

2011-2012

**SENATE
APPROPRIATIONS -
TRANSPORTATION**

MINUTES



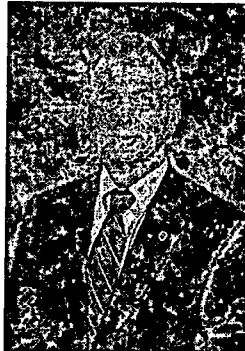
North Carolina General Assembly
Appropriations Subcommittee on Transportation
2011-2012 Session



Senator Forrester
Co-Chair



Senator Harrington
Co-Chair



Senator Rabon
Vice-Chair



Senator Hise



Senator Jenkins



Senator Meredith



Senator Vaughan



North Carolina General Assembly

Senate Appropriations Subcommittee on Transportation

Contact Information

MEMBER	ASSISTANT	PHONE	OFFICE	SEAT
James Forrester	Mona Fitzgerald	715-3050	1028	9
Kathy Harrington	Christopher Dean	733-5734	2113	31
Bill Rabon	Melissa Dombalis	733-5963	2108	26
Rick Hise	Shelly Carver	733-3460	1026	23
Clark Jenkins	Sarah Murphy	715-3040	621	33
Senator Meredith	Debbie Lown	733-5776	2106	19
Don Vaughan	Ryan Butler	733-5856	515	43

STAFF

Amna Cameron, Fiscal Research

Bryce Ball, Fiscal Research Staff

Karlynn O'Shaughnessy, Fiscal Research

Ryan Blackledge, Bill Drafting

Christopher Dean, Committee Clerk

Jan Copeland, Committee Clerk

**SENATE APPROPRIATIONS ON DEPARTMENT OF TRANSPORTATION
COMMITTEE**

**Tuesday, May 10, 2011 at 8:30 AM
Room 1027, Legislative Building**

MINUTES

The Senate Appropriations on Department of Transportation Committee met at 8:30 AM on May 10, 2011, in Room 1027 of the Legislative Building. 6 members of the committee were present. Senator Kathy Harrington, presided.

Senator Harrington called the meeting to order and introduced the Sergeant-at-Arms. Stanley Johnson and Jon Fitchett. and the page, Jessica Williford of Fuquay-Varina and sponsored by Senator Phil Berger.

The members present at the committee were Senator Kathy Harrington, Senator James Forrester, Senator Bill Rabon, Senator Ralph Hise, Senator Clark Jenkins, and Senator Wesley Meredith.

Senator Harrington introduced Amna Cameron of the North Carolina General Assembly Fiscal Research Division.

Ms. Cameron introduced the handout, "Transportation House Money Report and Special Provisions" and began to describe the proposed budget items, starting on page k1.

Senator Rabon asked a question regarding Item 15: Contingency Funds. Senator Rabon expressed disapproval of the proposed cuts and asked Senator Harrington if it was an appropriate time to voice his concern. Senator Harrington allowed comments.

Mr. Bryce Ball of the North Carolina General Assembly Fiscal Research Division took over the presentation from Ms. Cameron at Item 18: Driver License Continuation Review.

Senator Vaughn asked to revisit Item 17: Consolidate Call Center Functions. Senator Vaughn voiced concern over further cuts to the Department of Motor Vehicles call center that was already underperforming. Ms. Cameron explained that this item only had to do with the Ferry Customer Service call center operation.

Senator Vaughn asked about Item 22: Establish Per Record Fee for Bulk Data. Senator Vaughn voiced concern that the cost may be larger than neighboring states, citing that most states only charge \$.01 per record instead of the proposed \$.06 per record. Mr. Ball explained that the proposed fee was about average within the region, and the provision was heavily debated in House committee deliberations resulting in a compromise. Senator Vaughn was satisfied with the compromise.

Ms. Cameron took over the presentation at Item 25.

Senator Hise asked for clarification regarding the line item appropriation for the High Point Furniture Market Grant. Senator Rabon answered by explaining the last appropriation and what the proposed reduction was, as seen in Item 37: Public Transportation Division – Cuts

Mr. Ball continued the presentation at Item 49.

Senator Forrester asked if visitor centers were allowed to close early for cleanup and other maintenance. He cited that sometimes people were not able to go to the restroom when they wanted. He pointed out that he had experienced this. Mr. John Nance, Chief Engineer of the North Carolina Department of Transportation, answered by explaining that the rest stop Senator Forrester referred to was having significant sewer problems that required temporary closure. Ms. Cameron continued.

Mr. Ball continued the presentation at Item 55.

Senator Vaughn asked about Item 56: Driver Education Program - Reduce Appropriated Transfer, inquiry how much the proposed \$75 fees to attend Driver's Education covered of the total cost of attendance. Mr. Ball explained that the average cost per student was about \$320. Mr. Ball explained that the proposed provision only allowed the charging of a maximum of \$75 per student, but Local Education Agencies could choose the actual fee.

Senator Forrester inquired about Item 60: State Highway Patrol - Management Flexibility and whether this item would allow for a further elimination of Highway Patrol Trooper positions. Mr. Ball explained that the provision allowed for elimination of non-trooper and management positions if other efficiencies could not be found, but trooper positions would not be affected by this provision.

Senator Meredith asked if instead of eliminating trooper positions, the budget could just freeze the filling of the positions until revenue increases. Mr. Ball explained that that was a possibility, but the Committee rules prohibit it.

Senator Hise about troop transfers. He explained that troopers were not being allowed to transfer divisions because managers were concerned that the resulting vacancy would be eliminated. Mr. Ball explained that troop transfer would be allowed without having the worry about the division losing the position, but that is up to management policies.

Ms. Cameron continued the presentation at Item 65.

Mr. Ball continued the presentation at Item 70.

Senator Harrington asked if any members had questions or comments before the committee proceeded to be briefed on specific provisions.

Mr. Ball and Ms. Cameron began to explain the provisions.

Senator Forrester inquired to whether the Governor's Budget Recommendation of privatizing visitor/ welcome centers was in the current version of the budget. Mr. Ball explained that the House chose to study privatization instead, but did not take any action.

Senator Vaughn asked which cities did not have any road miles. Ms. Cameron answered roughly from memory. Senator Vaughn seemed impressed by Ms. Cameron's knowledge.

Senator Meredith asked who introduced the amendment in Section 28.14: STUDY RAIL CONNECTION BETWEEN WILMINGTON AND FAYETTEVILLE. Ms. Cameron explained that Representative Susi Hamilton introduced the amendment.


Senator Hise inquired about Section 28.14: REPORT, CONSULTATION, AND APPROVAL OF RAIL PROJECTS, and how the determination of the cost to the state would be determined. Ms. Cameron explained that the NCDOT created this figure as part of grant applications to the Federal Government.

Senator Forrester asked about the Global Transpark debt issues. He asked that given the problems, has anyone discussed selling it. Mr. Ball explained that tomorrow's committee meeting would talk exclusively about the Global Transpark.

Senator Meredith asked about why Oakrakoke Ferry was not specifically mention in Section 31.30. Ms. Cameron explained that this was the legislative language used by the sponsor and that the sponsor would be the best resource.

Senator Harrington asked if there were any further discussion or questions.

The meeting adjourned at 9:02am.


Senator Kathy Harrington, Presiding


David Goldberg, Committee Clerk

Senate Appropriations Committee on Department of Transportation

**May 10, 2011
8:30 am
Room 1027 LB**

Agenda

Chairs: Senator James Forrester
Senator Kathy Harrington, Chairing
Senator Bill Rabon

- Call to Order
- Review of House Transportation Budget

Amna Cameron, Fiscal Research Staff
Bryce Ball, Fiscal Research Staff
North Carolina General Assembly

- Subcommittee Discussion and Recommendations

Next meeting:

Wednesday, May 11, 2011 at 8:30 am

Transportation
House Money Report
and
Special Provisions
House Bill 200

Presented to
Senate Appropriations Committee on
Department of Transportation

May 10, 2011

Highway Fund

HIGHWAY FUND

FY 11-12

FY 12-13

Recommended Budget

\$1,806,351,974

\$1,812,408,831

Legislative Changes

Administration

1 General Administration - Cuts

(\$4,507,486) R (\$4,507,486) R

Decreases funds to the General Administration budget. This includes the elimination of seven (7) vacant positions funded through General Administration funds.

-7.00 -7.00

2 General Administration - Internal Consolidations

(\$1,071,606) R (\$1,071,606) R

Reduces budget through internal consolidations and eliminations to the General Administration budget.

-41.00 -41.00

3 Eliminate Aeronautics Council and Funding

(\$14,435) R (\$14,435) R

Eliminates funding for the Aeronautics Council. The Council is funded through General Administration fund code 84210-0041.

4 Eliminate Bicycle Committee and Funding

(\$2,070) R (\$2,070) R

Eliminates funding for the North Carolina Bicycle Committee. The Committee is funded through General Administration fund code 84210-0035.

5 Eliminate Vacant Ferry Division Position

(\$39,327) R (\$39,327) R

Eliminates funding for one vacant Administrative Secretary II position in the Ferry Division's Morehead City office. This position is funded through General Administration fund code 84210-7040.

-1.00 -1.00

6 Transfer One Public Transportation Employee to Receipt Support

(\$63,528) R (\$63,528) R

Transfers funding for one position (position number 60029757) in the Public Transportation Division to receipt support. This position is funded through General Administration fund code 84210-0036.

-1.00 -1.00

7 Highway Administration - Internal Consolidations

(\$3,991,358) R (\$5,777,592) R

Reduces funds to the Highway Administration budget for additional internal consolidations and eliminations in the pre-construction and administrative areas, and through the elimination of management layers. Of the 75 positions identified for elimination, 29 positions are vacant and can be eliminated on July 1, 2011. Of the 46 filled positions, 24 positions will be eliminated December 31, 2011. The remaining 22 positions will be eliminated July 1, 2012.

-53.00 -75.00

8 Highway Administration - Internal Consolidations (Trust Fund)

(\$135,809) R

(\$135,809) R

Decreases funds to the Highway Administration budget through internal consolidations and eliminations. This includes the elimination of nine (9) receipt-supported positions. Receipts are reduced \$887,297 in FY 2011-12 and \$942,679 in FY 2012-13.

9 Highway Administration - Additional Internal Consolidations (Trust Fund)

Reduces receipts from the Highway Administration budget to the Highway Trust Fund Administration budget to account for additional internal consolidations and eliminations in the pre-construction areas, by reducing management layers and administrative support staff. Of the six (6) positions identified for elimination, all six (6) positions are currently filled and will be eliminated December 31, 2011. Receipts are reduced \$451,852 as recurring cuts.

