge from current District 29 who resides in Rutherford County. That judge's term expires on December 31, 2012, and a successor shall be elected in the 2012 general election.

SECTION 1.(d) The superior court judgeship established for District 29B by subsection (a) of this section shall be filled by the superior court judge from current District 29 who resides in Henderson County. That judge's term expires on December 31, 2006, and a successor shall be elected in the 2006 general election.

SECTION 1.(e) The trial court administrator serving current District 29 shall serve as trial court administrator for both District 29A and District 29B.

SECTION 2.(a) G.S. 7A-133(a) reads as rewritten:

"(a) Each district court district shall have the numbers of judges as set forth in the following table:

District	Judges	County
1	5	Camden
		Chowan
		Currituck
		Dare
		Gates
		Pasquotank
		Perquimans
2	4	Martin
		Beaufort
		Tyrrell
		Hyde
		Washington
3A	5	Pitt
3B	5	Craven

1			Pamlico
2			Carteret
3	4	8	Sampson
4			Duplin
5			Jones
6			Onslow
7	5	8	New Hanover
8			Pender
9	6A	2	Halifax
10	6B	3	Northampton
11			Bertie
12			Hertford
13	7	7	Nash
14			Edgecombe
15			Wilson
16	8	6	Wayne
17			Greene
18			Lenoir
19	9	4	Granville
20			(part of Vance
21			see subsection (b))
22			Franklin
23	9A	2	Person
24			Caswell
25	9B	2	Warren
26			(part of Vance
27			see subsection (b))
28	10	15	Wake
29	11	8	Harnett
30			Johnston
31			Lee
32	12	9	Cumberland
33	13	6	Bladen
34			Brunswick
35			Columbus
36	14	6	Durham
37	15A	4	Alamance
38	15B	4	Orange
39			Chatham
40	16A	3	Scotland
41			Hoke
42	16B	5	Robeson
43	17A	2	Rockingham
44	17B	4	Stokes

1			Surry
2	18	12	Guilford
3	19A	4	Cabarrus
4	19B	6	Montgomery
5			Moore
6			Randolph
7	19C	4	Rowan
8	20 <u>20A</u>	7 <u>4</u>	Stanly
9			Union
10			Anson
11			Richmond
12	<u>20B</u>	<u>3</u>	<u>Union</u>
13	21	9	Forsyth
14	22	9	Alexander
15			Davidson
16			Davie
17			Iredell
18	23	4	Alleghany
19			Ashe
20			Wilkes
21			Yadkin
22	24	4	Avery
23			Madison
24			Mitchell
25			Watauga
26			Yancey
27	25	8	Burke
28			Caldwell
29			Catawba
30	26	17	Mecklenburg
31	27A	6	Gaston
32	27B	4	Cleveland
33			Lincoln
34	28	6	Buncombe
35	29	7	Henderson
36			McDowell
37			Polk
38			Rutherford
39			Transylvania
40	<u>29A</u>	<u>3</u>	<u>McDowell</u>
41			<u>Rutherford</u>
42	<u>29B</u>	<u>4</u>	<u>Henderson</u>
43			<u>Polk</u>
44			<u>Transylvania</u>

30

5

Cherokee
Clay
Graham
Haywood
Jackson
Macon
Swain."

SECTION 2.(b) The four district court judgeships established for District 20A by subsection (a) of this section shall be filled by the district court judges from current District 20 who reside in Anson, Stanly, and Richmond Counties. The term of the judge living in Anson County expires the first Monday in December 2008. That judge's successor shall be elected in the 2008 general election. The term of the judge living in Stanly County expires the first Monday in December 2006. That judge's successor shall be elected in the 2006 general election. The term of one of the judges living in Richmond County expires the first Monday in December 2006. That judge's successor shall be elected in the 2006 general election. The term of the other judge living in Richmond County expires the first Monday in December 2008. That judge's successor shall be elected in the 2008 general election.

SECTION 2.(c) The three district court judgeships established for District 20B by subsection (a) of this section shall be filled by the district court judges from current District 20 who reside in Union County. The terms of the three judges living in Union County expire the first Monday in December 2008. Those judges' successors shall be elected in the 2008 general election.

SECTION 2.(d) The three district court judgeships established for District 29A by subsection (a) of this section shall be filled by the district court judges from current District 29 who reside in McDowell and Rutherford Counties and by the judge established for District 29 to be appointed by the Governor pursuant to Section 14.6 of S.L. 2004-124, as amended by subsection (e) of this section. The term of the judge living in Rutherford County expires the first Monday in December 2006. That judge's successor shall be elected in the 2006 general election. The term of the judge living in McDowell County expires the first Monday in December 2006. That judge's successor shall be elected in the 2006 general election.

SECTION 2.(e) Section 14.6(f) of S.L. 2004-124 reads as rewritten:

"SECTION 14.6.(f) The Governor shall appoint the additional district court judges for Districts 5, 21, and ~~29~~ 29A authorized by subsection (e) of this section, and those judges' successors shall be elected in the 2006 general election for four-year terms commencing on the first Monday in December 2006.

The district court judge for the additional judgeship in District 17B, as authorized by subsection (e) of this section, shall be elected in the 2004 general election in the same manner as provided for in G.S. 163-329 to serve a four-year term beginning the first Monday in December 2004, and no vacancy exists before that date."

SECTION 2.(f) The four district court judgeships established for District 29B by subsection (a) of this section shall be filled by the district court judges from current District 29 who reside in Henderson and Transylvania Counties. The terms of

the three judges living in Henderson County expire the first Monday in December 2008. Those judges' successors shall be elected in the 2008 general election. The term of the judge living in Transylvania County expires the first Monday in December 2008. That judge's successor shall be elected in the 2008 general election.

SECTION 3.(a) G.S. 7A-60(a1) reads as rewritten:

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

Prosecutorial District	Counties	No. of Full-Time Asst. District Attorneys
1	Camden, Chowan, Currituck, Dare, Gates, Pasquotank, Perquimans	10
2	Beaufort, Hyde, Martin, Tyrrell, Washington	6
3A	Pitt	9
3B	Carteret, Craven, Pamlico	10
4	Duplin, Jones, Onslow, Sampson	14
5	New Hanover, Pender	14
6A	Halifax	4
6B	Bertie, Hertford, Northampton	4
7	Edgecombe, Nash, Wilson	16
8	Greene, Lenoir, Wayne	11
9	Franklin, Granville, Vance, Warren	11
9A	Person, Caswell	4
10	Wake	31
11	Harnett, Johnston, Lee	14
12	Cumberland	18
13	Bladen, Brunswick, Columbus	11
14	Durham	13
15A	Alamance	8
15B	Orange, Chatham	7
16A	Scotland, Hoke	5
16B	Robeson	10
17A	Rockingham	5
17B	Stokes, Surry	5
18	Guilford	27
19A	Cabarrus	6
19B	Montgomery, Moore, Randolph	11
19C	Rowan	5

1	20 <u>20A</u>	Anson, Richmond,	15 <u>8</u>
2		Stanly, Union <u>Stanly</u>	
3	<u>20B</u>	<u>Union</u>	<u>7</u>
4	21	Forsyth	17
5	22	Alexander, Davidson, Davie,	16
6		Iredell	
7	23	Alleghany, Ashe, Wilkes,	5
8		Yadkin	
9	24	Avery, Madison, Mitchell,	4
10		Watauga, Yancey	
11	25	Burke, Caldwell, Catawba	15
12	26	Mecklenburg	36
13	27A	Gaston	12
14	27B	Cleveland,	9
15		Lincoln	
16	28	Buncombe	11
17	29	Henderson, McDowell, Polk,	11
18		Rutherford, Transylvania	
19	<u>29A</u>	<u>McDowell, Rutherford</u>	<u>5</u>
20	<u>29B</u>	<u>Henderson, Polk, Transylvania</u>	<u>6</u>
21	30	Cherokee, Clay, Graham,	9
22		Haywood, Jackson, Macon,	
23		Swain."	

24 **SECTION 3.(b)** The district attorneys established for Districts 20A, 20B,
 25 29A, and 29B by subsection (a) of this section shall be elected in the 2006 general
 26 election.

27 **SECTION 3.(c)** The eight assistant district attorney positions established for
 28 District 20A by subsection (a) of this section shall be filled by eight assistant district
 29 attorneys currently serving Anson, Richmond, and Stanly Counties in District 20. The
 30 seven assistant district attorney positions established for District 20B by subsection (a)
 31 of this section shall be filled by seven assistant district attorneys currently serving
 32 Union County in District 20.

33 **SECTION 3.(d)** The five assistant district attorney positions established for
 34 District 29A by subsection (a) of this section shall be filled by five assistant district
 35 attorneys currently serving McDowell and Rutherford Counties in current District 29.
 36 The six district attorney positions established for District 29B by subsection (a) of this
 37 section shall be filled by six assistant district attorneys currently serving Henderson,
 38 Polk, and Transylvania Counties in current District 29.

39 **SECTION 3.(e)** G.S. 7A-69 reads as rewritten:

40 "**§ 7A-69. Investigatorial assistants.**

41 The district attorney in prosecutorial districts 1, 3B, 4, 5, 7, 8, 11, 12, 13, 14, 15A,
 42 15B, 16A, 18, 19B, ~~20~~, 20A, 20B, 21, 22, 24, 25, 26, 27A, 27B, 28, ~~29~~, 29A, 29B, and
 43 30 is entitled to one investigatorial assistant, and the district attorney in prosecutorial

1 district 10 is entitled to two investigatorial assistants, to be appointed by the district
2 attorney and to serve at his pleasure.

3 It shall be the duty of the investigatorial assistant to investigate cases preparatory to
4 trial and to perform such other Duties as may be assigned by the district attorney. The
5 investigatorial assistant is entitled to reimbursement for his subsistence and travel
6 expenses to the same extent as State employees generally."

7 **SECTION 4.** Of the funds appropriated to the Judicial Department for the
8 2005-2007 fiscal biennium, the sum of one hundred forty-eight thousand thirty-nine
9 dollars (\$148,039) for the 2005-2006 fiscal year and the sum of five hundred sixty-one
10 thousand twenty-seven dollars (\$561,027) for the 2006-2007 fiscal year shall be used to
11 implement the provisions of this act.

12 **SECTION 5.** With respect to the realignment of Superior Court Districts
13 20A and 20B, Section 1 of this act becomes effective December 1, 2005, or the date
14 upon which Section 1(a) of this act is approved under section 5 of the Voting Rights Act
15 of 1965, whichever is later. With respect to the division of Superior Court District 29,
16 Section 1 of this act becomes effective December 1, 2005. With respect to the division
17 of District Court District 20, Section 2 of this act becomes effective December 1, 2005,
18 or the date upon which Section 2(a) of this act is approved under section 5 of the Voting
19 Rights Act of 1965, whichever is later. With respect to the division of District Court
20 District 29, Section 2 of this act becomes effective December 1, 2005. With respect to
21 the division of Prosecutorial District 20, Section 3 of this act becomes effective January
22 1, 2007, or the date upon which Section 3(a) of this act is approved under section 5 of
23 the Voting Rights Act of 1965, whichever is later, but the district attorneys for
24 Prosecutorial Districts 20A and 20B shall be elected in the 2006 general election. With
25 respect to the division of Prosecutorial District 29, Section 3 of this act becomes
26 effective January 1, 2007, but the district attorneys for Prosecutorial Districts 29A and
27 29B shall be elected in the 2006 general election.

MINUTES

SENATE APPROPRIATIONS BASE/BUDGET

Thursday, June 23, 2005

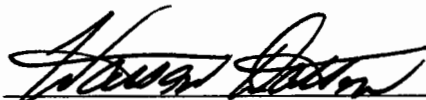
The Senate Appropriations/Base Budget Committee met on Thursday, June 23, 2005, in the Senate Chamber. There were 46 members present. Senator Walter Dalton, Co-Chair presided. Senator Dalton recognized Senator Hagan to explain House Bill 1630 to the members. Senator Hagan made a motion to accept the proposed Committee Substitute for House Bill 1630 for purposes of discussion. The Committee concurred. She then briefed the members on proposed Committee Substitute. (*Please see Attachment 1*).

The Short Title for the proposed Senate Committee Substitute for House Bill 1630: **2005 Continuing Budget Authority/Revenue**. The Long Title: ***An Act Authorizing the Director of the Budget to Continue Expenditures for the Operation of Government at the Level in Effect on June 30, 2005; Extending the Final Maturity of Certain Global Transpark Debt from July 1, 2005, Until July 31, 2005; Conforming the Retiree Return to Teaching Benefit to Internal Revenue Service Guidelines and Clarifying the Definition of Retirement; Updating the Reference Date to the Internal Revenue Code; Conforming the Sunset of the Estate Tax to Federal law; and Complying with the Streamlined Sales and Use Tax Agreement and Making Other Sales and Use Tax Changes.***


Senator Dalton recognized Senator Garrou to explain an Amendment to the proposed Committee Substitute Bill. (*Please see Attachment 2*). Senator Garrou briefed the members on the Amendment. The Committee voted unanimously to accept the Amendment.

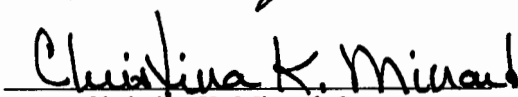
Senator Rand made a motion to vote ***House Bill 1630 (Senate Committee Substitute #1) Favorable, as Amended.*** The motion carried.

Senator Dalton thanked the members and adjourned the Committee meeting.


Senator Walter Dalton, Co-Chair


Senator Linda Garrou, Co-Chair


Senator Kay Hagan, Co-Chair


Christina K. Minard, Senate
Committee Assistant

**NORTH CAROLINA GENERAL ASSEMBLY
SENATE**

APPROPRIATIONS/BASE BUDGET COMMITTEE REPORT

Senator Walter H. Dalton, Co-Chair

Senator Linda Garrou, Co-Chair

Senator Kay R. Hagan, Co-Chair

Thursday, June 23, 2005

Senator DALTON,
submits the following with recommendations as to passage:

FAVORABLE, AS AMENDED

H.B.(SCS #1) 1630	2005 Continuing Budget Authority/ Revenue.
	Sequential Referral: None
	Recommended Referral: None
	Long Title Amended: No

TOTAL REPORTED: 1

Committee Clerk Comments:

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2005**

H**D**

**HOUSE BILL 1630
Committee Substitute Favorable 6/7/05
PROPOSED SENATE COMMITTEE SUBSTITUTE H1630-PCS30334-LYx-29**

Short Title: 2005 Continuing Budget Authority/Revenue.

(Public)

Sponsors:

Referred to:

May 11, 2005

A BILL TO BE ENTITLED

AN ACT AUTHORIZING THE DIRECTOR OF THE BUDGET TO CONTINUE EXPENDITURES FOR THE OPERATION OF GOVERNMENT AT THE LEVEL IN EFFECT ON JUNE 30, 2005; EXTENDING THE FINAL MATURITY OF CERTAIN GLOBAL TRANSPARK DEBT FROM JULY 1, 2005, UNTIL JULY 31, 2005; CONFORMING THE RETIREE RETURN TO TEACHING BENEFIT TO INTERNAL REVENUE SERVICE GUIDELINES AND CLARIFYING THE DEFINITION OF RETIREMENT; UPDATING THE REFERENCE DATE TO THE INTERNAL REVENUE CODE; CONFORMING THE SUNSET OF THE ESTATE TAX TO FEDERAL LAW; AND COMPLYING WITH THE STREAMLINED SALES AND USE TAX AGREEMENT AND MAKING OTHER SALES AND USE TAX CHANGES.

The General Assembly of North Carolina enacts:

PART I. BUDGET CONTINUATION

SECTION 1. The Director of the Budget may continue to allot funds for expenditure by State departments, institutions, and agencies at a level not to exceed the level of recurring expenditures authorized in S.L. 2004-124, as amended.

The Director of the Budget shall not allocate funds for any of the purposes set out in the budget reductions contained in Senate Bill 622, fourth edition, and Senate Bill 622, seventh edition, that are not in controversy.

Vacant positions subject to the proposed budget reductions in either Senate Bill 622, fourth edition, or Senate Bill 622, seventh edition, shall not be filled.

To the extent necessary to implement this authorization, there is appropriated from the appropriate State funds and cash balances, federal receipts, and departmental receipts for the 2005-2006 fiscal year funds necessary to carry out this section.

1 The appropriations and the authorizations to allocate and spend funds which
2 are set out in this section shall remain in effect until the Current Operations and Capital
3 Improvements Appropriations Act of 2005 becomes law, at which time that act shall
4 become effective and shall govern appropriations and expenditures. When the Current
5 Operations and Capital Improvements Appropriations Act of 2005 becomes law, the
6 Director of the Budget shall adjust allotments to give effect to that act from July 1,
7 2005.

8 Except as otherwise provided by this act, the limitations and directions for the
9 2004-2005 fiscal year set out in S.L. 2003-284, as amended, and in S.L. 2004-124, as
10 amended, remain in effect. Session laws that applied to appropriations to particular
11 agencies or for particular purposes apply to the funds appropriated and authorized for
12 expenditure under this section.

13 14 **PART II. FEDERAL BLOCK GRANTS**

15 **SECTION 2.** The Director of the Budget shall continue to allocate federal
16 block grant funds at the levels provided in Sections 5.1 and 5.2 of S.L. 2004-124 and as
17 otherwise provided by law, and appropriations from federal block grants are hereby
18 made.

19 20 **PART III. NO AUTOMATIC STEP INCREASE FOR STATE AND PUBLIC** 21 **SCHOOL EMPLOYEES**

22 **SECTION 3.** State employees subject to G.S. 7A-102(c), 7A-171.1, or
23 20-187.3 shall not move up on salary schedules or receive automatic increases,
24 including automatic step increases, until authorized by the General Assembly.

25 Public school employees paid on the teacher salary schedule or the
26 school-based administrator salary schedule shall not move up on salary schedules or
27 receive automatic step increases until authorized by the General Assembly.

28 29 **PART IV. SALARY-RELATED CONTRIBUTIONS/EMPLOYER**

30 **SECTION 4.(a)** The State's employer contribution rates budgeted for
31 retirement and related benefits for the 2005-2006 fiscal year shall remain the same as
32 they are on June 30, 2005.

33 **SECTION 4.(b)** The State's employer contribution rates established by this
34 section are effective only until this section expires and are subject to revision in the
35 Current Operations and Capital Improvements Appropriations Act of 2005. If the
36 Current Operations and Capital Improvements Appropriations Act of 2005 modifies
37 these rates, the Director of the Budget shall further modify the rates set in that act for
38 the remainder of the 2005-2006 fiscal year so as to compensate for the different amount
39 contributed between July 1, 2005, and the date the Current Operations and Capital
40 Improvements Appropriations Act of 2005 becomes law so that the effective rates for
41 the entire year reflect the rates set in the Current Operations and Capital Improvements
42 Appropriations Act of 2005.

43 44 **PART V. FUNDS SHALL NOT REVERT**

1 **SECTION 5.(a)** If the provisions of either Senate Bill 622, fourth edition, or
2 Senate Bill 622, seventh edition, or both, direct that funds shall not revert, the funds
3 shall not revert on June 30, 2005. Unless these funds are encumbered on or before June
4 30, 2005, these funds shall not be expended after June 30, 2005, except as provided by a
5 law enacted after June 30, 2005.

6 **SECTION 5.(b)** This section becomes effective June 30, 2005.
7

8 **PART VI. STATE CONTROLLER SHALL NOT TRANSFER FUNDS ON**
9 **JUNE 30**

10 **SECTION 6.(a)** Notwithstanding G.S. 143-15.2 and G.S. 143-15.3A, for the
11 2004-2005 fiscal year only, funds shall not be reserved to the Repairs and Renovations
12 Reserve Account, and the State Controller shall not transfer funds from the unreserved
13 credit balance to the Repairs and Renovations Reserve Account on June 30, 2005.

14 **SECTION 6.(b)** Notwithstanding G.S. 143-15.2 and G.S. 143-15.3, for the
15 2004-2005 fiscal year only, funds shall not be reserved to the Savings Reserve Account,
16 and the State Controller shall not transfer funds from the unreserved credit balance to
17 the Savings Reserve Account on June 30, 2005.

18 **SECTION 6.(c)** This section becomes effective June 30, 2005.
19

20 **PART VII. MODIFY GLOBAL TRANSPARK DEBT**

21 **SECTION 7.** G.S. 147-69.2(b)(11) reads as rewritten:

22 "(b) It shall be the duty of the State Treasurer to invest the cash of the funds
23 enumerated in subsection (a) of this section in excess of the amount required to meet the
24 current needs and demands on such funds, selecting from among the following:

25 ...

26 (11) With respect to assets of the Escheat Fund, obligations of the North
27 Carolina Global TransPark Authority authorized by G.S. 63A-4(a)(22),
28 not to exceed twenty-five million dollars (\$25,000,000), that have a
29 final maturity not later than ~~July 1, 2005.~~ July 31, 2005. The
30 obligations shall bear interest at the rate set by the State Treasurer. No
31 commitment to purchase obligations may be made pursuant to this
32 subdivision after September 1, 1993, and no obligations may be
33 purchased after September 1, 1994. In the event of a loss to the
34 Escheat Fund by reason of an investment made pursuant to this
35 subdivision, it is the intention of the General Assembly to hold the
36 Escheat Fund harmless from the loss by appropriating to the Escheat
37 Fund funds equivalent to the loss."
38

39 **PART VII-A. CONFORM RETIREE RETURN TO TEACHING BENEFIT TO**
40 **IRS GUIDELINES/CLARIFY DEFINITION OF RETIREMENT**

41 **SECTION 7A.1.** Subsection (d) of Section 28.24 of S.L. 1998-212, as
42 amended by Section 31.18A of S.L. 2004-124, reads as rewritten:

43 "(d) This section becomes effective January 1, 1999, and expires June 30, ~~2005.~~
44 2007."

1 **SECTION 7A.2.** The introductory language of Section 67 of S.L. 1998-217,
2 as amended by Section 31.18A of S.L. 2004-124, reads as rewritten:

3 **"SECTION 67.** Effective January 1, 1999, through June 30, 2005, 2007,
4 G.S. 135-3(8)c., as rewritten by Section 28.24(a) of S.L. 1998-212 reads as rewritten:"

5 **SECTION 7A.3.** Subsection (b) of Section 67.1 of S.L. 1998-217, as
6 amended by Section 31.18A of S.L. 2004-124, reads as rewritten:

7 "(b) This section becomes effective January 1, 1999, and expires June 30, ~~2005~~.
8 2007."

9 **SECTION 7A.4.** Subsection (c) of Section 32.25 of S.L. 2001-424, as
10 amended by Section 31.18A of S.L. 2004-124, reads as rewritten:

11 **"SECTION 32.25.(c)** This section becomes effective July 1, 2001, and expires June
12 30, ~~2005~~. 2007."

13 **SECTION 7A.5.** G.S. 135-3(8)c. reads as rewritten:

14 "c. Should a beneficiary who retired on an early or service
15 retirement allowance under this Chapter be reemployed, or
16 otherwise engaged to perform services, by an employer
17 participating in the Retirement System on a part-time,
18 temporary, interim, or on a fee-for-service basis, whether
19 contractual or otherwise, and if such beneficiary earns an
20 amount during the 12-month period immediately following the
21 effective date of retirement or in any calendar year which
22 exceeds fifty percent (50%) of the reported compensation,
23 excluding terminal payments, during the 12 months of service
24 preceding the effective date of retirement, or twenty thousand
25 dollars (\$20,000), whichever is greater, as hereinafter indexed,
26 then the retirement allowance shall be suspended as of the first
27 day of the month following the month in which the
28 reemployment earnings exceed the amount above, for the
29 balance of the calendar year. The retirement allowance of the
30 beneficiary shall be reinstated as of January 1 of each year
31 following suspension. The amount that may be earned before
32 suspension shall be increased on January 1 of each year by the
33 ratio of the Consumer Price Index to the Index one year earlier,
34 calculated to the nearest tenth of a percent (1/10 of 1%).

35 The computation of postretirement earnings of a beneficiary
36 under this sub-subdivision, G.S. 135-3(8)c., who has been
37 retired at least six months and has not been employed in any
38 ~~capacity, except as a substitute teacher or a part-time tutor,~~
39 capacity with a public school for at least six months
40 immediately preceding the effective date of reemployment,
41 shall not include earnings while the beneficiary is employed to
42 teach on a ~~substitute, interim, or permanent~~ permanent,
43 full-time basis in a public school. The Department of Public
44 Instruction shall certify to the Retirement System that a

beneficiary is employed to teach by a local school administrative unit under the provisions of this sub-subdivision and as a retired teacher as the term is defined under the provisions of G.S. 115C-325(a)(5a).

Beneficiaries employed under this sub-subdivision are not entitled to any benefits otherwise provided under this Chapter as a result of this period of employment."

SECTION 7A.6. G.S. 115C-325(a)(5a) reads as rewritten:

"(5a) "Retired teacher" means a beneficiary of the Teachers' and State Employees' Retirement System of North Carolina who has been retired at least six months, has not been employed in any capacity, ~~other than as a substitute teacher or a part-time tutor, with a local board of education or a charter school~~ capacity for at least six months, immediately preceding the effective date of reemployment, is determined by a local board of education or a charter school to have had satisfactory performance during the last year of employment by a local board of education or a charter school, and who is employed to teach as provided in G.S. 135-3(8)c. A retired teacher at a school other than a charter school shall be treated the same as a probationary teacher except that (i) a retired teacher is not eligible for career status and (ii) the performance of a retired teacher who had attained career status prior to retirement shall be evaluated in accordance with a local board of education's policies and procedures applicable to career teachers."

SECTION 7A.7. Notwithstanding any other provision of law, each local school administrative unit shall pay to the Teachers' and State Employees' Retirement System a Reemployed Teacher Contribution Rate of eleven and seventy-hundredths percent (11.70%) as a percentage of covered salaries that the retired teachers, who are exempt from the earnings cap, are being paid. Each local school administrative unit shall report monthly to the Retirement Systems Division on payments made pursuant to this subsection.

Notwithstanding any other provision of law, any portion of the payment made by a local school administrative unit to a reemployed teacher who is exempt from the earnings cap, consisting of salary plus the Reemployed Teacher Contribution Rate, that exceeds the State-supported salary level for that position, shall be paid from local funds.

SECTION 7A.8. G.S. 135-1(20) reads as rewritten:

"(20) "Retirement" ~~shall mean~~ means the termination of employment and the withdrawal-complete separation from active service with no intent or agreement, express or implied, to return to service. a A retirement allowance granted under the provisions of this Chapter. Chapter may only be granted upon retirement of a member. In order for a member's retirement to become effective in any month, the member must render no service service, including part-time, temporary, substitute, or

1 contractor service, at any time during ~~that month~~ the six months
2 immediately following the effective date of retirement."

3 **SECTION 7A.9.** Section 7A.8 of this part becomes effective July 1, 2005,
4 but does not apply to participants in The University of North Carolina Phased
5 Retirement Program until June 30, 2007. The remainder of this part becomes effective
6 June 30, 2005.

7
8 **PART VIII. INCOME TAX CHANGES**

9 **SECTION 8.1.** G.S. 105-228.90(b)(1b) reads as rewritten:

10 "(b) Definitions. – The following definitions apply in this Article:

11 ...

12 (1b) Code. – The Internal Revenue Code as enacted as of ~~May 1,~~
13 ~~2004,~~ January 1, 2005, including any provisions enacted as of that date
14 which become effective either before or after that ~~date,~~ date, but not
15 including the amendments made to section 164 of the Code by section
16 501 of P.L. 108-357."

17 **SECTION 8.2.** G.S. 105-130.5(a) reads as rewritten:

18 "(a) The following additions to federal taxable income shall be made in
19 determining State net income:

20 ...

21 (16) The amount excluded from gross income under Subchapter R of
22 Chapter 1 of the Code.

23 (17) The amount excluded from gross income under section 199 of the
24 Code."

25 **SECTION 8.3.** Notwithstanding Section 8.1 of this act, any amendments to
26 the Internal Revenue Code enacted after May 1, 2004, that increase North Carolina
27 taxable income for the 2004 taxable year become effective for taxable years beginning
28 on or after January 1, 2005.

29 **SECTION 8.4.** G.S. 105-228.90(b)(1b), as amended by Section 8.1 of this
30 act, reads as rewritten:

31 "(b) Definitions. – The following definitions apply in this Article:

32 ...

33 (1b) Code. – The Internal Revenue Code as enacted as of January 1, 2005,
34 including any provisions enacted as of that date which become
35 effective either before or after that ~~date, but not including the~~
36 ~~amendments made to Section 164 of the Code by Section 501 of P.L.~~
37 ~~108-357.~~ date."

38 **SECTION 8.5.** G.S. 105-134.6(c) reads as rewritten:

39 "(c) Additions. – The following additions to taxable income shall be made in
40 calculating North Carolina taxable income, to the extent each item is not included in
41 taxable income:

42 ...

43 (3) Any amount deducted from gross income under section 164 of the
44 Code as state, local, or foreign income tax or as state or local general

sales tax to the extent that the taxpayer's total itemized deductions deducted under the Code for the taxable year exceed the standard deduction allowable to the taxpayer under the Code reduced by the amount the taxpayer is required to add to taxable income under subdivision (4) of this subsection.

...

(9) The amount excluded from gross income under section 199 of the Code."

SECTION 8.6. Notwithstanding any other provision of law, a taxpayer whose federal taxable income for 2004 is reduced due to a charitable contribution of cash made in January 2005 for Indian Ocean tsunami relief efforts in accordance with P.L. 109-1 is not required to add back the amount of the deduction related to that contribution in determining North Carolina taxable income for 2004.

SECTION 8.7. Reserved.

SECTION 8.8. Sections 8.2, 8.4, and 8.5 of this part become effective for taxable years beginning on or after January 1, 2005. The remainder of this part is effective when it becomes law.

PART IX. ESTATE TAX CHANGES

SECTION 9.1. Section 30C.3(b) of S.L. 2002-126, as amended by Section 37A.4 of S.L. 2003-284 and Section 1 of S.L. 2004-170, reads as rewritten:

"**SECTION 30C.3.(b)** This section is effective on and after January 1, 2002, and applies to the estates of decedents dying on or after that date. ~~This section and Section 37A.5 of S.L. 2003-284 are repealed effective for the estates of decedents dying on or after July 1, 2005.~~"

SECTION 9.2. Section 4(b) of S.L. 2004-170 is repealed.

SECTION 9.3. This part is effective when it becomes law.

PART X. SALES TAX CHANGES

SECTION 10.1. Section 34.13(c) of S.L. 2001-424, as amended by Section 38.1 of S.L. 2003-284, reads as rewritten:

"**SECTION 34.13.(c)** This section becomes effective October 16, 2001, and applies to sales made on or after that date. ~~This section is repealed effective for sales made on or after July 1, 2005.~~ This section does not affect the rights or liabilities of the State, a taxpayer, or another person arising under a statute amended or repealed by this section before the effective date of its amendment or repeal; nor does it affect the right to any refund or credit of a tax that accrued under the amended or repealed statute before the effective date of its amendment or repeal."

SECTION 10.2.(a) Subdivisions (4a) and (4b) of G.S. 105-164.3 are recodified as subdivisions (4b) and (4c) respectively.

SECTION 10.2.(b) G.S. 105-164.3 is amended by adding a new subdivision to read:

"§ 105-164.3. Definitions.

The following definitions apply in this Article:

1 ...
2 (4a) Combined general rate. – The State's general rate of tax set in
3 G.S. 105-164.4(a) plus the sum of the rates of the local sales and use
4 taxes authorized by Subchapter VIII of this Chapter for every county
5 in this State."

6 SECTION 10.3. G.S. 105-164.3, as amended by Section 10.2 of this part,
7 reads as rewritten:

8 **"§ 105-164.3. Definitions.**

9 The following definitions apply in this Article:

10 ...
11 (1a) Cable service. – The one-way transmission to subscribers of video
12 programming or another programming service and any subscriber
13 interaction required to select or use the service.

14 ...
15 (4d) Computer supply. – An item that is considered a 'school computer
16 supply' under the Streamlined Agreement.

17 ...
18 (10) Food. – Substances that are sold for ingestion or chewing by humans
19 and are consumed for their taste or nutritional value. The substances
20 may be in liquid, concentrated, solid, frozen, dried, or dehydrated
21 form. The term does not include an alcoholic beverage, as defined in
22 G.S. 105-113.68, or a tobacco products, product, as defined in
23 G.S. 105-113.4.

24 ...
25 (18a) Maintenance agreement. – An agreement that provides for service to
26 be performed on tangible personal property at a future time. This
27 service is rendered to enhance, sustain, or support safe, efficient,
28 continuous operation or to keep an item in good working order. This
29 service is not contingent upon the malfunctioning of the tangible
30 personal property covered under the agreement.

31 ...
32 (37a) Satellite digital audio radio service. – A radio communication service
33 in which audio programming is digitally transmitted by satellite to an
34 earth-based receiver, whether directly or via a repeater station.

35 (37b) School supply. – An item that is commonly used by a student in the
36 course of study and is considered a 'school supply', a 'school art
37 supply', or 'school instructional material' under the Streamlined
38 Agreement.

39 ...
40 (45a) Streamlined Agreement. – The Streamlined Sales and Use Tax
41 Agreement adopted November 12, 2002, as amended on November 19,
42 2003, November 16, 2004, and April 16, 2005."

43 SECTION 10.4.(a) G.S. 105-164.4(a), as amended by Section 10.1 of this
44 part, reads as rewritten:

"(a) A privilege tax is imposed on a retailer at the following percentage rates of the retailer's net taxable sales or gross receipts, as appropriate. The general rate of tax is four and one-half percent (4.5%).

...

(4c) ~~The rate of six percent (6%) combined general rate~~ applies to the gross receipts derived from providing telecommunications service. A person who provides telecommunications service is considered a retailer under this Article. Telecommunications service is taxed in accordance with G.S. 105-164.4C.

...

(6) ~~The rate of five percent (5%) combined general rate~~ applies to the gross receipts derived from providing ~~direct to home satellite service to subscribers in this State~~ any of the following broadcast services to a subscriber in this State. A person engaged in the business of providing ~~direct to home satellite service~~ any of these services is considered a retailer under this ~~Article~~ Article:

a. Direct-to-home satellite service.

b. Reserved.

..."

SECTION 10.4.(b) G.S. 105-164.4(a)(6), as amended by Section 10.1 of this part and subsection (a) of this section, reads as rewritten:

"(a) A privilege tax is imposed on a retailer at the following percentage rates of the retailer's net taxable sales or gross receipts, as appropriate. The general rate of tax is four and one-half percent (4.5%).

...

(1b) The rate of three percent (3%) applies to the sales price of each ~~aircraft, boat, railway car, or locomotive~~ aircraft or boat sold at retail, including all accessories attached to the item when it is delivered to the purchaser. The maximum tax is one thousand five hundred dollars (\$1,500) per article.

(1e) ~~The rate of one percent (1%) applies to the sales price of the following articles:~~

a. ~~Horses or mules by whomsoever sold.~~

b. ~~Semen to be used in the artificial insemination of animals.~~

c. ~~Sales of fuel, other than electricity, to farmers to be used by them for any farm purposes other than preparing food, heating dwellings, and other household purposes. The quantity of fuel purchased or used at any one time shall not in any manner be a determinative factor as to whether any sale or use of fuel is or is not subject to the one percent (1%) rate of tax imposed by this subdivision.~~

d. ~~Sales of fuel, other than electricity, to manufacturing industries and manufacturing plants for use in connection with the operation of such industries and plants other than sales of fuels~~

- to be used for residential heating purposes. The quantity of fuel purchased or used at any one time shall not in any manner be a determinative factor as to whether any sale or use of fuel is or is not subject to the rate of tax provided in this subdivision.
- e. ~~Sales of fuel, other than electricity, to commercial laundries or to pressing and dry cleaning establishments for use in machinery used in the direct performance of the laundering or the pressing and cleaning service.~~
- f. ~~Sales to freezer locker plants of wrapping paper, cartons and supplies consumed directly in the operation of such plant.~~
- (1d) ~~The rate of one percent (1%) applies to the sales price of the articles listed in G.S. 105-164.4A. The maximum tax is eighty dollars (\$80.00) per article. As used in G.S. 105-164.4A and G.S. 105-187.51, the term "accessories" does not include electricity.~~
- a. ~~through k. Recodified as § 105-164.4A by Session Laws 1999-360, s. 3(a), effective August 4, 1999.~~
- (1e) ~~The rate of three percent (3%) applies to the sales price of each mobile classroom or mobile office sold at retail, including all accessories attached to the mobile classroom or mobile office when it is delivered to the purchaser. The maximum tax is one thousand five hundred dollars (\$1,500) per article. Each section of a mobile classroom or mobile office that is transported separately to the site where it is to be placed is a separate article.~~
- ...
- (6) The combined general rate applies to the gross receipts derived from providing any of the following broadcast services to a subscriber in this State. A person engaged in the business of providing any of these services is considered a retailer under this Article:
- a. Direct-to-home satellite service.
- b. Reserved.
- c. Satellite digital audio radio service. For service received by a mobile or portable station, the service is sourced to the subscriber's business or home address.
- (7) ~~The rate of six percent (6%) combined general rate~~ applies to the sales price of spirituous liquor other than mixed beverages. As used in this subdivision, the terms 'spirituous liquor' and 'mixed beverage' have the meanings provided in G.S. 18B-101.
- ...
- (9) The general rate of tax applies to the sales price of a maintenance agreement. A person who sells a maintenance agreement is considered a retailer under this Article."
- SECTION 10.5.** G.S. 105-164.4A is repealed.
- SECTION 10.6.** G.S. 105-164.4C(b)(2) reads as rewritten:

"(2) Charges for directory assistance, directory listing that is not yellow-page classified listing, call forwarding, call waiting, three-way calling, caller ID, voice mail, and other similar services."

SECTION 10.7. G.S. 105-164.4C(c)(11) is repealed.

SECTION 10.8. G.S. 105-164.6 reads as rewritten:

"§ 105-164.6. Imposition of Complementary use tax.

(a) Tax. – An excise tax at the following percentage rates is imposed on the storage, use, or consumption in this State of tangible personal property purchased inside or outside the State for storage, use, or consumption in the State at the applicable rate set in G.S. 105-164.4 is imposed on the products listed below. The applicable rate is the rate and maximum tax, if any, that would apply to the sale of the product. A product is subject to tax under this section only if it is subject to tax under G.S. 105-164.4.

(1) At the applicable percentage rate of the purchase price of each item or article of tangible personal property that is stored, used, or consumed in this State. The applicable percentage rate is the rate and the maximum tax, if any, that applies to a sale of the property that is stored, used, or consumed. Tangible personal property purchased inside or outside this State for storage, use, or consumption in this State. This subdivision includes property that becomes part of a building or another structure.

(2) At the applicable percentage rate of the monthly lease or rental price paid, contracted, or agreed to be paid by the lessee or renter to the owner of tangible personal property that is stored, used, or consumed in this State. The applicable percentage rate is the rate and the maximum tax, if any, that applies to a lease or rental of the property that is stored, used, or consumed. Tangible personal property leased or rented inside or outside this State for storage, use, or consumption in this State.

(3) Services sourced to this State.

(b) An excise tax at the general rate of tax set in G.S. 105-164.4 is imposed on the purchase price of tangible personal property purchased inside or outside the State thatLiability. – The tax imposed by this section is payable by the person who purchases, leases, or rents tangible personal property or who purchases a service. If the property purchased becomes a part of a building or other structure in the State. The purchaser of the property is liable for the tax. If the purchaser is a contractor, the contractor and owner are jointly and severally liable for the tax; ifState and the purchaser is a subcontractor, the subcontractor and contractorcontractor or subcontractor, the contractor, the subcontractor, and the owner of the building are jointly and severally liable for the tax. The liability of an owner or a contractora contractor, a subcontractor, or an owner who did not purchase the property is satisfied if the purchaser delivers to the owner or contractor before final settlement between themby receipt of an affidavit from the purchaser certifying that the tax has been paid.

(c) Where a retail sales tax has already been paid with respect to tangible personal property in this State by the purchaser thereof, the tax shall be credited upon

1 the tax imposed by this Part. Where a retail sales and use tax is due and has been paid
2 with respect to tangible personal property in another state by the purchaser for storage,
3 use or consumption in this State, the tax shall be credited upon the tax imposed by this
4 Part. Credit. – A credit is allowed against the tax imposed by this section for the
5 following:

6 (1) The amount of sales or use tax paid on the item to this State. Payment
7 of sales or use tax to this State on an item by a retailer extinguishes the
8 liability of a purchaser for the tax imposed under this section.

9 (2) The amount of sales tax paid on the item to another State. If the
10 amount of tax paid to another the other state is less than the amount of
11 tax imposed by this Part, the purchaser shall pay to the Secretary an
12 amount sufficient to make the tax paid to the other state and this State
13 equal to the amount imposed by this Part. The Secretary of Revenue
14 shall require such proof of payment of tax to another state as he deems
15 necessary. No credit shall be given under this subsection for sales or
16 use taxes paid in another state if that section, the difference is payable
17 to this State. The credit allowed by this subdivision does not apply to
18 tax paid to a state that does not grant a similar credit for sales or use
19 taxes paid in North Carolina.

20 (d) ~~Every person storing, using or otherwise consuming in this State tangible~~
21 ~~personal property purchased or received at retail either within or without this State shall~~
22 ~~be liable for the tax imposed by this Article and the liability shall not be extinguished~~
23 ~~until the tax has been paid to this State. Provided, however, that a receipt from a~~
24 ~~registered retailer engaged in business in this State given to the purchaser in accordance~~
25 ~~with the provisions of this Article shall be prima facie sufficient to relieve the purchaser~~
26 ~~from liability for the tax to which such receipt may refer and the liability of the~~
27 ~~purchaser shall be extinguished upon payment of the tax by any retailer from whom he~~
28 ~~has purchased the property.~~

29 (e) ~~Except as provided herein the tax so levied is and shall be in addition to all~~
30 ~~other taxes whether levied in the form of excise, license, privilege or other taxes.~~

31 (f) Registration. – Before a person may engage in business in this State selling or
32 delivering tangible personal property for storage, use, or consumption in this State, the
33 person must obtain a certificate of registration from the Department. To obtain a
34 certificate of registration, a person must register with the Department.