10 Highway Administration - Privatize and Outsource Functions

Transfers funds within the Highway Administration budget to outsource and further privatize existing functions. These functions include the pre-construction work to increase the amount of work privatized in preliminary engineering and project designs. Some general services functions, such as janitorial work, will be outsourced. Of the 194 positions to be eliminated, 57 positions are vacant and will be eliminated on July 1, 2011. Of the remaining 137 filled positions, 110 will be eliminated on December 31, 2011 and the remaining 27 positions will be eliminated on July 1, 2012. No funds are associated with these position reductions because the funds will be shifted to the costs of outsourcing and privatizing these functions.

-167.00

-194.00

11 Highway Administration - Privatize and Outsource Functions (Trust Fund)

Reduces funds from the Highway Administration budget as receipts to the Highway Trust Fund Administration budget to outsource and further privatize existing functions. These functions include the pre-construction work to increase the amount of work privatized in preliminary engineering and project designs. Some general services functions, such as janitorial work, will be outsourced. Of the 16 positions to be eliminated, three (3) positions are vacant and will be eliminated on July 1, 2011. The remaining 13 filled positions will be eliminated on July 1, 2012. No funds are associated with these position reductions because the funds will be shifted to the costs of outsourcing and privatizing these functions.

12 Highway Administration - Eliminate Keep America Beautiful Transfer

(\$40,000) R

(\$40,000) R

Eliminates funding for the Keep America Beautiful grant (non-profit operating grant) in the Highway Administration budget.

House Subcommittee on Transportation

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Construction

13 Access and Public Service Roads

(\$101,115) R

(\$101,115) R

Reduces funding to the Access and Public Service Roads. The total budget is \$1,758,885 in both years of the biennium.

14 Secondary Roads

(\$35,000,000) NR

(\$35,000,000) NR

Reduces funding for secondary road construction in order to have greater flexibility to use funds across the State-maintained road network by shifting funds to the maintenance categories of contract resurfacing, system preservation, and to the general maintenance reserve. The total budget is \$54,373,921 in FY 2011-12 and \$53,480,182 in FY 2012-13.

15 Contingency Funds

(\$6,830,980) R

(\$6,830,980) R

Reduces funding for Contingency funds, transferring a portion of funds to the Spot Safety program for safety improvements. The total budget is \$5,169,020 in both years of the biennium.

House cut more
R

16 Spot Safety Program

\$3,000,000 R

\$3,000,000 R

Increases funding per transfer from Contingency funds. The total budget is \$12,100,000 in both years of the biennium.

Department-wide

17 Consolidate Call Center Functions

\$556,074 R

Transfers funds to the new consolidated call center in FY 2012-13 to support the cost of the ferry reservations line. It is anticipated that the call center will be staffed by contracted employees, not State employees.

Division of Motor Vehicles

18 Driver License Continuation Review

(\$47,065,069) R

(\$47,713,947) R

Eliminates recurring funds for the Driver License program within the Division of Motor Vehicles and supplants with non-recurring funds for FY 2011-12. Program funding will be re-examined for FY 2012-13, per a Continuation Review.

\$47,065,069 NR

19 Reduce Driver & Vehicle Services Operating Funds

(\$4,224,000) R

(\$4,224,000) R

Reduces operating funds per projected driver (license issuance) and vehicle services (contractor commission) transactions. Reductions are net of the expected increase in license production costs upon implementation of the New Generation Driver License System in FY 2011-12.

20 Shift Positions to Receipt-Support

(\$800,319) R

(\$800,319) R

Increases budgeted emission inspection (electronic authorization) receipts to support half of the personnel costs for License & Theft Bureau law enforcement positions.

House Subcommittee on Transportation

FY 11-12**FY 12-13****21 Consolidate Inspection Audits**

(\$2,188,668) R (\$2,188,668) R

Eliminates 39 non-sworn, Emission Specialist positions per a restructuring of the Division of Motor Vehicles Inspection Program. Presently, when an Emission Specialist audits an inspection station and detects a violation, a sworn law enforcement agent is notified for enforcement. Adjustments to Inspector's duties and technological upgrades permit this workflow to be streamlined.

-39.00 -39.00

22 Establish Per Record Fee for Bulk Data

(\$5,049,796) R (\$5,049,796) R

Establishes a fee of three cents (\$.03) per partial license, registration, and accident report data record downloaded by third parties, principally for resale. Revenues are projected to increase by \$5,049,796 recurring. Highway Fund appropriations are reduced per projected revenues.

23 Eliminate Vacant Positions

(\$662,708) R (\$662,708) R

Eliminates 12 vacant Division of Motor Vehicles positions.

-12.00 -12.00

24 Implement Credit/Debit Payments at Driver License Offices

\$648,879 R \$1,297,757 R

Provides funds to offset transactional costs upon implementation of merchant card (credit/debit) point-of-sale processing at driver license offices. Pilot implementation is proposed for January 2012. Second year transactional costs are annualized. Point-of-sale terminal and other installation costs will be supported with existing funds.

Governor's Highway Safety Program**25 GHSP - Cuts**

(\$28,233) R (\$28,233) R

Eliminates a Public Relations Officer position supported by 50 percent highway funds and 50 percent federal funds, and shifts the employee into a vacant position fully supported by federal funds.

-0.50 -0.50

26 GHSP - Cuts

(\$3,700) R (\$3,700) R

Eliminates costs to Board in fund code 84210-0042.

Intermodal Divisions**27 Division-wide**

Appropriates \$24,000,000 of accumulated unencumbered fund balance from the five intermodal divisions. This balance resulted primarily from funds encumbered as the state matching component for grant applications for federal funds that were not awarded.

28 Aviation Division - Cuts

(\$3,050,000) R (\$3,050,000) R

Reduces grant funds for commercial air carrier airports by \$1,200,000, miscellaneous aviation programs by \$1,100,000, and general aviation airports by \$750,000.

House Subcommittee on Transportation

FY 11-12**FY 12-13****29 Ferry Division - Cuts**

(\$2,097,950) R

(\$2,097,950) R

Reduces non-essential seasonal temporary employees; reduces fuel costs through engine RPM adjustments and from increasing hull cleanings from every two years to annually; eliminates non-essential overtime; and, reduces consumables used by operations and vessels.

30 Ferry Division - Tolling

(\$5,000,000) R

(\$7,500,000) R

Raises tolling on some existing routes and adds tolls to remaining routes. Revenues will increase by \$5,000,000 in FY 2011-12 and by \$7,500,000 recurring in FY 2012-13.

31 Ferry Division - Efficiencies

(\$2,000,000) R

(\$2,000,000) R

Reduces funds through division-wide efficiencies. In order to meet the reduction, the Department is authorized to reduce ferry schedules if reductions cannot be met through efficiencies.

32 Ferry Division - Eliminate Vacant Positions

(\$1,115,490) R

(\$1,115,490) R

Eliminates 23 vacant positions that are determined to be non-critical positions. This includes one position associated with the closure of the Morehead City Office.

-23.00

-23.00

33 Ferry Division - Close Morehead City Field Office

(\$186,189) R

(\$446,855) R

Closes the Morehead City Office on Feb. 1, 2012, eliminating four (4) permanent employees and six (6) temporary employees that are responsible for the ferry reservations line. The recurring reduction includes rent for the office. The ferry reservation line will be transferred outside of the Ferry Division so that call center functions may be merged across the Department in a manner selected by the Department to better coordinate communications. Funds transferred to the new call center to support ferry operations will come from existing funds within the ferry system budget for FY 2011-12.

-4.00

-4.00

34 Ferry Division - Call Center

\$109,209 R

Transfers funds to the new consolidated call center in FY 2012-13 to support the cost of the ferry reservations line. It is anticipated the call center will be staffed by contracted employees, not State employees. Reservation line costs are anticipated to grow once the additional ferry routes become tolled.

35 Ferry Division - Replace Dredge Carolina

\$10,000,000 NR

Replaces Dredge Carolina. The current dredge is over 40 years old and in need of replacement. The dredge is used to maintain channels and basins in order for the ferries to operate and keep navigable channels operational.

36 Public Transportation Division - Cuts

(\$2,549,534) R

(\$2,549,534) R

Reduces all public transportation grant programs by four (4) percent, excluding the Regional New Starts and Capital grant program.

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37 Public Transportation Division - Cuts

(\$200,000) R

(\$200,000) R

Reduces the Highpoint Furniture Market grants from \$1,200,000 to \$1,000,000.

38 Rail Division - Transparency

\$5,000,000 R

\$5,000,000 R

Repeals G.S. 136-44.20(d) in order to bring transparency to the Rail Division budget. The funds associated are transferred from the Highway Trust Fund to the Highway Fund fund code 84210-7829 to pay for the Piedmont and Carolinian passenger rail operations. These funds are used to pay Amtrak for the cost to fully operate these trains, less fare receipts.

39 Rail Division - Cuts

(\$800,000) R

(\$800,000) R

Reduces funds to the Rail Division's operating budget to fund grants to short-line railroads.

40 Rail Division - Grants to Short-Line Railroads

\$800,000 R

\$800,000 R

Provides recurring funds to short-line railroads to fund rehabilitation projects that strengthen North Carolina's short-line infrastructure.

Maintenance**41 Primary System**

(\$20,000,000) NR

(\$20,000,000) NF

Reduces funding to the primary system in order to have greater flexibility to use funds across the State-maintained road network by shifting funds to contract resurfacing, system preservation, and to the general maintenance reserve. The total budget is \$184,459,157 in both years of the biennium.

42 Secondary System

(\$30,000,000) NR

(\$30,000,000) NR

Reduces funding to the secondary system in order to have greater flexibility to use funds across the State-maintained road network by shifting funds to contract resurfacing, system preservation, and to the general maintenance reserve. The total budget is \$267,356,761 in both years of the biennium.

43 Contract Resurfacing

\$76,854,210 NR

\$100,864,798 NR

Increases funds for Contract Resurfacing. The contract resurfacing program provides funding for resurfacing the paved road system to improve ride quality. Contract resurfacing avoids costly patching and frequent maintenance. The total budget is \$351,379,873 in FY 2011-12 and \$375,390,461 in FY 2012-13.

44 System Preservation

\$76,854,209 NR

\$100,864,797 NR

Increases funds for System Preservation in order to make improvements on structurally deficient bridges. 81.1 percent of structurally deficient bridges are located on the secondary road system. The total budget is \$155,443,280 in FY 2011-12 and \$179,453,868 in FY 2012-13.

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45 General Maintenance Reserve

Increases funds for the General Maintenance Reserve in order for the Department to have greater flexibility in programming funds to target the most critical maintenance needs. The total budget is \$114,654,521 in FY 2011-12 and \$138,665,109 in FY 2012-13.

\$76,854,209	NR	\$100,864,797	NR
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Repairs and Renovations**46 Funds for Facility Improvements and Repairs**

Provides funds for the Department to address critical life safety repairs, renovations, and replacement of its field facilities. Projects to be funded are critical to the success of the Department to effectively deliver its statutorily mandated programs and services. \$250,000 non-recurring in receipts are used in FY 2011-12.

\$15,250,000	NR	\$15,000,000	NR
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Reserves**47 State Retirement System Contributions**

Increases the State's contribution to the Teachers' and State Employees' Retirement System for the 2011-2013 biennium to fund the Annual Required Contribution.

\$13,300,000	R	\$18,200,000	R
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48 State Health Plan

Provides additional funding to continue health benefit coverage for enrolled active and retired employees supported by the Highway Fund for the biennium as per pending legislation.

\$376,217	R	\$4,749,858	R
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will change

49 Reserve for Visitor Centers - Reduce Operating Assistance

Eliminates Highway Fund appropriations to the Reserve for Visitor Centers (fund code 84210-0882).

(\$400,000)	R	(\$400,000)	R
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50 Reserve for Visitor Centers - Increase Receipts

Budgets \$400,000 of additional title fee receipts, per transfer from the Highway Trust Fund, to offset reductions for visitor center operating grants in FY 2011-12 and FY 2012-13. Total grant funding remains \$400,000.

\$400,000	R	\$400,000	R
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Statutory Adjustments**51 Aid to Municipalities**

Adjusts funding for Aid to Municipalities based on revised projections for motor fuels tax revenue in accordance with G.S. 136-41.1. The total budget is \$89,373,921 in FY 2011-12 and \$90,187,224 in FY 2012-13.

\$1,707,042	NR
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Transfers

52 Department of Agriculture - Standards Division	(\$261,888)	R	(\$261,888)	R
Eliminates funds for three (3) vacant positions for a total position cost of \$146,561, one (1) filled position (Chemical Tech II) for a total position cost of \$58,101, and shifts funds for another position from Highway Fund receipts to other receipts within the Department of Agriculture budget (total \$57,039). Reduces operating budget for equipment and supplies by \$187.				
53 Department of Revenue - Motor Fuels Division	(\$1,024,544)	R	(\$1,024,544)	R
Eliminates funds for 15 vacant positions for a total personnel cost savings of \$785,704, reduces the "other information technology services" budget by \$207,346, and reduces the travel budget by \$31,494.				
54 DENR LUST Trust Fund	\$2,116,432	R	\$2,226,432	R
Adjusts funding for the Leaking Underground Storage Tank (LUST) program based on revised projections for gallons of gasoline sold. Per G.S. 119-18(b), cuts made to the Departments of Agriculture and Revenue are transferred to the LUST program. The total transfer to this trust fund is \$4,288,330 in FY 2011-12 and \$4,488,330 in FY 2012-13.				
55 Department of Health and Human Services - Chemical Testing Unit	(\$28,867)	R	(\$28,867)	F
Shifts a portion of funds for position number 60039654 from Highway Fund receipts to other receipts within the Department of Health and Human Services budget, and reduces funding for purchased services by \$6,280.				
56 Driver Education Program - Reduce Appropriated Transfer	(\$8,686,671)	R	(\$8,775,989)	R
Authorizes local education agencies (LEAs) to assess fees of up to seventy-five dollars (\$75.00) to program participants. Highway Fund appropriations are reduced per projected revenues of \$8,686,671 in FY 2011-12 and \$8,775,989 in FY 2012-13. Estimates are based on projected ninth-grade average daily membership and reported enrollment from fiscal years 2007-08 through 2009-10. Highway Fund appropriations total \$23,335,293 for FY 2011-12 and \$23,245,975 for FY 2012-13.				
57 State Highway Patrol - Freeze Step Increases	(\$3,373,932)	NR	(\$3,373,932)	NR
Continues the freeze on salary step increases (five percent) for sworn members of the State Highway Patrol for the FY 2011-13 biennium.				
58 State Highway Patrol - Eliminate Vacant Positions	(\$965,003)	R	(\$965,003)	R
Eliminates funds for 18 vacant positions, of which 16 are sworn law enforcement officer positions and no positions are assigned to Troops/Districts.				

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59 State Highway Patrol - Eliminate Positions Per Attrition	(\$2,068,375)	R	(\$5,201,675)	R
Eliminates funds for sworn and non-sworn positions per attrition. The State Highway Patrol's reported average annual attrition rate of 78 members is a stable rate per retirements and other member exits. Fifty-seven (57) positions are eliminated in FY 2011-12 and 50 additional positions are eliminated in FY 2012-13. FY 2011-12 reductions reflect at least a half-year of cost savings.				
60 State Highway Patrol - Management Flexibility	(\$1,380,370)	R	(\$1,380,370)	R
The State Highway Patrol shall be responsible for finding and making appropriate budgetary reductions to achieve \$1,380,370 in savings within the Patrol's budget. The Patrol is authorized to eliminate positions to achieve the required reduction.				
61 State Highway Patrol - Reduce Operating Funds	(\$5,122,179)	R	(\$5,122,179)	R
Reduces funding for purchased services, equipment, and supplies by 15 percent. Budgeted non-personnel funds total \$37,918,255 recurring.				
62 State Highway Patrol - Eliminate Highway Fund Transfer	(\$193,527,300)	R	(\$190,394,000)	R
Eliminates Highway Fund appropriations (fund codes 84210-0866, 84210-1010, and 84210-7834) for transfer to the Department of Crime Control and Public Safety (budget code 24960) for State Highway Patrol operations. Equivalent transfers to the General Fund offset this reduction.				
63 Transfer to General Fund	\$193,527,300	R	\$190,394,000	R
Transfers funds to the General Fund per the directed certification of the State Highway Patrol budget under a Department of Crime Control and Public Safety fund code within the General Fund.				
Total Legislative Changes	(\$88,115,739)	R	(\$85,836,333)	R
	\$204,503,765	NR	\$240,927,502	NR
Total Position Changes	-348.50		-397.50	
Revised Budget	\$1,922,740,000		\$1,967,500,000	

Highway Trust Fund

HIGHWAY TRUST
FUND

	FY 11-12	FY 12-13
Recommended Budget	\$933,800,000	\$982,400,000

Legislative Changes

Administration

64 Administration

Appropriates \$25,000,000 of the accumulated unencumbered fund balance within the Highway Trust Fund Administration budget to the Mobility Fund.

Aid to Municipalities

65 Statutory Adjustment to Aid to Municipalities Allocation

Increases funds for State Aid to Municipalities for FY 2011-12 and FY 2012-13, consistent with new revenue estimates and G.S. 136-176(b)(3). The total budget is \$48,605,470 in FY 2011-12 and \$50,602,947 in FY 2012-13.

\$3,754,484	NR	\$2,930,802	NR
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Construction

66 Intrastate System

Increases funds for the Intrastate System for FY 2011-12 and FY 2012-13, consistent with new revenue estimates and G.S. 136-176(b)(1). The total budget is \$435,942,824 in FY 2011-12 and \$454,712,566 in FY 2012-13.

\$35,783,118	NR	\$27,932,798	NR
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67 Secondary Roads

Not withstands G.S. 136-176(b)(4) and reduces funding to Secondary Roads. The total budget is \$51,155,667 in FY 2011-12 and \$56,820,944 in FY 2012-13.

(\$10,000,000)	NR	(\$10,000,000)	NR
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68 Urban Loops

Transfers Urban Loops funding to the Mobility Fund.

(\$132,130,237)	R	(\$141,057,947)	R
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69 Mobility Fund

\$147,149,440	R	\$152,902,807	R
\$94,453,195	NR	\$15,666,132	NR

Transfers in recurring funding for Urban Loops, including statutory increases consistent with new revenue estimates and G.S. 136-176(b)(2) (totaling \$14,469,203 recurring in FY 2011-12 and \$11,294,850 recurring in FY 2012-13), and \$20,000,000 of unencumbered gap funds appropriated in FY 2010-11 for the Garden Parkway. These urban loop funds are to be budgeted within the Mobility Fund, prioritized based on the Mobility Fund selection process, but shall be used only for urban loops projects. Total appropriations for urban loops within the Mobility Fund are \$146,599,440 recurring and \$20,000,000 nonrecurring in FY 2011-12, and \$152,352,807 recurring in FY 2012-13.

Non-Urban Loop Mobility Fund increases include \$25,000,000 of unencumbered administrative funds from prior years, \$15,000,000 of unencumbered gap funds appropriated in FY 2009-10 for the Mid-Currituck Bridge project, \$15,000,000 of unencumbered gap funds appropriated in FY 2010-11 for the Mid-Currituck Bridge project, and \$550,000 of increased title fee receipts credited to the Mobility Fund.

The total Mobility Fund budget is \$272,602,635 in FY 2011-12 and \$213,568,939 in FY 2012-13.

Transfers**70 Transfer to Highway Fund - Reserve for Visitor Centers**

\$400,000	R	\$400,000	R
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Appropriates \$400,000 for transfer to the Highway Fund Reserve for Visitor Centers for operating grants to nine visitor centers.

Highway Trust Fund revenues are projected to increase by \$950,000 recurring per a reduction in the amount of title fee receipts transferred to the Mercury Switch Removal Account (budget code 24300-2119) in the Department of Environment and Natural Resources. Of these revenues, \$400,000 is appropriated to the Highway Fund Reserve for Visitor Centers and the remaining balance is appropriated to the Mobility Fund.

71 Transfer to General Fund

		\$115,408	R
--	--	-----------	---

Increases transfer to the General Fund in FY 2012-13 in accordance with G.S. 105-187.9(b)2. The total transfer is \$41,497,276 in FY 2011-12 and \$27,595,861 in FY 2012-13.

Turnpike Authority**72 Garden Parkway Project**

Reallocates \$20,000,000 of unencumbered gap funds appropriated in FY 2010-11 for the Garden Parkway project to the Mobility Fund.

73 Mid-Currituck Bridge Project

Reallocates \$30,000,000 of unencumbered gap funds appropriated in FY 2009-10 and FY 2010-11 for the Mid-Currituck Bridge project to the Mobility Fund.