35 The holder of the certificate of registration must pay the tax levied under this
36 Article. A certificate of registration is valid unless it is revoked for failure to comply
37 with the provisions of this Article or becomes void. A certificate issued to a retailer
38 becomes void if, for a period of 18 months, the retailer files no returns or files returns
39 showing no sales."

40 **SECTION 10.9. G.S. 105-164.13 reads as rewritten:**

41 **"§ 105-164.13. Retail sales and use tax.**

42 The sale at retail and the use, storage, or consumption in this State of the following
43 tangible personal property and services are specifically exempted from the tax imposed
44 by this Article:

1
2 ...
3 (1) ~~Commercial fertilizer, lime, land plaster, plastic mulch, plant bed~~
4 ~~covers, and seeds.~~ Any of the following items sold to a farmer for
5 agricultural purposes use by the farmer in the planting, cultivating,
6 harvesting, or curing of farm crops or in the production of dairy
7 products, eggs, or animals. A 'farmer' includes a dairy operator, a
8 poultry farmer, an egg producer, a livestock farmer, a farmer of crops,
9 and a farmer of an aquatic species, as defined in G.S. 106-758.

10 a. Commercial fertilizer, lime, land plaster, plastic mulch, plant
11 bed covers, and seeds.

12 b. Farm machinery, attachment and repair parts for farm
13 machinery, and lubricants applied to farm machinery. The term
14 'machinery' includes implements that have moving parts or are
15 operated or drawn by an animal. The term does not include
16 implements operated wholly by hand or motor vehicles required
17 to be registered under Chapter 20 of the General Statutes.

18 c. A horse or mule.

19 d. Fuel other than electricity.

20 (1a) A container sold to a farmer, as defined in subdivision (1) of this
21 section, used for a purpose set out in that subdivision or in packaging
22 and transporting the farmer's product for sale.

23 ...
24 (2a) Any of the following substances when purchased for use on animals or
25 plants, as appropriate, held or produced for commercial purposes. This
26 exemption does not apply to any equipment or devices used to
27 administer, release, apply, or otherwise dispense these substances:

28 a. Remedies, vaccines, medications, litter materials, and feeds for
29 animals.

30 b. Rodenticides, insecticides, herbicides, fungicides, and
31 pesticides.

32 c. Defoliant for use on cotton or other crops.

33 d. Plant growth inhibitors, regulators, or stimulators, including
34 systemic and contact or other sucker control agents for tobacco
35 and other crops.

36 e. Semen.

37 ...
38 (4c) ~~Any of the following:~~ Any of the following items concerning the housing, raising,
39 or feeding of animals:

40 a. Commercially manufactured facilities to be used for
41 commercial purposes for housing, raising, or feeding animals or
42 for housing equipment necessary for these commercial
43 activities.

44 b. Building materials, supplies, fixtures, and equipment that
become a part of and are used in the construction, repair, or

- 1 improvement of an enclosure or a structure specifically
2 designed, constructed, and used for housing, raising, or feeding
3 animals or for housing equipment necessary for one of these
4 commercial activities.
- 5 c. Commercially manufactured equipment, and parts and
6 accessories for the equipment, used in a facility that is exempt
7 from tax under this subdivision or in an enclosure or a structure
8 whose building materials are exempt from tax under this
9 subdivision.
- 10 (4d) Any of the following tobacco items:
- 11 a. The lease or rental of tobacco sheets used in handling tobacco
12 in the warehouse and transporting tobacco to and from the
13 warehouse.
- 14 b. A metal flue sold for use in curing tobacco, whether the flue is
15 attached to a handfired furnace or used in connection with a
16 mechanical burner.
- 17 c. A bulk tobacco barn or rack, parts and accessories attached to
18 the tobacco barn or rack, and any similar apparatus, part, or
19 accessory used to cure or dry tobacco or another crop.
- 20 (4e) A grain, feed, or soybean storage facility, and parts and accessories
21 attached to the facility.
- 22 ...
- 23 (5a) ~~Mill machinery and mill machinery parts and accessories~~ Products that
24 are subject to tax under Article 5F of this Chapter.
- 25 ...
- 26 (10) Sales of the following to commercial laundries or to pressing and dry
27 cleaning establishments of articles establishments:
- 28 a. Articles or materials used for the identification of garments
29 being laundered or dry cleaned, wrapping paper, bags, hangers,
30 starch, soaps, detergents, cleaning fluids and other compounds
31 or chemicals applied directly to the garments in the direct
32 performance of the laundering or the pressing and cleaning
33 service.
- 34 b. Laundry and dry-cleaning machinery, parts and accessories
35 attached to the machinery, and lubricants applied to the
36 machinery.
- 37 c. Fuel, other than electricity, used in the direct performance of
38 the laundering or the pressing and cleaning service.
- 39 (10a) Sales of the following to a major recycling facility of (i)
40 lubricants facility:
- 41 a. Lubricants and other additives for motor vehicles or machinery
42 and equipment used at the ~~facility and (ii) materials facility.~~
- 43 b. Materials, supplies, parts, and accessories, other than machinery
44 and equipment, that are not capitalized by the taxpayer and are

used or consumed in the manufacturing and material handling processes at the facility.

(10b) c. ~~Sales to a major recycling facility of electricity~~ Electricity used at the facility.

...
(18) ~~Funeral expenses, including coffins and caskets, not to exceed one thousand five hundred dollars (\$1,500). All other funeral expenses, including gross receipts for services rendered, shall be taxable at the general rate of tax set in G.S. 105-164.4. However, "services rendered" shall not include those services which have been taxed pursuant to G.S. 105-164.4(4), or to those services performed by any beautician, cosmetologist, hairdresser or barber employed by or at the specific direction of the family or personal representative of a deceased; and "funeral expenses" and "services rendered" shall not include death certificates procured by or at the specific direction of the family or personal representative of a deceased. Where coffins, caskets or vaults are purchased direct and a separate charge is paid for services, the provisions of this subdivision shall apply to the total for both.~~

...
(45) ~~Sales of the following items to an interstate passenger air carrier or an interstate air courier for use at its hub: aircraft lubricants, aircraft repair parts, and aircraft accessories.~~
hub:
a. Aircraft lubricants, aircraft repair parts, and aircraft accessories.
b. Aircraft simulators for flight crew training.

...
(45b) Sales of the following items to an interstate air courier for use at its hub:
a. Aircraft lubricants, aircraft repair parts, and aircraft accessories.
b. Materials handling equipment, racking systems, and related parts and accessories for the storage or handling and movement of tangible personal property at an airport or in a warehouse or distribution facility.

...
(54) Tangible personal property that is sold to a seller of a maintenance agreement subject to tax under G.S. 105-164.4(a)(9) and is attached or applied to an item serviced under the agreement."

SECTION 10.10.(a) G.S. 105-164.13B(a) reads as rewritten:

"(a) State Exemption. – Food is exempt from the taxes imposed by this Article unless the food is included in one of the subdivisions in this subsection. The following food items are subject to tax:

- (1) Alcoholic beverages, as defined in G.S. 105-113.68.
- (2) Dietary supplements.
- (3) Food sold through a vending machine.
- (4) Prepared food.

(5) Soft drinks.

(6) Repealed.

(7) Candy."

SECTION 10.10.(b) G.S. 105-164.13B(a), as amended by subsection (a) of this section, reads as rewritten:

"(a) State Exemption. – Food is exempt from the taxes imposed by this Article unless the food is included in one of the subdivisions in this subsection. The following food items are subject to tax:

(1) ~~Alcoholic beverages, as defined in G.S. 105-113.68.~~

(2) Dietary supplements.

(3) Food sold through a vending machine.

(4) Prepared food.

(5) Soft drinks.

(6) Repealed.

(7) Candy."

SECTION 10.11. G.S. 105-164.13C(a) reads as rewritten:

"(a) The taxes imposed by this Article do not apply to the following items of tangible personal property if sold between 12:01A.M. on the first Friday of August and 11:59 P.M. the following Sunday:

(1) Clothing with a sales price of one hundred dollars (\$100.00) or less per item.

(2) School supplies with a sales price of one hundred dollars (\$100.00) or less per item.

(3) Computers with a sales price of three thousand five hundred dollars (\$3,500) or less per item.

(3a) Computer supplies with a sales price of two hundred fifty dollars (\$250.00) or less per item.

(4) Sport or recreational equipment with a sales price of fifty dollars (\$50.00) or less per item."

SECTION 10.12. G.S. 105-164.14(a) reads as rewritten:

"(a) Interstate Carriers. – An interstate carrier is allowed a refund, in accordance with this section, of part of the sales and use taxes paid by it on the purchase in this State of railway cars and locomotives, and fuel, lubricants, repair parts, and accessories purchased in this State for a motor vehicle, railroad car, locomotive, or airplane the carrier operates. An 'interstate carrier' is a person who is engaged in transporting persons or property in interstate commerce for compensation. The Secretary shall prescribe the periods of time, whether monthly, quarterly, semiannually, or otherwise, with respect to which refunds may be claimed, and shall prescribe the time within which, following these periods, an application for refund may be made.

An applicant for refund shall furnish the following information and any proof of the information required by the Secretary:

(1) A list identifying the railway cars, locomotives, fuel, lubricants, repair parts, and accessories purchased by the applicant inside or outside this State during the refund period.

- (2) The purchase price of the items listed in subdivision (1) of this subsection.
- (3) The sales and use taxes paid in this State on the listed items.
- (4) The number of miles the applicant's motor vehicles, railroad cars, locomotives, and airplanes were operated both inside and outside this State during the refund period.
- (5) Any other information required by the Secretary.

For each applicant, the Secretary shall compute the amount to be refunded as follows. First, the Secretary shall determine the ratio of the number of miles the applicant operated its motor vehicles, railroad cars, locomotives, and airplanes in this State during the refund period to the number of miles it operated them both inside and outside this State during the refund period. Second, the Secretary shall determine the applicant's proportional liability for the refund period by multiplying this mileage ratio by the purchase price of the items identified in subdivision (1) of this subsection and then multiplying the resulting product by the tax rate that would have applied to the items if they had all been purchased in this State. Third, the Secretary shall refund to each applicant the excess of the amount of sales and use taxes the applicant paid in this State during the refund period on these items over the applicant's proportional liability for the refund period."

SECTION 10.13. Part 4 of Article 5 of Chapter 105 of the General Statutes is amended by adding a new section to read:

"§ 105-164.15A. Effective date of rate changes for services.

The effective date of a rate change for a service taxable under this Article is administered as follows:

- (1) For a rate increase, the new rate applies to the first billing period that starts on or after the effective date.
- (2) For a rate decrease, the new rate applies to bills rendered on or after the effective date.

SECTION 10.14. Reserved.

SECTION 10.15. G.S. 105-164.28 reads as rewritten:

"§ 105-164.28. Certificate of resale.

(a) Seller's Responsibility. – A seller who accepts a certificate of resale from a purchaser of tangible personal property has the burden of proving that the sale was not a retail sale unless all of the following conditions are met:

- (1) For a sale made in person, the certificate is signed by the ~~purchaser,~~ purchaser and states the purchaser's name, address, and registration number, and describes the type of tangible personal property generally sold by the purchaser in the regular course of business-type of business.
- (2) For a sale made in person, the ~~purchaser is engaged in the business of selling tangible personal property of the type sold.~~ sold is the type of property typically sold by the type of business stated on the certificate.
- (3) For a sale made over the Internet or by other remote means, ~~the sales tax registration number given by the purchaser matches the number on~~

1 ~~the Department's registry.~~ the seller obtains the purchaser's name,
2 address, registration number, and type of business and maintains this
3 information in a retrievable format in its records.

4 (b) ~~Liabilities. Purchaser's Liability.~~ – A purchaser who does not resell property
5 purchased under a certificate of resale is liable for any tax subsequently determined to
6 be due on the sale. ~~A seller of property sold under a certificate of resale is jointly liable~~
7 ~~with the purchaser of the property for any tax subsequently determined to be due on the~~
8 ~~sale only if the Secretary proves that the sale was a retail sale."~~

9 SECTION 10.16. G.S. 105-164.42B(1) reads as rewritten:

10 "**§ 105-164.42B. Definitions.**

11 The following definitions apply in this Part:

12 (1) Agreement. – ~~The Streamlined Sales and Use Tax~~
13 ~~Agreement.~~ Agreement, as defined in G.S. 105-164.3.

14 "

15 SECTION 10.17. Part 7A of Article 5 of Chapter 105 of the General
16 Statutes is amended by adding a new section to read:

17 "**§ 105-164.42K. Registration and effect of registration.**

18 Registration under the Agreement satisfies the registration requirements under this
19 Article. A seller who registers under the Agreement within 12 months after the State
20 becomes a member of the Agreement and who meets the following conditions is not
21 subject to assessment for sales tax for any period before the effective date of the seller's
22 registration:

- 23 (1) The seller was not registered with the State during the 12-month period
24 before the effective date of this State's participation in the Agreement.
25 (2) When the seller registered, the seller had not received a letter from the
26 Department notifying the seller of an audit.
27 (3) The seller continues to be registered under the Agreement and to remit
28 tax to the State for at least 36 months."

29 SECTION 10.18. Part 7A of Article 5 of Chapter 105 of the General
30 Statutes is amended by adding a new section to read:

31 "**§ 105-164.42L. Databases on taxing jurisdictions.**

32 The Secretary may develop databases that provide information on the boundaries of
33 taxing jurisdictions and the tax rates applicable to those taxing jurisdictions. A seller
34 that relies on the information provided in these databases is not liable for
35 underpayments of tax attributable to erroneous information provided by the Secretary in
36 those databases."

37 SECTION 10.19. G.S. 105-164.44F(a) reads as rewritten:

38 "(a) Amount. – The Secretary must distribute to the cities part of the taxes
39 imposed by G.S. 105-164.4(a) (4c) on telecommunications service. The Secretary must
40 make the distribution within 75 days after the end of each calendar quarter. The amount
41 the Secretary must distribute is eighteen and ~~twenty-six hundredths~~ percent
42 ~~(18.26%)~~ three one-hundredths percent (18.03%) of the net proceeds of the taxes
43 collected during the quarter, minus two million six hundred twenty thousand nine
44 hundred forty-eight dollars (\$2,620,948). This deduction is one-fourth of the annual

amount by which the distribution to cities of the gross receipts franchise tax on telephone companies, imposed by former G.S. 105-120, was required to be reduced beginning in fiscal year 1995-96 as a result of the 'freeze deduction.' The Secretary must distribute the specified percentage of the proceeds, less the 'freeze deduction' among the cities in accordance with this section."

SECTION 10.20.(a) The title of Article 5F of Chapter 105 of the General Statutes reads as rewritten:

"Article 5F.

~~Mill Machinery- Manufacturing Fuel and Certain Machinery and Equipment."~~

SECTION 10.20.(b) Section 3.2 of S.L. 2001-347 reads as rewritten:

"**SECTION 3.2.** Section 2.8, G.S. 105-164.13(5a), as enacted by Section 2.12, and Section 2.17 of Part 2 of this act become effective ~~January 1, 2006.~~October 1, 2005. The remainder of Part 2 of this act becomes effective January 1, 2002."

SECTION 10.21. Article 5F of Chapter 105 of the General Statutes is amended by adding new sections to read:

"§ 105-187.51A. Tax imposed on manufacturing fuel.

A privilege tax is imposed on a manufacturing industry or plant that purchases fuel to operate the industry or plant. The tax is one percent (1%) of the sales price of the fuel. The tax does not apply to electricity or piped natural gas.

"§ 105-187.51B. Tax imposed on recycling equipment.

(a) Tax. – A privilege tax is imposed on a major recycling facility that purchases any of the following tangible personal property for use in connection with the facility:

(1) Cranes, structural steel crane support systems, and foundations related to the cranes and support systems.

(2) Port and dock facilities.

(3) Rail equipment.

(4) Material handling equipment.

(b) Rate. – The tax is one percent (1%) of the sales price of the tangible personal property. The maximum tax is eighty dollars (\$80.00) per article.

"§ 105-187.51C. Tax imposed on telephone company property.

(a) Tax. – A privilege tax is imposed on a telephone company regularly engaged in providing telephone service to subscribers on a commercial basis that purchases central office equipment, switchboard and private branch exchange equipment, or prewritten computer programs used in providing telephone service to its subscribers.

(b) Rate. – The tax is one percent (1%) of the sales price of the tangible personal property. The maximum tax is eighty dollars (\$80.00) per article.

"§ 105-187.51D. Tax imposed on broadcasting machinery.

(a) Tax. – A privilege tax is imposed on a commercial radio or television company that is under the regulation and supervision of the Federal Communications Commission that purchases broadcasting equipment, parts and accessories thereto, or towers.

(b) Rate. – The tax is one percent (1%) of the sales price of the tangible personal property. The maximum tax is eighty dollars (\$80.00) per article."

SECTION 10.22. G.S. 105-187.52 reads as rewritten:

1 **"§ 105-187.52. Administration.**

2 The privilege ~~tax this Article imposes on a person listed in G.S. 105-187.51 is an~~
3 ~~additional~~ taxes imposed by this Article are in addition to the State use tax. Except as
4 otherwise provided in this Article, the collection and administration of ~~this tax~~ these
5 taxes is the same as the State use tax imposed by Article 5 of this Chapter."

6 **SECTION 10.23.** G.S. 105-467(a) is amended by adding a new subdivision
7 to read:

8 "(a) Sales Tax. – The sales tax that may be imposed under this Article is limited to
9 a tax at the rate of one percent (1%) of the transactions listed in this subsection. The
10 sales tax authorized by this Article does not apply to sales that are taxable by the State
11 under G.S. 105-164.4 but are not specifically included in this subsection.

12 ...

13 (7) The sales price of a maintenance agreement subject to the general rate
14 of tax under G.S. 105-164.4(a)(9)."

15 **SECTION 10.24.** Section 18 of S.L. 2000-120, as amended by Section 44.1
16 of S.L. 2003-284, reads as rewritten:

17 **"Section 18.** Section 7 of this act becomes effective January 1, 2001. Sections 10
18 and 11 of this act become effective for taxable years beginning on or after January 1,
19 2005-2010. The remainder of this act is effective when it becomes law."

20 **SECTION 10.25.** G.S. 105-151.21(b) reads as rewritten:

21 "(b) Definitions. – The following definitions apply in this section:

22 (1) Farm machinery. – Machinery subject to exempt from State sales tax
23 at the rate of one percent (1%) under G.S. 105-164.4A. 105-164.13(4e).

24 (2) Property taxes. – The principal amount of taxes levied and assessed by
25 a taxing unit under Subchapter II of this Chapter. The term does not
26 include costs, penalties, interest, or other charges that may be added to
27 the principal amount.

28 (3) Taxing unit. – Defined in G.S. 105-273."

29 **SECTION 10.26.** Subdivision (b)(5) of Section 5 of Part IV of Chapter 908
30 of the 1983 Session Laws, as amended by Chapter 821 of the 1989 Session Laws and
31 S.L. 2001-347, reads as rewritten:

32 "(b) Definitions. The definitions in G.S. 105-164.3 apply to this Part insofar as
33 they are not inconsistent with the provisions of this Part. In addition, the following
34 definitions apply in this Part:

35 ...

36 (5) Prepared Food and Beverages. – ~~The term has the same meaning as the~~
37 ~~term "prepared food" in G.S. 105-164.3 includes the following:~~

38 a. Prepared food, as defined in G.S. 105-164.3.

39 b. An alcoholic beverage, as defined in G.S. 18B-101, that meets
40 at least one of the conditions of prepared food under
41 G.S. 105-164.3."

42 **SECTION 10.27.** Subdivision (a)(2) of Section 2 of Chapter 413 of the 1993
43 Session Laws, as amended by S.L. 2001-347, reads as rewritten:

"Sec. 2. Definitions; Sales and Use Tax Statutes. – (a) The definitions in G.S. 105-164.3 apply to this act to the extent they are not inconsistent with the provisions of this act. In addition, the following definitions apply in this act:

- ...
- (2) Prepared food and beverages. – The term ~~has the same meaning as the term "prepared food" in G.S. 105-164.3~~ includes the following:
- a. Prepared food, as defined in G.S. 105-164.3.
 - b. An alcoholic beverage, as defined in G.S. 18B-101, that meets at least one of the conditions of prepared food under G.S. 105-164.3."

SECTION 10.28. Section 2 of Chapter 449 of the 1985 Session Laws, as amended by Chapter 826 of the 1985 Session Laws, Chapter 177 of the 1991 Session Laws, and S.L. 2001-347, reads as rewritten:

"Sec. 2. Definitions. The definitions in G.S. 105-164.3 apply in this act. In addition, the following definitions apply in this act.

- (1) Net proceeds. – Gross proceeds less the cost to the county of administering and collecting the tax.
- (2) Prepared food and beverages. – The term ~~has the same meaning as the term "prepared food" in G.S. 105-164.3~~ includes the following:
 - a. Prepared food, as defined in G.S. 105-164.3.
 - b. An alcoholic beverage, as defined in G.S. 18B-101, that meets at least one of the conditions of prepared food under G.S. 105-164.3."

SECTION 10.29. Subsection (b) of Section 1 of Chapter 449 of the 1993 Session Laws, as amended by S.L. 2001-347, reads as rewritten:

"(b) Definitions; Sales and Use Tax Statutes. – The definitions in G.S. 105-164.3 apply to this section to the extent they are not inconsistent with the provisions of this section. The provisions of Article 5 and Article 9 of Chapter 105 of the General Statutes apply to this section to the extent they are not inconsistent with the provisions of this section. ~~In addition, For the purposes of this section, the term 'prepared food and beverages' has the same meaning as the term "prepared food" in G.S. 105-164.3.~~ includes the following:

- (1) Prepared food, as defined in G.S. 105-164.3.
- (2) An alcoholic beverage, as defined in G.S. 18B-101, that meets at least one of the conditions of prepared food under G.S. 105-164.3.

~~The provisions of Article 5 and Article 9 of Chapter 105 of the General Statutes apply to this section to the extent they are not inconsistent with the provisions of this section."~~

SECTION 10.30. Subdivision (3) of Section 2 of Chapter 594 of the 1991 Session Laws, as amended by S.L. 2001-347, reads as rewritten:

"Sec. 2. Definitions. The definitions in G.S. 105-164.3 apply to this act to the extent they are not inconsistent with the provisions of this act. The following definitions also apply in this act:

...

(3) Prepared food and beverage. ~~The term has the same meaning as the term "prepared food" in G.S. 105-164.3.~~ includes the following:

a. Prepared food, as defined in G.S. 105-164.3.

b. An alcoholic beverage, as defined in G.S. 18B-101, that meets at least one of the conditions of prepared food under G.S. 105-164.3."

SECTION 10.31. Section 3.1 of S.L. 2001-347, as amended by Section 13 of S.L. 2003-416, reads as rewritten:

~~"SECTION 3.1. Part 1 of this act is effective when it becomes law and expires January 1, 2006, unless one of the following occurs: (i) 15 states have adopted the Streamlined Sales and Use Tax Agreement, or (ii) states representing a combined resident population equal to at least ten percent (10%) of the national resident population, as determined by the 2000 federal decennial census, have adopted the Agreement law."~~

SECTION 10.32. Reserved.

SECTION 10.33. S.L. 2004-123 is amended by adding a new section to read:

"SECTION 3.1. This act applies to Dare County only."

SECTION 10.34. Section 10.1, 10.20(b), 10.24, and 10.31 through 10.34 of this part are effective when they become law. Sections 10.2, 10.4(a), 10.6, 10.7, 10.8, 10.10(a), 10.13, and 10.19 of this part become effective August 1, 2005. Section 10.25 of this part is effective for taxable years beginning on or after January 1, 2006. The remainder of this part becomes effective October 1, 2005. For prepayments of telecommunications and direct to home satellite services, the first billing period is considered to start on or after September 1, 2005. For prepayments of satellite digital audio radio services, the first billing period is considered to start on or after November 1, 2005. Section 10.19 of this part applies to distributions to cities of the net proceeds of the sales tax imposed on telecommunications service under G.S. 105-164.4(a)(4c) collected during calendar quarters that begin on or after October 1, 2005.

PART XI. EFFECTIVE DATE

SECTION 11. Except as otherwise provided, Parts I through VI of this act become effective July 1, 2005, and expire July 15, 2005. Except as otherwise provided, the remainder of this act becomes effective June 30, 2005.



NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
House Bill 1630

AMENDMENT NO. _____
(to be filled in by
Principal Clerk)

H1630-ALL-22 [v.1]

Page 1 of 1

Date _____, 2005

Comm. Sub. [NO]
Amends Title [NO]
PCS

Senator Garrou

1 moves to amend the bill on page 3, lines 39-40,
2 by rewriting those lines to read:

3
4 "PART VII-A. EXTEND THE SUNSET ON RETIRED TEACHERS
5 RETURNING TO THE CLASSROOM";

6
7 and on page 4, line 13 through page 6, line 6,
8 by rewriting those lines to read:

9
10 "SECTION 7A.5. This part becomes effective June 30, 2005."
11
12

SIGNED Linda Garrou
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED _____ FAILED _____ TABLED _____

MINUTES

SENATE APPROPRIATIONS BASE/BUDGET

July 19, 2005

The Senate Appropriations Base/Budget Committee met at Senator Dalton's desk in the Senate Chamber on Tuesday, July 19, 2005. There were 44 members present. Senator Walter Dalton, Co-Chair presided and called the meeting to order.

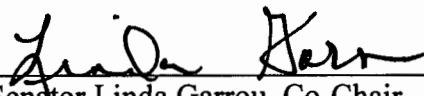
Senator Dalton asked Senator Hagan to brief the members on House Bill 1631. Senator Hagan explained the bill to the Committee.

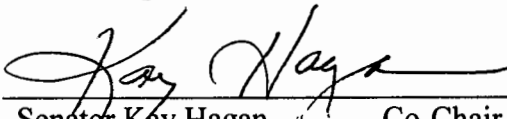
The Short Title of House Bill 1631: *Extend Continuing Budget Authority*. The Long Title of House Bill 1631: *An Act Authorizing the Director of the Budget to Continue Expenditures for Operation of Government at the Level in Effect on June 30, 2005; Appropriating Funds for Increases in the Average Daily Membership in the Public Schools and in University and Community College Enrollment; Directing the State Controller to Transfer Overrealized Disproportionate Share Payments to Nontax Revenue; and Extending the Final Maturity of Certain Global Transpark Debt from July 31, 2005, until August 31, 2005. (Please see Attachment 1).*

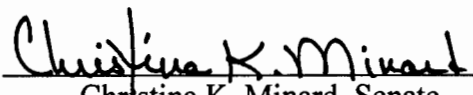
Senator Weinstein made a motion to give HB 1631 a *Favorable Report*. The Committee concurred.

Senator Dalton expressed his appreciation to the members and adjourned the meeting.


Senator Walter Dalton, Co-Chair


Senator Linda Garrou, Co-Chair


Senator Kay Hagan Co-Chair


Christina K. Minard, Senate
Committee Assistant

**NORTH CAROLINA GENERAL ASSEMBLY
SENATE**

APPROPRIATIONS/BASE BUDGET COMMITTEE REPORT

**Senator Kay R. Hagan, Co-Chair
Senator Walter H. Dalton, Co-Chair
Senator Linda Garrou, Co-Chair**

Tuesday, July 19, 2005

Senator HAGAN,
submits the following with recommendations as to passage:

FAVORABLE

H.B.(CS #1) 1631	Extend Continuing Budget Authority.	
	Sequential Referral:	None
	Recommended Referral:	None

TOTAL REPORTED: 1

Committee Clerk Comments:

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2005**

H

3

**HOUSE BILL 1631
Committee Substitute Favorable 7/14/05
Third Edition Engrossed 7/18/05**

Short Title: Extend Continuing Budget Authority.

(Public)

Sponsors:

Referred to:

May 11, 2005

A BILL TO BE ENTITLED

AN ACT AUTHORIZING THE DIRECTOR OF THE BUDGET TO CONTINUE EXPENDITURES FOR OPERATION OF GOVERNMENT AT THE LEVEL IN EFFECT ON JUNE 30, 2005; APPROPRIATING FUNDS FOR INCREASES IN THE AVERAGE DAILY MEMBERSHIP IN THE PUBLIC SCHOOLS AND IN UNIVERSITY AND COMMUNITY COLLEGE ENROLLMENT; DIRECTING THE STATE CONTROLLER TO TRANSFER OVERREALIZED DISPROPORTIONATE SHARE PAYMENTS TO NONTAX REVENUE; AND EXTENDING THE FINAL MATURITY OF CERTAIN GLOBAL TRANSPARK DEBT FROM JULY 31, 2005, UNTIL AUGUST 31, 2005.

The General Assembly of North Carolina enacts:

SECTION 1. Section 10 of S.L. 2005-144 reads as rewritten:

"**SECTION 10.** Except as otherwise provided, Parts I through VI of this act become effective July 1, 2005, and expire ~~July 20, 2005.~~ August 5, 2005. Except as otherwise provided, the remainder of this act becomes effective June 30, 2005."

SECTION 2. G.S. 147-69.2(b)(11), as amended by Section 7 of S.L. 2005-144, reads as rewritten:

"(b) It shall be the duty of the State Treasurer to invest the cash of the funds enumerated in subsection (a) of this section in excess of the amount required to meet the current needs and demands on such funds, selecting from among the following:

...

(11) With respect to assets of the Escheat Fund, obligations of the North Carolina Global TransPark Authority authorized by G.S. 63A-4(a)(22), not to exceed twenty-five million dollars (\$25,000,000), that have a final maturity not later than ~~July 31, 2005.~~ August 31, 2005. The obligations shall bear interest at the rate set by the State Treasurer. No commitment to purchase obligations may be made pursuant to this subdivision after September 1, 1993, and no obligations may be

1 purchased after September 1, 1994. In the event of a loss to the
2 Escheat Fund by reason of an investment made pursuant to this
3 subdivision, it is the intention of the General Assembly to hold the
4 Escheat Fund harmless from the loss by appropriating to the Escheat
5 Fund funds equivalent to the loss."

6 **SECTION 3.** Effective July 1, 2005, there is appropriated from the General
7 Fund for the 2005-2006 fiscal year the following:

- 8 (1) \$125,000,000 to the Department of Public Instruction to fully fund
9 increases in average daily membership in public schools, subject to
10 adjustment by the General Assembly.
- 11 (2) \$7,802,343 to the Community Colleges System Office to fully fund the
12 community college enrollment increase.
- 13 (3) \$72,753,678 to the Board of Governors of The University of North
14 Carolina for increased enrollment.
- 15 (4) \$1,596,000 to the Board of Governors of The University of North
16 Carolina to increase the State Contractual Scholarship Fund by fifty
17 dollars (\$50.00) per student in private college.
- 18 (5) \$1,395,488 to the Board of Governors of The University of North
19 Carolina to fund an increase in enrollment growth in North Carolina
20 residents attending private colleges and universities in the State.

21 **SECTION 4.** Notwithstanding Section 10.21(b) of S.L. 2003-284, the State
22 Controller shall transfer the sum of eleven million one hundred nine thousand eight
23 hundred thirty-four dollars (\$11,109,834) in disproportionate share payments received
24 by State hospitals from the Disproportionate Share Reserve Fund to nontax revenue
25 budget code 19961. This section becomes effective June 30, 2005.

26 **SECTION 5.** Except as otherwise provided, this act is effective when it
27 becomes law.

MINUTES

APPROPRIATIONS/BASE BUDGET

Wednesday, July 27, 2005

The Senate Appropriations/Base Budget Committee met on Wednesday, July 27, 2005, at 1:00 p.m. in room 643 of the Legislative Office Building. There were 45 members present. Senator Kay Hagan, Co-Chair presided. Senator Hagan introduced the following Pages: Megan Wall, sponsored by Senator Thomas; Jennifer and Katherine Wadsworth, sponsored by Senator Smith; Anna Galvin, sponsored by Senator Hoyle; Emily Kelly, sponsored by Senator Swindell; John Flynt, sponsored by Senator Phil Berger and Kaila Ramsey, sponsored by Senator Snow.

Senator Hagan recognized Senator Kinnaird to present an overview of Senate Bill 223. Senator Kinnaird made a motion to accept the Committee Substitute Bill for Senate Bill 223 for purposes of discussion. The Committee voted its approval. Senator Kinnaird briefed the Committee on the proposed Committee Substitute. The Short Title of the proposed Committee Substitute for Senate Bill 233: ***Public Confidence in Elections***. The Long Title: ***An Act to Restore Public Confidence in the Election Process by Requiring that the State Board of Elections, through the Development of a Request for Proposal, Ensure that all Voting Systems Generate Either a Paper Ballot or a Paper Record by which Voters may Verify their Votes before Casting them and which Provides a Backup Means of Counting the Vote that the Voter Casts; by Providing Statutory Guidance as to Counting; by Standardizing Purchasing of Voting Systems in North Carolina, Including a Review of Source Code for Software Related to those Voting Systems and Authorization to Establish the Role of the State Board of Elections and County Board of Elections Related to Training and Support of Voting Systems; by Requiring Postelection Testing of Voting Systems, Including a Paper Sample-Count; by Expanding the Right to a Hand-to-Eye Recount of Paper Ballots; by Permitting a Pilot Program to Experiment with Nonpaper Means of Voter Verification and Ballot Backup; and by Appropriating Funds to the State Board of Elections to Implement this Act.*** (Please see Attachment 1).

Senator Hagan recognized Senator Clodfelter. Senator Clodfelter introduced an Amendment to the proposed Committee Substitute. The Committee voted to approve the Amendment to Senate Bill 223. (Please see Attachment 2). The Bill Summary is included as Attachment 3.

Senator Swindell recommended that Senate Bill 223 be voted as ***Unfavorable as to Committee Substitute Bill No. 1, but Favorable as to Committee Substitute Bill No. 2***. The Committee concurred.

Next, Senator Hagan recognized Senator Jenkins to explain Senate Bill 1039. Senator Jenkins asked that a proposed Committee Substitute Bill for Senate Bill 1039, be adopted for purposes of discussion. The Committee approved.

The Short Title of the proposed Committee Substitute Bill for Senate Bill 1039: ***Increase Rape Penalties/Helpless Victims***. The Long Title: ***An Act to Strengthen Penalties for Committing Second-Degree Rape or Second-Degree Sexual Offense and to Make First-Degree Rape and First-Degree Sex Offenses Applicable where the Victim is Mentally Disabled, Mentally Incapacitated, or Physically Helpless***. (Please see Attachment 4). The Legislative Fiscal note is included as Attachment 5 and the Bill Summary is Attachment 6

Senator Tillman made a motion to give the Proposed Committee Substitute Bill for Senate Bill 1039, ***Unfavorable as to Committee Substitute Bill No. 1, but Favorable as to Committee Substitute Bill No. 2***. The motion carried.

The third bill that was considered by the Committee was Senate Bill 1117. Senator Rand was recognized to make a motion. Senator Rand asked that a proposed Committee Substitute Bill be adopted for purposes of discussion. The Committee approved. (Please see Attachment 7). The Short Title: ***2005 Military Support Act***. The Long Title: ***An Act to Enact the 2005 Soldier, Sailor, Marine, Airmen and Guardsmen Support Act***. Senator Hagan recognized Senator Rand to explain the proposed Committee Substitute Bill.


Senator Dannelly made a motion to vote the proposed Committee Substitute Bill for Senate Bill 1117 the following status: ***Unfavorable as to Committee Substitute Bill No. 1, but Favorable as to Committee Substitute Bill No. 2***. The Committee concurred.

Senator Hagan recognized Senator Albertson to brief the Committee on Senate Bill 1156. Senator Albertson asked the Committee to approve a Committee Substitute for Senate Bill 1156 for purposes of discussion. The Committee approved. The Short Title of the proposed Committee Substitute Bill: ***Dairy Stabilization and Growth Prgm***. The Long Title: ***An Act to Establish the North Carolina Dairy Stabilization and Growth Fund to Provide Critical Support for the North Carolina Dairy Industry***. (Please see Attachment 8). The Legislative Summary for the proposed Committee Substitute is included as Attachment 9. Following Senator Albertson's briefing, Senator Forrester made a motion to give the proposed Committee Substitute the following status: ***Unfavorable as to Committee Substitute Bill No. 1, but Favorable as to Committee Substitute Bill No. 2***. The motion carried.

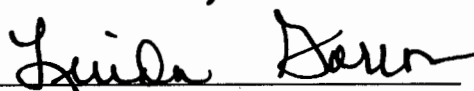
Lastly, Senator Hagan requested Senator Apodaca to explain Senate Bill 1161. Senator Apodaca asked the Committee to accept a Committee Substitute for Senate Bill 1161. The Committee voted to approve the Committee Substitute Bill for purposes of discussion. The Committee approved. The Short Title: ***Central Listing/MH Beds/Invol. Comm.*** The Long Title: ***An Act Requiring the Department of Health and Human Services to Develop a Central Listing of Mental Health Facilities Designated to Assist in the Placement of Individuals to be Involuntarily Committed and Require Area Authorities to Maintain a Crisis Response Service.*** (Please see Attachment 10). The Legislative Fiscal Note is included as Attachment 11, and the Bill summary Attachment 12.

Senator East made a motion to give the proposed Committee Substitute for Senate Bill 1161, ***Unfavorable as to Committee Substitute Bill No. 1, but Favorable as to Committee Substitute Bill No. 2.*** The Committee concurred.

Senator Hagan expressed her appreciation to the Committee members for their diligence. She adjourned the meeting.



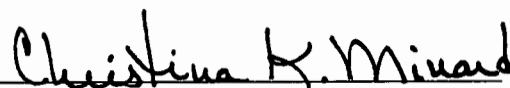
Senator Kay Hagan, Co-Chair



Senator Linda Garrou, Co-Chair



Senator Walter Dalton, Co-Chair



Christina K. Minard, Senate
Committee Assistant

**NORTH CAROLINA GENERAL ASSEMBLY
SENATE**

APPROPRIATIONS/BASE BUDGET COMMITTEE REPORT

**Senator Kay R. Hagan, Co-Chair
Senator Linda Garrou, Co-Chair
Senator Walter H. Dalton, Co-Chair**

Wednesday, July 27, 2005

Senator HAGAN,
submits the following with recommendations as to passage:

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

S.B.(CS #1) 1039 Increase Rape Penalties/Helpless Victims.
Draft Number: PCS55267
Sequential Referral: None
Recommended Referral: None
Long Title Amended: No

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

S.B.(CS #1) 1117 2005 Military Support Act.
Draft Number: PCS65359
Sequential Referral: None
Recommended Referral: None
Long Title Amended: No

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

S.B.(CS #1) 1156 Dairy Stabilization and Growth Prgm.
Draft Number: PCS75351
Sequential Referral: None
Recommended Referral: None
Long Title Amended: No

TOTAL REPORTED: 3

Committee Clerk Comments:

**NORTH CAROLINA GENERAL ASSEMBLY
SENATE**

APPROPRIATIONS/BASE BUDGET COMMITTEE REPORT

**Senator Kay R. Hagan, Co-Chair
Senator Linda Garrou, Co-Chair
Senator Walter H. Dalton, Co-Chair**

Wednesday, July 27, 2005

Senator HAGAN,
submits the following with recommendations as to passage:

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

S.B.(CS #1) 223	Public Confidence in Elections.	
	Draft Number:	PCS55269
	Sequential Referral:	None
	Recommended Referral:	None
	Long Title Amended:	Yes

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

S.B.(CS #1) 1161	Central Registry/MH Beds/Invol. Comm.	
	Draft Number:	PCS15260
	Sequential Referral:	None
	Recommended Referral:	None
	Long Title Amended:	Yes

TOTAL REPORTED: 2

Committee Clerk Comments:

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2005**

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**SENATE BILL 223
Judiciary I Committee Substitute Adopted 7/26/05
PROPOSED COMMITTEE SUBSTITUTE S223-CSRR-48 [v.2]**

7/26/2005 5:28:02 PM

Short Title: Public Confidence in Elections.

(Public)

Sponsors:

Referred to:

February 28, 2005

A BILL TO BE ENTITLED

AN ACT TO RESTORE PUBLIC CONFIDENCE IN THE ELECTION PROCESS BY
REQUIRING THAT THE STATE BOARD OF ELECTIONS, THROUGH THE
DEVELOPMENT OF A REQUEST FOR PROPOSAL, ENSURE THAT ALL
VOTING SYSTEMS GENERATE EITHER A PAPER BALLOT OR A PAPER
RECORD BY WHICH VOTERS MAY VERIFY THEIR VOTES BEFORE
CASTING THEM AND WHICH PROVIDES A BACKUP MEANS OF
COUNTING THE VOTE THAT THE VOTER CASTS; BY PROVIDING
STATUTORY GUIDANCE AS TO COUNTING; BY STANDARDIZING
PURCHASING OF VOTING SYSTEMS IN NORTH CAROLINA, INCLUDING
A REVIEW OF SOURCE CODE FOR SOFTWARE RELATED TO THOSE
VOTING SYSTEMS AND AUTHORIZATION TO ESTABLISH THE ROLE OF
THE STATE BOARD OF ELECTIONS AND COUNTY BOARD OF
ELECTIONS RELATED TO TRAINING AND SUPPORT OF VOTING
SYSTEMS; BY REQUIRING POSTELECTION TESTING OF VOTING
SYSTEMS, INCLUDING A PAPER SAMPLE-COUNT; BY EXPANDING THE
RIGHT TO A HAND-TO-EYE RECOUNT OF PAPER BALLOTS; BY
PERMITTING A PILOT PROGRAM TO EXPERIMENT WITH NONPAPER
MEANS OF VOTER VERIFICATION AND BALLOT BACKUP; AND BY
APPROPRIATING FUNDS TO THE STATE BOARD OF ELECTIONS TO
IMPLEMENT THIS ACT.

The General Assembly of North Carolina enacts:

SECTION 1.(a) Effective August 1, 2005, and applicable to any voting
systems upgraded or acquired on or after that date and to all voting systems used in the
State during any election during or after 2006, G.S. 163-165.7 reads as rewritten:

"§ 163-165.7. Voting systems: powers and duties of State Board of Elections.

(a) ~~The State Board of Elections shall have authority to approve types, makes, and models of voting systems for use in elections and referenda held in this State. Only voting systems that have been approved by the State Board shall be used to conduct elections under this Chapter, and the approved systems shall be valid in any election or referendum held in any county or municipality. The State Board may, upon request of a local board of elections, authorize the use of a voting system not approved for general use.~~ Only voting systems that have been certified by the State Board of Elections in accordance with the procedures and subject to the standards set forth in this section and that have not been subsequently decertified shall be permitted for use in elections in this State. Those certified voting systems shall be valid in any election held in the State or in any county, municipality, or other electoral district in the State. Subject to all other applicable rules adopted by the State Board of Elections and, with respect to federal elections, subject to all applicable federal regulations governing voting systems, paper ballots marked by the voter and counted by hand shall be deemed a certified voting system. The State Board may certify additional voting systems only if they meet the requirements of the request for proposal process set forth in this section and only if they generate either a paper ballot or a paper record by which voters may verify their votes before casting them and which provides a backup means of counting the vote that the voter casts. Those voting systems may include optical scan and direct record electronic (DRE) voting systems. In consultation with the Office of Information Technology Services, the State Board shall develop the requests for proposal subject to the provisions of this Chapter and other applicable State laws. Among other requirements, the request for proposal shall require at least all of the following elements:

- (1) That the vendor post a bond or letter of credit to cover damages resulting from defects in the voting. Damages shall include, among other items, any costs of conducting a new election attributable to those defects.
- (2) That the voting system comply with all federal requirements for voting systems.
- (3) That the voting system must have the capacity to include in precinct returns the votes cast by voters outside of the voter's precinct as required by G.S. 163-132.5G.
- (4) With respect to electronic voting systems, that the voting system generate a paper record of each individual vote cast, which paper record shall be maintained in a secure fashion and shall serve as a backup record for purposes of any hand-to-eye count, hand-to-eye recount, or other audit. Electronic systems that employ optical scan technology to count paper ballots shall be deemed to satisfy this requirement.
- (5) With respect to DRE voting systems, that the paper record generated by the system be viewable by the voter before the vote is cast electronically, and that the system permit the voter to correct any discrepancy between the electronic vote and the paper record before the vote is cast.

- 1 (6) With respect to all voting systems using electronic means, that the
2 vendor provide access to all of any information required to be placed
3 in escrow by a vendor pursuant to G.S. 163-165.9A for review and
4 examination by the State Board of Elections; the Office of Information
5 Technology Services; the State chairs of each political party
6 recognized under G.S. 163-96; the purchasing county; and designees
7 as provided in subdivision (9) of subsection (d) of this section.
8 (7) That the vendor must quote a statewide uniform price for each unit of
9 the equipment.
10 (8) That the vendor must separately agree with the purchasing county that
11 if it is granted a contract to provide software for an electronic voting
12 system but fails to debug, modify, repair, or update the software as
13 agreed or in the event of the vendor having bankruptcy filed for or
14 against it, the source code described in G.S. 163-165.9A(a) shall be
15 turned over to the purchasing county by the escrow agent chosen under
16 G.S. 163-165.9A(a)(1) for the purposes of continuing use of the
17 software for the period of the contract and for permitting access to the
18 persons described in subdivision (6) of this subsection for the purpose
19 of reviewing the source code.

20 In its request for proposal, the State Board of Elections shall address the mandatory
21 terms of the contract for the purchase of the voting system and the maintenance and
22 training related to that voting system.

23 No voting system acquired or upgraded by a county before August 1, 2005, shall be
24 used in an election during or after 2006 unless the county can demonstrate to the State
25 Board of Elections compliance with the requirements in subdivisions (1) through (8) of
26 this subsection, where those requirements are applicable to the type of voting system
27 involved.

28 ~~(b) The State Board may also, upon notice and hearing, disapprove-decertify~~
29 ~~types, makes, and models of voting systems. Upon disapproving-decertifying a type,~~
30 ~~make, or model of voting system, the State Board shall determine the process by which~~
31 ~~the disapproved-decertified system is discontinued in any county. If a county makes a~~
32 ~~showing that discontinuance would impose a financial hardship upon it, the county shall~~
33 ~~be given up to four years from the time of State Board disapproval to replace the~~
34 ~~system. A county may appeal a decision by the State Board concerning discontinuance~~
35 ~~of a voting system the process by which the decertified system is discontinued in that~~
36 ~~county to the superior court in that county or to the Superior Court of Wake County.~~
37 ~~The county has 30 days from the time it receives notice of the State Board's decision on~~
38 ~~discontinuance the process by which the decertified system is discontinued in that~~
39 ~~county to make that appeal.~~

40 (c) Prior to certifying a voting system, the State Board of Elections shall review,
41 or designate an independent expert to review, all source code made available by the
42 vendor pursuant to this section and certify only those voting systems compliant with
43 State and federal law. At a minimum, the State Board's review shall include a review of
44 security, application vulnerability, application code, wireless security, security policy

1 and processes, security/privacy program management, technology infrastructure and
2 security controls, security organization and governance, and operational effectiveness.
3 as applicable to that voting system. Any portion of the report containing specific
4 information related to any trade secret as designated pursuant to G.S. 132-1.2 shall be
5 confidential and shall be accessed only under the rules adopted pursuant to subdivision
6 (9) of subsection (d) of this section. The State Board may hear and discuss the report of
7 any such review under G.S. 143-318.11(a)(1).

8 (d) Subject to the provisions of this Chapter, the State Board of Elections shall
9 prescribe rules for the adoption, handling, operation, and honest use of certified voting
10 systems, ~~including, but not limited to,~~ including all of the following:

11 (1) Procedures for county boards of elections to utilize when
12 recommending the purchase of a ~~Types, makes, and models of~~
13 certified voting systems approved system for use in this State that
14 county.

15 (2) Form of official ballot labels to be used on voting systems.

16 (3) Operation and manner of voting on voting systems.

17 (4) Instruction of precinct officials in the use of voting systems.

18 (5) Instruction of voters in the use of voting systems.

19 (6) Assistance to voters using voting systems.

20 (7) Duties of custodians of voting systems.

21 (8) Examination and testing of voting systems in a public forum in the
22 county before and after use in an election.

23 (9) Notwithstanding G.S. 132-1.2, procedures for the review and
24 examination of any information placed in escrow by a vendor pursuant
25 to G.S. 163-165.9A by only the following persons:

26 a. State Board of Elections.

27 b. Office of Information Technology Services.

28 c. The State chairs of each political party recognized under
29 G.S. 163-96.

30 d. The purchasing county.

31 Each person listed in sub-subdivisions a. through d. of this subdivision
32 may designate up to three persons as that person's agents to review and
33 examine the information. No person shall designate under this
34 subdivision a business competitor of the vendor whose proprietary
35 information is being reviewed and examined. For purposes of this
36 review and examination, any designees under this subdivision and the
37 State party chairs shall be treated as public officials under G.S. 132-2.

38 (10) With respect to electronic voting systems, procedures to maintain the
39 integrity of both the electronic vote count and the paper record. Those
40 procedures shall at a minimum include procedures to protect against
41 the alteration of the paper record after a machine vote has been
42 recorded and procedures to prevent removal by the voter from the
43 voting enclosure of any paper record or copy of an individually voted
44 ballot or of any other device or item whose removal from the voting

1 enclosure could permit compromise of the integrity of either the
2 machine count or the paper record.

3 Any rules adopted under this subsection shall be in conjunction with procedures and
4 standards adopted under G.S. 163-182.1, are exempt from Chapter 150B of the General
5 Statutes, and are subject to the same procedures for notice and publication set forth in
6 G.S. 163-182.1.

7 (e) The State Board of Elections shall facilitate training and support of the voting
8 systems utilized by the counties."

9 **SECTION 1.(a1)** G.S. 163-166.7(c)(3) reads as rewritten:

10 "(c) The State Board of Elections shall promulgate rules for the process of voting.
11 Those rules shall emphasize the appearance as well as the reality of dignity, good order,
12 impartiality, and the convenience and privacy of the voter. Those rules, at a minimum,
13 shall include procedures to ensure that all the following occur:

- 14 (1) The voting system remains secure throughout the period voting is
15 being conducted.
- 16 (2) Only properly voted official ballots or paper records of individual
17 voted ballots are introduced into the voting system.
- 18 (3) Except as provided by G.S. 163-166.9, no official ballots leave the
19 voting enclosure during the time voting is being conducted there. The
20 rules shall also provide that during that time no one shall remove from
21 the voting enclosure any paper record or copy of an individually voted
22 ballot or of any other device or item whose removal from the voting
23 enclosure could permit compromise of the integrity of either the
24 machine count or the paper record.
- 25 (4) All improperly voted official ballots or paper records of individual
26 voted ballots are returned to the precinct officials and marked as
27 spoiled.
- 28 (5) Voters leave the voting place promptly after voting.
- 29 (6) Voters not clearly eligible to vote in the precinct but who seek to vote
30 there are given proper assistance in voting a provisional official ballot
31 or guidance to another voting place where they are eligible to vote.
- 32 (7) Information gleaned through the voting process that would be helpful
33 to the accurate maintenance of the voter registration records is
34 recorded and delivered to the county board of elections.
- 35 (8) The registration records are kept secure.
- 36 (9) Party observers are given access as provided by G.S. 163-45 to current
37 information about which voters have voted.
- 38 (10) The voter, before voting, shall sign that voter's name on the pollbook,
39 other voting record, or voter authorization document. If the voter is
40 unable to sign, a precinct official shall enter the person's name on the
41 same document before the voter votes."

42 **SECTION 1.(b)** Section 11 of S.L. 2003-226, which would have made
43 amendment to G.S. 163-165.7 effective January 1, 2006, is repealed.

SECTION 1.(c) In order to carry forward the first of two amendments that would have been made by Section 11 of S.L. 2003-226 to the old version of G.S. 163-165.7, effective January 1, 2006, G.S. 163-165.7, as rewritten by subsection (a) of this section, is amended by adding the following new subsection:

"(al) Federal Assistance. – The State Board may use guidelines, information, testing reports, certification, decertification, recertification, and any relevant data produced by the Election Assistance Commission, its Standards Board, its Board of Advisors, or the Technical Guidelines Development Committee as established in Title II of the Help America Vote Act of 2002 with regard to any action or investigation the State Board may take concerning a voting system. The State Board may use, for the purposes of voting system certification, laboratories accredited by the Election Assistance Commission under the provisions of section 231(2) of the Help America Vote Act of 2002."

SECTION 1.(d) In order to carry forward the second of two amendments that would have been made by Section 11 of S.L. 2003-226 to the old version of G.S. 163-165.7, effective January 1, 2006, G.S. 163-165.7(d), as rewritten by subsection (a) of this section, is amended by adding the following new subdivision:

"(11) Compliance with section 301 of the Help America Vote Act of 2002."

SECTION 1.(e) G.S. 163-132.5G reads as rewritten:

"§ 163-132.5G. Voting data maintained by precinct.

To the extent that it can do so without compromising the secrecy of an individual's ballot, each county board of elections shall maintain voting data by precinct so that precinct returns for each item on the ballot shall include the votes cast by residents of the precinct who voted by provisional ballot and by absentee ballot, both mail and one-stop. The county board shall not be required to report provisional and absentee voting data by precinct until 60 days after the election. The State Board of Elections shall adopt rules for the enforcement of this section with the goal that all voting data shall be reported by precinct by the 2006 election. ~~Those rules shall provide for exemptions where the expense of compliance would place a financial hardship on a county. Those rules shall provide for compliance by 2004 for counties the State Board determines are capable of complying by that year."~~

SECTION 1.(f) G.S. 163-165.1(e) reads as rewritten:

"(e) Voted ballots and paper records of individual voted ballots shall be treated as confidential, and no person other than elections officials performing their duties may have access to voted ballots or paper records of individual voted ballots except by court order or order of the appropriate board of elections as part of the resolution of an election protest or investigation of an alleged election irregularity or violation. Voted ballots and paper records of individual voted ballots shall not be disclosed to members of the public in such a way as to disclose how a particular voter voted, unless a court orders otherwise."

SECTION 2.(a) Part 2 of Article 14A of Chapter 163 of the General Statutes is amended by adding a new section to read:

"§ 163-165.9A. Voting systems: requirements for voting systems vendors; penalties.

1 (a) Duties of Vendor. – Every vendor that has a contract to provide a voting
2 system in North Carolina shall do all of the following:

- 3 (1) The vendor shall place in escrow with an independent escrow agent
4 approved by the State Board of Elections all software that is relevant
5 to functionality, setup, configuration, and operation of the voting
6 system, including, but not limited to, a complete copy of the source
7 and executable code, build scripts, object libraries, application
8 program interfaces, and complete documentation of all aspects of the
9 system including, but not limited to, compiling instructions, design
10 documentation, technical documentation, user documentation,
11 hardware and software specifications, drawings, records, and data. The
12 State Board of Elections may require in its request for proposal that
13 additional items be escrowed, and if any vendor that agrees in a
14 contract to escrow additional items, those items shall be subject to the
15 provisions of this section. The documentation shall include a list of
16 programmers responsible for creating the software and a sworn
17 affidavit that the source code includes all relevant program statements
18 in low-level and high-level languages.
- 19 (2) The vendor shall notify the State Board of Elections of any change in
20 any item required to be escrowed by subdivision (1) of this subsection.
- 21 (3) The chief executive officer of the vendor shall sign a sworn affidavit
22 that the source code and other material in escrow is the same being
23 used in its voting systems in this State. The chief executive officer
24 shall ensure that the statement is true on a continuing basis.
- 25 (4) The vendor shall promptly notify the State Board of Elections and the
26 county board of elections of any county using its voting system of any
27 decertification of the same system in any state, of any defect in the
28 same system known to have occurred anywhere, and of any relevant
29 defect known to have occurred in similar systems.
- 30 (5) The vendor shall maintain an office in North Carolina with staff to
31 service the contract.

32 (b) Penalties. – Willful violation of any of the duties in subsection (a) of this
33 section is a Class G felony. Substitution of source code into an operating voting system
34 without notification as provided by subdivision (a)(2) of this section is a Class I felony.
35 In addition to any other applicable penalties, violations of this section are subject to a
36 civil penalty to be assessed by the State Board of Elections in its discretion in an amount
37 of up to one hundred thousand dollars (\$100,000) per violation. A civil penalty assessed
38 under this section shall be subject to the provisions of G.S. 163-278.34(e)."

39 **SECTION 2.(b)** This section applies with respect to purchase or upgrade of
40 any voting system on or after August 1, 2005.

41 **SECTION 3.** Effective August 1, 2005, G.S. 163-165.8 reads as rewritten:
42 **"§ 163-165.8. Voting systems: powers and duties of board of county**
43 **commissioners.**

1 The board of county commissioners, with the approval of the county board of
2 elections, may adopt and ~~purchase or lease~~ acquire only a voting system of a type,
3 make, and model ~~approved~~ certified by the State Board of Elections for use in some or
4 all voting places in the county at some or all elections.

5 The board of county commissioners may decline to adopt and ~~purchase or lease~~
6 acquire any voting system recommended by the county board of elections but may not
7 adopt and ~~purchase or lease~~ acquire any voting system that has not been approved by
8 the county board of elections. Article 8 of Chapter 143 of the General Statutes does not
9 apply to the purchase of a voting system certified by the State Board of Elections."

10 **SECTION 4.** Effective August 1, 2005, G.S. 163-165.9 reads as rewritten:

11 **"§ 163-165.9. Voting systems: powers and duties of county board of elections.**

12 (a) Before approving the adoption and ~~purchase or lease~~ acquisition of any
13 voting system by the board of county commissioners, the county board of elections shall
14 do all of the following:

15 (1) ~~Obtain a current financial statement from the proposed vendor or~~
16 ~~lessor of the voting system and send copies of the statement to the~~
17 ~~county attorney and the chief county financial officer.~~ Recommend to
18 the board of county commissioners which type of voting system
19 should be acquired by the county.

20 (2) Witness a demonstration, in that county or at a site designated by the
21 State Board of Elections, of the type of voting system to be
22 recommended ~~by the proposed vendor or lessor~~ and also witness a
23 demonstration of at least one other type of voting system approved
24 certified by the State Board of Elections.

25 (3) Test, during an election, the proposed voting system in at least one
26 precinct in the county where the voting system would be used if
27 adopted.

28 (b) After the acquisition of any voting system, the county board of elections shall
29 comply with any requirements of the State Board of Elections regarding training and
30 support of the voting system."

31 **SECTION 5.(a)** G.S. 163-182.1(b) reads as rewritten:

32 "(b) Procedures and Standards. – The State Board of Elections shall adopt uniform
33 and nondiscriminatory procedures and standards for voting systems. The standards shall
34 define what constitutes a vote and what will be counted as a vote for each category of
35 voting system used in the State. The State Board shall adopt those procedures and
36 standards at a meeting occurring not earlier than 15 days after the State Board gives
37 notice of the meeting. The procedures and standards adopted shall apply to all elections
38 occurring in the State and shall be subject to amendment or repeal by the State Board
39 acting at any meeting where notice that the action has been proposed has been given at
40 least 15 days before the meeting. These procedures and standards shall not be
41 considered to be rules subject to Article 2A of Chapter 150B of the General Statutes.
42 However, the State Board shall publish in the North Carolina Register the procedures
43 and standards and any changes to them after adoption, with that publication noted as
44 information helpful to the public under G.S. 150B-21.17(a)(6). Copies of those

procedures and standards shall be made available to the public upon request or otherwise by the State Board. For optical scan and direct record electronic voting systems, and for any other voting systems in which ballots are counted other than on paper by hand and eye, those procedures and standards shall do both of the following:

(1) Provide for a sample hand-to-eye count of the paper ballots or paper records of a statewide ballot item in every county. The presidential ballot item shall be the subject of the sampling in a presidential election. If there is no statewide ballot item, the State Board shall provide a process for selecting district or local ballot items to adequately sample the electorate. The sample chosen by the State Board shall be of full precincts, full counts of absentee ballots, and full counts of one-stop early voting sites. The size of the sample of each category shall be chosen to produce a statistically significant result and shall be chosen after consultation with a statistician. The actual units shall be chosen at random. In the event of a material discrepancy between the electronic or mechanical count and a hand-to-eye count, the hand-to-eye count shall control, except where paper ballots or records have been lost or destroyed or where there is another reasonable basis to conclude that the hand-to-eye count is not the true count. If the discrepancy between the hand-to-eye count and the mechanical or electronic count is significant, a complete hand-to-eye count shall be conducted.

(2) ~~provide~~ Provide that if the voter selects votes for more than the number of candidates to be elected or proposals to be approved in a ballot item, the voting system shall do all the following:

- (1)a. Notify the voter that the voter has selected more than the correct number of candidates or proposals in the ballot item.
- (2)b. Notify the voter before the vote is accepted and counted of the effect of casting overvotes in the ballot item.
- (3)c. Provide the voter with the opportunity to correct the official ballot before it is accepted and counted."

SECTION 5.(b) G.S. 163-182.2 reads as rewritten:

"§ 163-182.2. Initial counting of official ballots.

(a) The initial counting of official ballots shall be conducted according to the following principles:

- (1) Vote counting at the precinct shall occur immediately after the polls close and shall be continuous until completed.
- (2) Vote counting at the precinct shall be conducted with the participation of precinct officials of all political parties then present. Vote counting at the county board of elections shall be conducted in the presence or under the supervision of board members of all political parties then present.
- (3) Any member of the public wishing to witness the vote count at any level shall be allowed to do so. No witness shall interfere with the

1 orderly counting of the official ballots. Witnesses shall not participate
2 in the official counting of official ballots.

3 (4) Provisional official ballots shall be counted by the county board of
4 elections before the canvass. If the county board finds that an
5 individual voting a provisional official ballot is not eligible to vote in
6 one or more ballot items on the official ballot, the board shall not
7 count the official ballot in those ballot items, but shall count the
8 official ballot in any ballot items for which the individual is eligible to
9 vote.

10 (5) Precinct officials shall provide a preliminary report of the vote
11 counting to the county board of elections as quickly as possible. The
12 preliminary report shall be unofficial and has no binding effect upon
13 the official county canvass to follow.

14 (6) In counties that use any certified mechanical or electronic voting
15 system, subject to the sample counts under G.S. 163-182.1 and
16 subdivision (1a) of subsection (b) of this section, and of a hand-to-eye
17 recount under G.S. 163-182.7 and G.S. 163-182.7A, a board of
18 elections shall rely in its canvass on the mechanical or electronic count
19 of the vote rather than the full hand-to-eye count of the paper ballots or
20 records. In the event of a material discrepancy between the electronic
21 or mechanical count and a hand-to-eye count or recount, the
22 hand-to-eye count or recount shall control, except where paper ballots
23 or records have been lost or destroyed or where there is another
24 reasonable basis to conclude that the hand-to-eye count is not the true
25 count.

26 (b) The State Board of Elections shall promulgate rules for the initial counting of
27 official ballots. All election officials shall be governed by those rules. In promulgating
28 those rules, the State Board shall adhere to the following guidelines:

29 (1) For each voting system used, the rules shall specify the role of precinct
30 officials and of the county board of elections in the initial counting of
31 official ballots.

32 (1a) For optical scan and direct record electronic voting systems, and for
33 any other voting systems in which ballots are counted other than on
34 paper by hand and eye, those rules shall provide for a sample
35 hand-to-eye count of the paper ballots or paper records of a sampling
36 of a statewide ballot item in every county. The presidential ballot item
37 shall be the subject of the sampling in a presidential election. If there is
38 no statewide ballot item, the State Board shall provide a process for
39 selecting district or local ballot items to adequately sample the
40 electorate. The sample chosen by the State Board shall be of full
41 precincts, full counts of absentee ballots, and full counts of one-stop
42 early voting sites. The size of the sample of each category shall be
43 chosen to produce a statistically significant result and shall be chosen
44 after consultation with a statistician. The actual units shall be chosen at

1 random. In the event of a material discrepancy between the electronic
2 or mechanical count and a hand-to-eye count, the hand-to-eye count
3 shall control, except where paper ballots or records have been lost or
4 destroyed or where there is another reasonable basis to conclude that
5 the hand-to-eye count is not the true count. If the discrepancy between
6 the hand-to-eye count and the mechanical or electronic count is
7 significant, a complete hand-to-eye count shall be conducted.

8 (2) The rules shall provide for accurate unofficial reporting of the results
9 from the precinct to the county board of elections with reasonable
10 speed on the night of the election.

11 (3) The rules shall provide for the prompt and secure transmission of
12 official ballots from the voting place to the county board of elections.

13 The State Board shall direct the county boards of elections in the application of the
14 principles and rules in individual circumstances."

15 **SECTION 5.(c)** G.S. 163-182.5 reads as rewritten:

16 **"§ 163-182.5. Canvassing votes.**

17 (a) The Canvass. – As used in this Article, the term "canvass" means the entire
18 process of determining that the votes have been counted and tabulated correctly,
19 culminating in the authentication of the official election results. The board of elections
20 conducting a canvass has authority to send for papers and persons and to examine them
21 and pass upon the legality of disputed ballots.

22 (b) Canvassing by County Board of Elections. – The county board of elections
23 shall meet at 11:00 A.M. on the seventh day after every election to complete the canvass
24 of votes cast and to authenticate the count in every ballot item in the county by
25 determining that the votes have been counted and tabulated correctly. If, despite due
26 diligence by election officials, the initial counting of all the votes has not been
27 completed by that time, the county board may hold the canvass meeting a reasonable
28 time thereafter. The canvass meeting shall be at the county board of elections office,
29 unless the county board, by unanimous vote of all its members, designates another site
30 within the county. The county board shall examine the returns from precincts, from
31 absentee official ballots, from the sample hand-to-eye paper ballot counts, and from
32 provisional official ballots and shall conduct the canvass.

33 (c) Canvassing by State Board of Elections. – After each general election, the
34 State Board of Elections shall meet at 11:00 A.M. on the Tuesday three weeks after
35 election day to complete the canvass of votes cast in all ballot items within the
36 jurisdiction of the State Board of Elections and to authenticate the count in every ballot
37 item in the county by determining that the votes have been counted and tabulated
38 correctly. After each primary, the State Board shall fix the date of its canvass meeting.
39 If, by the time of its scheduled canvass meeting, the State Board has not received the
40 county canvasses, the State Board may adjourn for not more than 10 days to secure the
41 missing abstracts. In obtaining them, the State Board is authorized to secure the
42 originals or copies from the appropriate clerks of superior court or county boards of
43 elections, at the expense of the counties."

44 **SECTION 5.(d)** This section becomes effective January 1, 2006.

SECTION 6.(a) G.S. 163-182.7 reads as rewritten:

"§ 163-182.7. Ordering recounts.

(a) Discretionary Recounts. – The county board of elections or the State Board of Elections may order a recount when necessary to complete the canvass in an election. The county board may not order a recount where the State Board of Elections has already denied a recount to the petitioner.

(b) Mandatory Recounts for Ballot Items Within the Jurisdiction of the County Board of Elections. – In a ballot item within the jurisdiction of the county board of elections, a candidate shall have the right to demand a recount of the votes if the difference between the votes for that candidate and the votes for a prevailing candidate is not more than one percent (1%) of the total votes cast in the ballot item, or in the case of a multiseat ballot item not more than one percent (1%) of the votes cast for those two candidates. The demand for a recount must be made in writing and must be received by the county board of elections by 5:00 P.M. on the first day after the canvass. The recount shall be conducted under the supervision of the county board of elections.

(c) Mandatory Recounts for Ballot Items Within the Jurisdiction of the State Board of Elections. – In a ballot item within the jurisdiction of the State Board of Elections, a candidate shall have the right to demand a recount of the votes if the difference between the votes for that candidate and the votes for a prevailing candidate are not more than the following:

(1) For a nonstatewide ballot item, one percent (1%) of the total votes cast in the ballot item, or in the case of a multiseat ballot item, one percent (1%) of the votes cast for those two candidates.

(2) For a statewide ballot item, one-half of one percent (0.5%) of the votes cast in the ballot item, ~~or in the case of a multiseat ballot item, one-half of one percent (0.5%) of the votes cast for those two candidates, or~~ 10,000 votes, whichever is less.

The demand for a recount must be in writing and must be received by the State Board of Elections by noon on the second Thursday after the election. If on that Thursday the available returns show a candidate not entitled to a mandatory recount, but the Executive Director determines subsequently that the margin is within the threshold set out in this subsection, the Executive Director shall notify the eligible candidate immediately and that candidate shall be entitled to a recount if that candidate so demands within 48 hours of notice. The recount shall be conducted under the supervision of the State Board of Elections.

(d) Rules for Conducting Recounts. – The State Board of Elections shall promulgate rules for conducting recounts. Those rules shall be subject to the following guidelines:

(1) The rules shall specify, with respect to each type of voting system, when and to what extent the recount shall consist of machine recounts and hand-to-eye recounts. Hand-to-eye recounts shall also be ordered as provided by G.S. 163-182.7A.

(2) The rules shall provide guidance in interpretation of the voter's choice.

(3) The rules shall specify how the goals of multipartisan participation, opportunity for public observation, and good order shall be balanced."

SECTION 6.(b) Article 15A of Chapter 163 of the General Statutes is amended by adding a new section to read:

"§ 163-182.7A. Additional provisions for hand-to-eye recounts.

(a) The rules promulgated by the State Board of Elections for recounts shall provide that if the initial recount is not hand-to-eye, and if the recount does not reverse the results, the candidate who had originally been entitled to a recount may, within 24 hours of the completion of the first recount, demand a second recount on a hand-to-eye basis in a sample of precincts. If the initial recount was not hand-to-eye and it reversed the results, the candidate who had initially been the winner shall have the same right to ask for a hand-to-eye recount in a sample of precincts.

That sample shall be all the ballots in three percent (3%) of the precincts casting ballots in each county in the jurisdiction of the office, rounded up to the next whole number of precincts. For the purpose of that calculation, each one-stop (early) voting site shall be considered to be a precinct. The precincts to be recounted by a hand-to-eye count shall be chosen at random within each county. If the results of the hand-to-eye recount differ from the previous results within those precincts to the extent that extrapolating the amount of the change to the entire jurisdiction (based on the proportion of ballots recounted to the total votes cast for that office) would result in the reversing of the results, then the State Board of Elections shall order a hand-to-eye recount of the entire jurisdiction in which the election is held. There shall be no cost to the candidate for that recount in the entire jurisdiction.

(b) Recounts under this section shall be governed by rules adopted under G.S. 163-182.7(d).

(c) No complete hand-to-eye recount shall be conducted under this section if one has already been done under another provision of law."

SECTION 6.(c) This section becomes effective January 1, 2006.

SECTION 7. G.S. 163-82.28 reads as rewritten:

"§ 163-82.28. The HAVA Election Fund.

There is established a special fund to be known as the Election Fund. All funds received for implementation of the Help America Vote Act of 2002, Public Law 107-252, shall be deposited in that fund. The State Board of Elections shall use funds in the Election Fund only to implement HAVA. HAVA and for purposes permitted by HAVA to comply with State law."

SECTION 8. -There is appropriated from the General Fund to the State Board of Elections the recurring sum of six hundred thousand dollars (\$600,000) for the 2005-2006 and the 2006-2007 fiscal years for the purpose of implementing this act.

SECTION 9. The State Board of Elections shall recommend a model code of ethics for members and employees of county boards of elections and of the State Board of Elections. The code shall address the appropriate relations between those members and staff and vendors who do business or seek to do business with boards of elections in North Carolina. It shall address how to avoid both the reality and the appearance of conflicts of interest and impropriety. The State Board shall report its

1 recommended code to the Joint Select Committee on Electronic Voting Systems and to
2 the Joint Legislative Commission on Governmental Operations no later than 60 days
3 after this act becomes law.

4 **SECTION 10.** The State Board of Elections may conduct, for primaries and
5 elections in 2006 only, experiments with voting systems that use a means in addition to
6 paper to fulfill the backup record and voter verification requirements of
7 G.S. 163-165.7(a)(4) and G.S. 163-165.7(a)(5), as enacted by this act. The pilot
8 program may be conducted in no more than nine counties. The county boards of
9 elections shall cooperate in conducting the pilot program. The pilot program shall be
10 conducted according to the following requirements:

- 11 (1) The experiment may be conducted in no more than two voting sites per
12 county. The voting sites may include election-day voting places or
13 one-stop sites.
- 14 (2) At each voting site in which the experiment is conducted, voters must
15 have a choice of voting on the experimental voting system or on a
16 voting system that is not part of the experiment.
- 17 (3) Each experimental voting system shall include an additional means for
18 the voter to verify the choices that the voter makes in the electronically
19 cast ballot, which means shall also provide for an additional count.
20 That additional means may utilize audio technology, digital scanners,
21 or some other material or technology that shall record the voters
22 choices but shall not record any image of any part of the voter.
- 23 (4) On each voting machine or unit used in the experiment, the voting
24 system shall comply with all the applicable requirements of
25 G.S. 163-165.7, including the requirement in G.S. 163-165.7(a)(4) that
26 a DRE system must generate a paper backup record of each individual
27 vote cast electronically and the requirement in G.S. 163-165.7(a)(5)
28 that the paper record generated by the DRE system must be viewable
29 by the voter before the vote is cast electronically and that the system
30 allow the voter to correct any discrepancy between the electronic vote
31 and the paper record before the vote is cast. On every machine or unit,
32 the experimental means to fulfill those functions shall be used in
33 addition to, rather than instead of, the required paper means.
- 34 (5) For all votes cast on an experimental voting system under the pilot,
35 there shall be, in addition to an electronic count, a full hand-to-eye
36 paper count and a full comparison count of the experimental
37 verification technology.

38 The State Board of Elections shall report the results of the pilot program, together with
39 its recommendations, to the 2007 General Assembly and to the Joint Legislative
40 Commission on Governmental Operations by February 1, 2007.

41 **SECTION 11.** Section 8 of this act becomes effective July 1, 2005. The
42 requirement for testing a voting system in an election provided in G.S. 163-165.9(a)(3),
43 as enacted in Section 4 of this act, does not apply to any voting system acquired before
44 January 1, 2008, as long as the voting system is demonstrated in a public forum in the

1 county. Notwithstanding G.S. 163-132.5G, as amended by this act, voting data by
2 precinct shall be reported for the general elections of 2006 by March 1, 2007, and for
3 the primary elections of 2006 by May 1, 2007. Except as otherwise provided in this act,
4 the remainder of this act is effective when it becomes law.

NORTH CAROLINA GENERAL ASSEMBLY AMENDMENT

(Please type or use ballpoint pen)

ATTACHMENT 2

EDITION No. _____

H. B. No. _____

DATE _____

S. B. No. 223

Amendment No. _____

COMMITTEE SUBSTITUTE S223-CSRR-48 [v. 2](to be filled in by
Principal Clerk)

Rep.) _____

) _____

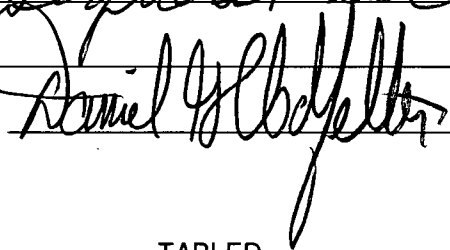
Sen.) _____

1 moves to amend the bill on page 1, line 17

2 () WHICH CHANGES THE TITLE

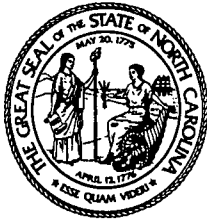
3 by ~~inserting~~ inserting after the semicolon the
4 term "AND"; and5
6 on page 1, lines 19 through 21,
7 by deleting all the language between
8 "BACKUP" and the final period; and10
11 on page 13, lines 36 through 38,
12 by deleting section 8 of the bill, and13
14 on page 14 line 41,
15 by deleting the sentence: "Section 8 of16
17 this act becomes effective July 1, 2005," and
18 by renumbering subsequent sections
19 accordingly.

SIGNED

ADOPTED 

FAILED _____

TABLED _____



SENATE BILL 223: Public Confidence in Elections

BILL ANALYSIS

Committee: Senate Appropriations/Base Budget
Introduced by: Sen. Kinnaird
Version: PCS to Second Edition
S223-CCSRR-48[v.2]

Date: July 27, 2005
Summary by: William R. Gilkeson
Staff Attorney

SUMMARY: *This Proposed Committee Substitute for Senate Bill 223 would require that the State Board of Elections, through a request for proposal process, certify only voting systems that produce paper ballots or paper records that can be used as a backup means of counting and that the voters may use to verify their choices before they cast their votes. Any voting system purchased or upgraded beginning August 1, 2005 would be subject to this process, and any system, regardless of when purchased, would have to be submitted for compliance with the requirements of the process if the system is to be used in the 2006 elections. The bill shifts from counties to the State Board of Elections the duty to produce a request for proposal for voting systems. It requires that beginning in 2006 the State Board of Elections must provide for sample paper hand counts in random precincts over the State. The bill makes specific requirements of any voting equipment vendor who does business in NC, requirements designed to promote accountability. The bill would appropriate \$600,000 in recurring funds to implement the act. The bill would allow a limited experiment with voting systems that use non-paper means, in addition to paper means, of voter verification and ballot backup.*

CURRENT LAW: Currently county commissioners are responsible for purchasing voting equipment. They may only purchase equipment that has been approved by the county board of elections. The county board of elections may only approved equipment that has been approved by the State Board of Elections. The State Board has broad rulemaking power over the purchase and operation of voting systems. In addition to its authority to approve voting systems for purchase by counties, the State Board may disapprove systems already in use in a county. The county has four years to replace a voting system that has been disapproved.

BILL ANALYSIS:

Section 1 -- State Board of Elections' Role in Purchasing. Effective with any upgrade or new voting system purchased beginning 8-1-05 and effective for any voting system used in the 2006 elections, the State Board of Elections is directed to develop a Request for Proposal. The RFP would have to include the following requirements:

- Posting a bond or letter of credit to cover damages from defects in its voting system, including the cost of a new election.
- Compliance with federal law.
- The capacity to include in precinct returns the votes cast by voters outside the voter's precinct as required by law.
- For electronic voting systems, the system must generate a paper record of each individual vote cast, which paper record shall be maintained in a secure fashion and serve as a backup record for purposes of hand-to-eye counts, hand-to-eye recounts, and other audits.
- For DREs, the paper record must be viewable by the voter before the vote is cast electronically, and the system must permit the voter to correct any discrepancy between the electronic summary of the vote and the paper record before the vote is cast.
- Review of source code by the county, the State Board of Elections, the NC Office of Information Technology, and the Chair of any legally recognized political party in NC. Those entities may designate up to 3 agents to assist in the review.
- A statewide price for each unit of the equipment.
- An agreement by the vendor that if it breaches the upkeep part of the contract or goes into bankruptcy, it will permit the software to be turned over to the county for continuing use during the term of the contract and for review by the people who have a right to review the source code.

Senate Bill 223

Page 2

The RFP would also address the mandatory terms of the contract for the purchase of voting system and the maintenance and training related to that voting system.

The State Board would be given the duties of monitoring voting system contracts, and of facilitating training and support.

No voting system that was not certified through the RFP process could be acquired after 8-1-05 and no system, regardless of when purchased, may be used in elections during or after 2006 unless the State Board of Elections determines it complies with the RFP requirements.

The State Board is required to have procedures to maintain the integrity of both the paper record and the electronic count and to prevent removal from the voting enclosure of a paper record or other item whose removal would compromise the integrity of the paper record or the electronic count.

Section 1(e) changes the requirement that counties must report absentee and one-stop results by precinct by the election of 2006. It adds the requirement that provisional votes must be reported by precinct. The section also removes the provision that counties be exempt from the requirement because of financial hardship. However, in Section 11, the bill gives boards of elections longer than the statutory 60 days after an election to report the votes by precinct: The 2006 general election results must be reported by March 1, 2007, and the 2006 primary results must be reported by May 1, 2007. In subsequent years, all results must be reported within 60 days.

Section 2 -- Requirements for Voting System Vendors. Effective with any upgrade or new voting system purchased beginning 8-1-05, vendors of voting systems in NC must:

- Escrow their relevant software.
- Keep the escrowed material up to date, and must swear that it is the code used in operating voting systems.
- Maintain an active office in NC.
- Promptly notify the State Board of any decertification of the voting system elsewhere or of any known defect in a voting system used in NC, even if the defect shows up outside NC.

Willful violation of any of the requirements is a Class G felony. Substitution of source code into a voting system without notifying the State Board is a Class I felony. Violations are also punishable by civil penalties of up to \$100,000.

Section 3 -- County Commissioners' Role in Purchasing. Effective 8-1-05, county commissioners would continue to purchase voting equipment. But because of the State Board's new duties, counties would be exempt from the purchasing rules that normally apply to local governments.

Section 4 -- County Board of Elections' Role in Purchasing. Effective 8-1-05, the county board of elections would have the duty to recommend to the county commissioners which type of voting system the county should purchase. Currently, the county chooses from a list of types, makes, and models approved by the State Board. The county board of elections would be required to abide by State Board rules regarding training and support.

Section 5 -- Sample Counts. Effective 1-1-06, State Board of Elections rules must require a hand-to-eye count of paper ballots in a sampling of precincts, early voting sites, or sets of mail absentee ballots in every county. The hand-to-eye sample counts would be of a sampling of statewide races, always including the presidential race when it is on the ballot. If there is no statewide race, then the State Board must have a plan for getting an adequate sample using district or local races. Unless there is clear evidence to believe otherwise, the hand-to-eye count will prevail. If the difference between the hand-to-eye and the electronic or machine county is significant, a complete hand-to-eye count will be conducted. This section states the general rule that, with optical scan and DRE systems, subject to sample hand counts and mandatory hand recounts, the boards of elections shall rely on an electronic or mechanical count. If there is a material discrepancy between electronic or mechanical counts and hand-to-eye paper counts, the hand-

Senate Bill 223

Page 3

to-eye prevails unless paper ballots have been lost or destroyed or there is another reason to conclude that the paper count is not the true count.

Section 6 -- Expansion of Right to Hand-to-Eye Recount. Effective 1-1-06, any candidate entitled to a recount under current law – that is, a candidate who was less than 1% behind in the initial count (or the lesser of 0.5% or 10,000 votes behind in a statewide race) – is entitled to a sample hand-to-eye recount. That sample would be of all the ballots in 3% of the precincts, randomly selected, in each county. If an extrapolation of the sample count to the whole count forecasts a reversal of the result, the candidate is entitled to a full hand-to-eye recount. This expanded right would not cost the candidate.

Section 7 -- Change in HAVA Fund Language. This section changes language of the statute that created, pursuant to federal law, the fund into which is placed federal money under the Help America Vote Act (HAVA) to clarify that the money may be used not only to comply with HAVA but for purpose permitted by HAVA to comply with State law.

Section 8 -- Appropriations to State Board. Effective 7-1-05, the General Assembly would appropriate \$600,000 of recurring to the State Board of Elections to implement the act.

Section 9 -- Code of Ethics. The State Board of Elections would be directed to recommend a code of ethics for members and employees of boards of elections at the county and State level. The code would address appropriate relations with voting system vendors. It would address how to avoid the reality and appearance of conflicts of interest and impropriety. The State Board would report to the Joint Select Committee on Electronic Voting Systems and to the Joint Legislative Commission on Governmental Operations within 60 days after the bill became law.

Section 10 - Pilot Program for Alternative Means of Voter Verification. – The State Board of Elections would be allowed to conduct an experiment, in no more than nine counties, with voting systems that use some means other than paper of letting the voter verify their electronic ballot and some non-paper backup. The pilot would have these limits:

- No more than 2 voting sites per county.
- At each voting site the voters would have a choice between a machine with only paper verification/backup and the experimental type of verification/backup.
- The experimental system must have some means for the voter to verify the electronically cast vote. Examples: audio technology, digital scanning. But no experimental system could be used that would record any image of any part of the voter.
- Even the experimental system must produce a paper record for recount purposes.
- There must be a full hand-to-eye paper count of all ballots cast on the experimental system. There would also be a comparison count of the paper to the alternative verification means.

Section 11 - Effective Date. The effective date section generally makes the bill effective when it becomes law, except as provided in internal sections. However, it also allows a longer-than-standard time for counties to report absentee and provisional votes by precinct in 2006, as noted in the summary of Section 1. And it relieves counties – until 2008 -- of the statutory duty to test a new voting system in an election, as long as the voting system is publicly demonstrated.

S0223e2-SMRR-CCSRR-48v2

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2005

S

D

SENATE BILL 1039
Judiciary I Committee Substitute Adopted 5/31/05
PROPOSED COMMITTEE SUBSTITUTE S1039-PCS55267-RK-36

Short Title: Increase Rape Penalties/Helpless Victims.