Total Legislative Changes	\$15,419,203	R	\$12,360,268	R
	\$123,990,797	NR	\$36,529,732	NR
Total Position Changes				
Revised Budget	\$1,073,210,000		\$1,031,290,000	

Turnpike Authority

TURNPIKE AUTHORITY

FY 11-12

FY 12-13

Recommended Budget

\$4,442,571

\$4,442,571

Legislative Changes

North Carolina Turnpike Authority Administration

74 Reduce Operating Funds

(\$800,000) R

(\$800,000) R

Reduces operating funds for administration of the North Carolina Turnpike Authority by 18 percent. The total budget for Turnpike Authority administration is \$3,642,571 for the FY 2011-13 biennium.

(\$800,000) R

(\$800,000) R

Total Legislative Changes

Total Position Changes

Revised Budget

\$3,642,571

\$3,642,571

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2011

H

3

HOUSE BILL 200

Committee Substitute Favorable 4/26/11

Committee Substitute #2 Favorable 4/28/11

Short Title: Appropriations Act of 2011.

(Public)

Sponsors:

Referred to:

March 2, 2011

A BILL TO BE ENTITLED
AN ACT TO MAKE BASE BUDGET APPROPRIATIONS FOR CURRENT OPERATIONS
OF STATE DEPARTMENTS, INSTITUTIONS, AND AGENCIES; TO ENACT
BUDGET RELATED AMENDMENTS; AND TO REORGANIZE STATE
GOVERNMENT.

The General Assembly of North Carolina enacts:

...

PART III. CURRENT OPERATIONS/HIGHWAY FUND

CURRENT OPERATIONS AND EXPANSION/HIGHWAY FUND

SECTION 3.1. Appropriations from the State Highway Fund for the maintenance
and operation of the Department of Transportation and for other purposes as enumerated are
made for the fiscal biennium ending June 30, 2013, according to the following schedule:

Current Operations – Highway Fund	2011-2012	2012-2013
Department of Transportation		
Administration	\$ 87,555,806	\$ 87,555,806
Division of Highways		
Administration	30,709,626	28,923,392
Construction	80,401,826	79,508,087
Maintenance	1,073,293,592	1,145,325,356
Planning and Research	4,055,402	4,055,402
OSHA Program	372,792	372,792
Ferry Operations	31,189,589	38,538,132
State Aid		
Municipalities	89,373,921	90,187,224
Public Transportation	93,794,695	93,794,695
Airports	18,401,413	22,311,031
Railroads	22,101,153	22,101,153
Governor's Highway Safety	273,093	273,093
Division of Motor Vehicles	89,823,520	42,758,451
Other State Agencies, Reserves, Transfers	286,143,572	296,795,386
Capital Improvements	15,250,000	15,000,000
Total	\$ 1,922,740,000	\$ 1,967,500,000

HIGHWAY FUND AVAILABILITY STATEMENT

SECTION 3.2. The Highway Fund availability used in developing the 2011-2013 fiscal biennial budget is shown below:

Highway Fund Availability Statement	2011-2012	2012-2013
Unappropriated Balance from Previous Year	\$ 0	\$ 0
Beginning Credit Balance	0	0
Estimated Revenue	1,922,740,000	1,967,500,000
Total Highway Fund Availability	\$ 1,922,740,000	\$ 1,967,500,000
Unappropriated Balance	\$ 0	\$ 0

STATE HIGHWAY PATROL FUNDS TRANSFER

SECTION 3.3.(a) In fiscal year 2011-2012, the State Treasurer shall transfer one hundred ninety-three million five hundred twenty-seven thousand three hundred dollars (\$193,527,300) of the funds allocated to the Highway Fund under G.S. 105-449.125 to the General Fund. The transfer of funds authorized by this section may be made by transferring one-fourth of the amount at the end of each quarter in the fiscal year or by transferring the full amount annually on July 1 of each fiscal year, subject to the availability of revenue.

SECTION 3.3.(b) In fiscal year 2012-2013, the State Treasurer shall transfer one hundred ninety million three hundred ninety-four thousand dollars (\$190,394,000) of the funds allocated to the Highway Fund under G.S. 105-449.125 to the General Fund. The transfer of funds authorized by this section may be made by transferring one-fourth of the amount at the end of each quarter in the fiscal year or by transferring the full amount annually on July 1 of each fiscal year, subject to the availability of revenue.

SECTION 3.3.(c) The Office of State Budget and Management and the Office of State Controller shall discontinue use of the Crime Control and Public Safety – Highway Fund budget code (Budget Code 24960) and shall certify funds appropriated by this act for the State Highway Patrol under a separate fund code within the Crime Control and Public Safety – General Fund budget code (Budget Code 14900). The Department of Transportation, Office of State Budget and Management, and Office of State Controller shall certify and account for State matching funds for Motor Carrier Safety Assistance Program grants, federal funds, and other receipts budgeted for State Highway Patrol programs, as necessary.

SECTION 3.3.(d) G.S. 20-194 reads as rewritten:

"§ 20-194. ~~Expense of administration; defense~~ Defense of members and other State law-enforcement officers in civil actions; payment of judgments.

(a) ~~All expenses incurred in carrying out the provisions of this Article shall be paid out of the highway fund.~~

...."

PART IV. HIGHWAY TRUST FUND APPROPRIATIONS**HIGHWAY TRUST FUND APPROPRIATIONS**

SECTION 4.1. Appropriations from the State Highway Trust Fund for the maintenance and operation of the Department of Transportation and for other purposes as enumerated are made for the biennium ending June 30, 2013, according to the following schedule:

Current Operations – Highway Trust Fund	2011-2012	2012-2013
Intrastate	\$ 435,942,824	\$ 454,712,566
Aid to Municipalities	48,605,470	50,602,947
Secondary Roads	51,155,667	56,820,944
Program Administration	44,774,400	47,107,200
Turnpike Authority	99,000,000	99,000,000
Transfer to General Fund	41,497,276	27,595,861

1	Transfer to Highway Fund	400,000	400,000
2	Debt Service	79,231,728	81,481,543
3	Mobility Fund	272,602,635	213,568,939
4			
5	GRAND TOTAL CURRENT OPERATIONS	\$ 1,073,210,000	\$ 1,031,290,000

HIGHWAY TRUST FUND AVAILABILITY STATEMENT

SECTION 4.2. The Highway Trust Fund availability used in developing the 2011-2013 fiscal biennial budget is shown below:

11	Total Highway Trust Fund Availability	\$ 1,073,210,000	\$ 1,031,290,000
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...

PART VI. GENERAL PROVISIONS

...

CONTINUATION REVIEW OF CERTAIN FUNDS/PROGRAMS/DIVISIONS

SECTION 6.7.(a) It is the intent of the General Assembly to periodically and systematically review the funds, agencies, divisions, and programs financed by State government. This process is known as the Continuation Review Program. The Continuation Review Program is intended to assist the General Assembly in determining whether to continue, reduce, or eliminate funding for the State's funds, agencies, divisions, and programs subject to continuation review.

SECTION 6.7.(b) The Appropriations Committees of the House of Representatives and the Senate may review the funds, programs, and divisions listed in this section and shall determine whether to continue, reduce, or eliminate funding for the funds, programs, and divisions, subject to the Continuation Review Program. The Fiscal Research Division may issue instructions to the State departments and agencies subject to continuation review regarding the expected content and format of the reports required by this section. No later than December 1, 2011, the following agencies shall report to the Fiscal Research Division:

...
(6) Transportation. – Division of Motor Vehicles Drivers' License Program.

SECTION 6.7.(c) The continuation review reports required in this section shall include the following information:

- (1) A description of the fund, agency, division, or program mission, goals, and objectives.
- (2) The statutory objectives for the fund, agency, division, or program and the problem or need addressed.
- (3) The extent to which the fund, agency, division, or program objectives have been achieved.
- (4) The fund's, agency's, division's, or program's functions or programs performed without specific statutory authority.
- (5) The performance measures for each fund, agency, division, or program and the process by which the performance measures determine efficiency and effectiveness.
- (6) Recommendations for statutory, budgetary, or administrative changes needed to improve efficiency and effectiveness of services delivered to the public.
- (7) The consequences of discontinuing funding.
- (8) Recommendations for improving services or reducing costs or duplication.
- (9) The identification of policy issues that should be brought to the attention of the General Assembly.
- (10) Other information necessary to fully support the General Assembly's Continuation Review Program along with any information included in instructions from the Fiscal Research Division.

1 **SECTION 6.7.(d)** State departments and agencies identified in subsection (b) of
2 this section shall submit a final report to the General Assembly by March 1, 2012.

3
4 ...

5
6 **GLOBAL TRANSPARK DEBT/REPORT**

7 **SECTION 6.10.(a)** G.S. 147-69.2(b)(11), as amended by Section 7 of S.L.
8 2005-144, Section 2 of S.L. 2005-201, Section 28.17 of S.L. 2005-276, Section 27.7 of S.L.
9 2007-323, and Section 25.2 of S.L. 2009-451, reads as rewritten:

10 "(b) It shall be the duty of the State Treasurer to invest the cash of the funds enumerated
11 in subsection (a) of this section in excess of the amount required to meet the current needs and
12 demands on such funds, selecting from among the following:

- 13
14 ...
15 (11) With respect to assets of the Escheat Fund, obligations of the North Carolina
16 Global TransPark Authority authorized by G.S. 63A-4(a)(22), not to exceed
17 twenty-five million dollars (\$25,000,000), that have a final maturity not later
18 than October 1, ~~2011~~, 2012. The obligations shall bear interest at the rate set
19 by the State Treasurer. No commitment to purchase obligations may be
20 made pursuant to this subdivision after September 1, 1993, and no
21 obligations may be purchased after September 1, 1994. In the event of a loss
22 to the Escheat Fund by reason of an investment made pursuant to this
23 subdivision, it is the intention of the General Assembly to hold the Escheat
24 Fund harmless from the loss by appropriating to the Escheat Fund funds
25 equivalent to the loss.

26 If any part of the property owned by the North Carolina Global
27 TransPark Authority now or in the future is divested, proceeds of the
28 divestment shall be used to fulfill any unmet obligations on an investment
29 made pursuant to this subdivision."

30 **SECTION 6.10.(b)** The Global TransPark Authority shall report to the Program
31 Evaluation Division on its strategic, business, and financial plans. The report shall be made by
32 no later than May 1, 2012, and shall include the Authority's proposed schedule to achieve
33 financial self-sufficiency and proposed schedule to repay to the Escheat Fund the investment
34 authorized under G.S. 147-69.2(b)(11) plus any accumulated interest, both of which totaled
35 forty million sixty-seven thousand nine hundred eighteen dollars and twenty cents
36 (\$40,067,918.20) as of March 31, 2011.