(Public)

Sponsors:

Referred to:

March 24, 2005

A BILL TO BE ENTITLED
AN ACT TO STRENGTHEN PENALTIES FOR COMMITTING SECOND-DEGREE
RAPE OR SECOND-DEGREE SEXUAL OFFENSE AND TO MAKE
FIRST-DEGREE RAPE AND FIRST-DEGREE SEX OFFENSES APPLICABLE
WHERE THE VICTIM IS MENTALLY DISABLED, MENTALLY
INCAPACITATED, OR PHYSICALLY HELPLESS.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 14-27.3 reads as rewritten:

"§ 14-27.3. Second-degree rape.

(a) A person is guilty of rape in the second degree if the person engages in vaginal intercourse with another person:

(1) By force and against the will of the other person; or

(2) Who is mentally disabled, mentally incapacitated, or physically helpless, and the person performing the act knows or should reasonably know the other person is mentally disabled, mentally incapacitated, or physically helpless.

(b) Any person who commits the offense defined in this section is guilty of a Class ~~C~~B2 felony.

(c) Upon conviction, a person convicted under this section has no rights to custody of or rights of inheritance from any child conceived during the commission of the rape, nor shall the person have any rights related to the child under Chapter 48 or Subchapter 1 of Chapter 7B of the General Statutes."

SECTION 2. G.S. 14-27.5 reads as rewritten:

"§ 14-27.5. Second-degree sexual offense.

(a) A person is guilty of a sexual offense in the second degree if the person engages in a sexual act with another person:

(1) By force and against the will of the other person; or

(2) Who is mentally disabled, mentally incapacitated, or physically helpless, and the person performing the act knows or should reasonably know that the other person is mentally disabled, mentally incapacitated, or physically helpless.

(b) Any person who commits the offense defined in this section is guilty of a Class C-B2 felony."

SECTION 3. G.S. 14-27.2 reads as rewritten:

"§ 14-27.2. First-degree rape.

(a) A person is guilty of rape in the first degree if the person engages in vaginal intercourse:

(1) With a victim who is a child under the age of 13 years and the defendant is at least 12 years old and is at least four years older than the victim; or

(2) With another person by force and against the will of the other person, ~~and~~or with another person who is mentally disabled, mentally incapacitated, or physically helpless, and the person performing the act knows or should reasonably know the other person is mentally disabled, mentally incapacitated, or physically helpless, and:

a. Employs or displays a dangerous or deadly weapon or an article which the other person reasonably believes to be a dangerous or deadly weapon; or

b. Inflicts serious personal injury upon the victim or another person; or

c. The person commits the offense aided and abetted by one or more other persons.

(b) Any person who commits an offense defined in this section is guilty of a Class B1 felony.

(c) Upon conviction, a person convicted under this section has no rights to custody of or rights of inheritance from any child born as a result of the commission of the rape, nor shall the person have any rights related to the child under Chapter 48 or Subchapter 1 of Chapter 7B of the General Statutes."

SECTION 4. G.S. 14-27.4 reads as rewritten:

"§ 14-27.4. First-degree sexual offense.

(a) A person is guilty of a sexual offense in the first degree if the person engages in a sexual act:

(1) With a victim who is a child under the age of 13 years and the defendant is at least 12 years old and is at least four years older than the victim; or

(2) With another person by force and against the will of the other person, ~~and~~or with another person who is mentally disabled, mentally incapacitated, or physically helpless, and the person performing the act knows or should reasonably know the other person is mentally disabled, mentally incapacitated, or physically helpless, and:

- 1 a. Employs or displays a dangerous or deadly weapon or an article
2 which the other person reasonably believes to be a dangerous or
3 deadly weapon; or
4 b. Inflicts serious personal injury upon the victim or another
5 person; or
6 c. The person commits the offense aided and abetted by one or
7 more other persons.

8 (b) Any person who commits an offense defined in this section is guilty of a
9 Class B1 felony."

10 **SECTION 5.** This act becomes effective December 1, 2005, and applies to
11 offenses committed on or after that date. Prosecutions for offenses committed before
12 the effective date of this act are not abated or affected by this act, and the statutes that
13 would be applicable but for this act remain applicable to those prosecutions.

Session 2005

Legislative Incarceration Fiscal Note

(G.S. 120-36.7)

BILL NUMBER: Senate Bill 1039 (Second Edition)

SHORT TITLE: Increase Rape Penalties/Helpless Victims.

SPONSOR(S): Senator Jenkins

FISCAL IMPACT					
	Yes (X)	No ()	No Estimate Available ()		
	<u>FY 2005-06</u>	<u>FY 2006-07</u>	<u>FY 2007-08</u>	<u>FY 2008-09</u>	<u>FY 2009-10</u>
GENERAL FUND					
Correction*					
Recurring	-	\$481,453	\$917,611	\$1,393,532	\$2,255,176
Non-Recurring	There are no available prison beds during this timeframe. To accommodate an additional 305 inmates in the long term, the State will need to construct new cells at an average cost (for close custody) of \$108,596 per bed.				
Judicial (Recurring)	\$249,800	\$428,228	\$449,639	\$472,121	\$495,727
TOTAL EXPENDITURES:	\$249,800	\$909,681	\$1,367,250	\$1,865,653	\$2,750,903
ADDITIONAL PRISON BEDS**	-	7	15	23	38
	Long-term increases in bed needs are expected. By FY 2013-14, the Sentencing Commission projects a need for 305 additional prison beds due to this bill.				
POSITIONS: (cumulative)	-	3	6	9	15
PRINCIPAL DEPARTMENT(S) & PROGRAM(S) AFFECTED: Department of Correction; Judicial Branch					
EFFECTIVE DATE: December 1, 2005					
*Costs reflect only the impact of enhancing the penalty for second-degree rape and sexual offense. There would be an indeterminate number of additional prison beds and costs beyond the five-year projection period to the Judiciary and the Department of Correction (DOC) as a result of expanding the scope of first-degree rape and sexual offense.					
**This fiscal analysis is independent of the impact of other criminal penalty bills being considered by the General Assembly, which could also increase the projected prison population and thus the availability of prison beds in future years. The Fiscal Research Division is tracking the cumulative effect of all criminal penalty bills on the prison system as well as the Judicial Department.					

BILL SUMMARY: This bill would remove force as an element of the offenses of second-degree rape (G.S. 14-27.3) and second-degree sexual offense (G.S. 14-27.5), raise the offense class for both from Class C to Class B2, and enhance sentences for certain sex offenses by 60 months for the use of “date rape drugs.”

The second edition eliminates the proposed removal of the element of force from the offenses of second-degree rape and sexual offense and the proposed 60-month enhancement for the use of “date rape drugs” but would raise the offense class of second-degree rape and sexual offense from Class C to B2. New sections three and four are added to amend first-degree rape and sexual offense to include engaging in vaginal intercourse with a person who is mentally disabled, mentally incapacitated, or physically helpless and:

- a) Employing or displaying a dangerous or deadly weapon;
- b) Inflicting serious personally injury upon the victim or another person; or
- c) Committing the offense aided and abetted by one or more other persons.

ASSUMPTIONS AND METHODOLOGY:

General

The Sentencing and Policy Advisory Commission prepares prison population projections for each criminal penalty bill. The Commission assumes for each bill that increasing criminal penalties does not have a deterrent or incapacitative effect on crime. Therefore, the Fiscal Research Division does not assume savings due to deterrent effects for this bill or any criminal penalty bill.

Department of Correction – Division of Prisons

Section 1 amends G.S. 14-27.3 to reclassify second-degree rape from a Class C to Class B2 felony (which would also raise attempted second-degree rape from Class D to Class C). In FY 2003-04 there were 81 convictions for second-degree rape. If these offenders were sentenced as Class B2 rather than Class C felons, the average estimated time served would increase from 90 to 186 months. For offenders convicted of attempted second-degree rape (21 convictions in FY 2003-04), the average estimated time served would increase from 71 to 95 months. As such, the Sentencing Commission projects that raising the penalty for this offense would increase the number of prison beds needed each year, resulting in the need for an additional 21 prison beds by FY 2009-10.

Section 2 amends G.S. 14-27.5 to reclassify second-degree sexual offense from a Class C to Class B2 felony (also raising attempted second-degree sexual offense from Class D to Class C). In FY 2003-04 there were 41 convictions for second-degree sexual offenses. If these offenders were sentenced as Class B2 rather than Class C felons, the average estimated time served would increase from 92 to 186 months. For offenders convicted of an attempted second-degree sexual offense (16 convictions in FY 2003-04), the average estimated time served would increase from 57 to 87 months. As such, the Sentencing Commission projects that raising the penalty for this offense would increase the number of prison beds needed each year, resulting in the need for an additional 17 prison beds by FY 2009-10.

Sections 3 and 4 amend G.S. 14-27.2 and 14-27.4, respectively, to broaden the offenses of first-degree rape and sexual offense to include engaging in vaginal intercourse with a person who is mentally disabled, mentally incapacitated, or physically helpless and:

- a) Employing or displaying a dangerous or deadly weapon;
- b) Inflicting serious personally injury upon the victim or another person; or
- c) Committing the offense aided and abetted by one or more other persons.

Currently such an offense could be prosecuted as first-degree rape or sexual offense if perpetrated by force and against the will of the victim and one of the three factors listed above were present in the offense. If one of the three factors were not present or if not committed by force and against the will of the victim, the offense would be punishable as second-degree rape or sexual offense.

Of the present convictions for first and second-degree rape and sexual offense, the proportion involving the elements of the proposed offenses is unknown. As such, the number of convictions that would be elevated from second-degree (Class C) to first-degree rape or sexual offense (Class B1), as well as the associated fiscal impact, cannot be determined. The following table lists the number of convictions for first and second-degree and attempted first and second-degree rape and sexual offense in FY 2003-04 as well as the average estimated sentence length for each offense.¹

Table 1: FY 2003-04 Convictions for Selected Sexual Offenses

Statute	Offense Class	Offense	Convictions	Average Estimated Time Served (months)
§ 14-27.2	B1	<i>First Degree Rape</i>	14	353
	B2	<i>Attempted First Degree Rape</i>	8	137
§ 14-27.3	C	<i>Second Degree Rape</i>	81	90
	D	<i>Attempted Second Degree Rape</i>	21	71
§ 14-27.4	B1	<i>First Degree Sexual Offense</i>	19	354
	B2	<i>Attempted First Degree Sexual Offense</i>	21	134
§ 14-27.5	C	<i>Second Degree Sexual Offense</i>	41	92
	D	<i>Attempted Second Degree Sexual Offense</i>	16	57
	Total		221	

Although both Class C and B2 offenses carry mandatory active time, due to the increase in average sentence length (approximately 354 as opposed to 90 months), any conviction that is elevated from second-degree (Class C) to first-degree (Class B1) rape or sexual offense would result in a long-term impact on prison population beginning in the seventh year of the projection phase and continuing beyond the 10-year projection period of the model used by the Sentencing Commission.

The chart on the next page compares the projected inmate population to available prison bed capacity system-wide and shows any population increases caused by a specific bill. Based on the most recent population projections and estimated available prison bed capacity, *there are no surplus prison beds available for the five-year fiscal note horizon and beyond.* That means the number of beds needed (row five) is always equal to the projected additional inmates due to a bill (row four).

¹ These figures exclude convictions under 14-27.2(a)(1) and 14-27.4(a)(1) for first-degree rape and sexual offense involving a child, which would not include offenders which could be sentenced under the offense proposed by this bill.

Rows four and five in the chart show the projected impact of Sections 1 and 2 of this bill. The amendments to first-degree rape and sexual offense in Sections 3 and 4 of the bill cannot be modeled and would not generate an impact until after FY 2010, and are thus not included in the estimates of additional inmates due to this bill. As shown in bold in the chart, the Sentencing Commission estimates that this specific legislation will add **38 inmates** to the prison system by the end of FY 2009-10.

	<u>June 30 2006</u>	<u>June 30 2007</u>	<u>June 30 2008</u>	<u>June 30 2009</u>	<u>June 30 2010</u>
1. Projected No. of Inmates Under Current Structured Sentencing Act ²	38,106	39,021	39,864	40,750	41,668
2. Projected No. of Prison Beds (DOC Expanded Capacity) ³	37,015	37,911	38,807	38,807	38,807
3. No. of Beds Over/Under No. of Inmates Under Current Structured Sentencing Act	-1,091	-1,110	-1,057	1,943	-2,861
4. No. of Projected Additional Inmates Due to this Bill⁴	-	7	15	23	38
5. No. of Additional Beds Needed Each Fiscal Year <u>Due to this Bill³</u>	-	7	15	23	38

FISCAL IMPACT BEYOND FIVE YEARS: Fiscal notes look at the impact of a bill through FY 2010. However, there is information available on the impact of Sections 1 and 2 of this bill in later years. The chart below shows the additional inmates due to Sections 1 and 2 of this bill, the projected available beds, and required beds due only to this bill each year.

	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>
Inmates Due to This Bill*	82	143	215	305
Available Beds (over/under)	-3,787	-4,692	-5,574	-6,505
New Beds Needed	-3,869	-4,835	-5,789	-6,810

POSITIONS: It is anticipated that **15 positions** would be needed to supervise the additional inmates housed under this bill by 2009-10. This position total includes security, program, and administrative personnel at a ratio of one employee for every 2.5 inmates. This ratio is the combined average of the last five prisons opened by DOC and two prisons under construction. Two of the prisons were medium custody and five were close custody.

² The Sentencing and Policy Advisory Commission prepares inmate population projections annually. The projections used for incarceration fiscal notes are based on January 2005 projections. These projections are based on historical information on incarceration and release rates under Structured Sentencing, crime rate forecasts by a technical advisory group, probation and revocation rates, and the decline (parole and maxouts) of the stock prison population sentenced under previous sentencing acts.

³ Projected number of prison beds is based on beds completed, under construction, or authorized for construction as of December 2004. The number of beds is based on DOC operating at Expanded Operating Capacity (EOC).

⁴ Criminal penalty bills effective December 1, 2005 will not affect prison population and bed needs until FY 2006-07 due to the lag time between when an offense is committed and an offender is sentenced.

DISTRIBUTION OF BEDS: After analyzing the proposed legislation, the Department of Correction expects that, within the five-year projection horizon, a greater number of close custody beds and fewer medium and minimum custody beds would be needed to house offenders sentenced under this bill. Due to the increase in penalty, offenders convicted of these offenses would be expected to occupy a close custody bed for a greater amount of time before being downgraded to medium and then minimum custody.

OPERATING: Operating costs are based on the actual 2003-04 costs for each custody level as provided by the Department of Correction. These costs include security, inmate programs, inmate costs (food, medical, etc.), and administrative overhead costs for the Department and the Division of Prisons. A three percent annual inflation rate will be added each year to the base costs for FY 2003-04 shown below and included in the recurring costs estimated in the Fiscal Impact Table on page one.

Daily Inmate Operating Cost 2003-04

<u>Custody Level</u>	<u>Minimum</u>	<u>Medium</u>	<u>Close</u>	<u>Statewide Average</u>
Daily Cost Per Inmate (2003-04)	\$49.34	\$65.59	\$82.46	\$62.03

Operating costs, as shown in the Fiscal Impact Table on page one, are calculated under the anticipated change in custody needs as projected by DOC. The additional prison beds needed for each fiscal year represent the net increase in prison population due to increases in close custody population and decreases in medium and minimum custody population. Operating costs are calculated by subtracting the cost savings for medium and minimum custody from the cost of additional close custody beds. As an example, a detailed breakdown of the FY 2006-07 custody and cost projection is shown below.

FY 2006-07 Department of Correction Operating Cost Detail

Close Custody:	26 beds * \$90.11 per day ⁵ * 365 days =	\$855,144
Medium Custody:	- 3 beds * \$71.67 per day * 365 days =	- \$78,479
Minimum Custody:	- 15 beds * \$53.92 per day * 365 days =	- \$295,212
Net Cost:		\$481,453

CONSTRUCTION: Construction costs for new prison beds, as listed in the following chart, are based on estimated 2004-05 costs for each custody level as provided by the Office of State Construction and the Department of Correction. An inflation rate of five percent per year is applied to future years. *The costs assume stand-alone facilities; single cells for close custody and dormitories for medium and minimum.*

<u>Custody Level</u>	<u>Minimum</u>	<u>Medium</u>	<u>Close</u>
Construction Cost Per Bed 2004-05	\$45,500	\$73,500	\$98,500

⁵ Daily per inmate operating costs for each custody level are adjusted for inflation at a rate of 3 percent annually.

Operating costs are calculated assuming that offenders sentenced under this bill would be housed in the State prison system. However, to accommodate the projected prison population including these offenders (which exceeds available beds), DOC would need to increase temporary bed space by 1) purchasing additional beds out of state or in county jails; 2) paying counties for jail backlog; or, 3) establishing temporary beds in the State system. To incarcerate the offenders sentenced under this bill in the long term, the State would need to construct new prison beds.

The cost to construct each bed required by this bill is shown in the Fiscal Impact Table on page one of this note. This cost is for 2006-07 and assumes that funds to construct prison beds should be budgeted three years in advance since building a prison typically requires three years for planning, design, and construction.

The total cost to construct new close custody beds to accommodate the 38 inmates this bill is projected to add to the prison system by FY 2009-10 is estimated to be \$4.1 million. DOC would need to begin construction of these beds in FY 2006-07. By FY 2013-14, 305 beds would be needed due to this legislation. The cost to construct the additional 267 close custody beds beginning in FY 2010-11 would be \$35.2 million. These figures represent a FY 2004-05 average base cost per bed of \$98,500 adjusted for inflation at a rate of five percent annually.

Judicial Branch

For most criminal penalty bills, the Administrative Office of the Courts provides Fiscal Research with an analysis of the fiscal impact of the specific bill. For these bills, fiscal impact is typically based on the assumption that court time will increase due to an expected increase in trials and a corresponding increase in the hours of work for judges, clerks, and prosecutors. This increased court time is also expected to result in greater expenditures for jury fees and indigent defense.

AOC expects that disposing of charges for second-degree rape and second-degree sexual offense would require additional court and attorney time under this bill, as a more vigorous defense and prosecution would be anticipated due to the increased penalty for these offenses. Table 2 below outlines the number of charges during calendar year 2004 for the offenses affected by this bill.

Table 2: CY 2004 Charges for Selected Sexual Offenses

Statute	Offense Class	Offense	Charges
§ 14-27.2	B1	<i>First Degree Rape</i>	262
	B2	<i>Attempted First Degree Rape</i>	54
§ 14-27.3	C	<i>Second Degree Rape</i>	353
	D	<i>Attempted Second Degree Rape</i>	95
§ 14-27.4	B1	<i>First Degree Sexual Offense</i>	242
	B2	<i>Attempted First Degree Sexual Offense</i>	49
§ 14-27.5	C	<i>Second Degree Sexual Offense</i>	236
	D	<i>Attempted Second Degree Sexual Offense</i>	38
	Total		1,329

Sections 1 and 2 of the bill amend G.S. 14-27.3 and G.S. 14-27.5, respectively, to remove the use of force as an element of second-degree rape and second-degree sexual offense and reclassify the offenses from Class C to Class B2 felonies (which would also raise attempts from Class D to Class C). Additional court time and attorney preparation time would be expected to settle any charge increased by an offense class due to this bill.

As shown in Table 2 on the previous page, there were **589** Class C charges, in sum, for second-degree rape and second-degree sexual offenses in CY 2004. As detailed in Table 3 below, AOC estimates that the average increase in cost to settle these charges as Class B2 rather than Class C felonies would be \$383,730 in the first full year. This increase in cost reflects anticipated increases in trial rates, trial length, plea rates, and attorney preparation time, as well as indigency rates of 50 percent.

Charges	Offense Class	Settled via Trial		Settled via Guilty Plea		Total
		Court/Attorney Costs	Indigent Defense	Court/Attorney Costs	Indigent Defense	
589	Class C	\$251,265	\$65,754	\$41,715	\$12,852	\$371,586
	Class B2	\$481,360	\$125,412	\$114,752	\$33,792	\$755,316
	Cost Increase	\$230,095	\$59,658	\$73,037	\$20,940	\$383,730

In sum, there were **133** Class D charges for attempted second-degree rape and attempted second-degree sexual offenses in CY 2004. As detailed in Table 4 below, AOC estimates that the average increase in cost to settle these charges as Class C rather than D felonies would be \$44,498 in the first full year. This increase in cost reflects anticipated increases in trial rates, trial length, and attorney preparation time, as well as indigency rates of 50 percent.

Charges	Offense Class	Settled via Trial		Settled via Guilty Plea		Total
		Court/Attorney Costs	Indigent Defense	Court/Attorney Costs	Indigent Defense	
133	Class D	\$19,317	\$6,578	\$10,298	\$3,458	\$39,651
	Class C	\$57,432	\$14,612	\$9,270	\$2,835	\$84,149
	Cost Increase	\$38,115	\$8,034	(\$1,028)	(\$623)	\$44,498

The costs in the box on the first page reflect the sum of these figures (\$428,228), inflated at a rate of 5 percent annually, and adjusted in FY 2005-06 to reflect only the seven months for which the bill would be effective.

Sections 3 and 4 of the bill, which broaden the offenses of first-degree rape and sexual offense, would be expected to have an additional impact on superior court workload. For any offense prosecuted as a Class B1 rather than Class C felony (or Class B2 rather than Class D for an attempt), a more vigorous defense and prosecution would be anticipated due to the increased penalty upon conviction. However, as the number of second-degree rape and sexual offense charges that would be prosecuted as first-degree rape or sexual offense due to this bill is not known, the specific cost to dispose of these charges cannot be determined.

The following table outlines the average estimated *increase* in cost to settle a single charge as a Class B1 rather than Class C felony and as a Class B2 rather than Class D felony. These figures are based on the costs of time in court, attorney preparation time, jury fees, and indigent defense.

Offense Class	Settled via Trial			Settled via Guilty Plea
	Court/Attorney Costs	Indigent Defense	Total	-
Class C → B1 Felony	\$1,882	\$1,014	\$2,896	\$397
Class D → B2 Felony	\$2,313	\$1,190	\$3,503	\$583

SOURCES OF DATA: Department of Correction; Judicial Branch; North Carolina Sentencing and Policy Advisory Commission; and Office of State Construction.

TECHNICAL CONSIDERATIONS: None

FISCAL RESEARCH DIVISION: (919) 733-4910

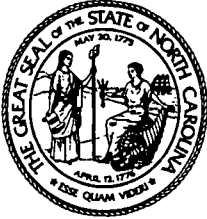
PREPARED BY: Aaron Paul and Jim Mills

APPROVED BY: James D. Johnson, Director
Fiscal Research Division



DATE: June 24, 2005

Signed Copy Located in the NCGA Principal Clerk's Offices



SENATE BILL 1039: Increase Rape Penalties/Helpless Victims

BILL ANALYSIS

Committee:	Senate Appropriations/Base Budget	Date:	July 27, 2005
Introduced by:	Sen. Jenkins	Summary by:	Hal Pell
Version:	PCS to Second Edition S1039-CSRK-36		Staff Attorney

SUMMARY: *The bill would increase the penalties for second-degree rape and second-degree sexual offense. It would also amend the first-degree rape and first-degree sexual offense statutes to provide that persons who are mentally disabled, mentally incapacitated, or physically helpless may be victims under the statutes' provisions. This act becomes effective December 1, 2005, and applies to offenses committed on or after that date. [The proposed committee substitute corrects a technical drafting error in the Second Edition—the provisions remain the same as the Second Edition of the bill.]*

BACKGROUND: First-degree rape was a B felony, and second-degree rape was a C felony—one level lower—prior to the split of the B classification into B1 and B2. The category was split so that the penalty for first-degree rape (and sex offense) could be increased. The resulting schedule left second-degree rape and sex offense 2 levels lower, instead of one.

CURRENT LAW: Second-degree rape and second-degree sexual offense provide that a violation occurs when the sexual act is by force and against the will of the victim or if the perpetrator commits the act against someone who is are mentally disabled, mentally incapacitated, or physically helpless. The statutes on first-degree rape and first-degree sexual offense do contain the former provision, but not the latter. If a person commits a rape or sexual offense against the will of the victim, and employs or displays a deadly weapon, inflicts serious personal injury, or is aided or abetted by one or more persons, then it is a first-degree offense.

BILL ANALYSIS:

Sections 1 and 2: Currently, first-degree rape and first-degree sexual offense are Class B1 felonies, and second-degree rape and second-degree sexual offense are Class C felonies. The bill would amend the second-degree offenses to B2 felonies--one level lower than the first-degree offenses.

Sections 3 and 4: Amends the first-degree rape and sex offense statutes to provide a perpetrator who commits an offense against someone who is mentally disabled, mentally incapacitated, or physically helpless (knows or should know of the condition), and commits one of the three aggravating factors, may be convicted of the offense.

EFFECTIVE DATE: This act becomes effective December 1, 2005, and applies to offenses committed on or after that date.

S1039e2-SMRK-CSRK-36

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2005**

S

D

SENATE BILL 1117

**Rules and Operations of the Senate Committee Substitute Adopted 5/12/05
PROPOSED COMMITTEE SUBSTITUTE S1117-PCS65359-RB-25**

Short Title: 2005 Military Support Act.

(Public)

Sponsors:

Referred to:

March 24, 2005

A BILL TO BE ENTITLED

AN ACT TO ENACT THE 2005 SOLDIER, SAILOR, MARINE, AIRMEN, AND
GUARDSMEN SUPPORT ACT.

Whereas, North Carolina is the home of Fort Bragg, and the XVIII Airborne Corps, with the 82nd Airborne Division as the Army's premier force to project power anywhere in the world on little or no notice; and

Whereas, Fort Bragg is the home of the U.S. Army Special Operations Command, the U.S. Army John F. Kennedy Special Warfare Center and School, and of all Army Special Forces soldiers; and

Whereas, Pope Air Force Base and the 317th Airlift Wing play a vital role in our nation's defense by providing the means to deliver troops and equipment wherever needed in the world; and

Whereas, North Carolina is the home of Camp Lejeune, one of the nation's largest Marine Corps bases, and provides the training necessary to keep the Marines in a high state of readiness for any mission; and

Whereas, North Carolina is the home of Seymour Johnson Air Force Base, the base of an active air combat wing that can deploy worldwide on short notice and immediately generate combat power; and

Whereas, North Carolina is the home of the largest Marine Corps air station in the world, Cherry Point Marine Corps Air Station, and is the home of the 2nd Marine Corps Aircraft Wing, the Naval Air Depot, and the Marine Corps Air Station at New River; and

Whereas, North Carolina is the home of several United States Coast Guard stations, including the United States Coast Guard Air Station at Elizabeth City, with missions that include search and rescue, international ice patrol, maritime law enforcement, aids to navigation, and environmental response; and

Whereas, North Carolina ranks high in the United States with 4.5% of the total military payroll, and defense spending in the 2002 federal fiscal year in North Carolina was approximately \$6.7 billion; and

Whereas, the military in North Carolina materially affects North Carolina's economy, generating approximately \$18 billion per year; Now, therefore, The General Assembly of North Carolina enacts:

PART I. FINDINGS.

SECTION 1.1. The General Assembly expresses its appreciation to the Department of Defense for the military bases and installations that are located in the State of North Carolina and that are vital parts of the national defense of the United States.

SECTION 1.2. The General Assembly declares its full support for its military installations and acknowledges the important role of the military in North Carolina's economy.

SECTION 1.3. The General Assembly has enacted several recent acts to accommodate the military and intends to continue:

- (1) S.L. 2004-203, Section 80 (deployed personnel get extension to renew occupational licenses).
- (2) S.L. 2004-130 (active duty personnel get in-State tuition rate at universities and community colleges; dependent relative continues to receive in-State rate if member reassigned; nonresident North Carolina National Guard members get in-State rate).
- (3) S.L. 2003-152 (DMV to have a military designation for drivers licenses; allow renewal by mail).
- (4) S.L. 2003-248 (allow redaction of personal identifying information from military discharges filed with register of deeds).
- (5) S.L. 2003-300 (extend drivers license to 90 days following end of deployment; waive civil penalties and fees for lapsed motor vehicle liability insurance; extend property tax filing deadline; extend property listing deadline; grant full refund of tuition and fees from UNC system and community colleges if deployed; waive repayment of North Carolina Legislative Tuition Grants if student called to active duty).

PART II. WAIVE 1/2 MILITARY BASE GAS TAX.

SECTION 2.1. Part 7 of Article 36C of Chapter 105 of the General Statutes is amended by adding a new section to read:

"§ 105-449.128. Distribution of part of Highway Fund allocation to military installations and to the Conservation Grant Fund.

(a) Distributable Amount. – The Secretary must annually distribute for the purposes described in this section an amount equal to the amount of motor fuel sold within the military installation exchanges during the previous fiscal year, as reported pursuant to subsection (b) of this section, multiplied by the distribution rate. The distribution rate is one-half of the sum of the flat cents-per-gallon rate in effect during

1 the year for which the distribution is made and the average of the two variable
2 cents-per-gallon rates in effect during that year.

3 (b) Report. – Each military installation exchange in this State must report to the
4 Secretary by October 15 of each year the amount of motor fuel sold by the exchange
5 within the military installation during the previous fiscal year. The report must be in the
6 form required by the Secretary. No distribution will be made to a military installation
7 exchange under subsection (c) of this section for reports filed after the due date.

8 (c) Distribution to RLUAC. – On or before February 1 of each year, the
9 Secretary must distribute from the amount determined under subsection (a) of this
10 section the sum of thirty-five thousand dollars (\$35,000) to Fort Bragg/Pope Air Force
11 Base Regional Land Use Advisory Commission, Inc., a nonprofit corporation. The
12 Regional Land Use Advisory Commission must use the distribution for operating
13 expenses incurred while fostering compatible land use in areas impacted by both
14 proposed civilian development and military training activities around Fort Bragg and
15 Pope Air Force Base.

16 (d) Distribution of Remainder. – On or before February 1 of each year, the
17 Secretary must distribute the amount determined under subsection (a) of this section less
18 the amount distributable under subsection (c) of this section, as provided in this
19 subsection:

20 (1) Military installations. – The Secretary must distribute one-half of the
21 remaining distributable amounts to the military installation exchanges
22 that filed a timely report under subsection (b) of this section. The
23 amount distributed to each military installation exchange is its
24 proportionate share based upon the amount of motor fuel sold by the
25 exchange within the military installation during the previous fiscal
26 year. Funds distributed to a military installation exchange under this
27 subdivision must be deposited in the Military Morale, Recreation, and
28 Welfare Fund for that installation and used only for community
29 services and other expenditures to improve quality-of-life programs for
30 military members and their families in North Carolina.

31 (2) Conservation Grant Fund. – The Secretary must distribute one-half of
32 the remaining distributable amounts to the Conservation Grant Fund
33 established under G.S. 113A-232. Funds distributed to the
34 Conservation Grant Fund under this subdivision must be used for
35 compatible land use and conservation easement type acquisitions of
36 land adjacent to military bases and flyways."

37 **SECTION 2.2.** G.S. 105-449.62 reads as rewritten:

38 **"§ 105-449.62. Nature of tax.**

39 This Article imposes a tax on motor fuel to provide revenue for the State's
40 transportation ~~needs and needs~~, for the other purposes listed in Part 7 of this
41 ~~Article.~~Article, and for the purposes provided in G.S. 105-449.128. The tax is collected
42 from the supplier or importer of the fuel because this method is the most efficient way
43 to collect the tax. The tax is designed, however, to be paid ultimately by the person who

1 consumes the fuel. The tax becomes a part of the cost of the fuel and is consequently
2 paid by those who subsequently purchase and consume the fuel."

3 **SECTION 2.3.** This part becomes effective July 1, 2006, and applies to
4 motor fuel sold on or after that date. The first reports under G.S. 105-449.128, as
5 enacted by this act, are due by October 14, 2006.

6
7 **PART III. ENCOURAGE CERTAIN OCCUPATIONAL LICENSING BOARDS TO**
8 **DEVELOP POLICIES FOR EXPEDITING THE LICENSING PROCESS FOR**
9 **MILITARY SPOUSES.**

10 **SECTION 3.1.** Findings. – The General Assembly finds that:

- 11 (1) According to the Department of Defense, the unemployment rate of
12 military spouses is three times greater than the average American
13 spouse in the same age group;
14 (2) The mobile military lifestyle causes some military spouses to endure
15 long periods of unemployment and, thus, loss of income; and
16 (3) Professional licensing requirements often differ among states, which in
17 turn may limit career advancement or deter reentry into the workforce
18 for military families moving to new locations.

19 **SECTION 3.2.(a)** In an effort to support military personnel and their
20 families, each occupational licensing board in this State is encouraged to develop
21 policies that would make the licensing process for military spouses more efficient and
22 expedient. In expediting the licensing process, an occupational licensing board shall
23 review its current licensing process especially as it relates to military personnel. After
24 reviewing the licensing process, the licensing board may develop and implement
25 policies regarding licensure that provide for assistance to military spouses and
26 dependents to ensure a smooth process when military families move into this State or
27 are transferred out of this State. Implementation of these policies shall not apply to
28 occupational licensing boards regulating health care professionals.

29 **SECTION 3.2.(b)** This section does not apply to health professions or to
30 teaching.

31
32 **PART IV. NEIT/FIT.**

33 **SECTION 4.** G.S. 115D-5 is amended by adding a new subsection to read:

34 "(o) Notwithstanding any other provision of law, the State Board of Community
35 Colleges may adopt rules and guidelines that allow the New and Expanding Industry
36 Training Program and the Focused Industrial Training Program to use funds
37 appropriated for those programs to support training projects for the various branches of
38 the United States Armed Forces."

39
40 **PART V. ALLOWING MEMBERS OF THE ARMED FORCES TO TERMINATE**
41 **RENTAL AGREEMENTS EARLY WHEN BEING DEPLOYED.**

42 **SECTION 5.** G.S. 42-45(a) reads as rewritten:

43 "(a) Any member of the United States Armed Forces who (i) is required to move
44 pursuant to permanent change of station orders to depart 50 miles or more from the

1 location of the dwelling unit, ~~or~~ (ii) is prematurely or involuntarily discharged or
2 released from active duty with the United States Armed Forces, or (iii) is required to
3 move due to deployment may terminate his rental agreement for a dwelling unit by
4 providing the landlord with a written notice of termination to be effective on a date
5 stated in the notice that is at least 30 days after the landlord's receipt of the notice. The
6 notice to the landlord must be accompanied by either a copy of the official military
7 orders or a written verification signed by the member's commanding officer."
8

9 PART VI. DIRECTING THE DEPARTMENT OF PUBLIC INSTRUCTION TO
10 APPOINT A LIAISON TO THE MILITARY BASES IN NORTH CAROLINA.

11 SECTION 6. The Department of Public Instruction shall appoint an
12 employee to serve as its liaison to the military bases in North Carolina. It shall be the
13 responsibility of the liaison to facilitate communication and cooperation between (i)
14 military personnel and their families and the Department and (ii) military personnel and
15 their families and the North Carolina public schools.
16

17 PART VII. DIRECTING THE STATE BOARD OF EDUCATION AND THE BOARD
18 OF GOVERNORS OF THE UNIVERSITY OF NORTH CAROLINA TO REVIEW
19 AND REVISE THE POLICIES AND PROCEDURES REGARDING CREDIT FOR
20 HIGH SCHOOL COURSES TO ENSURE THAT ALL STUDENTS, ESPECIALLY
21 THE CHILDREN OF MILITARY PERSONNEL, RECEIVE CREDIT FOR
22 COURSES TAKEN OUT-OF-STATE.

23 SECTION 7. The State Board of Education shall review and revise the
24 policies and practices related to students receiving credit for high school courses to
25 ensure that all students, especially the highly mobile children of members of the armed
26 forces, receive credit in the North Carolina public schools for comparable courses taken
27 out-of-State. The State Board shall report the results of this review and any actions
28 taken as a result of the study to modify its policies and practices to the Joint Legislative
29 Education Oversight Committee prior to December 15, 2005.
30

31 PART VIII. ALLOWING IN-STATE TUITION AT STATE UNIVERSITIES AND
32 COMMUNITY COLLEGES FOR ARMED SERVICES PERSONNEL AND THEIR
33 DEPENDENTS.

34 SECTION 8. G.S. 116-143.3 reads as rewritten:

35 "~~§ 116-143.3. Tuition of active duty personnel in the armed services.~~armed
36 services personnel and their dependents.

37 (a) Definitions. – The following definitions apply in this section:

38 (1) The term "abode" shall mean the place where a person actually lives,
39 whether temporarily or permanently; the term "abide" shall mean to
40 live in a given place.

41 (2) The term "armed services" shall mean the United States Air Force,
42 Army, Coast Guard, Marine Corps, and Navy; the North Carolina
43 National Guard; and any Reserve Component of the foregoing.

(3) The term "tuition assistance" shall be used as defined in the United States Department of Defense Directive 1322.8, implementing 10 U.S.C. § 2007.

(b) Any active duty member of the armed services qualifying for admission to an institution of higher education as defined in G.S. 116-143.1(a)(3) but not qualifying as a resident for tuition purposes under G.S. 116-143.1 shall be charged the in-State tuition rate and applicable mandatory fees for enrollments while the member of the armed services is abiding in this State incident to active military duty in this State. In the event the active duty member of the armed services is reassigned outside of North Carolina, ~~Carolina or retires,~~ the member shall continue to be eligible for the in-State tuition rate and applicable mandatory fees so long as the member is continuously enrolled in the degree or other program in which the member was enrolled at the time the member is reassigned.

(b1) (b2) Repealed by Session Laws 2004-130, s. 1, effective August 1, 2004.

(c) Any dependent relative of a member of the armed services who is abiding in this State incident to active military duty, as defined by the Board of Governors of The University of North Carolina and by the State Board of Community Colleges while sharing the abode of that member shall be eligible to be charged the in-State tuition rate, if the dependent relative qualifies for admission to an institution of higher education as defined in G.S. 116-143.1(a)(3). The dependent relatives shall comply with the requirements of the Selective Service System, if applicable, in order to be accorded this benefit. In the event the member of the armed services is reassigned outside of North Carolina, ~~Carolina or retires,~~ the dependent relative shall continue to be eligible for the in-State tuition rate and applicable mandatory fees so long as the dependent relative is continuously enrolled in the degree or other program in which the dependent relative was enrolled at the time the member is reassigned.

(d) ~~The burden of proving entitlement to the benefit of this section shall lie with the applicant therefor. The person applying for the benefit of this section has the burden of proving entitlement to the benefit.~~

(e) A person charged less than the out-of-state tuition rate solely by reason of this section shall not, during the period of receiving that benefit, qualify for or be the basis of conferring the benefit of G.S. 116-143.1(g), (h), (i), (j), (k), or (l)."

PART IX. A STUDENT IS ELIGIBLE TO BE CONSIDERED FOR ADMISSION INTO THE SCHOOL OF SCIENCE AND MATHEMATICS IF THE STUDENT'S PARENT IS AN ACTIVE DUTY MEMBER OF THE ARMED SERVICES STATIONED IN THIS STATE AT THE TIME THE STUDENT'S APPLICATION IS SUBMITTED.

SECTION 9.1. G.S. 116-235(b)(1) reads as rewritten:

"(1) Admission of Students. – The School shall admit students in accordance with criteria, standards, and procedures established by the Board of Trustees. To be eligible to be considered for admission, an applicant must be either a legal resident of the State, as defined by G.S. 116-143.1(a)(1); G.S. 116-143.1(a)(1), or a student whose parent

1 is an active duty member of the armed services, as defined by
2 G.S. 116-143.3(2), who is abiding in this State incident to active
3 military duty at the time the application is submitted, provided the
4 student shares the abode of that parent; eligibility to remain enrolled in
5 the School shall terminate at the end of any school year during which a
6 student becomes a nonresident of the State. The Board of Trustees
7 shall ensure, insofar as possible without jeopardizing admission
8 standards, that an equal number of qualified rising high school juniors
9 is admitted to the program and to the residential summer institutes in
10 science and mathematics from each of North Carolina's congressional
11 districts. In no event shall the differences in the number of rising high
12 school juniors offered admission to the program from each of North
13 Carolina's congressional districts be more than two and one-half
14 percentage points from the average number per district who are offered
15 admission."

16 **SECTION 9.2.** This part is effective when it becomes law and applies to the
17 2005-2006 academic year and each subsequent academic year.
18

19 **PART X. EFFECTIVE DATE.**

20 **SECTION 10.** Except as provided otherwise, this act is effective when it
21 becomes law.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2005

S

D

SENATE BILL 1156

Agriculture/Environment/Natural Resources Committee Substitute Adopted

5/23/05

PROPOSED COMMITTEE SUBSTITUTE S1156-PCS75351-LT-16

Short Title: Dairy Stabilization and Growth Prgm.

(Public)

Sponsors:

Referred to:

March 24, 2005

A BILL TO BE ENTITLED

AN ACT TO ESTABLISH THE NORTH CAROLINA DAIRY STABILIZATION
AND GROWTH FUND TO PROVIDE CRITICAL SUPPORT FOR THE NORTH
CAROLINA DAIRY INDUSTRY.

The General Assembly of North Carolina enacts:

SECTION 1. Chapter 106 of the General Statutes is amended by adding a
new Article to read:

"Article 68A."North Carolina Dairy Stabilization and Growth Program."§ 106-812. Findings.

(a) The General Assembly finds that North Carolina has suffered a significant
loss of its traditional industrial and agricultural economic base. The State's dairy
industry is at serious risk of total collapse unless milk prices reach levels sufficient to
allow dairy farmers to meet production costs. At the same time, North Carolina is
experiencing rapid population growth and urbanization. This growth and urbanization
have fueled a rapid loss of prime agricultural land and green space, resulting in a decline
in the quality of life for which the State is known.

(b) The General Assembly finds that the dairy industry in North Carolina makes
a substantial economic, environmental, and quality-of-life contribution to the well-being
of the citizens of the State. The dairy industry, including both producers and processors,
currently contributes over six hundred million dollars (\$600,000,000) and 3,000 jobs to
the State's economy. Properly managed dairy farms help maintain green space, keep
prime agricultural land under production, maintain water quality, enhance food security,
and provide a local supply of fresh milk at a reasonable cost to the consumer and to
processors in the State. An adequate local milk supply has become increasingly
important as transportation costs escalate, making the importation of milk from

1 out-of-state increasingly expensive. The General Assembly finds, however, that despite
2 its importance to the State's economic and environmental well-being, North Carolina's
3 dairy industry is under severe economic pressure, and milk production is declining at an
4 alarming rate. According to United States Department of Agriculture statistics, since
5 1985 the State has lost sixty-seven percent (67%) of its dairy farms and thirty-five
6 percent (35%) of its processing facilities. North Carolina dairy farms no longer produce
7 sufficient milk for North Carolina's processing facilities to operate. Milk must be
8 imported 10 out of 12 months each year to keep these processing facilities functioning.
9 Further, farm prices for milk exhibit great volatility, creating financial risk and
10 discouraging investment. The General Assembly finds that it is essential to a viable
11 North Carolina dairy industry to have locally produced milk available to processors in
12 the State. The General Assembly further finds that it is essential to the well-being of the
13 citizens of the State to have a local supply of fresh milk available at reasonable cost and
14 not subject to the vagaries of transportation costs and production conditions in other
15 regions of the country.

16 (c) The General Assembly finds that one of the primary reasons for the decline in
17 milk production in the State is the gap between the price paid to farmers for milk under
18 the federal milk programs and the actual cost of production. Inability to meet production
19 costs combined with increasing land prices have led many milk producers to sell their
20 farms for development and retire or turn to other employment. The General Assembly
21 finds that the most effective means to ensure the continuation of a viable dairy industry
22 in this State is to establish a price floor for milk to enable dairy farmers to meet their
23 production costs. It is the intent of the General Assembly to establish a price support
24 program that will stabilize and reverse the decline in the local milk supply and in the
25 dairy industry in the State and encourage new producers to enter the dairy industry.
26 Sustaining and growing North Carolina's dairy industry will advance the State's goals of
27 preserving and enhancing its economic base and improving the quality of life in the
28 State through maintaining green space and water quality and assuring an adequate local
29 supply of fresh milk.

30 **"§ 106-813. North Carolina Dairy Stabilization and Growth Fund.**

31 (a) The North Carolina Dairy Stabilization and Growth Fund is created as a
32 nonreverting account in the Department of Agriculture and Consumer Services. The
33 Fund shall consist of any money appropriated to the Fund by the General Assembly and
34 money made available to it from grants, donations, and other sources. The Board of
35 Agriculture shall actively seek donations, grants, and other sources of money for the
36 Fund.

37 (b) The Board shall use the monies in the Fund as follows:

38 (1) Up to two percent (2%) of the money appropriated annually by the
39 General Assembly may be used by the Department for the costs of
40 administering the Dairy Stabilization and Growth Program. In the
41 event that the General Assembly does not make an appropriation to the
42 Fund in a given year, up to two percent (2%) of the balance remaining
43 in the Fund may be used by the Department for the costs of
44 administering the Program.

(2) The monies remaining after administrative expenses are deducted shall be used to provide assistance to North Carolina dairy farmers in accordance with the provisions of G.S. 106-814.

(3) At the end of any fiscal year in which the total payments to North Carolina dairy farmers under G.S. 106-814 are less than fifty percent (50%) of the amount appropriated by the General Assembly for the year, five percent (5%) of the unspent appropriation for the year may be set aside for use in that year and subsequent years for programs to support the development of the dairy industry.

"§ 106-814. Dairy Stabilization and Growth Program.

(a) On 1 July of each year the Board of Agriculture shall set a milk support baseline price. The baseline price per hundredweight of milk shall be the average United States Department of Agriculture Federal Milk Market Order Class I price mover for the previous 10 years less fifty cents (50¢).

(b) The Board shall adopt rules implementing the provisions of this Article. The rules shall include criteria for eligibility for distributions from the Fund, procedures for applications for distributions from the Fund, the method by which the amount of a payment to a producer shall be calculated, and the manner of payment to producers.

(c) Each month the Board shall determine whether the monthly announced United States Department of Agriculture Federal Milk Market Order Class I price mover has dropped below the baseline price set for the year. If the monthly announced Class I price mover is lower than the baseline price, then each producer who meets the requirements of subsection (f) of this section shall become eligible for a distribution from the Fund in an amount equal to the difference between the baseline price and the monthly announced Class I price mover multiplied by the hundredweight of milk sold by the producer for the month.

(d) Under exceptional circumstances, and in the discretion of the Board, the amount of any monthly distribution as calculated by the formula set forth in subsection (c) of this section may be increased by an amount not to exceed one dollar (\$1.00) per hundredweight of milk sold in that month.

(e) Distributions shall be made to eligible producers at least quarterly, unless in the judgment of the Board the payment amounts are trivial. All payments under the Program are subject to the availability of funds.

(f) To be eligible to receive assistance from the Dairy Stabilization and Growth Fund, a dairy farmer shall demonstrate to the satisfaction of the Board that they are in compliance with the following rules and regulations:

(1) For Grade A milk producers, the federal Grade A milk regulations.

(2) For non-Grade A producers, Article 26 of Chapter 106 of the General Statutes and the rules implementing that Article.

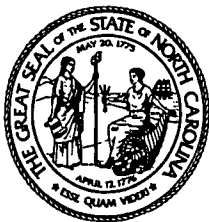
(g) Farmers who fail to demonstrate compliance with applicable rules and regulations shall become ineligible for assistance from the Fund until compliance is attained."

SECTION 2. The Commissioner of Agriculture shall file a report no later than 31 March of each year with the Chairs of the House of Representatives and Senate

1 Appropriations Subcommittees on Natural and Economic Resources, the Chair of the
2 House of Representatives Agriculture Committee, and the Chair of the Senate
3 Committee on Agriculture, Environment, and Natural Resources which shall include the
4 following:

- 5 (1) The short- and long-term problems associated with maintaining a
6 viable dairy industry in the State.
- 7 (2) Ways to sustain the existing dairy industry in the State.
- 8 (3) Opportunities to expand the dairy industry, including attracting both
9 new dairy producers and new processors to the State.
- 10 (4) The contribution of dairy farms to the maintenance of prime
11 agricultural land and the quality of life in the State.
- 12 (5) An analysis of the effectiveness of the Dairy Stabilization and Growth
13 Program in achieving the goals of maintaining a local supply of fresh
14 milk for processing and consumption, facilitating the entry of young
15 farmers into the dairy industry, and preserving green space along the
16 urban fringe.
- 17 (6) Other factors that impact the dairy industry in the State.

18 **SECTION 3.** This act is effective when it becomes law.



SENATE BILL 1156: Dairy Stabilization and Growth Act

BILL ANALYSIS

Committee:	Senate Appropriations/Base Budget	Date:	July 27, 2005
Introduced by:	Sen. Albertson	Summary by:	Barbara Riley
Version:	PCS to First Edition		Committee Counsel
	S1156-CSRt-16(v.2)		

SUMMARY: *The Proposed Committee Substitute (PCS) for Senate Bill 1156 establishes the North Carolina Dairy Stabilization and Growth Program (Program). The purpose of the Program is to establish a price floor for milk that would enable dairy farmers to cover their production costs, and in doing so, reverse the decline in the dairy industry in the State. The Program provides for payments from the Dairy Stabilization and Growth Fund (Fund) to dairy farmers in the State when the price of milk per hundredweight falls below the average USDA federal Milk Market Order Class I price mover for the past 10 years, less 50 cents. The PCS directs the Commissioner of Agriculture to report annually on the effectiveness of the Program in achieving its goals of maintaining a local supply of fresh milk for processing and consumption, attracting new farmers into dairying, and preserving green space. No appropriation is made to the Fund in the PCS. However, the sum of \$25,000 is appropriated to the Department of Agriculture and Consumer Services for compliance with the reporting requirements of the PCS.*

BILL ANALYSIS:

Section 1 adds a new Article 68A to Chapter 106 of the General Statutes containing the following new sections:

G.S. 106-812 contains extensive findings about the decline of the dairy industry in the State and how the industry contributes to State goals such as food security, maintaining a local supply of fresh milk at a reasonable cost to both consumers and to in-State processing plants, and preservation of green space. According to the United States Department of Agriculture (USDA), North Carolina has lost 67% of its dairy farms and 35% of its processing plants since 1985. Milk must be imported 10 out of 12 months of the year in order to keep the processing plants operating, as the remaining dairies in the State no longer produce sufficient milk to cover the demand.

G.S. 106-813 establishes the North Carolina Dairy Stabilization and Growth Fund (Fund). The nonreverting fund is to consist of any monies appropriated by the General Assembly and monies made available from grants, donations and other sources. The Board of Agriculture (Board) is directed to actively seek alternative funding sources.

Up to 2% of the money appropriated annually by the General Assembly may be used to cover the costs of administration of the program. If no money is appropriated to fund a given year, up to 2% of the balance remaining in the Fund may be used for administrative costs. The balance of monies in the Fund, after administrative costs, is to be used to provide assistance to North Carolina dairy farmers as provided in G.S. 106-814. If, in any year, total payments to farmers amount to less than 50% of the monies appropriated by the General Assembly for the year, 5% of the remaining funds may be set aside for programs to support the development of the dairy industry.

Senate Bill 1156

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G.S. 106-814 establishes the Dairy Stabilization and Growth Program (Program). The section requires the Board to annually set a baseline price for milk. That baseline price is the average USDA federal Milk Market Order Class 1 price mover for the previous 10 years, less 50 cents.

Each month, if a determination is made that the monthly announced Class 1 price mover has dropped below the annual baseline price, then eligible producers are entitled to a distribution from the Fund in an amount equal to the difference between the baseline price and the announced monthly Class I price mover, multiplied by the hundredweight of milk sold by the producer for the month. Under exceptional circumstances, the Board may increase this amount by up to \$1 per hundredweight. Distributions shall be made on a quarterly basis.

To be eligible for a distribution, a dairy farmer must: (1) if a Grade A producer, be in compliance with the federal Grade A milk regulation; or (2) if a non-Grade A producer, be in compliance with Article 26 of Chapter 106 of the General Statutes, which regulates cleanliness and sanitation at ice cream plants, creameries and cheese plants. A dairy farmer who fails to demonstrate compliance becomes ineligible for distributions until compliance is attained.

The PCS directs the Board to adopt rules implementing the provisions of the Article.

Section 2 of the PCS sets forth the reporting requirements on the program.

Section 2 requires that the Commissioner of Agriculture report annually to the Chairs of the House and Senate Appropriations Subcommittees on Natural and Economic Resources, the Chair of the House Agriculture Committee and the Chair of the Senate Committee on Agriculture, Environment and Natural Resources. The report is to specifically cover:

- The short and long term issues in maintaining the dairy industry.
- Ways to sustain the existing dairy industry.
- Opportunities to expand the industry, including attracting new producers and processors.
- The contribution of dairy farms to maintaining prime farmland and the quality of life in the State.
- An analysis of the effectiveness of the Program in achieving the goals of maintaining a local supply of fresh milk, attracting new farmers into dairying, and preserving green space.
- Other factors impacting the dairy industry in the State.

Section 3 of the PCS appropriates \$25,000 to cover the costs of compliance with the reporting requirements in Section 2 of the PCS.

EFFECTIVE DATE: The PCS becomes effective July 1, 2005.

BACKGROUND: USDA federal Milk Market Order price movers reflect the minimum price for raw fluid-grade milk sold between producers and processors under federal milk marketing programs designed to help stabilize and support the price of milk. The Class I price mover is based on the wholesale price of milk (per hundredweight) sold during the first two weeks of the previous month, and is the higher of either (a) the value of milk in cheese or (b) the value of milk in butter and nonfat dry milk.

Senate Bill 1156

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S1156e1-SMRF-CSRt-16(v2)

ATTACHMENT 10

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2005**

3

**SENATE BILL 1161*
Health Care Committee Substitute Adopted 5/26/05
Appropriations/Base Budget Committee Substitute Adopted 7/27/05**

Short Title: Central Listing/MH Beds/Invol. Comm. (Public)

Sponsors: _____

Referred to: _____

March 24, 2005

A BILL TO BE ENTITLED

AN ACT REQUIRING THE DEPARTMENT OF HEALTH AND HUMAN SERVICES TO DEVELOP A CENTRAL LISTING OF MENTAL HEALTH FACILITIES DESIGNATED TO ASSIST IN THE PLACEMENT OF INDIVIDUALS TO BE INVOLUNTARILY COMMITTED AND REQUIRE AREA AUTHORITIES TO MAINTAIN A CRISIS RESPONSE SERVICE.

The General Assembly of North Carolina enacts:

SECTION 1. The Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, shall develop a central listing of mental health facilities designated for the placement of individuals to be involuntarily committed to assist law enforcement officers and others. The list shall be developed from existing funds appropriated to the Department. The listing shall be accessible on the Internet and implemented not later than October 1, 2005. The Department shall report on the implementation of the listing and the status and compliance of area authorities' crisis response service to the Joint Legislative Commission on Governmental Operations and the Joint Legislative Oversight Committee on Mental Health, Developmental Disabilities, and Substance Abuse Services not later than March 1, 2006.

SECTION 2. G.S. 122C-117(a) is amended by adding the following new subdivision to read:

"(14) Maintain a 24-hour a day, seven day a week crisis response service. Crisis response shall include telephone and face-to-face capabilities. Crisis phone response shall include triage and referral to appropriate face-to-face crisis providers and shall be initiated within one hour of notification. Crisis services do not require prior authorization but shall be delivered in compliance with appropriate policies and procedures. Crisis services shall be designed for prevention, intervention, and resolution, not merely triage and transfer, and shall be provided in the least restrictive setting possible, consistent with individual and family need and community safety."

SECTION 3. This act is effective when it becomes law.

GENERAL ASSEMBLY OF NORTH CAROLINA

Session 2005

Legislative Fiscal Note

BILL NUMBER: Senate Bill 1161 (First Edition)

SHORT TITLE: Central Registry/MH Beds/Invol. Comm.

SPONSOR(S): Senator Apodaca

FISCAL IMPACT					
	Yes (X)	No ()	No Estimate Available ()		
	<u>FY 2005-06</u>	<u>FY 2006-07</u>	<u>FY 2007-08</u>	<u>FY 2008-09</u>	<u>FY 2009-10</u>
REVENUES:	0	0	0	0	0
EXPENDITURES:	\$ 197,140	\$ 46,095	\$ 47,939	\$ 49,809	\$ 51,702
State	\$ 185,774	\$ 22,430	\$ 23,328	\$ 24,237	\$ 25,158
Local	\$ 11,367	\$ 23,665	\$ 24,612	\$ 25,572	\$ 26,543
POSITIONS (cumulative):	.5	.5	.5	.5	.5
PRINCIPAL DEPARTMENT(S) & PROGRAM(S) AFFECTED:					
Department of Health and Human Services: Division of Mental Health, Developmental Disabilities, and Substance Abuse Services					
EFFECTIVE DATE: January 1, 2006					

BILL SUMMARY: The proposed legislation requires the Department of Health and Human Services to develop and implement a central registry of available beds in mental health facilities to assist in the placement of individuals involuntarily committed to these facilities. The central registry may be automated and shall be available to law enforcement at all times. Requires area mental health programs, local management entities and contracts for mental health services to utilize the central registry to the extent of their involvement with the placement of involuntarily committed individuals.

ASSUMPTIONS AND METHODOLOGY:**Background:**

This fiscal note assumes that the central registry of available beds in mental health facilities will be automated in order to ensure that it is updated daily and is readily available to law enforcement at all times.

Assumptions:

- A. **Application Development of a Central Registry:** The Division of Mental Health, Developmental Disabilities, and Substance Abuse Services (DMHDDSAS) has determined that the development of a web based central registry for involuntary commitment bed availability would have a one-time cost of \$175,000 in FY 2005-06. This one time cost includes programming and testing of the new system. Operational assumptions for the database for the central bed registry are as follows:
- a. Application will be web based.
 - b. Database would be viewable by the public, including law enforcement. Public data would include items such as provider, location, contact number and bed availability; no consumer specific data would be presented. Individuals viewing via public access would NOT be able to change the data.
 - c. Providers would be assigned unique access codes (login and passwords) in order to access only their facility specific data in order to update bed availability. There would be no consumer specific data contained in the database.
- B. **DMHDDSAS Data Maintenance:** After the registry is operational, DMHDDSAS has determined that the data included in the system will need the following maintenance:
- a. Loading new data into system as new designated providers come online.
 - b. Deleting data from system when providers are no longer designated to accept involuntarily committed individuals.
 - c. Managing logon and password assignments to enable designated providers to update bed availability online.

DMHDDSAS has estimated that the annual cost of maintaining data for the central registry will be \$6,016 or 10% of an annual staff salary and benefits of \$60,160.

Fiscal Year	Data Maintenance Costs
2005-06	\$3,008
2006-07	\$6,263
2007-08	\$6,513
2008-09	\$6,767
2009-10	\$7,024

The estimate for FY 2005-06 is a six-month estimate since proposed legislation requires the central registry to be operational by January 1, 2006. Subsequent fiscal years assume standard salary inflation rates. The salary inflation rates are shown in Assumption E.

- C. **DMHDDSAS Programming Maintenance:** After the registry is operational, DMHDDSAS has determined that the program for the central registry will need to be maintained to ensure that it is operational 24 hours per day, seven days a week.

DMHDDSAS has estimated that the annual cost of maintaining data for the central registry will cost \$3,292 or 5% of an annual staff salary and benefits of \$65,840.

Fiscal Year	Programming Maintenance Costs
2005-06	\$1,646
2006-07	\$3,427
2007-08	\$3,584
2008-09	\$3,703
2009-10	\$3,844

The estimate for FY 2005-06 is a six-month estimate since proposed legislation requires the central registry to be operational by January 1, 2006. Subsequent fiscal years assume standard salary inflation rates. The salary inflation rates are shown in Assumption E.

- D. Designated Provider Updates:** In order to maintain the central registry, DMHDDSAS has assumed that staff at facilities designated to accept involuntary committed individuals will enter data updates in the web based application rather than sending the information into the DMHDDSAS central office. Each facility would have password access to the online system in order to update data for their specific facility.

DMHDDSAS has estimated that it would take 30 minutes every other day for each provider agency to update their information (bed availability) online in the database. The time estimate includes securing bed information, logging on to the web based system and updating the information. DMHDDSAS has assumed the data will be updated every other day because bed utilization will not change every day. DMHDDSAS has estimated that the provider updates will have an annual cost of \$1,399 per provider or 4.4% of an annual staff salary and benefits of \$31,798.

DMHDDSAS has estimated that there will be 60 facilities designated to accept involuntary committed individuals. State government, local governments, federal government, and the private sector operate the facilities. DMHDDSAS has estimated the following distribution of facilities:

Facility Type	Percent of Total
State	14.58%
Local	27.08%
Federal	10.42%
Private	47.92%
Total	100.00%

For the purposes of this fiscal note, only the costs for state and local government providers have been included in the final calculations. The table below shows the annual cost for all providers:

Fiscal Year	State Facilities	Local Facilities	Federal Facilities	Private Facilities
2005-06	\$6,120	\$11,367	\$4,374	\$20,119
2006-07	\$12,741	\$22,430	\$9,106	\$41,876
2007-08	\$13,250	\$23,328	\$9,470	\$43,551
2008-09	\$13,767	\$24,237	\$9,839	\$45,250
2009-10	\$14,290	\$25,158	\$10,213	\$46,969

The estimate for FY 2005-06 is a six-month estimate since proposed legislation requires the central registry to be operational by January 1, 2006. Subsequent fiscal years assume standard salary inflation rates. The salary inflation rates are shown in Assumption E.

- E. Salary and Benefits Inflation Rates:** The Fiscal Research Division uses the following inflation rates when calculating the annual growth in salary and benefits. These estimated rates are based on data from Economy.com.

Fiscal Year	Salary and Benefits Inflation Rates
2005-06	4.2%
2006-07	4.1%
2007-08	4.0%
2008-09	3.9%
2009-10	3.8%

SOURCES OF DATA: Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services

TECHNICAL CONSIDERATIONS: None

FISCAL RESEARCH DIVISION: (919) 733-4910

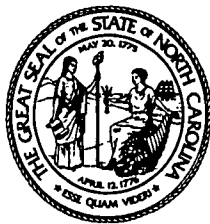
PREPARED BY: L. Carol Shaw

APPROVED BY: James D. Johnson, Director
Fiscal Research Division

Official
Fiscal Research Division
Publication

DATE: July 6, 2005

Signed Copy Located in the NCGA Principal Clerk's Offices



SENATE BILL 1161: Central Registry/MH Beds/Invol. Comm

BILL ANALYSIS

Committee: Senate Health Care
Introduced by: Sen. Apodaca
Version: PCS to First Edition

Date: May 16, 2005
Summary by: Shawn Parker
Committee Staff

SUMMARY: *Senate Bill 1161 would require the Department of Health and Human Services to develop a central registry of available beds in mental health facilities to assist in the placement of persons to be involuntarily committed.*

The proposed committee substitute requires that the registry be implemented by January 1, 2006 and directs area authorities, county programs, or persons covered under G.S. 122C-142 to utilize the registry as appropriate based on their involvement with the placement of individuals to be involuntarily committed.

CURRENT LAW: Part 7 of Article 5 of Chapter 122C of the General Statutes sets forth the provisions for involuntary commitment of the mentally ill. The policy of the State is to assist individuals with mental illness, developmental disabilities, and substance abuse problems in ways consistent with the dignity, rights, and responsibilities of all North Carolina Citizens. Within available resources it is the obligation of the State and local government to provide services to eliminate, reduce, or prevent the disabling effects of mental illness, developmental disabilities, and substance abuse through a service delivery system designed to meet the needs of clients in the least restrictive available setting, if the least restrictive setting is therapeutically most appropriate to maximize their quality of life.¹ G.S. 122C-252 authorizes the Secretary to designate State Facilities, 24-hour facilities licensed under Chapter 122C, or hospitals licensed under Chapter 131E as facilities for the custody and treatment of involuntary clients.

BILL ANALYSIS: Senate Bill 1161 requires the Department of Health and Human Services to develop a central registry identifying available beds in mental health facilities by January 1, 2006. The registry is to be updated on a daily basis and is required to be available for access by law enforcement officers at all times. The Department must report on the implementation of the registry to the Senate Appropriations Committee on Health and Human Services, the House of Representative Appropriations Subcommittee on Health and Human Services, and the Fiscal Research Division. The first report must be presented no later than October 1, 2005, and a second report must be presented on March 1, 2006. The bill further directs area authorities, county programs, or persons covered under G.S. 122C-142 to utilize the registry as appropriate based on their involvement with the placement of individuals to be involuntarily committed.

EFFECTIVE DATE: Section 2 of the act, directing area authorities, county programs, or persons covered under G.S. 12C-142 to use the registry, becomes effective on January 1, 2006. The remainder of the act becomes effective July 1, 2005.

SI161-CSSQ-15-v.3

¹ G.S. 122C-2

Principal Clerk
Reading Clerk

Please see SB 194 Title correction.

SENATE
NOTICE OF COMMITTEE MEETING
AND
BILL SPONSOR NOTICE

The Senate Committee on Appropriations/Base Budget will meet at the following time:

DAY	DATE	TIME	ROOM
Wednesday	July 27, 2005	1:00 P.M.	643 LOB

The following will be considered:

BILL NO.	SHORT TITLE	SPONSOR
SB 194	No Erectile Dysfunction Drugs Under Medicaid	Senator Garrou
SB 223	Public Confidence in Elections.	Senator Kinnaird
SB 1039	Increase Rape Penalties/Helpless Victims.	Senator Jenkins
SB 1066	Clarify Sex Offender Registry.	Senator Rand
SB 1117	2005 Military Support Act.	Senator Rand
SB 1156	Dairy Stabilization and Growth Prgm.	Senator Albertson
SB 1161	Central Registry/MH Beds/Invol. Comm.	Senator Apodaca

Senator Linda Garrou, Co-Chair
Senator Kay R. Hagan, Co-Chair
Senator Walter H. Dalton, Co-Chair

SENATE APPROPRIATIONS/BASE BUDGET

Wednesday, July 27, 2005

NAME	FIRM OR AGENCY AND ADDRESS
Michael Arnold	Lt. Gov's. Office
Colleen Kochanek	Holt York McDermis & High
Mike Brason	Capitol Group
David Knight	TNC
George Suddath	NCSDA
Patricia A. Young	AIPCNE/ACLU/MOD
MELIOA GROOMES	PAROLE COMMISSION
Charles Miller	" "
my [signature]	NCASI
Chad Hinton	Civitas Institute

SENATE APPROPRIATIONS/BASE BUDGET

Wednesday, July 27, 2005

NAME	FIRM OR AGENCY AND ADDRESS
Kathleen Edwards	UNC-CH Institute of Gov't
Thomas DAndrea	DMA
Tim Moose	NCDOC
Joe PATER	NCDOC
Milfred R. Spearman	NCDOC
Zach Clayton	Sen. Smith
Daniel M. Blue	ACLU-NC
David M. Ford	NCDAICS
Dewitt Handley	NCDAICS
Graff Benson	ARE, NCSU
Mark Davis	NCAE

SENATE APPROPRIATIONS/BASE BUDGET

Wednesday, July 27, 2005

NAME	FIRM OR AGENCY AND ADDRESS
Lon Wilson	NCAHT CF
Joanne Stephens	nursing
Jim Blackburn	N.C. Association of County Commissioners
Ed Ryan	N.C. Retired Governmental Employees' Assoc.
Lee Hodge	KCLH
Kim Hibbard	NCLM
Ed Turlington	BPMHL
R. Paul Williams	NCHBA
Rick Zedini	NLAR
Imp Warrington	DMHDP SAs
Eddie Caldwell	NC Sheriff's Assn




SENATE APPROPRIATIONS/BASE BUDGET

Wednesday, July 27, 2005

NAME	FIRM OR AGENCY AND ADDRESS
<i>Shan Harrison</i>	<i>WCPS</i>
<i>Alicia Garland</i>	<i>NCDOE</i>
<i>Bob Hamant</i>	<i>HHS</i>
<i>HUGH Tilson</i>	<i>NCTA</i>
<i>Leanne Winner</i>	<i>WCSBA</i>
<i>Steve Woodson</i>	<i>NCFB</i>
<i>R. Rogers</i>	<i>NCDENR</i>
<i>Kevin Leonard</i>	<i>WCSR</i>

SENATE APPROPRIATIONS/BASE BUDGET

Wednesday, July 27, 2005

NAME	FIRM OR AGENCY AND ADDRESS
DENNIS BRUNS	RALEIGH : NC ^{Carroll} ^{James} ^{WRE}
Andy Silver	103 Danforth Dr, Cary 27511
Brian O'Connor	POT on Leesburg VA.
Esther Buelley	GA Office
John Aldridge	DOJ
PL Furey	Coalition for United Voting
Roz Sawitt	NC 
Gary McLean	NCA 
Paula A. Stief	PPHS
Joyce McCloy	NC VOICE.NET
Daryl 	DHHS / DFS

SENATE APPROPRIATIONS/BASE BUDGET

Wednesday, July 27, 2005

NAME	FIRM OR AGENCY AND ADDRESS
<i>John Hendy</i>	<i>Just Hendy</i>
<i>John Hendy</i>	<i>NC Supreme Court Intern</i>
<i>David R. Humphrey</i>	<i>Sen. Apollocia's office</i>
<i>Tripp Melton</i>	<i>Sen. Stevens Office</i>
<i>James W. Winer</i>	<i>AT&T</i>
<i>Ben Phillips</i>	<i>CCNL</i>
<i>John Goodman</i>	<i>ALLEY ASSOCIATES</i>
<i>John McGehee</i>	<i>Good Hire</i>
<i>Greg Miller</i>	<i>Gov.</i>

MINUTES

SENATE APPROPRIATIONS BASE/BUDGET

Thursday, August 4, 2005

The Senate Appropriations/Base Budget Committee met in the Senate Chamber on Thursday, August 4, 2005. Senator Hagan, Co-Chair presided and briefed the members on the purpose of the meeting. There were 47 members present.

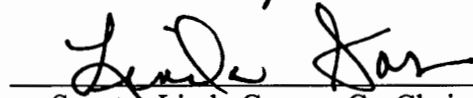
The Bill that was considered was Senate Bill 191. Senator Dalton made a motion to accept a Committee Substitute for Senate Bill 191. The committee approved. The Short Title of the proposed Committee Substitute: ***Continue Budget Authority***. The Short Title: ***An Act Authorizing the Director of the Budget to Continue Expenditures for the Operation of Government Until August 11, 2005, at the Level in Effect on June 30, 2005. (Please see Attachment 1).***

Senator Dannelly made a motion to give the proposed Committee Substitute Bill the following status: ***Unfavorable as to Bill, but Favorable as to Committee Substitute Bill***. The motion carried.

Senator Hagan thanked the members and adjourned the meeting.



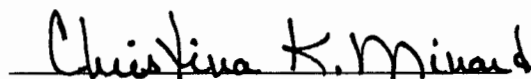
Senator Kay Hagan, Co-Chair



Senator Linda Garrou, Co-Chair



Senator Walter Dalton, Co-Chair



Christina K. Minard, Senate
Committee Assistant

**NORTH CAROLINA GENERAL ASSEMBLY
SENATE**

APPROPRIATIONS/BASE BUDGET COMMITTEE REPORT

**Senator Kay R. Hagan, Co-Chair
Senator Walter H. Dalton, Co-Chair
Senator Linda Garrou, Co-Chair**

Thursday, August 04, 2005

Senator HAGAN,
submits the following with recommendations as to passage:

**UNFAVORABLE AS TO BILL, BUT FAVORABLE AS TO COMMITTEE SUBSTITUTE
BILL**

S.B.	191	An Act To Appropriate Funds	
		Draft Number:	PCS35260
		Sequential Referral:	None
		Recommended Referral:	None
		Long Title Amended:	Yes

TOTAL REPORTED: 1

Committee Clerk Comments:

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2005

S

D

SENATE BILL 191
PROPOSED COMMITTEE SUBSTITUTE S191-PCS35260-LT-15

Short Title: Continue Budget Authority.

(Public)

Sponsors:

Referred to:

February 23, 2005

1 A BILL TO BE ENTITLED
2 AN ACT AUTHORIZING THE DIRECTOR OF THE BUDGET TO CONTINUE
3 EXPENDITURES FOR THE OPERATION OF GOVERNMENT UNTIL
4 AUGUST 11, 2005, AT THE LEVEL IN EFFECT ON JUNE 30, 2005.

5 The General Assembly of North Carolina enacts:

6 **SECTION 1.** Section 10 of S.L. 2005-144, as amended by Section 1 of S.L.
7 2005-201, reads as rewritten:

8 **"SECTION 10.** Except as otherwise provided, Parts I through VI of this act become
9 effective July 1, 2005, and expire ~~August 5, 2005, at 11:59 P.M. on August 11, 2005.~~
10 Except as otherwise provided, the remainder of this act becomes effective June 30,
11 2005."

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

MINUTES

SENATE APPROPRIATIONS/BASE BUDGET

Friday, August 12, 2005

The Senate Appropriations/Base Budget Committee met on Friday, August 12, 2005 in room 1027 of the Legislative Building. Senator Walter Dalton, Co-Chair conducted the meeting. There were 44 members present.

Senator Dalton recognized Senator Thomas to explain Senate Bill 725 to the Committee. The Short Title of Senate Bill 725: *NCNGuard-Tuition Assistance Program Changes*. The Long Title: *An Act to Modify the Tuition Assistance Program for Members of the North Carolina National Guard*. (Please see Attachment 1).

Senator Swindell made a motion to give Senate Bill 725 a *Favorable Report*. The motion carried.

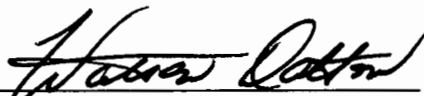
The next item on the agenda was Senate Bill 837. Senator Kerr was asked to explain the bill. The Short Title of Senate Bill 837: *State Health Plan/10-Year Vesting*. The Long Title: *An Act to Require that Retired Employees Have at Least Ten Years of Retirement Benefit Service Credit in Order to Qualify for Benefits Under the Teachers' and State Employees Comprehensive Major Medical Plan*. (Please see Attachment 2).

Senator Tillman made a motion to give Senate Bill 837 a *Favorable Report*. The Committee approved the motion.

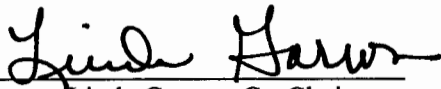
Lastly, Senator Dalton recognized Representative Cole to brief the Committee on House Bill 750. Representative Cole thanked the members for considering the bill and explained the bill to the Committee. The Short Title of House Bill 750: *Secondary Road Construction-AB*. The Long Title: *An Act Relating to the Improvement of Secondary Roads*. (Please see Attachment 3).

Senator Brock asked the Committee to vote for a *Favorable Report* for House Bill 750. The Committee concurred.

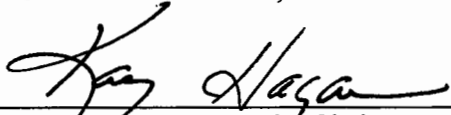
Senator Dalton thanked the Committee members and those who briefed the Committee. He adjourned the meeting.



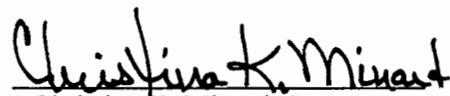
Senator Walter Dalton, Co-Chair



Senator Linda Garrou, Co-Chair



Senator Kay Hagan-Co-Chair



Christina K. Minard, Senate
Committee Assistant

**NORTH CAROLINA GENERAL ASSEMBLY
SENATE**

APPROPRIATIONS/BASE BUDGET COMMITTEE REPORT

Senator Walter H. Dalton, Co-Chair

Senator Linda Garrou, Co-Chair

Senator Kay R. Hagan, Co-Chair

Friday, August 12, 2005

Senator DALTON,
submits the following with recommendations as to passage:

FAVORABLE

S.B.(CS #1) 725	NCNGuard-Tuition Assistance Program Changes.	
	Sequential Referral:	None
	Recommended Referral:	None
S.B. 837	State Health Plan/10-Year Vesting.	
	Sequential Referral:	None
	Recommended Referral:	None
H.B.(CS #1) 750	Secondary Road Construction.-AB	
	Sequential Referral:	None
	Recommended Referral:	None

TOTAL REPORTED: 3

Committee Clerk Comments:

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2005

S

2

SENATE BILL 725
Education/Higher Education Committee Substitute Adopted 5/4/05

Short Title: NCNGuard-Tuition Assistance Program Changes.

(Public)

Sponsors:

Referred to:

March 22, 2005

A BILL TO BE ENTITLED

AN ACT TO MODIFY THE TUITION ASSISTANCE PROGRAM FOR MEMBERS
OF THE NORTH CAROLINA NATIONAL GUARD.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 127A-193 reads as rewritten:

"§ 127A-193. Benefit.

The benefit provided under this Article shall consist of a monetary educational assistance grant not to exceed ~~two thousand dollars (\$2,000) per academic year the highest amount charged by a State educational institution per academic year or a lesser amount, as prescribed by the Secretary, to remain within the funds appropriated, to~~ qualifying members of the North Carolina national guard. Benefits shall be payable for a period of one academic year at a time, renewable at the option of the ~~Secretary for a maximum of eight thousand dollars (\$8,000).~~ Secretary."

SECTION 2. G.S. 127A-195(c) reads as rewritten:

"(c) All tuition benefit disbursements shall be made to the business or trade school or State or private educational institution concerned, for credit to the tuition account of each recipient."

SECTION 3. G.S. 127A-195 is amended by adding a new subsection to read:

"(f) Any balance of the monetary educational assistance grant up to the maximum for the academic year remaining after tuition is paid pursuant to subsection (c) of this section may be disbursed to the recipient as reimbursement for required course books and materials. The manner of obtaining the reimbursement payment for these required books and materials shall be as prescribed by the Secretary."

SECTION 4. This act becomes effective July 1, 2005.

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2005

S

1

SENATE BILL 837

Short Title: State Health Plan/10-Year Vesting.

(Public)

Sponsors: Senator Kerr.

Referred to: Appropriations/Base Budget.

March 23, 2005

A BILL TO BE ENTITLED

AN ACT TO REQUIRE THAT RETIRED EMPLOYEES HAVE AT LEAST TEN
YEARS OF RETIREMENT BENEFIT SERVICE CREDIT IN ORDER TO
QUALIFY FOR BENEFITS UNDER THE TEACHERS' AND STATE
EMPLOYEES' COMPREHENSIVE MAJOR MEDICAL PLAN.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 135-40.2(a)(2) reads as rewritten:

"§ 135-40.2. Eligibility.

"(a) The following persons are eligible for coverage under the Plan, on a
noncontributory basis, subject to the provisions of G.S. 135-40.3:

...

(2) Retired teachers, State employees, members of the General Assembly,
and retired State law enforcement officers who retired under the Law
Enforcement Officers' Retirement System prior to January 1, 1985. For
employees first hired on and after October 1, 2005, and members of
the General Assembly first taking office on and after October 1, 2005,
future coverage as retired employees and retired members of the
General Assembly is subject to a requirement that the future retiree
have 10 or more years of retirement service credit in order to be
covered by the provisions of this subdivision."

SECTION 2. G.S. 135-40.2(b) is amended by adding the following new
subdivision to read:

"(11a) Retired teachers, State employees, and members of the General
Assembly with five but less than 10 years of retirement service credit,
provided they were first hired or took office on or after October 1,
2005."

SECTION 3. This act becomes effective July 1, 2005.

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2005

H

2

HOUSE BILL 750*
Committee Substitute Favorable 4/28/05

Short Title: Secondary Road Construction.-AB

(Public)

Sponsors:

Referred to:

March 17, 2005

A BILL TO BE ENTITLED

AN ACT RELATING TO THE IMPROVEMENT OF SECONDARY ROADS.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 136-44.2A reads as rewritten:**"§ 136-44.2A. Secondary road ~~construction~~ improvement program.**

There shall be annually allocated ~~out of from~~ the ~~State~~ Highway Fund to the Department of Transportation for secondary road ~~construction~~ improvement programs developed pursuant to G.S. 136-44.7 and 136-44.8, a sum equal to that allocation made from the Highway Fund under G.S. 136-41.1(a). In addition, as provided in G.S. 136-176(b)(4) and G.S. 20-85(b), revenue is annually allocated from the Highway Trust Fund for secondary road construction. Of the funds allocated from the Highway ~~Fund and the Highway Trust Fund~~, the sum of sixty-eight million six hundred seventy thousand dollars (\$68,670,000) shall be allocated among the counties in accordance with G.S. 136-44.5(b). All funds allocated from the Highway Fund for secondary road ~~construction~~ improvements in excess of that amount shall be allocated among the counties in accordance with G.S. 136-44.5(c). All funds allocated from the Highway Trust Fund for secondary road improvement programs shall be allocated in accordance with G.S. 136-182."

SECTION 2. G.S. 136-44.5 reads as rewritten:**"§ 136-44.5. Secondary roads; mileage study; allocation of funds.**

(a) Before July 1, in each calendar year, the Department of Transportation shall make a study of all ~~state-maintained~~ State-maintained ~~unpaved and paved~~ secondary roads in the State. The study shall ~~determine~~ determine:

(1) ~~the~~ The number of miles of unpaved ~~state-maintained~~ State-maintained roads in each ~~county~~ county eligible for paving and the total number of miles that are ineligible;

(2) The total number of miles of unpaved ~~state-maintained~~ State-maintained roads in the State, ~~the number of miles of unpaved state-maintained roads in each county that have a traffic vehicular~~

equivalent of at least 50 vehicles a day, and the total number of miles of unpaved state-maintained roads in the State that have a traffic vehicular equivalent of at least 50 vehicles a day. State eligible for paving and the total number of miles that are ineligible; and

(3) The total number of paved State-maintained roads in each county, and the total number of miles of paved State-maintained roads in the State.

In this subsection, (i) ineligible unpaved mileage is defined as the number of miles of unpaved roads that have unavailable rights-of-way or for which environmental permits cannot be approved to allow for paving, and (ii) eligible unpaved mileage is defined as the number of miles of unpaved roads that have not been previously approved for paving by any funding source or has the potential to be programmed for paving when rights-of-way or environmental permits are secured. Except for federal-aid programs, the Department shall allocate all secondary road ~~construction-improvement~~ funds on the basis of a formula using the study figures.

(b) The first sixty-eight million six hundred seventy thousand dollars (\$68,670,000) shall be allocated as follows: Each county shall receive a percentage of these funds, the percentage to be determined as a factor of the number of miles of paved and unpaved state-maintained State-maintained secondary roads in the county divided by the total number of miles of unpaved ~~state-maintained State-maintained~~ secondary roads in the ~~State~~ State, excluding those unpaved secondary roads that have been determined to be eligible for paving as defined in subsection (a) of this section. Beginning in fiscal year 2010-2011, allocations pursuant to this subsection shall be based on the total number of secondary miles in a county in proportion to the total State-maintained secondary road mileage.

(c) Funds allocated for secondary road construction in excess of sixty-eight million six hundred seventy thousand dollars (\$68,670,000) shall be allocated to each county based on the percentage proportion that the number of miles in the county of ~~state-maintained State-maintained~~ unpaved secondary roads ~~with a traffic vehicular equivalent of at least 50 vehicles a day~~ bears to the total number of miles in the ~~State~~ State of ~~state-maintained State-maintained~~ unpaved secondary roads ~~with a traffic vehicular equivalent of at least 50 vehicles a day~~ roads. In a county that has roads with eligible miles, these funds shall only be used for paving unpaved secondary road miles in that county. In a county where there are no roads eligible to be paved as defined in subsection (a) of this section, the funds may be used for improvements on the paved and unpaved secondary roads in that county. Beginning in fiscal year 2010-2011, allocations pursuant to this subsection shall be based on the total number of secondary miles in a county in proportion to the total State-maintained secondary road mileage.

(d) Copies of the Department study of unpaved and paved state-maintained State-maintained secondary roads and copies of the individual county allocations shall be made available to newspapers having general circulation in each county."

SECTION 3. G.S. 136-182 reads as rewritten:

"§ 136-182. Supplement for secondary road ~~construction-improvement.~~

Funds are allocated from the Trust Fund to increase allocations for secondary road ~~construction-improvement~~ made under G.S. 136-44.2A so that all State-maintained

1 unpaved secondary roads with a traffic vehicular equivalent of at least 50 vehicles a day
2 eligible for paving pursuant to G.S. 136-44.5(a) can be paved by the 2009-2010 fiscal
3 year. If all the State-maintained roads in a county have been paved under G.S. 136-44.7,
4 except those that have unavailable rights-of-way or for which environmental permits
5 cannot be approved to allow for paving, then the funds may be used for safety
6 improvements on the paved or unpaved secondary roads in that county.