37
38 ...

39 **CONSOLIDATION OF AIR SERVICES AND CENTRALIZATION OF AIR**
40 **MANAGEMENT/STATE-OWNED PASSENGER AND NON-PASSENGER**
41 **VEHICLES**

42 **SECTION 6.13.(a)** The State Motor Fleet project in the Work Plan of the Program
43 Evaluation Division approved April 5, 2011, by the Joint Legislative Program Evaluation
44 Oversight Committee is amended as described in this section.

45 **SECTION 6.13.(b)** The Program Evaluation Division shall evaluate the
46 consolidation of air services provided by the Department of Transportation, the State Bureau of
47 Investigation, and the University of North Carolina Passenger Mission and shall recommend
48 the most appropriate agency to house the consolidated services. Other air services may be
49 examined for consolidation by the Program Evaluation Division. The study shall evaluate
50 savings through consolidation, including potential savings from the following:

- 51 (1) Reduction in aircraft.
52 (2) Reduction in personnel.
53 (3) Reduction in state facilities.
54 (4) An improved level of service.
55 (5) The potential sale of the DOT Beechcraft B200 aircraft tail number N3NC
56 and if so when the sale should take place.

57 **SECTION 6.13.(c)** The Program Evaluation Division shall study the formation of
58 an Aviation Management Authority, as recommended by the Program Evaluation Division's

April 2010 Report "Selling 25 Underutilized Aircraft May Yield Up to \$8.1 Million and Save \$1.5 Million Annually."

SECTION 6.13.(d) The Program Evaluation Division shall study all passenger and non-passenger vehicles owned and operated by all State government departments, institutions, and entities. The study shall include motor fleet fees and associated cash balances, mechanic operations, the use and purpose of assigned vehicles, and State fueling stations and associated fees.

SECTION 6.13.(e) The Program Evaluation Division shall report its findings and recommendations from the State Motor Fleet project described under this section to the Joint Legislative Program Evaluation Oversight Committee no later than May 1, 2012.

...

PART XXVIII. DEPARTMENT OF TRANSPORTATION

CASH FLOW HIGHWAY FUND AND HIGHWAY TRUST FUND APPROPRIATION

SECTION 28.1.(a) The General Assembly authorizes and certifies anticipated revenues for the Highway Fund as follows:

For Fiscal Year 2013-2014	\$1,996.5 million
For Fiscal Year 2014-2015	\$2,021.1 million
For Fiscal Year 2015-2016	\$2,040.5 million
For Fiscal Year 2016-2017	\$2,069.1 million

SECTION 28.1.(b) The General Assembly authorizes and certifies anticipated revenues for the Highway Trust Fund as follows:

For Fiscal Year 2013-2014	\$1,041.0 million
For Fiscal Year 2014-2015	\$1,097.5 million
For Fiscal Year 2015-2016	\$1,128.7 million
For Fiscal Year 2016-2017	\$1,122.8 million

CHANGES TO HIGHWAY FUND CERTIFIED BUDGET TO INCREASE TRANSPARENCY

SECTION 28.2. Notwithstanding G.S. 143C-6-4(b), the Office of State Budget and Management, in consultation with the Department of Transportation, the Office of the State Controller, and the Fiscal Research Division, shall execute changes to the Department of Transportation's Highway Fund (Budget Code 84210) 2012-2013 Fiscal Year Certified Budget to increase transparency. The Adjusted 2012-2013 Fiscal Year Certified Budget for Budget Code 84210 shall include object detail using the North Carolina Accounting System Uniform Chart of Accounts prescribed by the Office of the State Controller to provide a more detailed accounting of the proposed budgets and receipts and actual expenditures and revenue collections. This includes, but is not limited to, applying object detail at the four-digit level for all accounts to full-time and part-time positions, to operating expenditures and receipts, and to intrafund transfers. In addition, work order positions shall be budgeted within existing fund codes. These readjustments to the enacted budget are for the sole purpose of correctly aligning authorized positions and associated operating costs with the appropriate purposes and definitions as defined in G.S. 143C-1-1. The Office of State Budget and Management shall change the certified budget to reflect these adjustments only after reporting the proposed adjustments to the Chairs of the Senate Appropriations Committee on Department of Transportation and the Chairs of the House Appropriations Subcommittee on Transportation and to the Fiscal Research Division no later than March 1, 2012. It is the intent of the General Assembly that these changes in the certified budget for Budget Code 84210 shall begin with the 2012-2013 fiscal year and shall be used in subsequent fiscal years.

REMOVE PILOT DESIGNATION FOR PUBLIC-PRIVATE PARTNERSHIPS

SECTION 28.3. G.S. 136-28.1 reads as rewritten:

"§ 136-28.1. Letting of contracts to bidders after advertisement; exceptions.

...

(1) The Department of Transportation may enter into ~~as many as two pilot~~ contracts for ~~public-private~~ public-private participation in providing litter removal from State right-of-way. Selection of firms to perform this work shall be made using a best value procurement process

and shall be without regard to other provisions of law regarding the Adopt-A-Highway Program administered by the Department. Acknowledgement of sponsors may be indicated by appropriate signs that shall be owned by the Department of Transportation. The size, style, specifications, and content of the signs shall be determined in the sole discretion of the Department of Transportation. The Department of Transportation may issue rules, guidelines, rules, and policies necessary to implement administer this section- subsection.

(m) The Department of Transportation may enter into ~~as many as two pilot~~ contracts for public-private participation in ~~providing real-time traveler information~~ at State-owned rest areas. Selection of firms to ~~perform this work~~ shall be made using a best value procurement process. Recognition of sponsors in the program may be indicated by appropriate acknowledgment for any services provided. The size, style, specifications, and content of the acknowledgment shall be determined in the sole discretion of the Department. Revenues generated pursuant to a contract initiated under this subsection shall be shared with Department of Transportation at a predetermined percentage or rate, and shall be earmarked by the Department to maintain the State owned rest areas from which the revenues are generated. The Department of Transportation may issue guidelines, rules, and policies necessary to administer ~~a pilot program initiated under this subsection."~~

REMOVE CAP ON DESIGN-BUILD PROJECTS

SECTION 28.4. G.S. 136-28.11(a) reads as rewritten:

"(a) Design-Build Contracts Authorized. – Notwithstanding any other provision of law, the Board of Transportation may award contracts ~~for up to 25 projects~~ each fiscal year for construction of transportation projects on a design-build basis."

STUDY SPONSORSHIP OPPORTUNITIES

SECTION 28.5. The Department of Transportation shall study sponsorship opportunities that might be available to the Department to offset the operational costs of the Department, including, but not limited to, sponsorships of welcome centers, visitor centers, rest areas, ferry welcome centers, ferries, and Incident Management Assistance Patrols. The Department shall report to the Joint Legislative Transportation Oversight Committee no later than March 1, 2012, on the following:

- (1) The current cost of the suggested activities to be sponsored.
- (2) The potential receipts that could reasonably be collected through sponsorships.
- (3) Suggested guidelines and process for selecting reputable sponsors.
- (4) What sponsorships might look like once implemented, including mock-ups of potential sponsors' signage on materials, buildings, vehicles, vessels, or other locations.
- (5) What statutory or regulatory changes may be necessary to effect the Department's proposed sponsorship changes.

SMALL CONSTRUCTION AND CONTINGENCY FUNDS

SECTION 28.6. Of the funds appropriated in this act to the Department of Transportation:

- (1) Seven million dollars (\$7,000,000) shall be allocated in each fiscal year for small construction projects recommended by the State Highway Administrator in consultation with the Chief Operating Officer and approved by the Secretary of the Department of Transportation. These funds shall be allocated equally in each fiscal year of the biennium among the 14 Highway Divisions for small construction projects.
- (2) Five million one hundred sixty-nine thousand twenty dollars (\$5,169,020) shall be allocated statewide in each fiscal year for rural or small urban highway improvements and related transportation enhancements to public roads and public facilities, industrial access roads, and spot safety projects, including pedestrian walkways that enhance highway safety. Projects funded pursuant to this subdivision shall be approved by the Secretary of Transportation.

None of these funds used for rural secondary road construction are subject to the county allocation formulas in G.S. 136-44.5(b) and (c).

These funds are not subject to G.S. 136-44.7.

The Department of Transportation shall report to the members of the General Assembly on projects funded pursuant to this section in each member's district prior to construction. The Department shall make a quarterly comprehensive report on the use of these funds to the Joint Legislative Transportation Oversight Committee and the Fiscal Research Division.

ADJUST SECONDARY ROAD CONSTRUCTION AND SECONDARY ROAD MAINTENANCE

SECTION 28.7.(a) Notwithstanding G.S. 136-44.2A, secondary road construction and secondary road maintenance funds from the Highway Fund shall not increase over the amounts allocated in the fiscal year 2011-2012 and fiscal year 2012-2013 base budgets.

SECTION 28.7.(b) Notwithstanding G.S. 136-182, secondary road construction and secondary road maintenance funds from the Highway Trust Fund shall not increase over the amounts allocated in the fiscal year 2011-2012 and fiscal year 2012-2013 base budgets.

SYSTEM PRESERVATION FUNDS PREFERENCE FOR DEFICIENT BRIDGES

SECTION 28.8. The funds allocated to the system preservation program (Budget Code 84240-7839) for fiscal years 2011-2012 and 2012-2013 shall be used for bridge improvements on structurally deficient bridges.

INCREASE DOT PRIVATIZATION

SECTION 28.9. The Department of Transportation shall seek to increase the use of contracts to further privatize design and engineering work where practical and economical. In doing so, the Department of Transportation shall do the following:

- (1) Identify State-funded professional service contracts of two hundred fifty thousand dollars (\$250,000) or less that are likely to attract increased participation by Small Professional Services Firms and then direct the solicitation of applicable contracts to those firms.
- (2) Expand the use of multiple contract awards for maintenance and repair projects.
- (3) Increase the outsourcing of preliminary engineering projects to fifty percent (50%) of the total funds in the annual work plan.