7 Allocations of these funds shall be based on the percentage proportion of the number
8 of miles in the county of State-maintained unpaved secondary roads that are eligible to
9 be paved under G.S. 136-44.5(a) bears to the total number of miles in the State of
10 State-maintained unpaved secondary roads that are eligible to be paved.

11 As an exception to the formula for the allocation of these funds, the Department
12 may, beginning in the 2006-2007 fiscal year and until the 2009-2010 fiscal year, set
13 aside up to five million dollars (\$5,000,000) to pay for the paving of any unpaved
14 secondary road that had previously been determined to be ineligible for paving.

15 Beginning in fiscal year 2010-2011, allocations from the Trust Fund shall be based
16 on the total number of secondary miles in a county in proportion to the total
17 State-maintained secondary road mileage."

18 **SECTION 4.** This act becomes effective July 1, 2005.

MINUTES

SENATE APPROPRIATIONS/BASE BUDGET

Friday, August 12, 2005

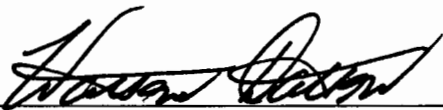
The Senate Appropriations/Base Budget Committee met on Friday, August 12, 2005 in the Senate Chamber. Senator Walter Dalton, Co-Chair conducted the meeting. There were 45 members present. He stated the purpose of the meeting was to consider House Bill 320. Senator Weinstein made a motion to accept a proposed Senate Committee Substitute Bill for House Bill 320. The Committee approved.

The Short Title of the Senate Committee Substitute Bill: ***Budget Technical Corrections***. The Long Title: ***An Act to Make Technical and Clarifying Amendments to the Current Operations and Capital Improvements Appropriations Act of 2005.*** (Please see Attachment 1).

Senator Dalton asked Ms. Mona Moon, Fiscal Research Analyst to summarize the Budget Technical Corrections for the members. Ms. Moon explained the technical corrections. (Please see Attachment 2).

Senator Weinstein made a motion to accept HB 320 as ***Unfavorable as to Bill, But Favorable as to Senate Committee Substitute Bill.*** The Committee concurred.

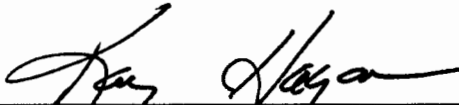
Senator Dalton thanked the members and adjourned the meeting.



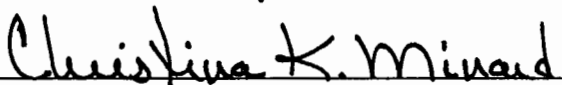
Senator Walter Dalton, Co-Chair



Senator Linda Garrou, Co-Chair



Senator Kay Hagan, Co-Chair



Christina K. Minard, Senate
Committee Assistant

**NORTH CAROLINA GENERAL ASSEMBLY
SENATE**

APPROPRIATIONS/BASE BUDGET COMMITTEE REPORT

Senator Walter H. Dalton, Co-Chair

Senator Linda Garrou, Co-Chair

Senator Kay R. Hagan, Co-Chair

Friday, August 12, 2005

Senator DALTON,
submits the following with recommendations as to passage:

**UNFAVORABLE AS TO BILL, BUT FAVORABLE AS TO SENATE COMMITTEE
SUBSTITUTE BILL**

H.B.	320	Prohibit Sale of Dorothea Dix Property.	
		Draft Number:	PCS80454
		Sequential Referral:	None
		Recommended Referral:	None
		Long Title Amended:	Yes

TOTAL REPORTED: 1

Committee Clerk Comments:

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2005**

H

D

**HOUSE BILL 320
PROPOSED SENATE COMMITTEE SUBSTITUTE H320-PCS80454-LT-20**

Short Title: Budget Technical Corrections.

(Public)

Sponsors:

Referred to:

February 21, 2005

A BILL TO BE ENTITLED
AN ACT TO MAKE TECHNICAL AND CLARIFYING AMENDMENTS TO THE
CURRENT OPERATIONS AND CAPITAL IMPROVEMENTS
APPROPRIATIONS ACT OF 2005.

The General Assembly of North Carolina enacts:

SECTION 1.(a) If Senate Bill 622, 2005 Regular Session, becomes law,
then Section 2.1. of that act reads as rewritten:

"SECTION 2.1. Appropriations from the General Fund of the State for the
maintenance of the State departments, institutions, and agencies, and for other purposes
as enumerated, are made for the biennium ending June 30, 2007, according to the
following schedule:

Current Operations – General Fund	2005-2006	2006-2007
EDUCATION		
Community Colleges System Office	\$ 787,685,943	\$ 767,295,886
Department of Public Instruction	6,607,998,945	6,579,807,097
University of North Carolina – Board of Governors		
Appalachian State University	97,708,514	98,114,232
East Carolina University		
Academic Affairs	165,132,181	168,098,010
Health Affairs	45,624,110	45,671,394
Elizabeth City State University	28,376,210	28,173,367
Fayetteville State University	42,540,261	42,778,425
North Carolina Agricultural and		

1	Technical State University	76,497,695	76,533,207
2	North Carolina Central University	59,223,437	58,883,106
3	North Carolina School of the Arts	21,173,905	20,698,614
4	North Carolina State University		
5	Academic Affairs	299,773,341	304,775,818
6	Agricultural Extension	36,389,142	35,668,328
7	Agricultural Research	45,200,460	45,281,347
8	University of North Carolina at Asheville	29,211,816	29,705,695
9	University of North Carolina at Chapel Hill		
10	Academic Affairs	212,164,735	220,475,219
11	Health Affairs	162,938,570	164,709,561
12	<u>Health Affairs</u>	<u>163,938,570</u>	<u>165,709,561</u>
13	Area Health Education Centers	44,743,422	44,743,422
14	University of North Carolina at Charlotte	125,613,588	132,319,883
15	University of North Carolina at Greensboro	112,318,841	113,459,797
16	University of North Carolina at Pembroke	41,277,854	41,754,482
17	University of North Carolina at Wilmington	74,161,294	76,371,666
18	Western Carolina University	71,404,729	71,990,778
19	Winston-Salem State University	48,726,028	48,658,641
20	General Administration	48,804,831	48,890,151
21	University Institutional Programs	24,610,415	28,278,415
22	Related Educational Programs	112,937,512	114,905,552
23	North Carolina School of Science and		
24	Mathematics	14,555,420	14,513,392
25	UNC Hospitals at Chapel Hill	44,944,579 <u>43,944,579</u>	43,944,579
26	Total University of North Carolina –		
27	Board of Governors	\$ 2,086,052,890	\$2,119,397,081
28			<u>\$2,120,397,081</u>

HEALTH AND HUMAN SERVICES

32	Department of Health and Human Services		
33	Office of the Secretary	\$ 113,855,919	\$ 118,880,919
34	Division of Aging	29,975,639	29,495,139
35	Division of Blind Services/Deaf/HH	9,676,797	9,681,220
36	Division of Child Development	268,350,017	267,356,799
37	Division of Education Services	33,852,267	34,281,895
38	Division of Facility Services	13,608,838	15,959,466
39	Division of Medical Assistance	2,509,772,054	2,751,209,159
40	Division of Mental Health	603,315,155	602,556,655
41	NC Health Choice	68,169,765	51,882,902
42	Division of Public Health	152,391,232	150,814,496
43	Division of Social Services	188,512,693	190,679,285
44	Division of Vocational Rehabilitation Services	41,755,526	42,142,193

1	Total Health and Human Services	\$ 4,033,235,902	\$ 4,264,940,128
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2			
3	NATURAL AND ECONOMIC RESOURCES		
4			

5	Department of Agriculture and Consumer Services	\$ 52,040,846	\$ 51,032,884
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6			
7	Department of Commerce		

8	Commerce	49,686,999	36,728,265
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9	Commerce State-Aid	26,512,085	11,722,085
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10	NC Biotechnology Center	12,083,395	10,583,395
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11	Rural Economic Development Center	25,277,607	25,052,607
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12			
13	Department of Environment and Natural Resources	177,197,119	167,451,089

14			
15	Department of Labor	14,419,553	14,434,925

16			
17	JUSTICE AND PUBLIC SAFETY		
18			

19	Department of Correction	\$ 1,029,924,421	\$ 1,048,492,502
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20			
21	Department of Crime Control and Public Safety	34,793,934	35,153,488

22			
23	Judicial Department	342,604,760	345,726,582

24	Judicial Department – Indigent Defense	94,037,973	88,648,414
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25			
26	Department of Justice	77,322,567	78,697,271

27			
28	Department of Juvenile Justice and		
29	Delinquency Prevention	140,377,666	138,873,166

30			
31	GENERAL GOVERNMENT		
32			

33	Department of Administration	\$ 62,039,261	\$ 58,818,473
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34			
35	Office of Administrative Hearings	2,987,410	2,969,712

36			
37	Department of State Auditor	10,850,737	10,840,918

38			
39	Office of State Controller	10,043,268	10,044,511

40			
41	Department of Cultural Resources		
42	Cultural Resources	73,433,514	62,917,147

43	Roanoke Island Commission	1,783,374	1,783,374
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1	State Board of Elections	5,107,543	5,069,307
2			
3	General Assembly	42,934,588	46,965,432
4			
5	Office of the Governor		
6	Office of the Governor	5,324,590	5,344,528
7	Office of State Budget and Management	5,019,735	5,021,795
8	OSBM – Reserve for Special Appropriations	11,358,429	5,111,429
9	Housing Finance Agency	10,450,945	4,750,945
10			
11	Department of Insurance		
12	Insurance	28,220,714	28,110,582
13	Insurance – Volunteer Safety Workers'		
14	Compensation	2,000,000	4,500,000
15			
16	Office of Lieutenant Governor	754,737	753,037
17			
18	Department of Revenue	81,447,475	80,630,250
19			
20	Department of Secretary of State	8,934,063	9,269,633
21			
22	Department of State Treasurer		
23	State Treasurer	8,690,595	8,295,843
24	State Treasurer – Retirement for Fire		
25	and Rescue Squad Workers	8,651,457	8,651,457
26			
27	TRANSPORTATION		
28			
29	Department of Transportation	\$ 200,000	\$ 0
30			
31	RESERVES, ADJUSTMENTS AND DEBT SERVICE		
32			
33	Reserve for Compensation Increases	\$ 243,181,327	\$ 235,185,705
34			
35	Salary Adjustment Fund: 2005-2007 Biennium	4,500,000	4,500,000
36			
37	Salary Adjustment Fund: 2004-2005 Fiscal Year	4,500,000	4,500,000
38			
39	Reserve for Teachers' and State Employees'		
40	Retirement Contribution	13,810,800	13,810,800
41			
42	Reserve for Retirement System Payback	25,000,000	0
43			
44	Reserve for Death Benefit Trust	12,899,200	12,899,200

Reserve for Disability Income Plan	6,586,500	6,586,500
Reserve for State Health Plan	108,648,000	142,728,000
Contingency and Emergency Fund	5,000,000	5,000,000
Reserve for Information Technology Rate Adjustments	(2,300,000)	(2,300,000)
Information Technology Fund	24,375,000	8,025,000
MH/DD/SAS Trust Fund	10,000,000	0
Health and Wellness Trust Fund	10,000,000	0
Reserve for Job Development Investment Grants (JDIG)	9,000,000	12,400,000
Reserve for Increased Fuel Costs	3,000,000	0
Reserve for Contingent Appropriations	85,000,000	85,000,000
Debt Service		
General Debt Service	489,544,211	619,291,140
Federal Reimbursement	1,616,380	1,616,380

**TOTAL CURRENT OPERATIONS –
GENERAL FUND**

**\$ 17,025,846,458 ~~\$ 17,293,127,963~~
\$17,294,127,963"**

SECTION 1.(b) If Senate Bill 622, 2005 Regular Session, becomes law, then Section 2.2.(a) of that act reads as rewritten:

"SECTION 2.2.(a) The General Fund availability used in developing the 2005-2007 biennial budget is shown below:

	FY 2005-2006	FY 2006-2007
Unappropriated Balance Remaining from Previous Year	\$0	\$117,227,875 <u>113,652,875</u>
Projected Over Collections FY 2004-2005	681,500,000	0
Projected Reversions FY 2004-2005	115,000,000	0
Less Earmarkings of Year End Credit Balance		0
Savings Reserve Account	(199,125,000)	0
Repairs and Renovations	(125,000,000)	0

1	Beginning Unreserved Credit Balance	\$472,375,000	\$114,345,875
2			<u>\$113,652,875</u>
3			
4	Revenues Based on Existing Tax Structure	\$15,417,300,000	\$ 16,993,257,284
5			<u>\$ 16,077,600,000</u>
6			
7	Nontax Revenues		
8	Investment Income	74,800,000	78,700,000
9	Judicial Fees	144,800,000	148,300,000
10	Disproportionate Share	100,000,000	100,000,000
11	Insurance	49,500,000	51,300,000
12	Other Nontax Revenues	138,000,000	151,300,000
13	Highway Trust Fund/Use Tax		
14	Reimbursement Transfer	252,558,117	252,663,009
15	Highway Fund Transfer	16,166,400	16,166,400
16	Subtotal Nontax Revenues	\$ 775,824,517	\$ 798,429,409
17			
18	Total General Fund Availability	\$ 16,665,499,517	\$ 16,990,375,284
19			<u>\$ 16,989,682,284</u>
20			
21	Adjustments to Availability: 2005 Session		
22	Streamlined Sales Tax Changes	40,000,000	61,700,000
23	Maintain 4.5% Sales Tax Rate	417,100,000	462,700,000
24	Other Sales Tax Changes		
25	Apply Sales Tax to Candy	9,800,000	15,800,000
26	Apply General Sales Tax Rate to Cable	10,900,000	26,100,000
27	Exempt Potting Soil for Farmers	(200,000)	(300,000)
28	Tobacco Tax Rate Changes	118,800,000	189,400,000
29	Extend 8.25% Individual Income		
30	Tax Rate for 2 years	39,800,000	89,700,000
31	Continue Use Tax Line on Individual Returns	3,200,000	3,200,000
32	Conform Estate Tax to Federal Sunset	29,100,000	115,600,000
33	Film Industry Jobs Incentives	(3,500,000)	(3,500,000)
34	IRC Update – Partial Conformance	(8,000,000)	(10,700,000)
35	Adjust Rates for Health Maintenance		
36	Organizations	0	14,300,000
37	Increase Earmarking for		
38	NC Grape Growers Council	(150,000)	(150,000)
39	Proceeds from the Sale of the Polk Building	4,977,781	0
40	Justice and Public Safety Fees	17,028,271	20,428,271
41	Transfer from Tobacco Trust Fund	34,000,000	30,000,000
42	Transfers from Special Revenue and Other Funds	5,453,950	0
43	Reimburse Debt Service for		
44	Certain Capital Facilities and		

1	Land Acquisition per S.L. 2004-179	5,958,723	21,060,827
2	Transfer to Civil Penalty and Forfeiture Fund	(80,000,000)	(85,000,000)
3	Suspend Highway Fund Transfer	(16,166,400)	(16,166,400)
4	Adjust Transfer from Insurance Regulatory Fund	389,013	243,813
5	Adjust Transfer from Treasurer's Office	468,478	67,478
6			
7	Subtotal Adjustments to Availability:		
8	2005 Session	\$ 628,959,816	\$ 934,483,989
9			
10	Revised General Fund Availability	\$ 17,294,459,333	\$ 17,927,741,273
11			<u>17,924,166,273</u>
12			
13	Less: General Fund Appropriations		
14	SB 622 (2005 Appropriations Act)	(17,077,231,458)	(17,293,127,963)
15	<u>SB 622 (2005 Appropriations Act)</u>	<u>(17,080,806,458)</u>	<u>(17,294,127,963)</u>
16	G.S. 143-15.3B: Clean Water		
17	Management Trust Fund	(100,000,000)	(100,000,000)
18			
19	Total General Fund Appropriations		
20	2005-2007 Biennium	(17,177,231,458)	(17,393,127,963)
21	<u>2005-2007 Biennium</u>	<u>(17,180,806,458)</u>	<u>(17,394,127,963)</u>
22			
23	Unappropriated Balance Remaining	\$117,227,875	\$534,613,310
24	<u>Unappropriated Balance Remaining</u>	<u>\$113,652,875</u>	<u>\$530,038,310"</u>

25 **SECTION 2.(a)** If Senate Bill 622, 2005 Regular Session, becomes law,
 26 then Section 6.12.(b) of that act reads as rewritten:

27 "SECTION 6.12.(b) If this section, or any portion of the amendment made to
 28 G.S. 66-291(b)(2) by this section, is held by a court of competent jurisdiction to be
 29 unconstitutional, then G.S. 66-291(b)(2) shall be deemed to be repealed in its entirety. If
 30 ~~G.S. 66-291(b)(2)~~ G.S. 66-291(b) shall thereafter be held by a court of competent jurisdiction
 31 to be unconstitutional, then this section shall be repealed, and G.S. 66-291(b)(2) shall be
 32 restored as if no amendments had been made by this section. Neither any judicial
 33 holding of unconstitutionality nor the repeal of G.S. 66-291(b)(2) shall affect, impair, or
 34 invalidate any other portion of Part 1 of Article 37 of Chapter 66 of the General Statutes
 35 or the application of Part 1 of Article 37 of Chapter 66 of the General Statutes to any
 36 other person or circumstance, and the remaining portions of Part 1 of Article 37 of
 37 Chapter 66 of the General Statutes shall at all times continue in full force and effect."

38 **SECTION 2.(b)** This section becomes effective January 1, 2006.

39 **SECTION 3.(a)** If Senate Bill 622, 2005 Regular Session, becomes law,
 40 then G.S. 58-58-30(a3), as amended by Section 6.29 of that act, reads as rewritten:

41 "(a3) Whenever any health benefit plan, subscriber contract, or policy of insurance
 42 issued by a health maintenance organization, hospital or medical service corporation, or
 43 insurer governed by Articles 1 through 67 of this Chapter provides coverage for
 44 medically necessary treatment, the insurer shall not impose any limitation on treatment

1 or levels of coverage if performed by a duly licensed chiropractor acting within the
2 scope of the chiropractor's practice as defined in G.S. 90-151 unless a comparable
3 limitation is imposed on the medically necessary treatment if performed or authorized
4 by any other duly licensed physician. An insurer shall not impose as a limitation on
5 treatment or level of coverage a co-payment amount charged to the insured for
6 chiropractic services that is higher than the co-payment amount charged to the insured
7 for the services of a duly licensed primary care physician for ~~the same~~ a comparable
8 medically necessary treatment or condition."

9 **SECTION 3.(b)** This section becomes effective October 1, 2005.

10 **SECTION 4.** If Senate Bill 622, 2005 Regular Session, becomes law, then
11 Section 7.5 of that act reads as rewritten:

12 "SECTION 7.5. Effective July 1, 2005, any permanent certified personnel
13 employed on ~~July 1, 2003, July 1, 2005,~~ and paid on the teacher salary schedule with
14 29+ years of experience shall receive a one-time bonus equivalent to the average
15 increase of the 26 to 29 year steps. Effective July 1, 2005, any permanent personnel
16 employed on ~~July 1, 2004, July 1, 2005,~~ and paid at the top of the principal and assistant
17 principal salary schedule shall receive a one-time bonus equivalent to two percent (2%).

18 For permanent part-time personnel, the one-time bonus shall be adjusted pro rata.
19 Personnel defined under G.S. 115C-325(a)(5a) are not eligible to receive the bonus."

20 **SECTION 5.(a)** If Senate Bill 622, 2005 Regular Session, becomes law,
21 then Section 7.32.(b) of that act reads as rewritten:

22 "SECTION 7.32.(b) These funds shall be used to establish new high schools in
23 which a local school administrative unit, two- and four-year colleges and universities,
24 and local employers work together to ensure that high school and postsecondary college
25 curricula operate seamlessly and meet the needs of participating employers.

26 Funds shall not be allotted until Learn and Earn high schools and planning sites are
27 ~~certified as operational.~~ approved by the State Board of Education. Within funds
28 available, the State Board of Education may approve additional planning sites. Learn
29 and Earn planning sites are expected to complete the planning process by the end of the
30 fiscal year for which the planning funds are awarded."

31 **SECTION 5.(b)** If Senate Bill 622, 2005 Regular Session, becomes law,
32 then G.S. 115C-238.51(c), as amended by that act reads as rewritten:

33 "(c) The application shall be submitted to the State Board of Education and the
34 applicable governing ~~Boards by November 1 of each year.~~ Boards. The Boards shall
35 appoint a joint advisory committee to review the applications and to recommend to the
36 Boards those programs that meet the requirements of this Part and that achieve the
37 purposes set out in G.S. 115C-238.50."

38 **SECTION 5.(c)** If Senate Bill 622, 2005 Regular Session, becomes law,
39 then G.S. 115C-238.51(d), as amended by that act reads as rewritten:

40 "(d) The Boards may approve programs recommended by the joint advisory
41 committee or may approve other programs that were not recommended. The Boards
42 shall approve all applications by ~~March 15~~ June 30 of each year. No application shall
43 be approved unless the State Board of Education and the applicable governing Board
44 find that the application meets the requirements set out in this Part and that granting the

1 application would achieve the purposes set out in G.S. 115C-238.50. Priority shall be
2 given to applications that are most likely to further State education policies, to address
3 the economic development needs of the economic development regions in which they
4 are located, and to strengthen the educational programs offered in the local school
5 administrative units in which they are located."

6 **SECTION 6.** If Senate Bill 622, 2005 Regular Session, becomes law, then
7 Section 7.57 of that act reads as rewritten:

8 "SECTION 7.57. Of the funds appropriated for Student Transportation for the
9 2005-2006 fiscal year, the Department of Public Instruction shall use up to one hundred
10 fifty thousand dollars (\$150,000) for a study of the current allotment formula for school
11 transportation. The study shall be conducted by an independent consultant.

12 In the course of the study, the consultant shall consider whether (i) the current
13 formula sufficiently encourages the efficient and effective use of school transportation
14 funds by urban and rural school systems, (ii) the formula is adequately and equitably
15 meeting the needs of school systems, and (iii) the formula is appropriate in light of the
16 Leandro litigation. The consultant shall also propose options for reducing the severe and
17 growing disparity in funding that exists under the formula among local school
18 administrative units.

19 The consultant shall report the results of its study to the State Board of Education by
20 ~~December 1, 2005~~ March 1, 2006. The State Board of Education shall submit a plan for
21 the implementation of the consultant's report to the Joint Legislative Education
22 Oversight Committee by ~~March 15, 2006~~ April 15, 2006."

23 **SECTION 7.** If Senate Bill 622, 2005 Regular Session, becomes law, then
24 Section 8.11 of that act reads as rewritten:

25 ~~"SECTION 8.11. Funds appropriated in this act for North Carolina Electronics and~~
26 ~~Information Technologies Association's Defense Technology Innovation Center~~ Of the
27 funds appropriated in this act to the Community Colleges System Office, the sum of two
28 million dollars (\$2,000,000) for the 2005-2006 fiscal year shall be allocated to the
29 Partnership for Defense Innovation for the establishment of the Defense Technology
30 Innovation Center. These funds shall be used for the following:

- 31 (1) Site selection and acquisition, including the purchase or lease of real
32 property to house the Center; the construction of buildings or other site
33 structures; the improvement or refurbishment of existing structures to
34 provide appropriate laboratory and administrative space; and the
35 improvement of existing infrastructure at the facility, including
36 improvements to utility, telecommunications, and Internet
37 infrastructure.
- 38 (2) Equipment acquisition, including acquisition of laboratory equipment
39 and supplies and office furniture, equipment, and supplies.
- 40 (3) Employment of staff to support the mission of the Center and to
41 oversee day-to-day operations of the Center.
- 42 (4) Implementation of a comprehensive business and marketing plan for
43 the Center.

(5) Development of a tenant screening process and the recruitment of appropriate tenants for the Center.

(6) Administration and operation of the Center and the development of a sustainable business plan for the Center."

SECTION 8. If Senate Bill 622, 2005 Regular Session, becomes law, then Section 9.6(d) of that act reads as rewritten:

"**SECTION 9.6.(d)** All obligations to students for uses of the funds ~~set out in sections~~ that were made before the date this act becomes law shall be fulfilled as to students who remain eligible under the provisions of the respective programs."

SECTION 9. If Senate Bill 622, 2005 Regular Session, becomes law, then Section 9.16 of that act reads as rewritten:

"**SECTION 9.16.** Of the funds appropriated by this act to the Board of Governors of The University of North Carolina for the 2005-2006 fiscal year the sum of ~~one million eighty-eight thousand nine hundred forty-one dollars (\$1,088,941)~~ one million eighty-nine thousand dollars (\$1,089,000) shall be allocated to North Carolina Agricultural and Technical State University for agricultural and research extension programs. It is the intent of the General Assembly to fully fund these programs for the 2006-2007 fiscal year."

SECTION 10. If Senate Bill 622, 2005 Regular Session, becomes law, then that act is amended by adding a new section to read:

"**SECTION 9.38.** Of the funds appropriated by this act to the Board of Governors of The University of North Carolina for the University of North Carolina at Chapel Hill – Health Affairs the sum of one million dollars (\$1,000,000) for the 2005-2006 fiscal year and the sum of one million dollars (\$1,000,000) for the 2006-2007 fiscal year shall be used by the University of North Carolina at Chapel Hill School of Medicine to establish and operate a translational medicine program."

SECTION 11. If Senate Bill 622, 2005 Regular Session, becomes law, then Section 5.1.(v) of that act reads as rewritten:

"**SECTION 5.1.(v)** The sum of one million seven hundred six thousand sixty-three dollars (\$1,706,063) appropriated in this section in the ~~TANF~~ Social Services Block Grant for child caring agencies for the 2005-2006 fiscal year shall be allocated to the State Private Child Caring Agencies Fund."

SECTION 12. If Senate Bill 622, 2005 General Assembly, becomes law, then Section 10.39 of that act is amended by adding the following new subsection to read:

"**SECTION 10.39.(d)** Subsection (a) of this section becomes effective October 1, 2005."

SECTION 13.(a) If Senate Bill 622, 2005 Regular Session, becomes law, then Section 10.59F.(a) of that act reads as rewritten:

"**SECTION 10.59F.(a)** Program established. – There is established in the Department of Health and Human Services, Division of Public Health, the Governor's Vision Care Program. The purpose of the Program is to provide funds for early detection and correction of vision problems in children ~~enrolled~~ enrolling in grades K through 3 who are eligible for services under the Program. These funds shall be

1 allocated to reimburse optometrists and ophthalmologists licensed to practice in this
 2 State for the comprehensive eye examination, including necessary spectacles, provided
 3 to meet the requirements of G.S. 130A-440.1."

4 **SECTION 13.(b)** If Senate Bill 622, 2005 Regular Session, becomes law,
 5 then Section 10.59F.(b) of that act reads as rewritten:

6 "SECTION 10.59F.(b) Eligibility. – Children eligible for services under this section
 7 shall be those with a family income not exceeding two hundred fifty percent (250%) of
 8 the federal poverty level, who do not ~~have~~ receive comparable services through private
 9 health insurance coverage, and are not eligible for services under NC Health Choice,
 10 Medicaid, the Department of Health and Human Services' Commission for the Blind
 11 programs, VSP's Sight for Students, or the Lions Club Foundation."

12 **SECTION 13.(c)** This section becomes effective with the 2006-2007 school
 13 year.

14 **SECTION 14.** If Senate Bill 622, 2005 Regular Session, becomes law, then
 15 Section 12.5(a) of that act reads as rewritten:

16 "SECTION 12.5.(a) Of the funds appropriated in this act to the Department of
 17 Environment and Natural Resources for the Grassroots Science Program, the sum of
 18 three million one hundred ninety-seven thousand seven hundred sixty-two dollars
 19 (\$3,197,762) for the 2005-2006 fiscal year is allocated as grants-in-aid for each fiscal
 20 year as follows:

	2005-2006
23 Aurora Fossil Museum	\$59,057
24 Cape Fear Museum	\$161,007
25 Carolina Raptor Center	\$112,174
26 Catawba Science Center	\$133,429
27 Colburn Gem and Mineral Museum, Inc.	\$74,545
28 Discovery Place	\$662,865
29 Eastern NC Regional Science Center	\$50,000
30 Elizabeth City Science Center	\$50,000
31 <u>Port Discover: Northeastern North Carolina's</u>	
32 <u>Center for Hands-On Science, Inc.</u>	
33 Fascinate-U	\$80,742
34 Granville County Museum Commission,	
35 Inc.–Harris Gallery	\$56,422
36 Greensboro Children's Museum	\$135,076
37 The Health Adventure Museum of Pack	
38 Place Education, Arts and	
39 Science Center, Inc.	\$134,499
40 Highlands Nature Center	\$79,268
41 Imagination Station	\$86,034
42 Kidsenses	\$50,000
43 Museum of Coastal Carolina	\$74,192
44 Natural Science Center of Greensboro	\$186,354

1	North Carolina Museum of Life	
2	and Science	\$379,826
3	Rocky Mount Children's Museum	\$72,254
4	Schiele Museum of Natural History	\$229,547
5	Sci Works Science Center and	
6	Environmental Park of Forsyth County	\$146,499
7	Western North Carolina Nature Center	\$112,879
8	Wilmington Children's Museum	\$71,093
9		
10	Total	\$3,197,762"

11 **SECTION 15.** If Senate Bill 622, 2005 Regular Session, becomes law, then
 12 Section 13.4(a) of that act reads as rewritten:

13 "SECTION 13.4.(a) Funds from the Employment Security Commission Reserve
 14 Fund shall be available to the Employment Security Commission to use as collateral to
 15 secure federal funds and to pay the administrative costs associated with the collection of
 16 the Employment Security Commission Reserve Fund surcharge. ~~The total~~
 17 ~~administrative costs paid with funds from the Reserve shall not exceed the total~~
 18 ~~administrative costs paid in fiscal year 2004-2005. The total administrative costs paid~~
 19 with funds from the Reserve in the 2005-2006 fiscal year shall not exceed two million
 20 dollars (\$2,000,000)."

21 **SECTION 16.** If Senate Bill 622, 2005 Regular Session, becomes law, then
 22 that act is amended by adding a new section to read:

23 "SECTION 13.15. G.S. 143B-472.80 is amended by adding a new subdivision to
 24 read:

25 (5) To prepare a biennial report by county on the status of trends that
 26 reflect the impact of education on economic growth for the twenty-first
 27 century. This report shall contain information about the status of each
 28 county with regard to education and economic growth. The Board shall
 29 provide the report to the General Assembly prior to February 1, 2007,
 30 and biennially thereafter."

31 **SECTION 17.(a)** If Senate Bill 622, 2005 Regular Session, becomes law,
 32 then that act is amended by adding a new subsection to read:

33 "SECTION 14.2.(f1) G.S. 7A-133(a) as amended by Section 14.2(f), of this act
 34 reads as rewritten:

35 (a) Each district court district shall have the numbers of judges as set forth in the
 36 following table:

District	Judges	County
1	5	Camden
		Chowan
		Currituck
		Dare
		Gates
		Pasquotank
		Perquimans

1	2	4	Martin
2			Beaufort
3			Tyrrell
4			Hyde
5			Washington
6	3A	5	Pitt
7	3B	5	Craven
8			Pamlico
9			Carteret
10	4	8	Sampson
11			Duplin
12			Jones
13			Onslow
14	5	8	New Hanover
15			Pender
16	6A	2	Halifax
17	6B	3	Northampton
18			Bertie
19			Hertford
20	7	7	Nash
21			Edgecombe
22			Wilson
23	8	6	Wayne
24			Greene
25			Lenoir
26	9	4	Granville
27			(part of Vance
28			see subsection (b))
29			Franklin
30	9A	2	Person
31			Caswell
32	9B	2	Warren
33			(part of Vance
34			see subsection (b))
35	10	15	Wake
36	11	8	Harnett
37			Johnston
38			Lee
39	12	9	Cumberland
40	13	6	Bladen
41			Brunswick
42			Columbus
43	14	6	Durham
44	15A	4	Alamance

1	15B	4	Orange
2			Chatham
3	16A	3	Scotland
4			Hoke
5	16B	5	Robeson
6	17A	2	Rockingham
7	17B	4	Stokes
8			Surry
9	18	12	Guilford
10	19A	4	Cabarrus
11	19B	6	Montgomery
12			Moore
13			Randolph
14	19C	4	Rowan
15	20A	4	Stanly
16			
17			Anson
18			Richmond
19	20B	3	Union
20	20B	1	(part of Union
21			<u>see subsection (b))</u>
22	20C	2	(part of Union
23			<u>see subsection (b))</u>
24	21	9	Forsyth
25	22	9	Alexander
26			Davidson
27			Davie
28			Iredell
29	23	4	Alleghany
30			Ashe
31			Wilkes
32			Yadkin
33	24	4	Avery
34			Madison
35			Mitchell
36			Watauga
37			Yancey
38	25	8	Burke
39			Caldwell
40			Catawba
41	26	17	Mecklenburg
42	27A	6	Gaston
43	27B	4	Cleveland
44			Lincoln

28	6	Buncombe
29A	3	McDowell
29B	4	Rutherford
		Henderson
		Polk
		Transylvania
30	5	Cherokee
		Clay
		Graham
		Haywood
		Jackson
		Macon
		Swain."

SECTION 17.(b) If Senate Bill 622, 2005 Regular Session, becomes law, then a new subsection is added to that act to read:

"SECTION 14.2.(f2) G.S. 7A-133(b) reads as rewritten:

(b) For district court districts of less than a whole county, or with part or all of one county with part of another, the composition of the district is as follows:

- (1) District Court District 9 consists of Franklin and Granville Counties and the remainder of Vance County not in District Court District 9B.
- (2) District Court District 9B consists of Warren County and East Henderson I, North Henderson I, North Henderson II, Middleburg, Townsville, and Williamsboro Precincts of Vance County.
- (3) District Court District 20B consists of the remainder of Union County not in District Court District 20C.
- (4) District Court District 20C consists of Precinct 01: Tract 204.01: Block Group 2: Block 2040, Block 2057, Block 2058, Block 2060, Block 2061, Block 2062, Block 2064, Block 2065; Tract 204.02: Block Group 2: Block 2001, Block 2002, Block 2003, Block 2004, Block 2005, Block 2006, Block 2007, Block 2008, Block 2009, Block 2010, Block 2011, Block 2012, Block 2013, Block 2014, Block 2015, Block 2016, Block 2017, Block 2018, Block 2023, Block 2024, Block 2025, Block 2026, Block 2027, Block 2028, Block 2029, Block 2030, Block 2031, Block 2032, Block 2033, Block 2034; Block Group 3: Block 3000, Block 3003, Block 3004, Block 3005, Block 3006, Block 3007, Block 3008, Block 3009, Block 3010, Block 3011, Block 3012, Block 3013, Block 3014, Block 3015, Block 3016, Block 3017, Block 3018, Block 3019, Block 3020, Block 3021, Block 3022, Block 3023, Block 3024, Block 3025, Block 3026, Block 3027, Block 3028, Block 3029, Block 3030, Block 3031, Block 3032, Block 3033, Block 3034,

Block 3035, Block 3036, Block 3037, Block 3038, Block 3039,
Block 3040, Block 3041, Block 3042, Block 3043, Block 3044,
Block 3045, Block 3046, Block 3047; Block Group 4: Block 4035,
Block 4054, Block 4055; Precinct 02: Tract 205: Block Group 1:
Block 1000, Block 1001, Block 1002, Block 1003, Block 1004,
Block 1005, Block 1006, Block 1007, Block 1009, Block 1010,
Block 1011, Block 1012, Block 1013, Block 1014, Block 1015,
Block 1016, Block 1017, Block 1018, Block 1019, Block 1020,
Block 1021, Block 1022, Block 1023, Block 1037, Block 1038;
Block Group 2: Block 2081, Block 2082, Block 2092, Block 2099,
Block 2100, Block 2101, Block 2102; Tract 206: Block Group 3:
Block 3036, Block 3038, Block 3039, Block 3040, Block 3048;
Block Group 4: Block 4053; Precinct 03, Precinct 04, Precinct 06:
Tract 202.02: Block Group 1: Block 1012, Block 1013, Block 1014,
Block 1015, Block 1017, Block 1018, Block 1021, Block 1022,
Block 1023; Tract 204.01: Block Group 2: Block 2000, Block 2001,
Block 2002, Block 2003, Block 2004, Block 2005, Block 2033,
Block 2034, Block 2035, Block 2036, Block 2041, Block 2042,
Block 2043, Block 2044, Block 2045, Block 2056, Block 2063,
Block 2999; Precinct 08, Precinct 09, Precinct 10, Precinct 13,
Precinct 23: Tract 206: Block Group 4: Block 4051; Precinct 25:
Tract 206: Block Group 4: Block 4036; Precinct 34, Precinct 36,
Precinct 43 of Union County.

Precinct boundaries as used in this section for Vance County are those shown on maps on file with the Legislative Services Office on May 1, 1991, for Union County, are those shown on the Legislative Services Office's redistricting computer database on January 1, 2005; and for other counties are those reported by the United States Bureau of the Census under Public Law 94-171 for the 1990 Census in the IVTD Version of the TIGER files."

SECTION 17.(c) If Senate Bill 622, 2005 Regular Session, becomes law, then Section 142.(h) of that act reads as rewritten:

"SECTION 14.2.(h) ~~The three district court judgeships for District 20B under subsection (f) of this section shall be filled by the district court judges from current District 20 who reside in Union County. The terms of the three judges living in Union County expire the first Monday in December 2008. Those judges' successors~~ The district court judgeship for District 20B under subsection (f) of this section shall be filled by the district court judge from current District 20 who resides in that portion of Union County included in District 20B. The term of that judge expires the first Monday in December 2008. That judge's successor shall be elected in the 2008 general election. The two district court judgeships for District 20C under subsection (f) of this section shall be filled by the other two district court judges from current District 20 who reside in Union County. The terms of those judges expire the first Monday in December 2008. Those judges' successors shall be elected in the 2008 general election."

1 **SECTION 18.** If Senate Bill 622, 2005 Regular Session, becomes law, then
2 Section 14.22 of that act reads as rewritten:

3 **"SECTION 14.22.** Funds appropriated to the Judicial Department in this act for the
4 adult Drug Treatment Court program shall be used only to provide treatment and case
5 coordination to offenders sentenced to intermediate punishment and to offenders
6 sentenced to community punishment who are at risk of revocation."

7 **SECTION 19.** If Senate Bill 622, 2005 Regular Session, becomes law, then
8 that act is amended by adding a new section to read:

9 **"SECTION 21.3.** Funds appropriated in this act to the Department of Insurance for
10 the 2005-2006 fiscal year for the Ansonville Volunteer Fire Department shall be
11 allocated in equal shares to all volunteer fire departments in Anson County. Funds
12 appropriated in this act to the Department of Insurance for the 2005-2006 fiscal year for
13 the Union Volunteer Fire Department shall be allocated in equal shares to all volunteer
14 fire departments in Union County."

15 **SECTION 20.** If Senate Bill 622, 2005 Regular Session, becomes law, then
16 Section 22.6 of that act is repealed.

17 **SECTION 21.(a)** If Senate Bill 622, 2005 Regular Session, becomes law,
18 then G.S. 143B-267, as amended by Section 17.25(a) of that act, reads as rewritten:

19 **"§ 143B-267. Post-Release Supervision and Parole Commission – members;
20 selection; removal; chairman; compensation; quorum; services.**

21 Effective August September 1, 2005, the Post-Release Supervision and Parole
22 Commission shall consist of one full-time member and two half-time members. The
23 three members shall be appointed by the Governor from persons whose recognized
24 ability, training, experience, and character qualify them for service on the Commission.
25 The terms of office of any members serving on the Commission on June 30, 2005, shall
26 expire on that date. The terms of office of persons appointed by the Governor as
27 members of the Commission shall be for four years or until their successors are
28 appointed and qualify. Any appointment to fill a vacancy on the Commission created by
29 the resignation, removal, death or disability of a member shall be for the balance of the
30 unexpired term only.

31 The Governor shall have the authority to remove any member of the Commission
32 from office for misfeasance, malfeasance or nonfeasance, pursuant to the provisions of
33 G.S. 143B-13. The Governor shall designate a member of the Commission to serve as
34 chair of the Commission at the pleasure of the Governor.

35 The granting, denying, revoking, or rescinding of parole, the authorization of
36 work-release privileges to a prisoner, or any other matters of business coming before the
37 Commission for consideration and action shall be decided by majority vote of the full
38 Commission.

39 The members of the Commission shall receive the salary fixed by the General
40 Assembly in the Current Operations Appropriations Act and shall receive necessary
41 travel and subsistence expenses in accordance with the provisions of G.S. 138-6.

42 All clerical and other services required by the Commission shall be supplied by the
43 Secretary of Correction."

1 **SECTION 21.(b)** If Senate Bill 622, 2005 Regular Session, becomes law,
2 then Section 29.3 of that act reads as rewritten:

3 **"SECTION 29.3.** The annual salaries, payable monthly, for the 2005-2006 and
4 2006-2007 fiscal years for the following executive branch officials are:

<u>Executive Branch Officials</u>	<u>Annual Salary</u>
Chairman, Alcoholic Beverage Control Commission	\$97,175
State Controller	135,997
Commissioner of Motor Vehicles	97,175
Commissioner of Banks	109,279
Chairman, Employment Security Commission	133,161
State Personnel Director	106,765
Chairman, Parole Commission	88,733
<u>Members of the Parole Commission (effective 7/1/05-8/31/05)</u>	<u>81,921</u>
Members of the Parole Commission (effective 9/1/05)	40,960
Chairman, Utilities Commission	121,701
Members of the Utilities Commission	109,279
Executive Director, Agency for Public Telecommunications	81,921
Director, Museum of Art	99,573
Executive Director, North Carolina Agricultural	
Finance Authority	94,587
State Chief Information Officer	135,915"

23 **SECTION 21.(c)** Subsection (a) of this section becomes effective July 31,
24 2005.

25 **SECTION 22.** If Senate Bill 622, 2005 Regular Session, becomes law, then
26 subsections (a) through (h) of Section 29.30A of that act are repealed.