STATE STREET-AID TO MUNICIPALITIES (POWELL BILL) ADJUSTMENTS

SECTION 28.10.(a) G.S. 136-41.1(a) reads as rewritten:

"(a) There is annually appropriated out of the State Highway Fund a sum equal to the net amount after refunds that was produced during the fiscal year by a one and three-fourths cents (1 3/4¢) tax on each gallon of motor fuel taxed under Article 36C of Chapter 105 of the General Statutes and on the equivalent amount of alternative fuel taxed under Article 36D of that Chapter. The One-half of the amount appropriated shall be allocated in cash on or before October 1 of each year to the cities and towns of the State in accordance with this section. The second one-half of the amount appropriated shall be allocated in cash on or before January 1 of each year to the cities and towns of the State in accordance with this section. In addition, as provided in G.S. 136-176(b)(3), revenue is allocated and appropriated from the Highway Trust Fund to the cities and towns of this State to be used for the same purposes and distributed in the same manner as the revenue appropriated to them under this section from the Highway Fund. Like the appropriation from the Highway Fund, the appropriation from the Highway Trust Fund shall be based on revenue collected during the fiscal year preceding the date the distribution is made.

...."

SECTION 28.10.(b) Article 2 of Chapter 136 of the General Statutes is amended by adding a new section to read:

"§ 136-41.2B. Eligibility for funds; municipalities with no road miles ineligible.

No municipality shall be eligible to receive funds under G.S. 136-41.1 unless the municipality maintains public streets that (i) are within its jurisdiction and (ii) do not form a part of the State highway system."

SECTION 28.10.(c) Unexpended and unencumbered funds previously allocated to municipalities made ineligible to receive funds by subsection (b) of this section shall be reallocated to eligible municipalities in accordance with G.S. 136-41.1.

STATE AID TO RAILROADS TRANSPARENCY

SECTION 28.12. G.S. 136-44.20(d) is repealed.

STATE AID TO SHORT-LINE RAILROADS

SECTION 28.13. Article 2D of Chapter 136 is amended by adding a new section to read as follows:

"§ 136-44.39. Department to provide State and federal financial assistance to short-line railroads.

The Department of Transportation is authorized to provide assistance to short-line railroads to continue and enhance rail service in the State so as to assist in economic development and access to ports and military installations. Assistance under this section may involve both the Rail Industrial Access Program and the Short Line Infrastructure Access Program, as well as other innovative programs. Grants under this section shall not exceed fifty percent (50%) of the nonfederal share and must be matched by equal or greater funding from the applicant."

STUDY RAIL CONNECTION BETWEEN WILMINGTON AND FAYETTEVILLE

SECTION 28.14. The Department of Transportation, Rail Division, shall study the feasibility and cost of constructing a rail connection between Wilmington and Fayetteville. The Department of Transportation, Rail Division, shall report to the Joint Legislative Transportation Oversight Committee with its findings no later than March 1, 2012.

REPORT, CONSULTATION, AND APPROVAL OF RAIL PROJECTS

SECTION 28.15. G.S. 136-44.36 reads as rewritten:

"§ 136-44.36. Department of Transportation designated as agency to administer federal and State railroad revitalization programs.

(a) The General Assembly hereby designates the Department of Transportation as the agency of the State of North Carolina responsible for administering all State and federal railroad revitalization programs. The Department of Transportation is authorized to develop, and the Board of Transportation is authorized to adopt, a State railroad plan, and the Department of Transportation is authorized to do all things necessary under applicable State and federal legislation to properly administer State and federal railroad revitalization programs within the State. Such authority shall include, but shall not be limited to, the power to receive federal funds and distribute and expend federal and State funds for rail programs designed to cover the costs of acquiring, by purchase, lease or other manner as the department considers appropriate, a railroad line or other rail property to maintain existing or to provide future rail service; the costs of rehabilitating and improving rail property on railroad lines to the extent necessary to permit safe, adequate and efficient rail service on such lines; and the costs of constructing rail or rail related facilities for the purpose of improving the quality, efficiency and safety of rail service. The Department shall also have the authority to preserve railroad corridors for future railroad use and interim compatible uses and may lease such corridors for interim compatible uses. Such authority shall also include the power to receive and administer federal financial assistance without State financial participation to railroad companies to cover the costs of local rail service continuation payments, of rail line rehabilitation, and of rail line construction as listed above. This Article shall not be construed to grant to the department the power or authority to operate directly any rail line or rail facilities.

(b) Notwithstanding subsection (a) of this section, the acceptance of federal funds by the Department of Transportation for rail programs shall be subject to the following:

- (1) Report. – For any project under this subsection (a) of this section, the Department of Transportation shall report the project details, including the amounts of federal funds and any State matching funds, as well as the expected annual maintenance and operational costs to the State of the project for the next 25 years, to the Joint Legislative Commission on Governmental Operations if the General Assembly is not in session, or to the House Appropriations Subcommittee on Transportation and the Senate Committee

- 1 on Appropriations on Department of Transportation if the General Assembly
2 is in session.
- 3 (2) Consultation. – If either the amount of State matching funds required by the
4 federal grant or the amount of future annual maintenance and operational
5 costs of the project are reasonably expected to exceed three million dollars
6 (\$3,000,000), then the Department shall not accept the federal funds prior to
7 consultation with the Joint Legislative Commission on Governmental
8 Operations if the General Assembly is not in session, or with the House
9 Appropriations Subcommittee on Transportation and the Senate Committee
10 on Appropriations on Department of Transportation if the General Assembly
11 is in session. Failure of the Joint Legislative Commission on Governmental
12 Operations, the House Appropriations Subcommittee on Transportation, or
13 the Senate Committee on Appropriations on Department of Transportation to
14 hold a meeting with the Department of Transportation within 90 days of a
15 written request for a meeting from the Department of Transportation shall be
16 deemed a waiver of consultation by the committee.
- 17 (3) Approval. – If either the amount of State matching funds required by the
18 federal grant or the amount of future annual maintenance and operational
19 costs of the project are reasonably expected to exceed five million dollars
20 (\$5,000,000), then the Department's acceptance of funds shall be subject to
21 approval of the project by an act of the General Assembly. If 60 days have
22 passed since consultation or the expiration of the consultation period under
23 subdivision (2) of this subsection, then the inaction of the General
24 Assembly, including the lack of an extra session to address the project, shall
25 be deemed an approval of the project, and the Department may accept the
26 funds without an act of the General Assembly.

27 For purposes of this subsection, the terms "State matching funds" and "annual maintenance and
28 operational costs to the State" shall not include funds that may pass through the Department of
29 Transportation but that originally came from a non-State source."

30 31 **PROHIBIT RAIL DIVISION FROM PROVIDING CONVENIENCE ITEMS FREE OF** 32 **CHARGE ON ALL PASSENGER RAIL SERVICE**

33 **SECTION 28.16.** The Department of Transportation, Rail Division, shall not
34 provide convenience items to passengers free of charge unless the items are donated to the
35 State. These items include bottled or canned drink products, excluding water, newspapers, or
36 other items of convenience. The Department of Transportation may charge a nominal fee for
37 such items through vending machines or through other mechanisms.

38 39 **ELIMINATE AERONAUTICS COUNCIL, BICYCLE COMMITTEE, AND RAIL** 40 **COUNCIL**

41 **SECTION 28.17.(a)** The Aeronautics Council of the Department of Transportation
42 is eliminated. G.S. 143B-356 and G.S. 143B-357 are repealed.

43 **SECTION 28.17.(b)** The North Carolina Bicycle Committee within the
44 Department of Transportation is eliminated. G.S. 136-71.13 is repealed.

45 **SECTION 28.17.(c)** The North Carolina Rail Council of the Department of
46 Transportation is eliminated. Part 9 of Article 8 of Chapter 143B of the General Statutes is
47 repealed.

48 49 **FLEXIBLE USE OF FUNDS TO LEVERAGE FEDERAL FUNDS FOR RURAL** 50 **PUBLIC TRANSPORTATION**

51 **SECTION 28.18.** In order to ensure maximum receipts of funding and to facilitate
52 the use of funds available to the Department, the Department of Transportation, Public
53 Transportation Division, shall have the flexibility to transfer funding from the consolidated
54 capital program of its rural funding programs for vehicles, technology, and facilities to the
55 operating programs, based on the Department's ability to leverage all additional federal funds to
56 meet the capital needs of rural transportation systems. This section applies only to fiscal years
57 2011-2012 and 2012-2013.

MAXIMIZE LEVERAGE OF FEDERAL PUBLIC TRANSPORTATION OPERATING AND CAPITAL FUNDS FOR LOCAL PUBLIC TRANSPORTATION SYSTEMS

SECTION 28.19. The Department of Transportation, Public Transportation Division, shall provide local public transportation systems with maximum flexibility to use State operating funds from the "urban and regional maintenance," "elderly and disabled," "work first and transportation employment," and "urban technology, human service transportation management, and rural general public" grant programs to leverage all eligible federal transit operating assistance funds. This section applies only to fiscal years 2011-2012 and 2012-2013.

STREAMLINE GRANT PROCESS AND CONSOLIDATE GRANTS FOR PUBLIC TRANSPORTATION

SECTION 28.20.(a) The Department of Transportation, Public Transportation Division, shall work with stakeholders to streamline the grant application process, determine levels for funding distributions, and make recommendations to the General Assembly to maximize the use of these grant funds. The Department of Transportation shall report these findings to the Joint Legislative Transportation Oversight Committee no later than March 1, 2012.

SECTION 28.20.(b) The Department of Transportation and the Office of State Budget and Management are directed to combine grant funding to the "elderly and disabled," "work first and transportation employment," and the human service transportation management and rural general public grant programs within the "urban technology, human service transportation management and rural general public" grant programs. The Highway Fund Budget Code 84210, Fund Code 7831, shall be changed to reflect these consolidations and the separation of the "urban technology, human service transportation management and rural general public" grant program. The grant categories and respective formulas shall remain unchanged. The Department shall determine an appropriate distribution for funds based upon the needs of the local governments.

Consolidating the funding sources should enable the Department to increase utilization of all available funds based on documented local needs, reduce program administration at the State and local levels, and increase flexibility for regional systems to apply and expend funds for multicounty transit needs.

SECTION 28.20.(c) Subsection (b) of this section becomes effective July 1, 2012.

STUDY REGIONAL CONSOLIDATION OF TRANSIT SYSTEMS

SECTION 28.21. The Department of Transportation, Public Transportation Division, is directed to study the feasibility and appropriateness of developing regional transit systems with the goals of (i) providing increased mobility between existing transit systems within one county and between counties, (ii) improving planning and coordination to better meet public demand, (iii) maximizing funding, and (iv) developing centralized professional staff that will create operational and administrative efficiencies. This study shall examine both (i) the consolidation of transit service planning and delivery based on regional travel patterns and (ii) the consolidation of single-county transit systems, where applicable. The Department of Transportation, Public Transportation Division, shall report the results of its study to the Joint Legislative Transportation Oversight Committee no later than March 1, 2012.