27 **SECTION 23.** If Senate Bill 622, 2005 Regular Session, becomes law, then
28 Section 30.2 of that act reads as rewritten:

29 **"SECTION 30.2.** There is appropriated from the General Fund for the 2005-2006
30 fiscal year the following amount for capital improvements:

Capital Improvements – General Fund	2005-2006
Department of Commerce – State Ports Authority	
Ports of Wilmington and Morehead City	\$ 9,000,000
Department of Cultural Resources	
Capitol Area Visitor's Center	250,000
NC Museum of Art	10,000,000
Department of Environment and Natural Resources	
Division of Forest Resources – District 9	300,000
Water Resources Development Projects	15,260,000 <u>18,860,000</u>

1	University of North Carolina System – Board of Governors	
2	North Carolina Agricultural and Technical State University –	
3	Visual and Performance Arts Building	25,000
4		
5	North Carolina State University – Engineering Complex III	8,700,000
6		
7	University of North Carolina at Chapel Hill –	
8	Renaissance Computing Institute	500,000
9		
10	University of North Carolina at Chapel Hill –	
11	School of Dentistry	2,000,000
12		
13	University of North Carolina at Greensboro	
14	and North Carolina Agricultural and	
15	Technical State University – Joint Millennium Campus	2,000,000
16		
17	University of North Carolina at Wilmington –	
18	School of Nursing	2,600,000
19		
20	Winston-Salem State University –	
21	Laboratory Facility Planning Funds	750,000
22		

**TOTAL CAPITAL IMPROVEMENTS –
GENERAL FUND**

\$51,385,000 54,960,000"

SECTION 24. If Senate Bill 622, 2005 Regular Session, becomes law, then Section 30.3(a) of that act reads as rewritten:

"SECTION 30.3.(a) The Department of Environment and Natural Resources shall allocate the funds appropriated in this act for water resources development projects to the following projects whose costs are as indicated:

Name of Project	2005-2006
(1) Wilmington Harbor Deepening	\$1,300,000
(2) Manteo (Shallowbag) Bay Channel Maintenance	50,000
(3) Wilmington Harbor Maintenance Dredging	500,000
(4) B. Everett Jordan Water Supply Storage	100,000
(5) John H. Kerr Reservoir Operations Evaluation	600,000
(6) Bogue Banks Shore Protection Study (Carteret County)	75,000
(7) Surf City/North Topsail Beach Protection Study	250,000
(8) West Onslow Beach (Topsail)	100,000
(9) Wrightsville Beach Nourishment	580,000
(10) Hurricane Stream Restoration – Western North Carolina	2,000,000
(11) Swan Quarter (Hyde County) Flood Control Dikes	100,000
(12) Ocracoke NCCAT Estuarine Shoreline Protection	1,500,000

1	(13)	Far Creek Maintenance Dredging	120,000
2	(14)	Belhaven Harbor Environmental Improvements	250,000
3	(15)	Lower Lockwoods Folly River	286,000
4	(16)	Walters Slough Maintenance Dredging	122,000
5	(17)	Hurricane Isabel Emergency Stream	
6		Cleanup – Northeastern North Carolina	1,370,000
7	(18)	State-Local Projects	2,000,000
8	(19)	Princeville Flood Control	250,000
9	(20)	Currituck Sound Water Management Study	300,000
10	(21)	Aquatic Weed Control, Lake Gaston and Statewide	375,000
11	(22)	Tar River and Pamlico Sound Feasibility Study	100,000
12	(23)	State Sponsored Dredging Contingency	2,500,000
13	(24)	North Carolina Oyster Habitat Restoration	50,000
14	(25)	Emergency Flood Control Projects	187,000
15	(26)	Projected Feasibility Studies	100,000
16	(27)	Planning Assistance to Communities	95,000
17	(28)	<u>Neuse Regional Water & Sewer Authority</u>	<u>3,600,000</u>
18	TOTALS		<u>\$15,260,000</u> <u>18,860,000</u>

19 **SECTION 25.(a)** If Senate Bill 622, 2005 Regular Session, becomes law,
20 then G.S. 74-24.16(d), as enacted by Section 42.2(a) of Senate Bill 622, 2005 Regular
21 Session, reads as rewritten:

22 "(d) The Commissioner may establish fees not to exceed fifty dollars (\$50.00) for
23 each person participating in education and training programs provided by the
24 Department of Labor ~~to increase the number and competence of personnel engaged in~~
25 ~~the field of occupational safety and health.~~ pursuant to this section."

26 **SECTION 25.(b)** This section becomes effective September 1, 2005.

27 **SECTION 26.** Except as otherwise provided in this act, this act becomes
28 effective July 1, 2005.

Summary of HB 320 (PCS) - Technical Corrections						
PCS Section	Committee	Agency	Short Title / Money Report Reference	SB 622 Page	SB 622 Section #	Correction
1.(a)	Bill Figures		Current Operations and Expansion - GF	1-5	2.1	Bill Figures amended to reflect technical corrections and typographical error
1.(b)	Availability Statement		Availability Statement	5-7	2.2	Availability statement adjusted for technical corrections and typographical error
2	General Provisions		Allocable Share	31-32	6.12	Corrects erroneous statutory citation (correction approved by Attorney General's Office)
3			Health Benefit Plan Co-payments	39	6.29	Incorrect version of provision erroneously included in final bill; clarification of effective date of provision due to date of passage of final bill
4	Education	Public Schools	Bonus for Cert. Personnel	55	7.5	Page 55, line 37 should read "July 1, 2005" and line 40 should read "2005" (Bill currently reads 2003)
5		Public Schools	Learn and Earn High Schools	70	7.32(b)	Clarifies authority to continue planning process of planning sites within existing funds, and changes application and reporting dates.
6		Public Schools	Study of Student Transportation	79	7.57	Page 79, line 50 – replace "December 1, 2005" with "March 1, 2006" to adjust for timing of budget passage consistent with intent of provision; Page 79, line 52 – replace "March" with "April" to conform to change in reporting date
7		NCCCS	Defense Tech. Innovation Center	86-87	8.11	Corrects official name of entity - Strikes NCEITA from lines 1-3 on page 87 and add language to direct NCCCS to allocate \$2 M in FY 2005-06 to the Partnership for Defense Innovation for the purpose of establishing the Defense Technology Innovation Center; no change to funding already included in money report
8		UNC	Use of Escheat Fund for Need-Based Financial Aid Programs	91	9.6(d)	Technical correction of typographical error in provision.
9		UNC	NC A&T Funds	97	9.16	Increase amount of (\$1,088,941) on line 1 to (\$1,089,000) to conform language of special provision to dollar amount reflected in money report (Page F13, Item 88).
10		UNC	UNC-CH Translational Science Program	110	9.38 (new)**	Corrects official name of entity administering the program (change from UNC-Hospital to UNC-CH School of Medicine) and corrects typographical error in money report.
11	HHS	Block Grants	Social Services Block Grant	9-20	5.1	Page 18 line 29, Change "TANF" to "Social Services Block Grant" to correct incorrect fund reference.
12		DSS	Special Assistance In Home	154	10.39	Clarifies effective date of 10/1/05 for subsection (a) to conform to rate change provisions.
13		DSS	Governor's Vision Care Program Established	180-181	10.59F	Clarifies program eligibility consistent with intent of provision.
14	NER	DENR	Grassroots Science Museums	196	12.5	Corrects official name of entity- Page 196, Section 12.5(a) line 51 change from "Elizabeth City Science Center" to "Port Discover: Northeastern North Carolina's Center for Hands-on Science, Inc."; no change in funding.
15		ESC	Employment Security Funds	201	13.4	Corrects error in basis of calculation of administrative cost authorization - Change to Section 13.4(a) lines 9-1 by striking the last sentence in this subsection and replace it with ""The total administrative costs paid with funds from the Reserve in FY 05-06 shall not exceed \$2 million dollars."

ATTACHMENT 2

Summary of HB 320 (PCS) - Technical Corrections						
PCS Section	Committee	Agency	Short Title / Money Report Reference	SB 622 Page	SB 622 Section #	Correction
16		Commerce	Impact of Education on Economic Growth Study	215	13.15 (new)	Includes provision agreed to in conference but inadvertently omitted when provision was moved from Education section to NER section of the bill. Provision changes the powers and duties of the NC Board of Science and Technology to require a biennial report.
17	JPS	AOC	District Court Districts	215-225	14.2	Includes provision agreed to in conference but inadvertently not included in final bill - Page 221, line 48 is struck and replaced with language creating 2 District Court electoral districts in Union County (District 20B and District 20C); no fiscal impact.
18		AOC	Drug Court Funds	230	14.22	Page 230, line 18 insert the word "adult" before the words "Drug Treatment Court" to clarify language consistent with remainder of provision.
19	General Government	Insurance	Volunteer Fire Department Funds	258	21.3 (new)**	Clarifies allocation of grant funds to volunteer fire departments
20		Revenue	Collection Assistance Fee	259-260	22.6	Repeals this section - determined by the Attorney General's Office to not be required in compliance with fines & forfeitures decision
21	Salaries & Benefits		Terms of Parole	249-250	17.25	Page 250, line 1 August 1 changed to Sept 1, and makes conforming salary adjustment in salaries special provision (Sec. 29.3) necessary due to date of bill passage.
22			Utilities Commission Members in Consolidated Judicial Retirement System	290-295	29.30A(a) - 29.30A(h)	Deletes the referenced subsections of this special provision
23	Capital	UNC	Capital - NC A&T	302-303	30.2	Strike lines 35-37 on page 302 to eliminate duplication in funding. Reduce the amount on Page 303 line 1 from (\$51,385,000) to (\$51,360,000) - funding included in Education section of money report (Page F15, Item 105); bill incorrectly lists funding in Capital Section
24		Water Resources Projects	Neuse WASA project	303-304	30.3	Adds item on Page 303, line 38 - \$3.6 Million for Neuse Water and Sewer Authority. Line 32 on page 302, line 1 on page 303, line 39 on page 303 will all be increased by \$3.6 M; funding necessary to continue mandated expansion of system.
25	Fees	Labor	Mine Safety/Education Fee	350	42.2	Conforms provision to existing statute.
**new special provisions are required to correct errors in money report as money report cannot be amended						

MINUTES

SENATE APPROPRIATIONS BASE/BUDGET

Wednesday, August 24, 2005

The Senate Appropriations/Base Budget Committee met on Wednesday, August 24, 2005 in the Senate Chamber. Senator Kay Hagan, Co-Chair called the meeting to order. There were 46 members present. Senator Hagan stated the purpose of the meeting was to consider a proposed Committee Substitute for House Bill 320.

Senator Dalton made a motion to accept the proposed Committee Substitute Bill for purposes of discussion. The Committee approved. The Short Title of the Committee Substitute Bill: ***Modify 2005 Appropriations Act***. The Long Title: ***An Act to Make Technical, Clarifying, and Other Modifications to the Current Operations and Capital Improvements Appropriations Act of 2005.*** (Please see Attachment 1).

Senator Hagan asked Ms. Mona Moon to detail the modifications for the proposed Committee Substitute. Ms. Moon briefed the members on the proposed modifications for H320-PCS30381-LT-26. (Please see Attachment 2).

Senator Weinstein made a motion to vote House bill 320 as ***Unfavorable as to Senate Committee Substitute Bill No. 1, But Favorable as to Senate Committee Substitute Bill No. 2.*** The motion carried.

Senator Hagan thanked Senator Dalton, Ms. Moon and the members. She adjourned the meeting.



Senator Kay Hagan, Co-Chair



Senator Linda Garrou, Co-Chair



Senator Walter Dalton, Co-Chair



Christina K. Minard, Senate
Committee Assistant

**NORTH CAROLINA GENERAL ASSEMBLY
SENATE**

APPROPRIATIONS/BASE BUDGET COMMITTEE REPORT

**Senator Kay R. Hagan, Co-Chair
Senator Linda Garrou, Co-Chair
Senator Walter H. Dalton, Co-Chair**

Wednesday, August 24, 2005

Senator HAGAN,
submits the following with recommendations as to passage:

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

H.B.(SCS #1) 320	Budget Technical Corrections.	
	Draft Number:	PCS30381
	Sequential Referral:	None
	Recommended Referral:	None
	Long Title Amended:	Yes

TOTAL REPORTED: 1

Committee Clerk Comments:

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2005**

H

D

**HOUSE BILL 320
PROPOSED SENATE COMMITTEE SUBSTITUTE H320-PCS30381-LT-26**

Short Title: Modify 2005 Appropriations Act.

(Public)

Sponsors:

Referred to:

February 21, 2005

A BILL TO BE ENTITLED
AN ACT TO MAKE TECHNICAL, CLARIFYING, AND OTHER MODIFICATIONS
TO THE CURRENT OPERATIONS AND CAPITAL IMPROVEMENTS
APPROPRIATIONS ACT OF 2005.

The General Assembly of North Carolina enacts:

SECTION 1.(a) Section 2.1 of S.L. 2005-276 reads as rewritten:

"SECTION 2.1. Appropriations from the General Fund of the State for the maintenance of the State departments, institutions, and agencies, and for other purposes as enumerated, are made for the biennium ending June 30, 2007, according to the following schedule:

Current Operations – General Fund	2005-2006	2006-2007
EDUCATION		
Community Colleges System Office	\$ 787,685,943	\$ 767,295,886
Department of Public Instruction	6,607,998,945	6,579,807,097
University of North Carolina – Board of Governors		
Appalachian State University	97,708,514	98,114,232
East Carolina University		
Academic Affairs	165,132,181	168,098,010
Health Affairs	45,624,110	45,671,394
Elizabeth City State University	28,376,210	28,173,367
Fayetteville State University	42,540,261	42,778,425
North Carolina Agricultural and Technical State University	76,497,695	76,533,207

1	North Carolina Central University	59,223,437	58,883,106
2	North Carolina School of the Arts	21,173,905	20,698,614
3	North Carolina State University		
4	Academic Affairs	299,773,341	304,775,818
5	Agricultural Extension	36,389,142	35,668,328
6	Agricultural Research	45,200,460	45,281,347
7	University of North Carolina at Asheville	29,211,816	29,705,695
8	University of North Carolina at Chapel Hill		
9	Academic Affairs	212,164,735	220,475,219
10	Health Affairs	162,938,570	164,709,561
11	<u>Health Affairs</u>	<u>163,938,570</u>	<u>165,709,561</u>
12	Area Health Education Centers	44,743,422	44,743,422
13	University of North Carolina at Charlotte	125,613,588	132,319,883
14	University of North Carolina at Greensboro	112,318,841	113,459,797
15	University of North Carolina at Pembroke	41,277,854	41,754,482
16	University of North Carolina at Wilmington	74,161,294	76,371,666
17	Western Carolina University	71,404,729	71,990,778
18	Winston-Salem State University	48,726,028	48,658,641
19	General Administration	48,804,831	48,890,151
20	University Institutional Programs	24,610,415	28,278,415
21	Related Educational Programs	112,937,512	114,905,552
22	North Carolina School of Science and		
23	Mathematics	14,555,420	14,513,392
24	UNC Hospitals at Chapel Hill	44,944,579 <u>43,944,579</u>	43,944,579
25	Total University of North Carolina –		
26	Board of Governors	\$ 2,086,052,890	\$2,119,397,081
27			<u>\$2,120,397,081</u>

HEALTH AND HUMAN SERVICES

31	Department of Health and Human Services		
32	Office of the Secretary	\$ 113,855,919	\$ 118,880,919
33	Division of Aging	29,975,639	29,495,139
34	Division of Blind Services/Deaf/HH	9,676,797	9,681,220
35	Division of Child Development	268,350,017	267,356,799
36	Division of Education Services	33,852,267	34,281,895
37	Division of Facility Services	13,608,838	15,959,466
38	Division of Medical Assistance	2,509,772,054	2,751,209,159
39	Division of Mental Health	603,315,155	602,556,655
40	NC Health Choice	68,169,765	51,882,902
41	Division of Public Health	152,391,232	150,814,496
42	Division of Social Services	188,512,693	190,679,285
43	Division of Vocational Rehabilitation Services	41,755,526	42,142,193
44	Total Health and Human Services	\$ 4,033,235,902	\$ 4,264,940,128

NATURAL AND ECONOMIC RESOURCES

Department of Agriculture and Consumer Services	\$ 52,040,846	\$ 51,032,884
Department of Commerce		
Commerce	49,686,999	36,728,265
Commerce State-Aid	26,512,085	11,722,085
NC Biotechnology Center	12,083,395	10,583,395
Rural Economic Development Center	25,277,607	25,052,607
Department of Environment and Natural Resources	177,197,119	167,451,089
Department of Labor	14,419,553	14,434,925

JUSTICE AND PUBLIC SAFETY

Department of Correction	\$ 1,029,924,421	\$ 1,048,492,502
Department of Crime Control and Public Safety	34,793,934 <u>34,843,934</u>	35,153,488
Judicial Department	342,604,760 <u>342,924,393</u>	345,726,582 <u>345,760,410</u>
Judicial Department – Indigent Defense	94,037,973	88,648,414
Department of Justice	77,322,567	78,697,271
Department of Juvenile Justice and Delinquency Prevention	140,377,666	138,873,166

GENERAL GOVERNMENT

Department of Administration	\$ 62,039,261	\$ 58,818,473
Office of Administrative Hearings	2,987,410	2,969,712
Department of State Auditor	10,850,737	10,840,918
Office of State Controller	10,043,268	10,044,511
Department of Cultural Resources		
Cultural Resources	73,433,514 <u>73,458,514</u>	62,917,147
Roanoke Island Commission	1,783,374	1,783,374

1			
2	State Board of Elections	5,107,543	5,069,307
3			
4	General Assembly	42,934,588	46,965,432
5			
6	Office of the Governor		
7	Office of the Governor	5,324,590	5,344,528
8	Office of State Budget and Management	5,019,735	5,021,795
9	OSBM – Reserve for Special Appropriations	11,358,429	5,111,429
10	Housing Finance Agency	10,450,945	4,750,945
11			
12	Department of Insurance		
13	Insurance	28,220,714	28,110,582
14	Insurance – Volunteer Safety Workers'		
15	Compensation	2,000,000	4,500,000
16			
17	Office of Lieutenant Governor	754,737	753,037
18			
19	Department of Revenue	81,447,475	80,630,250
20		<u>81,467,175</u>	<u>80,673,250</u>
21			
22	Department of Secretary of State	8,934,063	9,269,633
23			
24	Department of State Treasurer		
25	State Treasurer	8,690,595	8,295,843
26	State Treasurer – Retirement for Fire		
27	and Rescue Squad Workers	8,651,457	8,651,457
28			
29	TRANSPORTATION		
30			
31	Department of Transportation	\$ 200,000	\$ 0
32			
33	RESERVES, ADJUSTMENTS AND DEBT SERVICE		
34			
35	Reserve for Compensation Increases	\$ 243,181,327	\$ 235,185,705
36			
37	Salary Adjustment Fund: 2005-2007 Biennium	4,500,000	4,500,000
38			
39	Salary Adjustment Fund: 2004-2005 Fiscal Year	4,500,000	4,500,000
40			
41	Reserve for Teachers' and State Employees'		
42	Retirement Contribution	13,810,800	13,810,800
43			
44	Reserve for Retirement System Payback	25,000,000	0

1			
2	Reserve for Death Benefit Trust	12,899,200	12,899,200
3			
4	Reserve for Disability Income Plan	6,586,500	6,586,500
5			
6	Reserve for State Health Plan	108,648,000	142,728,000
7			
8	Contingency and Emergency Fund	5,000,000	5,000,000
9			
10	Reserve for Information Technology		
11	Rate Adjustments	(2,300,000)	(2,300,000)
12			
13	Information Technology Fund	24,375,000	8,025,000
14			
15	MH/DD/SAS Trust Fund	10,000,000	0
16			
17	Health and Wellness Trust Fund	10,000,000	0
18			
19	Reserve for Job Development		
20	Investment Grants (JDIG)	9,000,000	12,400,000
21			
22	Reserve for Increased Fuel Costs	3,000,000	0
23			
24	Reserve for Contingent Appropriations	85,000,000	85,000,000
25			
26	Debt Service		
27	General Debt Service	489,544,211	619,291,140
28	Federal Reimbursement	1,616,380	1,616,380
29			

**TOTAL CURRENT OPERATIONS –
GENERAL FUND**

~~\$ 17,025,846,458~~ ~~\$ 17,293,127,963~~
\$ 17,026,260,791 **\$ 17,294,204,791**"

SECTION 1.(b) Section 2.2.(a) of S.L. 2005-276 reads as rewritten:

"SECTION 2.2.(a) The General Fund availability used in developing the 2005-2007 biennial budget is shown below:

	FY 2005-2006	FY 2006-2007
36		
37		
38	Unappropriated Balance Remaining	
39	from Previous Year	\$0
40		\$117,227,875
		<u>\$113,079,042</u>
41	Projected Over Collections FY 2004-2005	681,500,000
42	Projected Reversions FY 2004-2005	115,000,000
43	Less Earmarkings of Year End Credit Balance	0
44	Savings Reserve Account	(199,125,000)

1	Repairs and Renovations	(125,000,000)	0
2	Beginning Unreserved Credit Balance	\$472,375,000	\$114,345,875
3			<u>\$113,079,042</u>
4			
5	Revenues Based on Existing Tax Structure	\$15,417,300,000	\$ 16,993,257,284
6			<u>\$ 16,077,600,000</u>
7			
8	Nontax Revenues		
9	Investment Income	74,800,000	78,700,000
10	Judicial Fees	144,800,000	148,300,000
11	Disproportionate Share	100,000,000	100,000,000
12	Insurance	49,500,000	51,300,000
13	Other Nontax Revenues	138,000,000	151,300,000
14	Highway Trust Fund/Use Tax		
15	Reimbursement Transfer	252,558,117	252,663,009
16	Highway Fund Transfer	16,166,400	16,166,400
17	Subtotal Nontax Revenues	\$ 775,824,517	\$ 798,429,409
18			
19	Total General Fund Availability	\$ 16,665,499,517	\$ 16,990,375,284
20			<u>\$ 16,989,108,451</u>
21			
22	Adjustments to Availability: 2005 Session		
23	Streamlined Sales Tax Changes	40,000,000	61,700,000
24	Maintain 4.5% Sales Tax Rate	417,100,000	462,700,000
25	Other Sales Tax Changes		
26	Apply Sales Tax to Candy	9,800,000	15,800,000
27	Apply General Sales Tax Rate to Cable	10,900,000	26,100,000
28	Exempt Potting Soil for Farmers	(200,000)	(300,000)
29	Tobacco Tax Rate Changes	118,800,000	189,400,000
30	Extend 8.25% Individual Income		
31	Tax Rate for 2 years	39,800,000	89,700,000
32	Continue Use Tax Line on Individual Returns	3,200,000	3,200,000
33	<u>Increase Contribution to NC Political Parties</u>		
34	Financing Fund – Tax Return Designation	0	(1,000,000)
35	Conform Estate Tax to Federal Sunset	29,100,000	115,600,000
36	Film Industry Jobs Incentives	(3,500,000)	(3,500,000)
37	IRC Update – Partial Conformance	(8,000,000)	(10,700,000)
38	Adjust Rates for Health Maintenance		
39	Organizations	0	14,300,000
40	<u>SL 2005-241 Extend JDIG and Bill Lee Act</u>	0	<u>(2,030,000)</u>
41	Increase Earmarking for		
42	NC Grape Growers Council	(150,000)	(150,000)
43	Proceeds from the Sale of the Polk Building	4,977,781	0
44	Justice and Public Safety Fees	17,028,271 <u>16,868,771</u>	20,428,271

1	Transfer from Tobacco Trust Fund	34,000,000	30,000,000
2	Transfers from Special Revenue and Other Funds	5,453,950	0
3	Reimburse Debt Service for		
4	Certain Capital Facilities and		
5	Land Acquisition per S.L. 2004-179	5,958,723	21,060,827
6	Transfer to Civil Penalty and Forfeiture Fund	(80,000,000)	(85,000,000)
7	Suspend Highway Fund Transfer	(16,166,400)	(16,166,400)
8	Adjust Transfer from Insurance Regulatory Fund	389,013	243,813
9	Adjust Transfer from Treasurer's Office	468,478	67,478
10	<u>Reimbursement for Property Tax Commission</u>		
11	<u>Expenses</u>	<u>0</u>	<u>168,616</u>
12			
13	Subtotal Adjustments to Availability:		
14	2005 Session	\$ 628,959,816	\$ 934,483,989
15		<u>\$ 628,800,316</u>	<u>\$ 931,622,605</u>
16	Revised General Fund Availability	\$ 17,294,459,333	\$ 17,927,741,273
17		<u>\$ 17,294,299,833</u>	<u>\$ 17,920,731,056</u>
18			
19	Less: General Fund Appropriations		
20	SB 622 (2005 Appropriations Act)	(17,077,231,458)	(17,293,127,963)
21		<u>(17,081,220,791)</u>	<u>(17,294,204,791)</u>
22	G.S. 143-15.3B: Clean Water		
23	Management Trust Fund	(100,000,000)	(100,000,000)
24			
25	Total General Fund Appropriations		
26	2005-2007 Biennium	(\$17,177,231,458)	(\$17,393,127,963)
27		<u>(\$17,181,220,791)</u>	<u>(\$17,394,204,791)</u>
28			
29	Unappropriated Balance Remaining	<u>\$117,227,875</u>	<u>\$534,613,310</u>
30		<u>\$113,079,042</u>	<u>\$526,526,265"</u>

SECTION 2.(a) Section 6.12.(b) of S.L. 2005-276 reads as rewritten:

"SECTION 6.12.(b) If this section, or any portion of the amendment made to G.S. 66-291(b)(2) by this section, is held by a court of competent jurisdiction to be unconstitutional, then G.S. 66-291(b)(2) shall be deemed to be repealed in its entirety. If G.S. ~~66-291(b)(2)~~ 66-291(b) shall thereafter be held by a court of competent jurisdiction to be unconstitutional, then this section shall be repealed, and G.S. 66-291(b)(2) shall be restored as if no amendments had been made by this section. Neither any judicial holding of unconstitutionality nor the repeal of G.S. 66-291(b)(2) shall affect, impair, or invalidate any other portion of Part 1 of Article 37 of Chapter 66 of the General Statutes or the application of Part 1 of Article 37 of Chapter 66 of the General Statutes to any other person or circumstance, and the remaining portions of Part 1 of Article 37 of Chapter 66 of the General Statutes shall at all times continue in full force and effect."

SECTION 2.(b) This section becomes effective January 1, 2006.

1 **SECTION 3.(a)** Effective July 1, 2005, Section 6.29 of S.L. 2005-276 is
2 repealed.

3 **SECTION 3.(b)** Effective March 1, 2006, G.S. 58-50-30(a3) reads as
4 rewritten:

5 "(a3) Whenever any health benefit plan, subscriber contract, or policy of insurance
6 issued by a health maintenance organization, hospital or medical service corporation, or
7 insurer governed by Articles 1 through 67 of this Chapter provides coverage for
8 medically necessary treatment, the insurer shall not impose any limitation on treatment
9 or levels of coverage if performed by a duly licensed chiropractor acting within the
10 scope of the chiropractor's practice as defined in G.S. 90-151 unless a comparable
11 limitation is imposed on the medically necessary treatment if performed or authorized
12 by any other duly licensed physician. An insurer shall not impose as a limitation on
13 treatment or level of coverage a co-payment amount charged to the insured for
14 chiropractic services that is higher than the co-payment amount charged to the insured
15 for the services of a duly licensed primary care physician for a comparable medically
16 necessary treatment or condition."

17 **SECTION 3.(c)** This sections applies to policies issued, renewed, or
18 amended on or after March 1, 2006.

19 **SECTION 4.** Section 6.36.(a) of S.L. 2005-276 reads as rewritten:

20 **"SECTION 6.36.(a)** The Office of State Budget and Management shall develop a
21 plan to consolidate all State-funded laboratories. This plan will augment capital and
22 space-allocation plans already developed for the new laboratories.

23 The State-funded laboratories to be considered for consolidation include the Public
24 Health State Laboratory within the Department of Health and Human Services, the
25 Agricultural Laboratory within the Department of Agriculture and Consumer Services,
26 Veterinary Division, and the State Bureau of Investigation Crime Laboratories within
27 the Department of Justice. The Office of State Budget and Management shall use up to
28 two hundred fifty thousand dollars (\$250,000) of funds available to hire an independent
29 consultant who shall conduct the study and develop the consolidation plan. The Office
30 of State Budget and Management shall hire an independent consultant to conduct the
31 study and develop the consolidation plan. The study shall include the feasibility of
32 consolidating these laboratory functions and the identification of any duplicative
33 functions."

34 **SECTION 5.** Section 7.5 of S.L. 2005-276 reads as rewritten:

35 **"SECTION 7.5.** Effective July 1, 2005, any permanent certified personnel
36 employed on July 1, 2003, July 1, 2005, and paid on the teacher salary schedule with
37 29+ years of experience shall receive a one-time bonus equivalent to the average
38 increase of the 26 to 29 year steps. Effective July 1, 2005, any permanent personnel
39 employed on July 1, 2004, July 1, 2005, and paid at the top of the principal and assistant
40 principal salary schedule shall receive a one-time bonus equivalent to two percent (2%).

41 For permanent part-time personnel, the one-time bonus shall be adjusted pro rata.
42 Personnel defined under G.S. 115C-325(a)(5a) are not eligible to receive the bonus."

43 **SECTION 6.(a)** Section 7.32.(b) of S.L. 2005-276 reads as rewritten:

1 **"SECTION 7.32.(b)** These funds shall be used to establish new high schools in
2 which a local school administrative unit, two- and four-year colleges and universities,
3 and local employers work together to ensure that high school and postsecondary college
4 curricula operate seamlessly and meet the needs of participating employers.

5 Funds shall not be allotted until Learn and Earn high schools and planning sites are
6 ~~certified as operational~~ approved by the State Board of Education. Within funds
7 available, the State Board of Education may approve additional planning sites. Learn
8 and Earn planning sites are expected to complete the planning process by the end of the
9 fiscal year for which the planning funds are awarded."

10 **SECTION 6.(b)** G.S. 115C-238.51(c), as rewritten by Section 7.33.(a) of
11 S.L. 2005-276, reads as rewritten:

12 "(c) The application shall be submitted to the State Board of Education and the
13 applicable governing ~~Boards by November 1 of each year.~~ Boards. The Boards shall
14 appoint a joint advisory committee to review the applications and to recommend to the
15 Boards those programs that meet the requirements of this Part and that achieve the
16 purposes set out in G.S. 115C-238.50."

17 **SECTION 6.(c)** G.S. 115C-238.51(d), as rewritten by Section 7.33.(a) of
18 S.L. 2005-276, reads as rewritten:

19 "(d) The Boards may approve programs recommended by the joint advisory
20 committee or may approve other programs that were not recommended. The Boards
21 shall approve all applications by ~~March 15~~ June 30 of each year. No application shall be
22 approved unless the State Board of Education and the applicable governing Board find
23 that the application meets the requirements set out in this Part and that granting the
24 application would achieve the purposes set out in G.S. 115C-238.50. Priority shall be
25 given to applications that are most likely to further State education policies, to address
26 the economic development needs of the economic development regions in which they
27 are located, and to strengthen the educational programs offered in the local school
28 administrative units in which they are located."

29 **SECTION 7.** Section 7.51(c) of S.L. 2005-276 reads as rewritten:

30 **"SECTION 7.51.(c)** Subsection (b) of this section becomes effective July 1, 2006.
31 Notwithstanding the provisions of G.S. 105-164.44H, for the 2006-2007 fiscal year, the
32 amount transferred to the State Public School Fund each quarter shall equal one-fourth
33 of the amount refunded under ~~G.S. 105-164.4(e)(2b) and (2c)~~ G.S. 105-164.14(c)(2b)
34 and (2c) during the 2005-2006 fiscal year plus or minus the percentage of that amount
35 by which the total collection of State sales and use tax increased or decreased during the
36 preceding fiscal year. The remainder of this section becomes effective July 1, 2005, and
37 applies to sales made on or after that date."

38 **SECTION 8.** Section 7.57 of S.L. 2005-276 reads as rewritten:

39 **"SECTION 7.57.** Of the funds appropriated for Student Transportation for the
40 2005-2006 fiscal year, the Department of Public Instruction shall use up to one hundred
41 fifty thousand dollars (\$150,000) for a study of the current allotment formula for school
42 transportation. The study shall be conducted by an independent consultant.

43 In the course of the study, the consultant shall consider whether (i) the current
44 formula sufficiently encourages the efficient and effective use of school transportation

1 funds by urban and rural school systems, (ii) the formula is adequately and equitably
2 meeting the needs of school systems, and (iii) the formula is appropriate in light of the
3 Leandro litigation. The consultant shall also propose options for reducing the severe and
4 growing disparity in funding that exists under the formula among local school
5 administrative units.

6 The consultant shall report the results of its study to the State Board of Education by
7 ~~December 1, 2005.~~ March 1, 2006. The State Board of Education shall submit a plan for
8 the implementation of the consultant's report to the Joint Legislative Education
9 Oversight Committee by ~~March 15, 2006.~~ April 15, 2006."

10 **SECTION 9.** S.L. 2005-276 is amended by adding a new section to read:

11 "SECTION 7.62. Notwithstanding any other provision of law, of the funds
12 appropriated in S.L. 2005-1 to the Disaster Relief Reserve Fund, the sum of seven
13 hundred fifty thousand dollars (\$750,000) is hereby transferred from the Disaster Relief
14 Reserve Fund to Hyde County for the 2005-2006 fiscal year to be used to repair
15 Ocracoke School which was damaged as a result of Hurricane Isabel and Hurricane
16 Alex."

17 **SECTION 10.** Section 8.11 of S.L. 2005-276 reads as rewritten:

18 ~~"SECTION 8.11. Funds appropriated in this act for North Carolina Electronics and~~
19 ~~Information Technologies Association's Defense Technology Innovation Center. Of the~~
20 ~~funds appropriated in this act to the Community Colleges System Office, the sum of two~~
21 ~~million dollars (\$2,000,000) for the 2005-2006 fiscal year shall be allocated to the~~
22 ~~Partnership for Defense Innovation for the establishment of the Defense Technology~~
23 ~~Innovation Center. These funds shall be used for the following:~~

- 24 (1) Site selection and acquisition, including the purchase or lease of real
25 property to house the Center; the construction of buildings or other site
26 structures; the improvement or refurbishment of existing structures to
27 provide appropriate laboratory and administrative space; and the
28 improvement of existing infrastructure at the facility, including
29 improvements to utility, telecommunications, and Internet
30 infrastructure.
- 31 (2) Equipment acquisition, including acquisition of laboratory equipment
32 and supplies and office furniture, equipment, and supplies.
- 33 (3) Employment of staff to support the mission of the Center and to
34 oversee day-to-day operations of the Center.
- 35 (4) ~~Implementation of a comprehensive business and marketing plan for~~
36 ~~the Center. Implementation of the business and marketing plan~~
37 ~~delivered to the General Assembly in 2005 by the North Carolina~~
38 ~~Electronics and Information Technologies Association (NCEITA) as~~
39 ~~directed by Section 8.17 of S.L. 2004-124, including contracting with~~
40 ~~an experienced incubator development team to develop the Center and~~
41 ~~implement the business plan.~~
- 42 (5) Development of a tenant screening process and the recruitment of
43 appropriate tenants for the Center.

(6) Administration and operation of the Center and the development of a sustainable business plan for the Center."

SECTION 11. Section 9.6.(d) of S.L. 2005-276 reads as rewritten:

"**SECTION 9.6.(d)** All obligations to students for uses of the funds ~~set out in sections that were made before the date this act becomes law shall be fulfilled as to students who remain eligible under the provisions of the respective programs.~~"

SECTION 12. Section 9.16 of S.L. 2005-276 reads as rewritten:

"**SECTION 9.16.** Of the funds appropriated by this act to the Board of Governors of The University of North Carolina for the 2005-2006 fiscal year the sum of ~~one million eighty-eight thousand nine hundred forty-one dollars (\$1,088,941)~~ one million eighty-nine thousand dollars (\$1,089,000) shall be allocated to North Carolina Agricultural and Technical State University for agricultural and research extension programs. It is the intent of the General Assembly to fully fund these programs for the 2006-2007 fiscal year."

SECTION 13. S.L. 2005-276 is amended by adding a new section to read:

"**SECTION 9.38.** Of the funds appropriated by this act to the Board of Governors of The University of North Carolina for the University of North Carolina at Chapel Hill – Health Affairs, the sum of one million dollars (\$1,000,000) for the 2005-2006 fiscal year and the sum of one million dollars (\$1,000,000) for the 2006-2007 fiscal year shall be used by the University of North Carolina at Chapel Hill School of Medicine to establish and operate a translational medicine program."

SECTION 14. S.L. 2005-276 is amended by adding a new section to read:

"**SECTION 9.38.** G.S. 116-143.3 reads as rewritten:

"**§ 116-143.3. Tuition of active duty personnel in the armed services.**

(a) Definitions. – The following definitions apply in this section:

- (1) The term "abode" shall mean the place where a person actually lives, whether temporarily or permanently; the term "abide" shall mean to live in a given place.
- (2) The term "armed services" shall mean the United States Air Force, Army, Coast Guard, Marine Corps, and Navy; the North Carolina National Guard; and any Reserve Component of the foregoing.
- (3) The term "tuition assistance" shall be used as defined in the United States Department of Defense Directive 1322.8, implementing 10 U.S.C. § 2007.

(b) Any active duty member of the armed services qualifying for admission to an institution of higher education as defined in G.S. 116-143.1(a)(3) but not qualifying as a resident for tuition purposes under G.S. 116-143.1 shall be charged the in-State tuition rate and applicable mandatory fees for enrollments while the member of the armed services is abiding in this State incident to active military duty in this State. In the event the active duty member of the armed services is reassigned outside of North Carolina, the member shall continue to be eligible for the in-State tuition rate and applicable mandatory fees so long as the member is continuously enrolled in the degree or other program in which the member was enrolled at the time the member is reassigned. In the event the active duty member of the armed services receives an Honorable Discharge

1 from military service, the member shall continue to be eligible for the in-State tuition
2 rate and applicable mandatory fees so long as the member establishes residency in
3 North Carolina within 30 days after the discharge and is continuously enrolled in the
4 degree or other program in which the member was enrolled at the time the member is
5 discharged.

6 (b1), (b2) Repealed by Session Laws 2004-130, s. 1, effective August 1, 2004.

7 (c) Any dependent relative of a member of the armed services who is abiding in
8 this State incident to active military duty, as defined by the Board of Governors of The
9 University of North Carolina and by the State Board of Community Colleges while
10 sharing the abode of that member shall be eligible to be charged the in-State tuition rate,
11 if the dependent relative qualifies for admission to an institution of higher education as
12 defined in G.S. 116-143.1(a)(3). The dependent relatives shall comply with the
13 requirements of the Selective Service System, if applicable, in order to be accorded this
14 benefit. In the event the member of the armed services is reassigned outside of North
15 Carolina, the dependent relative shall continue to be eligible for the in-State tuition rate
16 and applicable mandatory fees so long as the dependent relative is continuously enrolled
17 in the degree or other program in which the dependent relative was enrolled at the time
18 the member is reassigned. In the event the member of the armed services receives an
19 Honorable Discharge from military service, the dependent relative shall continue to be
20 eligible for the in-State tuition rate and applicable mandatory fees so long as the
21 dependent relative establishes residency within North Carolina within 30 days after the
22 discharge and is continuously enrolled in the degree or other program in which the
23 dependent relative was enrolled at the time the member is discharged.

24 (d) The burden of proving entitlement to the benefit of this section shall lie with
25 the applicant therefor.

26 (e) A person charged less than the out-of-state tuition rate solely by reason of this
27 section shall not, during the period of receiving that benefit, qualify for or be the basis
28 of conferring the benefit of G.S. 116-143.1(g), (h), (i), (j), (k), or (l)."

29 **SECTION 15.** Section 5.1.(v) of S.L. 2005-276 reads as rewritten:

30 "SECTION 5.1.(v) The sum of one million seven hundred six thousand sixty-three
31 dollars (\$1,706,063) appropriated in this section in the ~~TANF~~ Social Services Block
32 Grant for child caring agencies for the 2005-2006 fiscal year shall be allocated to the
33 State Private Child Caring Agencies Fund."

34 **SECTION 16.** Section 10.21C(c) of S.L. 2005-276 reads as rewritten:

35 "SECTION 10.21C.(c) This section becomes effective ~~January 1, 2006,~~ July 1,
36 2006, and applies to recipients of medical assistance on or after that date."

37 **SECTION 17.** G.S. 90-113.63(b), as enacted by Section 10.36 of S.L.
38 2005-276, reads as rewritten:

39 "(b) ~~The Commission for Health Services~~ shall adopt rules requiring dispensers to
40 report the following information. The Commission may modify these requirements as
41 necessary to carry out the purposes of this Article. The dispenser shall report:

42 (1) The dispenser's DEA number.

43 (2) The name of the patient for whom the controlled substance is being
44 dispensed, and the patient's:

- a. Full address, including city, state, and zip code,
- b. Telephone number, and
- c. Date of birth.
- (3) The date the prescription was written.
- (4) The date the prescription was filled.
- (5) The prescription number.
- (6) Whether the prescription is new or a refill.
- (7) Metric quantity of the dispensed drug.
- (8) Estimated days of supply of dispensed drug, if provided to the dispenser.
- (9) National Drug Code of dispensed drug.
- (10) Prescriber's DEA number."

SECTION 18. Section 10.39 of S.L. 2005-276 is amended by adding the following new subsection to read:

"**SECTION 10.39.(d)** Subsection (a) of this section becomes effective October 1, 2005."

SECTION 19. Section 10.59E of S.L. 2005-276 reads as rewritten:

"**SECTION 10.59E.** Of funds appropriated in this act to the Department of Health and Human Services for the 2005-2006 fiscal year, the sum of two million dollars (\$2,000,000) shall be allocated for the Community-Focused Eliminating Health Disparities Initiative (CFEHDHI) to build capacity of local public health departments, American Indian tribes, and faith-based and community-based organizations to close the gap in the health status of African-Americans, Hispanics/Latinos, and American Indians as compared to white persons. The areas of focus on health status shall be infant mortality, HIV-AIDS and sexually transmitted infections, cancer, diabetes, and homicides and motor vehicle deaths. These funds shall also be used to support one FTE in the Department of Health and Human Services to monitor, track, and evaluate grantees' progress in meeting performance-based standards and outcomes established by the Department."

SECTION 20.(a) Section 10.59F(a) of S.L. 2005-276 reads as rewritten:

"**SECTION 10.59F.(a)** Program established. – There is established in the Department of Health and Human Services, Division of Public Health, the Governor's Vision Care Program. The purpose of the Program is to provide funds for early detection and correction of vision problems in children enrolling or enrolled in grades K through 3 who are eligible for services under the Program. These funds shall be allocated to reimburse optometrists and ophthalmologists licensed to practice in this State for the comprehensive eye examination, including necessary spectacles, provided to meet the requirements of G.S. 130A-440.1."

SECTION 20.(b) Section 10.59F(b) of S.L. 2005-276 reads as rewritten:

"**SECTION 10.59F.(b)** Eligibility. – Children eligible for services under this section shall be those with a family income not exceeding two hundred fifty percent (250%) of the federal poverty level, who do not ~~have~~ receive comparable services through private health insurance coverage, and are not eligible for services under NC Health Choice,

1 Medicaid, the Department of Health and Human Services' Commission for the Blind
2 programs, VSP's Sight for Students, or the Lions Club Foundation."

3 **SECTION 20.(c)** Section 10.59F(f) of S.L. 2005-276 reads as rewritten:

4 **"SECTION 10.59F.(f)** Not later than ~~May 1, 2006,~~ January 15, 2006, the
5 Department of Health and Human Services shall report to the House of Representatives
6 Appropriations Subcommittee on Health and Human Services, the Senate
7 Appropriations Committee on Health and Human Services, and the Fiscal Research
8 Division on the implementation of this section. ~~The report shall include the number of~~
9 ~~children who were exempt from the comprehensive eye examination requirement under~~
10 ~~G.S. 130A-440.1(a)."~~

11 **SECTION 20.(d)** Section 10.59F(h) of S.L. 2005-276 reads as rewritten:

12 **"SECTION 10.59F.(h)** ~~This Subsection (g) of this section becomes effective~~
13 ~~beginning with the 2006-2007 school year. The remainder of this section is effective~~
14 ~~July 1, 2005."~~

15 **SECTION 21.** S.L. 2005-276 is amended by adding a new section to read:

16 **"SECTION 10.37A.** Funds appropriated in this act to the Department of Health and
17 Human Services for the Jewish Community Center of Charlotte, Inc. shall be paid to
18 Senior Activities and Services, Inc. to support activities of the Levine Senior Center of
19 Matthews."

20 **SECTION 22.** G.S. 19A-24(5), as enacted by Section 11.5.(b) of S.L.
21 2005-276, reads as rewritten:

22 **"(5)** Adopt rules on the euthanasia of animals in the possession or custody
23 of any person ~~licensed~~ required to obtain a certificate of registration
24 under this Article. An animal shall only be put to death by a method
25 and delivery of method approved by the American Veterinary Medical
26 Association, the Humane Society of the United States, or the American
27 Humane Association. The Department shall establish rules for the
28 euthanasia process using any one or combination of methods and
29 standards prescribed by the three aforementioned organizations. The
30 rules shall address the equipment, the process, and the separation of
31 animals, in addition to the animals' age and condition. If the gas
32 method of euthanasia is approved, rules shall require (i) that only
33 commercially compressed carbon monoxide gas is approved for use,
34 and (ii) that the gas must be delivered in a commercially manufactured
35 chamber that allows for the individual separation of animals. Rules
36 shall also mandate training for any person who participates in the
37 euthanasia process."

38 **SECTION 23.** Section 12.5(a) of S.L. 2005-276 reads as rewritten:

39 **"SECTION 12.5.(a)** Of the funds appropriated in this act to the Department of
40 Environment and Natural Resources for the Grassroots Science Program, the sum of
41 three million one hundred ninety-seven thousand seven hundred sixty-two dollars
42 (\$3,197,762) for the 2005-2006 fiscal year is allocated as grants-in-aid for each fiscal
43 year as follows:

44 2005-2006

1		
2	Aurora Fossil Museum	\$59,057
3	Cape Fear Museum	\$161,007
4	Carolina Raptor Center	\$112,174
5	Catawba Science Center	\$133,429
6	Colburn Gem and Mineral Museum, Inc.	\$74,545
7	Discovery Place	\$662,865
8	Eastern NC Regional Science Center	\$50,000
9	Elizabeth City Science Center	\$50,000
10	<u>Port Discover: Northeastern North Carolina's</u>	
11	<u>Center for Hands-On Science, Inc.</u>	
12	Fascinate-U	\$80,742
13	Granville County Museum Commission,	
14	Inc.—Harris Gallery	\$56,422
15	Greensboro Children's Museum	\$135,076
16	The Health Adventure Museum of Pack	
17	Place Education, Arts and	
18	Science Center, Inc.	\$134,499
19	Highlands Nature Center	\$79,268
20	Imagination Station	\$86,034
21	Kidsenses	\$50,000
22	Museum of Coastal Carolina	\$74,192
23	Natural Science Center of Greensboro	\$186,354
24	North Carolina Museum of Life	
25	and Science	\$379,826
26	Rocky Mount Children's Museum	\$72,254
27	Schiele Museum of Natural History	\$229,547
28	Sci Works Science Center and	
29	Environmental Park of Forsyth County	\$146,499
30	Western North Carolina Nature Center	\$112,879
31	Wilmington Children's Museum	\$71,093

32
33 Total \$3,197,762"

34 **SECTION 24.** Section 13.4.(a) of S.L. 2005-276 reads as rewritten:

35 **"SECTION 13.4.(a)** Funds from the Employment Security Commission Reserve
36 Fund shall be available to the Employment Security Commission to use as collateral to
37 secure federal funds and to pay the administrative costs associated with the collection of
38 the Employment Security Commission Reserve Fund surcharge. ~~The total~~
39 ~~administrative costs paid with funds from the Reserve shall not exceed the total~~
40 ~~administrative costs paid in fiscal year 2004-2005. The total administrative costs paid~~
41 with funds from the Reserve in the 2005-2006 fiscal year shall not exceed two million
42 dollars (\$2,000,000)."

43 **SECTION 25.** S.L. 2005-276 is amended by adding a new section to read:

1 "SECTION 13.15. G.S. 143B-472.80 is amended by adding a new subdivision to
2 read:

3 "(5) To prepare a biennial report by county on the status of trends that
4 reflect the impact of education on economic growth for the twenty-first
5 century. This report shall contain information about the status of each
6 county with regard to education and economic growth. The Board shall
7 provide the report to the General Assembly prior to February 1, 2007,
8 and biennially thereafter."

9 SECTION 26. S.L. 2005-276 is amended by adding a new section to read:

10 "SECTION 13.16. Of the funds appropriated in this act to the Department of
11 Commerce for the 2005-2006 fiscal year to promote the North Carolina furniture
12 industry, the sum of seven hundred fifty thousand dollars (\$750,000) shall be allocated
13 to the High Point International Home Furnishings Market Authority Corporation to
14 promote the International Home Furnishings Market."

15 SECTION 27.(a) S.L. 2005-276 is amended by adding a new subsection to
16 read:

17 "SECTION 14.2.(f1) G.S. 7A-133(a) as amended by Section 14.2.(f) of this act,
18 reads as rewritten:

19 "(a) Each district court district shall have the numbers of judges as set forth in the
20 following table:

District	Judges	County
1	5	Camden
		Chowan
		Currituck
		Dare
		Gates
2	4	Pasquotank
		Perquimans
		Martin
		Beaufort
		Tyrrell
3A	5	Hyde
		Washington
3B	5	Pitt
		Craven
4	8	Pamlico
		Carteret
		Sampson
		Duplin
		Jones
5	8	Onslow
		New Hanover
6A	2	Pender
		Halifax

1	6B	3	Northampton
2			Bertie
3			Hertford
4	7	7	Nash
5			Edgecombe
6			Wilson
7	8	6	Wayne
8			Greene
9			Lenoir
10	9	4	Granville
11			(part of Vance
12			see subsection (b))
13			Franklin
14	9A	2	Person
15			Caswell
16	9B	2	Warren
17			(part of Vance
18			see subsection (b))
19	10	15	Wake
20	11	8	Harnett
21			Johnston
22			Lee
23	12	9	Cumberland
24	13	6	Bladen
25			Brunswick
26			Columbus
27	14	6	Durham
28	15A	4	Alamance
29	15B	4	Orange
30			Chatham
31	16A	3	Scotland
32			Hoke
33	16B	5	Robeson
34	17A	2	Rockingham
35	17B	4	Stokes
36			Surry
37	18	12	Guilford
38	19A	4	Cabarrus
39	19B	6	Montgomery
40			Moore
41			Randolph
42	19C	4	Rowan
43	20A	4	Stanly
44			

1			Anson
2			Richmond
3	20B	3	Union
4	<u>20B</u>	<u>1</u>	(part of Union
5			see subsection (b))
6	<u>20C</u>	<u>2</u>	(part of Union
7			see subsection (b))
8	21	9	Forsyth
9	22	9	Alexander
10			Davidson
11			Davie
12			Iredell
13	23	4	Alleghany
14			Ashe
15			Wilkes
16			Yadkin
17	24	4	Avery
18			Madison
19			Mitchell
20			Watauga
21			Yancey
22	25	8	Burke
23			Caldwell
24			Catawba
25	26	17	Mecklenburg
26	27A	6	Gaston
27	27B	4	Cleveland
28			Lincoln
29	28	6	Buncombe
30			
31			
32			
33	29A	3	McDowell
34			Rutherford
35	29B	4	Henderson
36			Polk
37			Transylvania
38	30	5	Cherokee
39			Clay
40			Graham
41			Haywood
42			Jackson
43			Macon
44			Swain.""

SECTION 27.(b) A new subsection is added to S.L. 2005-276 to read:

"SECTION 14.2.(f2) G.S. 7A-133(b) reads as rewritten:

"(b) For district court districts of less than a whole county, or with part or all of one county with part of another, the composition of the district is as follows:

(1) District Court District 9 consists of Franklin and Granville Counties and the remainder of Vance County not in District Court District 9B.

(2) District Court District 9B consists of Warren County and East Henderson I, North Henderson I, North Henderson II, Middleburg, Townsville, and Williamsboro Precincts of Vance County.

(3) District Court District 20B consists of the remainder of Union County not in District Court District 20C.

(4) District Court District 20C consists of Precinct 01: Tract 204.01: Block Group 2: Block 2040, Block 2057, Block 2058, Block 2060, Block 2061, Block 2062, Block 2064, Block 2065; Tract 204.02: Block Group 2: Block 2001, Block 2002, Block 2003, Block 2004, Block 2005, Block 2006, Block 2007, Block 2008, Block 2009, Block 2010, Block 2011, Block 2012, Block 2013, Block 2014, Block 2015, Block 2016, Block 2017, Block 2018, Block 2023, Block 2024, Block 2025, Block 2026, Block 2027, Block 2028, Block 2029, Block 2030, Block 2031, Block 2032, Block 2033, Block 2034; Block Group 3: Block 3000, Block 3003, Block 3004, Block 3005, Block 3006, Block 3007, Block 3008, Block 3009, Block 3010, Block 3011, Block 3012, Block 3013, Block 3014, Block 3015, Block 3016, Block 3017, Block 3018, Block 3019, Block 3020, Block 3021, Block 3022, Block 3023, Block 3024, Block 3025, Block 3026, Block 3027, Block 3028, Block 3029, Block 3030, Block 3031, Block 3032, Block 3033, Block 3034, Block 3035, Block 3036, Block 3037, Block 3038, Block 3039, Block 3040, Block 3041, Block 3042, Block 3043, Block 3044, Block 3045, Block 3046, Block 3047; Block Group 4: Block 4035, Block 4054, Block 4055; Precinct 02: Tract 205: Block Group 1: Block 1000, Block 1001, Block 1002, Block 1003, Block 1004, Block 1005, Block 1006, Block 1007, Block 1009, Block 1010, Block 1011, Block 1012, Block 1013, Block 1014, Block 1015, Block 1016, Block 1017, Block 1018, Block 1019, Block 1020, Block 1021, Block 1022, Block 1023, Block 1037, Block 1038; Block Group 2: Block 2081, Block 2082, Block 2092, Block 2099, Block 2100, Block 2101, Block 2102; Tract 206: Block Group 3: Block 3036, Block 3038, Block 3039, Block 3040, Block 3048; Block Group 4: Block 4053; Precinct 03, Precinct 04, Precinct 06: Tract 202.02: Block Group 1: Block 1012, Block 1013, Block 1014, Block 1015, Block 1017, Block 1018, Block 1021, Block 1022, Block 1023; Tract 204.01: Block Group 2: Block 2000, Block 2001, Block 2002, Block 2003, Block 2004, Block 2005, Block 2033,

Block 2034, Block 2035, Block 2036, Block 2041, Block 2042,
Block 2043, Block 2044, Block 2045, Block 2056, Block 2063,
Block 2999; Precinct 08, Precinct 09, Precinct 10, Precinct 13,
Precinct 23; Tract 206: Block Group 4: Block 4051; Precinct 25;
Tract 206: Block Group 4: Block 4036; Precinct 34, Precinct 36,
Precinct 43 of Union County.

Precinct boundaries as used in this section for Vance County are those shown on maps on file with the Legislative Services Office on May 1, 1991, for Union County, are those shown on the Legislative Services Office's redistricting computer database on January 1, 2005; and for other counties are those reported by the United States Bureau of the Census under Public Law 94-171 for the 1990 Census in the IVTD Version of the TIGER files."

SECTION 27.(c) Section 14.2.(h) of S.L. 2005-276 reads as rewritten:

~~"SECTION 14.2.(h) The three district court judgeships for District 20B under subsection (f) of this section shall be filled by the district court judges from current District 20 who reside in Union County. The terms of the three judges living in Union County expire the first Monday in December 2008. Those judges' successors The district court judgeship for District 20B under subsection (f) of this section shall be filled by the district court judge from current District 20 who resides in that portion of Union County included in District 20B. The term of that judge expires the first Monday in December 2008. That judge's successor shall be elected in the 2008 general election. The two district court judgeships for District 20C under subsection (f) of this section shall be filled by the other two district court judges from current District 20 who reside in Union County. The terms of those judges expire the first Monday in December 2008. Those judges' successors shall be elected in the 2008 general election."~~

SECTION 28. Section 14.11 of S.L. 2005-276 reads as rewritten:

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

SECTION 29.(a) Section 14.22 of S.L. 2005-276 reads as rewritten:

1 **"SECTION 14.22.** ~~Funds—~~Except as otherwise provided in this act, funds
2 appropriated to the Judicial Department in this act for the adult Drug Treatment Court
3 program shall be used only to provide treatment and case coordination to offenders
4 sentenced to intermediate punishment and to offenders sentenced to community
5 punishment who are at risk of revocation."

6 **SECTION 29.(b)** S.L. 2005-276 is amended by adding a new section to
7 read:

8 **"SECTION 14.23.** Notwithstanding the provisions of Section 14.22 of this act, of
9 the funds appropriated to the Judicial Department in this act, the sum of three hundred
10 thousand dollars (\$300,000) for the 2005-2006 fiscal year shall be used to fund the
11 operations of the Mecklenburg Drug Treatment Court to provide treatment to DWI
12 offenders and pretrial offenders."

13 **SECTION 30.** S.L. 2005-276 is amended by adding a new section to read:

14 **"SECTION 14.24.(a)** Of the funds appropriated to the Judicial Department in this
15 act, the Department shall use the sum of nineteen thousand six hundred thirty-three
16 dollars (\$19,633) for the 2005-2006 fiscal year and the sum of thirty-three thousand
17 eight hundred twenty-eight dollars (\$33,828) for the 2006-2007 fiscal year to establish a
18 new deputy clerk of court position in Hyde County.

19 **SECTION 14.24.(b)** This section becomes effective January 1, 2006."

20 **SECTION 31.** S.L. 2005-276 is amended by adding a new section to read:

21 **"SECTION 17.31.** G.S. 14-309.15(d) reads as rewritten:

22 "(d) The maximum cash prize that may be offered or paid for any one raffle is ~~ten~~
23 ~~thousand dollars (\$10,000)~~ fifty thousand dollars (\$50,000) and if merchandise is used
24 as a prize, and it is not redeemable for cash, the maximum fair market value of that
25 prize may be fifty thousand dollars (\$50,000). No real property may be offered as a
26 prize in a raffle. The total cash prizes offered or paid by any nonprofit organization or
27 association may not exceed ~~ten thousand dollars (\$10,000)~~ fifty thousand dollars
28 (\$50,000) in any calendar year. The total fair market value of all prizes offered by any
29 nonprofit organization or association, either in cash or in merchandise that is not
30 redeemable for cash, may not exceed fifty thousand dollars (\$50,000) in any calendar
31 year.""

32 **SECTION 32.** S.L. 2005-276 is amended by adding a new section to read:

33 **"SECTION 18.3.** Of the funds appropriated in this act to the Department of Crime
34 Control and Public Safety, the sum of fifty thousand dollars (\$50,000) for the
35 2005-2006 fiscal year shall be used for the Warrenton National Guard Armory to be
36 used for asbestos and lead paint abatement and other capital improvements."

37 **SECTION 33.** S.L. 2005-276 is amended by adding a new section to read:

38 **"SECTION 19A.2.** Of the funds appropriated to the Department of Cultural
39 Resources in this act, the sum of twenty five thousand dollars (\$25,000) for the
40 2005-2006 fiscal year shall be used as a grant-in-aid to the Carolinas Concert
41 Association to provide disadvantaged youth with opportunities for education
42 enrichment."

43 **SECTION 34.** S.L. 2005-276 is amended by adding a new section to read:

"SECTION 19A.3. Funds appropriated in this act to the Department of Cultural Resources for the 2005-2006 fiscal year for the Bethel Public Library shall be transferred to the Town of Bethel to be used for repairs and upgrades."

SECTION 35. S.L. 2005-276 is amended by adding a new section to read:

"SECTION 21.3. Funds appropriated in this act to the Department of Insurance for the 2005-2006 fiscal year for the Ansonville Volunteer Fire Department shall be allocated in equal shares to all volunteer fire departments in Anson County. Funds appropriated in this act to the Department of Insurance for the 2005-2006 fiscal year for the Union Volunteer Fire Department shall be allocated in equal shares to all volunteer fire departments in Union County."

SECTION 36. S.L. 2005-276 is amended by adding a new section to read:

"SECTION 22.5A. Of the funds appropriated in this act to the Department of Revenue, the sum of nineteen thousand seven hundred dollars (\$19,700) for the 2005-2006 fiscal year and the sum of forty-three thousand dollars (\$43,000) for the 2006-2007 fiscal year shall be used to pay the increased salaries of Property Tax Commission members."

SECTION 37. Section 22.6 of S.L. 2005-276 is repealed.

SECTION 38. Section 28.16 of S.L. 2005-276 is amended by adding a new subsection to read:

"SECTION 28.16(b). All funds appropriated by this act to the visitor center located on Staton Road in Transylvania County, including those funds designated as operating funds pursuant to G.S. 20-79.7(c)(2)j, may be used for capital improvements during the 2005-2007 fiscal biennium."

SECTION 39. Section 29.3 of S.L. 2005-276 reads as rewritten:

"SECTION 29.3. The annual salaries, payable monthly, for the 2005-2006 and 2006-2007 fiscal years for the following executive branch officials are:

<u>Executive Branch Officials</u>	<u>Annual Salary</u>
Chairman, Alcoholic Beverage Control Commission	\$97,175
State Controller	135,997
Commissioner of Motor Vehicles	97,175
Commissioner of Banks	109,279
Chairman, Employment Security Commission	133,161
State Personnel Director	106,765
Chairman, Parole Commission	88,733
<u>Members of the Parole Commission (effective 7/1/05-8/31/05)</u>	<u>81,921</u>
<u>Members of the Parole Commission (effective 9/1/05)</u>	<u>40,960</u>
Chairman, Utilities Commission	121,701
Members of the Utilities Commission	109,279
Executive Director, Agency for Public Telecommunications	81,921
Director, Museum of Art	99,573
Executive Director, North Carolina Agricultural	
Finance Authority	94,587
State Chief Information Officer	135,915"

1 **SECTION 40.** G.S. 120-37(c), as amended by Section 19B.1 and Section
2 29.8 of S.L. 2005-276, reads as rewritten:

3 "(c) The principal clerks shall be full-time officers. Each principal clerk shall be
4 entitled to other benefits available to permanent legislative employees and shall be paid
5 an annual salary of ninety-two thousand three hundred twenty-four dollars (\$92,324)
6 payable monthly. Each principal clerk shall also receive such additional compensation
7 as approved by the Speaker of the House of Representatives ~~and or~~ the President Pro
8 Tempore of the ~~Senate-Senate, respectively,~~ for additional employment duties beyond
9 those provided by the rules of their House. The Legislative Services Commission shall
10 review the salary of the principal clerks prior to submission of the proposed operating
11 budget of the General Assembly to the Governor and Advisory Budget Commission and
12 shall make appropriate recommendations for changes in those salaries. Any changes
13 enacted by the General Assembly shall be by amendment to this paragraph."

14 **SECTION 41.** Section 29.20.(a) of S.L. 2005-276 reads as rewritten:

15 **"SECTION 29.20.(a)** Of the revenue generated by implementing a fee for the
16 required review of Form 21 and Form 26 Agreements, the Industrial Commission ~~may~~
17 shall use up to at least one hundred seventy-one thousand nine hundred dollars
18 (\$171,900) in each year of the 2005-2007 biennium to provide the full salary
19 adjustments authorized by subsection (b) of this section and in-range salary adjustments
20 for Industrial Commission staff."

21 **SECTION 42.** Subsections (a) through (h) of Section 29.30A of S.L.
22 2005-276 are repealed.

23 **SECTION 43.** G.S. 135-3(8)c., as amended by Section 29.28(a) of the S.L.
24 2005-276, reads as rewritten:

25 "c. Should a beneficiary who retired on an early or service retirement
26 allowance under this Chapter be reemployed, or otherwise engaged to
27 perform services, by an employer participating in the Retirement
28 System on a part-time, temporary, interim, or on a fee-for-service
29 basis, whether contractual or otherwise, and if such beneficiary earns
30 an amount during the 12-month period immediately following the
31 effective date of retirement or in any calendar year which exceeds fifty
32 percent (50%) of the reported compensation, excluding terminal
33 payments, during the 12 months of service preceding the effective date
34 of retirement, or twenty thousand dollars (\$20,000), whichever is
35 greater, as hereinafter indexed, then the retirement allowance shall be
36 suspended as of the first day of the month following the month in
37 which the reemployment earnings exceed the amount above, for the
38 balance of the calendar year. The retirement allowance of the
39 beneficiary shall be reinstated as of January 1 of each year following
40 suspension. The amount that may be earned before suspension shall be
41 increased on January 1 of each year by the ratio of the Consumer Price
42 Index to the Index one year earlier, calculated to the nearest tenth of a
43 percent (1/10 of 1%).

The computation of postretirement earnings of a beneficiary under this sub-subdivision, G.S. 135-3(8)c., who has been retired at least six months and has not been employed in any capacity with a public school for at least six months immediately preceding the effective date of reemployment, shall not include earnings while the beneficiary is employed to teach ~~on a permanent, full-time basis in a permanent full-time or part-time capacity that exceeds fifty percent (50%) of the applicable workweek~~ in a public school. The Department of Public Instruction shall certify to the Retirement System that a beneficiary is employed to teach by a local school administrative unit under the provisions of this sub-subdivision and as a retired teacher as the term is defined under the provisions of G.S. 115C-325(a)(5a).

Beneficiaries employed under this sub-subdivision are not entitled to any benefits otherwise provided under this Chapter as a result of this period of employment."

SECTION 44. Section 30.2 of S.L. 2005-276 reads as rewritten:

"SECTION 30.2. There is appropriated from the General Fund for the 2005-2006 fiscal year the following amount for capital improvements:

Capital Improvements – General Fund	2005-2006
Department of Commerce – State Ports Authority	
Ports of Wilmington and Morehead City	\$ 9,000,000
Department of Cultural Resources	
Capitol Area Visitor's Center	250,000
NC Museum of Art	10,000,000
Department of Environment and Natural Resources	
Division of Forest Resources – District 9	300,000
Water Resources Development Projects	15,260,000 18,860,000
University of North Carolina System – Board of Governors	
North Carolina Agricultural and Technical State University –	
Visual and Performance Arts Building –	25,000
North Carolina State University – Engineering Complex III	8,700,000
University of North Carolina at Chapel Hill –	
Renaissance Computing Institute	500,000
University of North Carolina at Chapel Hill –	
School of Dentistry	2,000,000

1	University of North Carolina at Greensboro	
2	and North Carolina Agricultural and	
3	Technical State University – Joint Millennium Campus	2,000,000
4		
5	University of North Carolina at Wilmington –	
6	School of Nursing	2,600,000
7		
8	Winston-Salem State University –	
9	Laboratory Facility Planning Funds	750,000

**TOTAL CAPITAL IMPROVEMENTS –
GENERAL FUND**

~~\$51,385,000~~ 54,960,000"

SECTION 45. Section 30.3.(a) of S.L. 2005-276 reads as rewritten:

"SECTION 30.3.(a) The Department of Environment and Natural Resources shall allocate the funds appropriated in this act for water resources development projects to the following projects whose costs are as indicated:

Name of Project	2005-2006
(1) Wilmington Harbor Deepening	\$1,300,000
(2) Manteo (Shallowbag) Bay Channel Maintenance	50,000
(3) Wilmington Harbor Maintenance Dredging	500,000
(4) B. Everett Jordan Water Supply Storage	100,000
(5) John H. Kerr Reservoir Operations Evaluation	600,000
(6) Bogue Banks Shore Protection Study (Carteret County)	75,000
(7) Surf City/North Topsail Beach Protection Study	250,000
(8) West Onslow Beach (Topsail)	100,000
(9) Wrightsville Beach Nourishment	580,000
(10) Hurricane Stream Restoration – Western North Carolina	2,000,000
(11) Swan Quarter (Hyde County) Flood Control Dikes	100,000
(12) Ocracoke NCCAT Estuarine Shoreline Protection	1,500,000
(13) Far Creek Maintenance Dredging	120,000
(14) Belhaven Harbor Environmental Improvements	250,000
(15) Lower Lockwoods Folly River	286,000
(16) Walters Slough Maintenance Dredging	122,000
(17) Hurricane Isabel Emergency Stream Cleanup – Northeastern North Carolina	1,370,000
(18) State-Local Projects	2,000,000
(19) Princeville Flood Control	250,000
(20) Currituck Sound Water Management Study	300,000
(21) Aquatic Weed Control, Lake Gaston and Statewide	375,000
(22) Tar River and Pamlico Sound Feasibility Study	100,000
(23) State Sponsored Dredging Contingency	2,500,000
(24) North Carolina Oyster Habitat Restoration	50,000

1	(25) Emergency Flood Control Projects	187,000
2	(26) Projected Feasibility Studies	100,000
3	(27) Planning Assistance to Communities	95,000
4	(28) <u>Neuse Regional Water & Sewer Authority</u>	<u>3,600,000</u>
5	TOTALS	<u>\$15,260,000</u> <u>18,860,000"</u>

6 **SECTION 46.** S.L. 2005-276 is amended by adding a new section to read:

7 **"SECTION 36.2.(a)** G.S. 105-159.1(a) reads as rewritten:

8 "(a) Every individual whose income tax liability for the taxable year is ~~one dollar~~
9 ~~(\$1.00)~~ three dollars (\$3.00) or more may designate on his or her income tax return that
10 ~~one dollar (\$1.00)~~ three dollars (\$3.00) of the tax shall be credited to the North Carolina
11 Political Parties Financing Fund for the use of the political party designated by the
12 taxpayer. In the case of a married couple filing a joint return whose income tax liability
13 for the taxable year is ~~two dollars (\$2.00)~~ six dollars (\$6.00) or more, each spouse may
14 designate on the income tax return that ~~one dollar (\$1.00)~~ three dollars (\$3.00) of the
15 tax shall be credited to the North Carolina Political Parties Financing Fund for the use
16 of the political party designated by the taxpayer. Amounts credited to the Fund shall be
17 allocated among the political parties according to the designation of the taxpayer.
18 Where any taxpayer elects to designate but does not specify a particular political party,
19 those funds shall be distributed among the political parties on a pro rata basis according
20 to their respective party voter registrations as determined by the most recent
21 certification of the State Board of Elections. As used in this section, the term "political
22 party" means one of the following that has at least one percent (1%) of the total number
23 of registered voters in the State:

24 (1) A political party that at the last preceding general State election
25 received at least ten percent (10%) of the entire vote cast in the State
26 for Governor or for presidential electors.

27 (2) A group of voters who by July 1 of the preceding calendar year, by
28 virtue of a petition as a new political party, had duly qualified as a new
29 political party within the meaning of Chapter 163 of the General
30 Statutes."

31 **SECTION 36.2.(b)** This section is effective for taxable years beginning on or after
32 January 1, 2006."

33 **SECTION 47.(a)** G.S. 105-130.47(a), as enacted by Section 39.1 of S.L.
34 2005-276, is amended by adding a new subdivision to read:

35 "(a) **Definitions.** – The following definitions apply in this section:

36 ...

37 (2a) Live sporting event. – A scheduled sporting competition, game, or race
38 that is not originated by a production company, but originated solely
39 by an amateur, collegiate, or professional organization, institution, or
40 association for live or tape-delayed television or satellite broadcast. A
41 live sporting event shall not include commercial advertising, an
42 episodic television series, a television pilot, music video, motion
43 picture, or documentary production where any sporting events are
44 presented through archived historical footage or similar footage

1 depicting earlier live sporting events that originated more than thirty
2 days before the time of such usage."

3 **SECTION 47.(b)** G.S. 105-130.47(f), as enacted by Section 39.1 of S.L.
4 2005-276, reads as rewritten:

5 "(f) Limitations. – The amount of credit allowed under this section with respect to
6 a production that is a feature film may not exceed seven million five hundred thousand
7 dollars (\$7,500,000). No credit is allowed under this section for any production that
8 satisfies one of the following conditions:

- 9 (1) It is political advertising.
10 (2) It is a television production of a news program or live sporting event.
11 (3) It contains material that is obscene, as defined in G.S. 14-190.1.
12 (4) It is a radio production."

13 **SECTION 47.(c)** G.S. 105-151.29(a), as enacted by Section 39.1 of S.L.
14 2005-276, is amended by adding a new subdivision to read:

15 "(a) Definitions. – The following definitions apply in this section:

16 ...

17 **(2a)** Live sporting event. – A scheduled sporting competition, game, or race
18 that is not originated by a production company, but originated solely
19 by an amateur, collegiate, or professional organization, institution, or
20 association for live or tape-delayed television or satellite broadcast. A
21 live sporting event shall not include commercial advertising, an
22 episodic television series, a television pilot, music video, motion
23 picture, or documentary production where any sporting events are
24 presented through archived historical footage or similar footage
25 depicting earlier live sporting events that originated more than thirty
26 days before the time of such usage."

27 **SECTION 47.(d)** G.S. 105-151.29(f), as enacted by Section 39.1 of S.L.
28 2005-276, reads as rewritten:

29 "(f) Limitations. – The amount of credit allowed under this section with respect to
30 a production that is a feature film may not exceed seven million five hundred thousand
31 dollars (\$7,500,000). No credit is allowed under this section for any production that
32 satisfies one of the following conditions:

- 33 (1) It is political advertising.
34 (2) It is a television production of a news program or live sporting event.
35 (3) It contains material that is obscene, as defined in G.S. 14-190.1.
36 (4) It is a radio production."

37 **SECTION 47.(e)** This section is effective for taxable years beginning on or
38 after January 1, 2005, and applies to qualifying expenses incurred on or after July 1,
39 2005.

40 **SECTION 48.(a)** G.S. 74-24.16(d), as enacted by Section 42.2.(a) of S.L.
41 2005-276, reads as rewritten:

42 "(d) The Commissioner may establish fees not to exceed fifty dollars (\$50.00) for
43 each person participating in education and training programs provided by the

1 Department of Labor to increase the number and competence of personnel engaged in
2 the field of occupational safety and health, pursuant to this section."

3 **SECTION 48.(b)** This section becomes effective September 1, 2005.

4 **SECTION 49.** Section 43.3.(b) of S.L. 2005-276 reads as rewritten:

5 "SECTION 43.3.(b) This section is effective for taxes imposed for taxable years
6 beginning on or after July 1, 2005. July 1, 2006."

7 **SECTION 50.** Notwithstanding the provisions of G.S. 143-23, the Director
8 of the Budget may transfer funds appropriated to non-State entities in S.L. 2005-276
9 between programs and purposes within a department, institution, or other spending
10 agency for purposes of achieving efficient fiscal management. This section shall apply
11 only to appropriations that were set out in the Joint Conference Committee Report on
12 the Continuation, Expansion, and Capital Budgets, dated August 8, 2005, but not set out
13 in either the Senate Appropriations Committee Report on the Continuation, Expansion,
14 and Capital Budgets, dated May 3, 2005 or the House Appropriations Committee Report
15 on the Continuation, Expansion, and Capital Budgets, dated June 15, 2005.

16 **SECTION 51.** Except as otherwise provided in this act, this act becomes
17 effective July 1, 2005.

House Bill 320 – Modify 2005 Appropriations Act.**H320-PCS30381-LT-26**

Section 1.(a): Makes corrections to the appropriations to State departments, institutions, and agencies (Section 2.1).

Section 1.(b): Makes corrections to the Availability Statement (Section 2.2).

Section 2.(a) and (b): Corrects a statutory reference in Section 6.12, the tobacco Master Settlement Agreement provision.

Section 3: Repeals Section 6.29, and reenacts that section dealing with health benefit plan co-payments for chiropractic services to reflect the actual agreement of the budget conferees. Also delays the effective date of that provision until March 1, 2006.

Section 4. Amends Section 6.36 by authorizing the Office of State Budget and Management to use up to \$250,000 to hire the consultant to conduct the State Lab Study mandated by that section.

Section 5.: Corrects the dates in Section 7.5, which provides bonuses for certified personnel at the top of the teacher salary schedule.

Section 6.(a): Adds language to Section 7.32, "Learn and Earn High Schools", authorizing the approval of additional planning sites.

Section 6.(b): Eliminates the November 1 deadline for the submission of applications for Cooperative Innovative High School Programs (Section 7.33).

Section 6.(c) Changes the deadline for approval of applications for Cooperative Innovative High School Programs (Section 7.33) from March 15 to June 30 of each year.

Section 7. Technical change to correct a statutory reference in Section 7.51.

Section 8. Changes the reporting date for the consultant study of the current allotment for school transportation (Section 7.57) from December 1, 2005 to March 1, 2006. Changes the date for the State Board of Education's submission of a plan for the implementation of the consultant's report from March 15, 2006 to April 15, 2006.

Section 9. Authorizes the use of \$750,000 from the Disaster Relief Reserve Fund to repair the Ocracoke School, which was damaged as a result of Hurricanes Isabel and Alex.

Section 10. Revises provision authorizing funds for Defense Technology Innovation

Center (Section 8.11) by directing the Community Colleges System Office to allocate \$2 million for FY 2005-2006 to the Partnership for Defense Innovation to establish the Center. Also authorizes use of funds for the implementation of the business and marketing plan developed by the NC Electronics and Information Technologies Association (NCEITA), including contracting with an experienced incubator development team to develop the Center and implement the business plan.

- Section 11.** Makes technical correction to language in Section 9.6(d), "Use of Escheat Fund for Need-Based Financial Aid Programs"
- Section 12.** Corrects dollar figure in Section 9.16, "North Carolina Agricultural and Technical State University Funds"
- Section 13.** Adds new Section 9.38 to appropriate \$1 million of each year of the biennium to the UNC School of Medicine to establish and operate a translational medicine program to correct an error in the money report.
- Section 14.** Authorizes continued eligibility for in-State tuition for members of the armed services and their dependent relatives who are honorably discharged, so long as the member establishes residency in NC within 30 days after the discharge and is continuously enrolled in the degree or other program the member was enrolled in at the time of the discharge.
- Section 15.** Corrects block grant reference in Section 5.1 from TANF to Social Services.
- Section 16.** Delays effective date of Section 10.21, "Medicaid Estate Recovery to Include Liens on Real Property", from January 1, 2006 to July 1, 2006.
- Section 17.** Strikes reference to "Commission for Health Services" in Section 10.36(b), "Controlled Substances Reporting" to provide that rulemaking directive applies to Commission for Mental Health, Developmental Disabilities, and Substance Abuse Services.
- Section 18.** Delays effective date of Section 10.39(a), authorizing Special Assistance payments to eligible individuals in in-home living arrangements, to October 1, 2005.
- Section 19.** Adds language to Section 10.59E to insure that a portion of the funds for the Community-focused Eliminating Health Disparities Initiative may be distributed to local health departments and American Indian tribes.
- Section 20.(a)** Expands application of the Governor's Vision Care Program (Section 10.59F) from children enrolled in grades K through 3 to children enrolling

or enrolled.

Section 20.(b) Changes eligibility for Governor's Vision Care Program from children with a certain family income "who do not have private health insurance" to "who do not receive comparable services through private health insurance".

Section 20.(c) Changes due date for DHHS report on implementation of Governor's Vision Care Program from May 1, 2006 to January 15, 2006.

Section 20.(d) Revises the effective date for the Governor's Vision Care Program.

Section 21. Provides that funds appropriated to the DHHS for the Jewish Community Center of Charlotte, Inc., shall be paid to Senior Activities and Services, Inc., to support activities of the Levine Senior Center of Matthews.

Section 22. Makes technical change to Section 11.5, "Uniform Regulation of Animal Shelters", by correcting a reference to "persons licensed under this Article" to "persons required to obtain a certificate of registration under this Article".

Section 23. Corrects the name of Port Discover: Northeastern North Carolina's Center for Hands-On Science, Inc. (Section 12.5(a)).

Section 24. Changes cap on the total administrative costs that may be paid with funds from the Employment Security Commission Reserve Fund in FY 2005-2006, from the total amount paid in 2004-2005 to \$2 million (Section 13.4(a)).

Section 25. Adds a new section requiring the NC Board of Science and Technology to provided a biennial report to the General Assembly on the impact of education on economic growth.

Section 26. Directs the use of \$750,000 appropriated to the Department of Commerce to promote the North Carolina furniture industry to be allocated to the High Point International Home Furnishings Market Advisory Corporation to promote the International Home Furnishings Market.

Section 27. Amends Section 14.2, which provided for the division of Superior and District Court District 20, by further dividing District Court District 20B (Union County) into 20B and 20C for electoral purposes only (the three judges elected in those districts will serve the entire county).

Section 28. Amends Section 14.11 to authorize additional use of \$1,069,645 in expansion funds appropriated to the Office of Indigent Defense Services: the establishment of new positions in Defender Districts 1 and 3A for the purpose of representing indigent persons entitled to counsel in Superior and District Court Districts 2.

- Section 29.(a)** Amends Section 14.22 to clarify that the limitation on the use of drug treatment court funds contained in that section applies only to adult drug treatment courts and not those providing treatment to juveniles.
- Section 29.(b)** Authorizes use of \$300,000 to fund the operations of the Mecklenburg Drug Court to provide treatment to DWI offenders and pretrial offenders.
- Section 30.** Provides funding for a new deputy clerk of court position in Hyde County.
- Section 31.** Increases maximum cash prize that may legally be awarded in a raffle from \$10,000 to \$50,000.
- Section 32.** Provides \$50,000 for asbestos and lead paint abatement and other capital improvements to the Warrenton National Guard Armory.
- Section 33.** Provides \$25,000 as a grant-in-aid to the Carolinas Concert Association to provide disadvantaged youth with opportunities for education enrichment.
- Section 34.** Provides that funds appropriated to the Department of Cultural Resources for the Bethel Public Library shall be transferred to the Town of Bethel for repairs and upgrades.
- Section 35.** Provides that funds appropriated to the Department of Insurance for the Ansonville Volunteer Fire Department are to be allocated equally to all volunteer fire departments in Anson County and that funds appropriated to the Department of Insurance for the Union Volunteer Fire Department are to be allocated equally to volunteer fire departments in Union County.
- Section 36.** Provides funding to pay the increased salaries of Property Tax Commission members as authorized in the budget bill (funds reimbursed by local government sales tax proceeds).
- Section 37.** Repeals Section 22.6, which would have amended the Collection Assistance Fee in G.S. 105-243.1(d), determined by the Attorney General's office to be unnecessary.
- Section 38.** Authorizes the use of all funds appropriated for the visitor center on Staton Road in Transylvania County, including those designated as operating funds, to be used for capital improvements
- Section 39.** Makes correction to Section 29.3, which sets the annual salaries of executive branch officials, to reflect the fact that the Post-Release Supervision and Parole Commission will have one full-time member and two half-time members effective September 1, 2005.

- Section 40.** Revises G.S. 120-37(c), as amended by Sections 19B.1 and 29.8, which governs the setting of the salaries of the principal clerks, to provide that each clerk may receive such additional compensation as approved by either the Speaker of the House or the President Pro Tem. Currently the approval of both is required.
- Section 41.** Amends Section 29.20(a) to direct that at least \$171,900 of the fee revenue be used to provide the full salary adjustments authorized in the budget and in-range salary adjustments for Industrial Commission staff.
- Section 42.** Repeals the subsections in Section 29.30A that included the Utilities Commissioners as members of the Consolidated Judicial Retirement System.
- Section 43.** Revises G.S. 135-3(8)c., as amended by Section 29.28(a), to provide that retired teachers may return to work without losing retirement benefits so long as they are employed to teach in a permanent full-time or part-time capacity that exceeds 50% of the applicable workweek.
- Sections 44 & 45.** Amends Section 30.2, Capital Improvements, to add the Neuse Regional Water & Sewer Authority project in the amount of \$3.6 million to further fund a mandated project.
- Section 46.** Amends GS 105-159.1 to increase the amount of tax that an individual may designate on his or her tax return to the NC Political Parties Financing Fund from \$1.00 to \$3.00.
- Section 47.** Clarifies the limitation regarding sporting events in the Film Industry Jobs Incentives provision, Section 39.1, to apply to "live" sporting events in order to make it clear that archival footage of sporting events is not included in the limitation.
- Section 48.** Corrects the purpose statement in Section 42.2, "Establish Fee for Mine Safety Education".
- Section 49.** Delays effective date of property tax increase for support of Butner Fire and Police Protection District (Section 43.3) from July 1, 2005 to July 1, 2006.
- Section 50.** Technical correction authorizing the Director of the Budget to transfer funds appropriated to non-State entities between programs and purposes within a department, institution, or other agency for purposes of achieving efficient fiscal management.