FLEXIBLE USE OF FUNDS FOR DIVISION OF MOTOR VEHICLES FOR FISCAL YEARS 2011-2012 AND 2012-2013

SECTION 28.23. Of the funds appropriated in this act to the Department of Transportation, Division of Motor Vehicles:

- (1) One hundred five thousand dollars (\$105,000) may be used for contractual security services at the Division of Motor Vehicles Registration and International Registration Plan (IRP) office in the City of Charlotte.
- (2) Two hundred twenty-five thousand thirty dollars (\$225,030) may be used for the purpose of staffing the dedicated commercial drivers license skills testing sites located in the City of Lumberton and under construction in Iredell County. The Division is authorized to reclassify five existing, vacant positions for this purpose.

STUDY EXEMPTING THE THREE NEWEST MODEL YEARS FROM EMISSIONS INSPECTIONS OF MOTOR VEHICLES

SECTION 28.24.(a) The Department of Transportation, Division of Motor Vehicles, shall lead a study to exempt, for the three newest model years, the emissions inspection required for motor vehicles under G.S. 20-183.2(b). As part of this study, the Department of Environment and Natural Resources, Division of Air Quality, in coordination with the Department of Transportation, Division of Motor Vehicles, shall evaluate the potential impacts of exempting these motor vehicles on emissions levels and air quality. In evaluating these potential impacts, the Division of Air Quality shall consider all of the following:

- (1) Whether North Carolina would be in jeopardy of the United States Environmental Protection Agency (USEPA) finding that the State failed to implement its State Implementation Plan; if so, what specific alternative programs would result in emissions reductions that would be equivalent to any increased emissions resulting from exempting these motor vehicles from emissions testing; and what approvals, demonstrations, documentation, or other requirements is the State subject to in order to comply with federal law and to assure that the State does not lose eligibility to secure federal transportation funds.
- (2) Whether air quality standards would be violated based on (i) existing air quality standards adopted under Article 21B of Chapter 143 of the General Statutes and (ii) revised air quality standards, including a revised standard for ozone, that are currently being considered for adoption by the United States Environmental Protection Agency.
- (3) Whether the State would be in jeopardy of being found to be out of conformity such that its State and local transportation plans would interfere with the State's ability to attain federal air standards, resulting in loss of future federal transportation funds.
- (4) What new or amended rules would be necessary regarding any recommendation of this study and the time frame for adopting such new or amended rules.
- (5) What fiscal impacts would result for motor vehicle owners, licensed inspection stations, the Department of Transportation, and the Department of Environment and Natural Resources.
- (6) Any other issues pertinent to the study under this section.

SECTION 28.24.(b) No later than March 1, 2012, the Department of Transportation and Department of Environment and Natural Resources shall submit a joint report of the results of the study under this section, including the findings, recommendations, and any legislative or administrative proposals, to the Joint Legislative Transportation Oversight Committee, the Environmental Review Commission, the Joint Legislative Commission on Governmental Operations, the House and Senate Appropriations Subcommittees on Natural and Economic Resources, the House Appropriations Subcommittee on Transportation, and the Senate Committee on Appropriations on Department of Transportation.

DEPARTMENT OF REVENUE TO REPORT ON MOTOR FUELS TAX AUDITOR AND INVESTIGATOR PERFORMANCE

SECTION 28.25. The Department of Revenue, Motor Fuels Division and the Tax Enforcement Division, is directed to report on the performance of auditor and investigator collection and enforcement activities as it relates to its administration of the motor fuels, alternative fuels, motor carrier, and inspection tax laws. The report will overview the Department's collection and enforcement activities and include recommendations to improve these efforts. This Department shall develop a methodology to compare performance by employees and include these results in the report. The Department of Revenue shall report to the Joint Legislative Transportation Oversight Committee and to the Joint Legislative Commission on Governmental Operations by March 1, 2012.

STUDY REIMBURSEMENT PROCESS FOR DEPARTMENT OF CORRECTION LITTER PICKUP

SECTION 28.26. The Office of State Budget and Management, in consultation with the Department of Correction and Department of Transportation, shall study performance-based reimbursement as an alternative to the current funding mechanism for inmate litter pickup which consists of a direct appropriation from the Department of Transportation's Highway Fund budget to the Department of Correction. Measures for an alternative funding mechanism may include reimbursements based on total mileage of highways cleaned, per hour reimbursements for non-litter pickup activities, or other factors, as appropriate.

The Office of State Budget and Management shall report to the Joint Legislative Transportation Oversight Committee and to the Joint Legislative Commission on Governmental Operations no later than March 1, 2012. It is intended that the report contain recommendations for reimbursement rates that have been agreed upon by the Department of Correction and the Department of Transportation and that the recommended rate structure will be included in the report. The report shall also include any statutory changes to be considered by the General Assembly in relation to this report.

STATE HIGHWAY PATROL POSITIONS

SECTION 28.28.(a) The Department of Crime Control and Public Safety, State Highway Patrol, shall have management flexibility to achieve a savings of one million three hundred eighty thousand three hundred seventy dollars (\$1,380,370), recurring, in the Patrol's administrative structure. The Department of Crime Control and Public Safety, State Highway Patrol, is authorized to eliminate positions to achieve this budgetary reduction, but is encouraged to find efficiencies and savings elsewhere in the Patrol's administrative structure.

SECTION 28.28.(b) The Commander of the State Highway Patrol, upon the approval of the Secretary of the Department of Crime Control and Public Safety, is authorized to eliminate a greater number of positions than that specified in the Committee Report on the Continuation, Expansion, and Capital Budget for fiscal year 2011-2012. In implementing the remaining reductions in force required by this act, the Commander shall not eliminate sworn law enforcement officer positions allocated for district-level traffic and commercial motor vehicle enforcement, unless the State Highway Patrol is incapable of otherwise implementing the reductions specified in this act. Reductions in force may include filled positions.

SECTION 28.28.(c) The Commander of the State Highway Patrol shall report on the number of positions eliminated for fiscal year 2011-2012. The report shall identify the position number and type; assignment area or organizational unit; whether the position was filled or vacant; personnel savings achieved; and any severance paid. The report shall also include alternatives considered to the implemented reductions in force. The Commander shall submit the report to the House of Representatives Appropriations Subcommittee on Justice and Public Safety, the Senate Appropriations Committee on Justice and Public Safety, and the Joint Legislative Crime Control and Public Safety Oversight Committee no later than March 1, 2012.

HIGHWAY TRUST FUND MONEY FOR VISITOR CENTERS; SPECIAL REGISTRATION PLATES MONEY FOR VISITOR CENTERS

SECTION 28.30.(a) G.S. 20-85.1(a1), as amended by Section 31.11 of this act, reads as rewritten:

"(a1) One dollar (\$1.00) of the fee imposed for any transaction assessed a fee under subdivision (a)(1), (a)(2), (a)(3), (a)(7), (a)(8), or (a)(9) of this section shall be credited to the North Carolina Highway Fund. The Division shall use the fees derived from transactions with the Division for technology improvements. The Division shall use the fees derived from transactions with commission contract agents for the payment of compensation to commission contract agents. An additional fifty cents (\$.50) of the fee imposed for any transaction assessed a fee under subdivision (a)(1) of this section shall be credited to the Mercury Switch Removal Account in the Department of Environment and Natural Resources. An additional fifty cents (50¢) of the fee imposed for any transaction assessed a fee under subdivision (a)(1) of this section shall be credited as follows:

(1) The first four hundred thousand dollars (\$400,000) collected shall be credited to the Reserve for Visitor Centers in the Highway Fund.

(2) Any additional funds collected shall be credited to the Mobility Fund."

SECTION 28.30.(b) G.S. 20-79.7(c)(2) reads as rewritten:

"(2) From the funds remaining in the Special Registration Plate Account after the deductions in accordance with subdivision (1) of this subsection, there is annually appropriated from the Special Registration Plate Account the sum of ~~one million two hundred thousand dollars (\$1,200,000)~~ one million three hundred thousand dollars (\$1,300,000) to provide operating assistance for the Visitor Centers:

- a. on U.S. Highway 17 in Camden County, (\$100,000);
- b. on U.S. Highway 17 in Brunswick County, (\$100,000);
- c. on U.S. Highway 441 in Macon County, (\$100,000);
- d. in the Town of Boone, Watauga County, (\$100,000);
- e. on U.S. Highway 29 in Caswell County, (\$100,000);
- f. on U.S. Highway 70 in Carteret County, (\$100,000);
- g. on U.S. Highway 64 in Tyrrell County, (\$100,000);
- h. at the intersection of U.S. Highway 701 and N.C. 904 in Columbus County, (\$100,000);
- i. on U.S. Highway 221 in McDowell County, (\$100,000);
- j. on Staton Road in Transylvania County, (\$100,000);
- k. in the Town of Fair Bluff, Columbus County, near the intersection of U.S. Highway 76 and N.C. 904, ~~(\$100,000); and (\$100,000);~~
- l. on U.S. Highway 421 in Wilkes County, ~~(\$100,000); (\$100,000); and~~
- m. at the intersection of Interstate 73 and Interstate 74 in Randolph County, (\$100,000)."

MAINTAIN CURRENT LEVEL OF ADMINISTRATIVE FUNDING FROM HIGHWAY TRUST FUND

SECTION 28.31. Notwithstanding G.S. 136-176(b), the amount of allowable expenses to administer the Highway Trust Fund shall not increase over the amounts allocated in the fiscal year 2011-2012 and fiscal year 2012-2013 base budgets.

TRANSFER UNENCUMBERED TURNPIKE PROJECTS GAP FUNDS TO MOBILITY FUND

SECTION 28.32.(a) Any funds appropriated to the North Carolina Turnpike Authority under G.S. 136-176(b2) to cover debt service or related financing costs for the Mid-Currituck Bridge project and that remain unencumbered at the end of fiscal year 2010-2011 are hereby transferred to the Mobility Fund.

SECTION 28.32.(b) Any funds appropriated to the North Carolina Turnpike Authority under G.S. 136-176(b2) to cover debt service or related financing costs for the Garden Parkway project and that remain unencumbered at the end of fiscal year 2010-2011 are hereby transferred to the Mobility Fund, to be used only for urban loop projects within the Mobility Fund.

MOBILITY FUND PROJECT SELECTION CRITERIA ADJUSTMENT

SECTION 28.33.(a) Section 28.7(b) of S.L. 2010-31, as rewritten by Section 8.2 of S.L. 2010-123, reads as rewritten:

"**SECTION 8.2.** Section 28.7(b) of S.L. 2010-31 reads as rewritten:

"**SECTION 28.7(b)** The Department of Transportation shall develop selection criteria under G.S. 136-188, as enacted by this act, and shall report to the Joint Legislative Transportation Oversight Committee on its development of the selection criteria. A preliminary report on the selection criteria for projects is due to the Joint Legislative Transportation Oversight Committee by October 1, 2010. A final report is due to the Joint Legislative Transportation Oversight Committee by December 15, 2010. ~~When developing the project criteria and selection process, the Department shall give preferential consideration to projects qualified to receive State grants from the Congestion Relief and Intermodal Transportation 21st Century Fund under Article 19 of Chapter 136 of the General Statutes. When developing the project criteria and selection process, the Department shall involve the public and other stakeholders, including, but not limited to, the North Carolina Association of Metropolitan Planning Organizations, the North Carolina Association of Rural Planning Organizations, the North Carolina League of Municipalities, the North Carolina Association of County~~

Commissioners, the North Carolina Metropolitan Mayors Coalition, and the North Carolina Council of Regional Governments."

SECTION 28.33.(b) The Department of Transportation shall report to the Joint Legislative Transportation Oversight Committee on its development of the selection criteria, taking into account the modification by subsection (a) of this section, by October 15, 2011.

TRANSFER URBAN LOOPS PROGRAM TO THE MOBILITY FUND

SECTION 28.34.(a) G.S. 136-17.2A(a) reads as rewritten:

"(a) Funds expended for the Intrastate System projects listed in G.S. 136-179 and both State and federal-aid funds expended under the Transportation Improvement Program, other than federal congestion mitigation and air quality improvement program funds appropriated to the State by the United States pursuant to 23 U.S.C. § 104(b)(2) and 23 U.S.C. § 149, ~~funds expended on an urban loop project listed in G.S. 136-180~~, funds from the federal government for the Appalachian Development Highway System, and funds received through competitive awards or discretionary grants through federal appropriations either for local governments, transportation authorities, transit authorities, or the Department, shall be distributed throughout the State in accordance with this section.

...."

SECTION 28.34.(b) G.S. 136-176(b)(2) reads as rewritten:

"(2) Twenty-five and five hundredths percent (25.05%) to ~~plan, design, and construct the urban loops described in G.S. 136-180~~ the Mobility Fund and to pay debt service on highway bonds and notes that are issued under the State Highway Bond Act of 1996 and whose proceeds are applied to ~~these the urban loops. loops listed in former G.S. 136-180.~~"

SECTION 28.34.(c) G.S. 136-177.1 is repealed.

SECTION 28.34.(d) G.S. 136-178(a) reads as rewritten:

"(a) The Intrastate System is established to provide high-speed, safe travel service throughout the State. It connects major population centers both inside and outside the State and provides safe, convenient, through-travel for motorists. It is designed to support statewide growth and development objectives and to connect to major highways of adjoining states. All segments of the routes in the Intrastate System shall have at least four travel lanes except those for which projected traffic volumes and environmental considerations dictate fewer lanes. When warranted, segments of the Intrastate System shall have vertical separation or interchanges at crossings, more than four travel lanes, or bypasses. Access to a route in the Intrastate System is determined by travel service and economic considerations.

Funds allocated from the Trust Fund for the Intrastate System are primarily intended to be used to complete the projects listed in G.S. 136-179. If Intrastate Trust Funds assigned to a distribution region through the provisions of G.S. 136-17.2A cannot be used for projects listed in G.S. 136-179, then they may be used for projects on the following route segments or corridors:

...

Interstate routes or corridors designated by Congress or officially accepted onto the Interstate System by the United States Department of Transportation.

~~Any portion of an urban loop project, as described in G.S. 136-180, that has been certified by the Department as complete and is no longer eligible for funding from the urban loop allocation specified in G.S. 136-176(b)(2).~~

The Department of Transportation may add a route to the Intrastate System if the route is a multilane route and has been designed and built to meet the construction criteria of the Intrastate System projects. No funds may be expended from the Trust Fund on routes added by the Department."

SECTION 28.34.(e) G.S. 136-180 is repealed.

SECTION 28.34.(f) G.S. 136-184(a) reads as rewritten:

"(a) The Department of Transportation shall develop, and update annually, a report containing a completion schedule for all projects to be funded from the Trust Fund. The report shall include a separate schedule for the Intrastate System projects, the ~~urban loop~~ Mobility Fund projects, and the paving of unpaved State-maintained secondary roads that have a traffic vehicular equivalent of at least 50 vehicles a day. The annual update shall indicate the projects, or portions thereof, that were completed during the preceding fiscal year, any changes in the

original completion schedules, and the reasons for the changes. The Department shall submit the report and the annual updates to the Joint Legislative Transportation Oversight Committee."

SECTION 28.34.(g) G.S. 136-185 reads as rewritten:

"§ 136-185. Maintenance reserve created in certain circumstances.

If the Highway Trust Fund has not terminated but all contracts for the projects of the Intrastate System described in G.S. 136-179 have been let and the amount collected and allocated for the Intrastate System is enough to pay the contracts and retire any bonds issued under the State Highway Bond Act of 1996 for projects of the Intrastate System, all subsequent allocations of revenue for the Intrastate System shall be credited to a reserve account within the Trust Fund. Revenue in this reserve may be used only to maintain the projects of the Intrastate System.

~~If the Highway Trust Fund has not terminated but all contracts for the urban loops described in G.S. 136-180 have been let and the amount collected and allocated for the urban loops is enough to pay the contracts and retire any bonds issued under the State Highway Bond Act of 1996 for the urban loops, then all urban loops shall be considered a part of the Intrastate System, and all subsequent allocations of revenue for the urban loops shall be credited to the Intrastate account within the Trust Fund."~~

SECTION 28.34.(h) G.S. 136-188 reads as rewritten:

"§ 136-188. Use of North Carolina Mobility Fund.

(a) The Department of Transportation shall use the Mobility Fund to fund transportation projects, selected by the Department, of statewide and regional significance that relieve congestion and enhance mobility across all modes of transportation. The Department of Transportation shall establish project selection criteria based on the provisions of this Article.

(b) The initial project funded from the Mobility Fund shall be the widening and improvement of Interstate 85 north of the Yadkin River Bridge.

(c) Funds transferred to the Mobility Fund under G.S. 136-176(b)(2) shall be subject to the project selection criteria under this Article but shall be used only for urban loop projects."

MODIFY DEPARTMENT OF TRANSPORTATION REPORTING REQUIREMENTS

SECTION 28.35.(a) G.S. 136-12(a1), 136-12.2, 136-89.193(e), 136-93.1(g), and 136-125.2 are repealed.

SECTION 28.35.(b) G.S. 136-44.2 reads as rewritten:

"§ 136-44.2. Budget and appropriations.

...
The Department of Transportation shall have all powers necessary to comply fully with provisions of present and future federal-aid acts. ~~No federally eligible construction project may be funded entirely with State funds unless the Department of Transportation has first reported to the Joint Legislative Commission on Governmental Operations.~~ For purposes of this section, "federally eligible construction project" means any construction project except secondary road projects developed pursuant to G.S. 136-44.7 and 136-44.8 eligible for federal funds under any federal-aid act, whether or not federal funds are actually available.

...."

SECTION 28.35.(c) G.S. 136-89.182 reads as rewritten:

"§ 136-89.182. North Carolina Turnpike Authority.

...
(j) Bylaws. – The Authority Board shall adopt, change, or amend bylaws with respect to the calling of meetings, quorums, voting procedures, the keeping of records, and other organizational, staffing, and administrative matters as the Authority Board may determine. Any bylaws, or subsequent changes or amendments to the bylaws, shall be ~~submitted to the Board of Transportation and the Joint Legislative Transportation Oversight Committee for review and comment at least 45 days prior to adoption by the Authority Board.~~ included in the Annual Report as required by G.S. 136-89.193.

(k) Executive Director and Administrative Employees. – The Authority Board shall appoint an Executive Director, whose salary shall be fixed by the Authority, to serve at its pleasure. The Executive Director shall be the Authority's chief administrative officer and shall be responsible for the daily administration of the toll roads and bridges constructed, maintained, or operated pursuant to this Article. The Executive Director or his designee shall appoint, employ, dismiss, and, within the limits approved by the Authority Board, fix the compensation of administrative employees as the Executive Director deems necessary to carry

out this Article. ~~The Authority shall report the hiring of all administrative employees to the Joint Legislative Transportation Oversight Committee within 30 days of the date of employment.~~

...."

...

PART XXX. CAPITAL APPROPRIATIONS

...

PROHIBIT GENERAL FUND, HIGHWAY FUND, OR HIGHWAY TRUST FUND EXPENDITURES FOR THE NORTH CAROLINA INTERNATIONAL TERMINAL

SECTION 30.8. Notwithstanding G.S. 136-253 and any other provision of law, no funds from the General Fund, Highway Fund, or Highway Trust Fund shall be used to fund the North Carolina International Terminal of the North Carolina State Ports Authority. This section does not apply to the use of agency receipts.

PART XXXI. FEES

EDUCATION/DRIVER EDUCATION REFORM

SECTION 31.1.(a) Subsections (a), (b), and (b1) of G.S. 20-88.1 are recodified as subsections (a), (d), and (e), respectively, of a new section G.S. 115C-215.1, in Article 14 of Chapter 115C of the General Statutes to be entitled "Administration of driver education program by the Department of Public Instruction."

SECTION 31.1.(b) G.S. 20-11(b) reads as rewritten:

"(b) Level 1. – A person who is at least 15 years old but younger than 18 years old may obtain a limited learner's permit if the person meets all of the following requirements:

- (1) Passes a course of driver education prescribed in ~~G.S. 20-88.1~~ G.S. 115C-215.1 or a course of driver instruction at a licensed commercial driver training school.
- (2) Passes a written test administered by the Division.
- (3) Has a driving eligibility certificate or a high school diploma or its equivalent."

SECTION 31.1.(c) G.S. 20-88.1, as amended by subsection (a) of this section, reads as rewritten:

"§ 20-88.1. Driver education.

(a) through (b1) Recodified.

(c) ~~All expenses~~ Expenses incurred by the State in carrying out the provisions of this section the driver education program administered by the Department of Public Instruction in accordance with G.S. 115C-215.1 shall be paid out of the Highway Fund. Fund based on an annual appropriation by the General Assembly.

(d) The Division shall prepare a driver license handbook that explains the traffic laws of the State and shall periodically revise the handbook to reflect changes in these laws. At the request of the Department of ~~Education~~, Public Instruction, the Division shall provide free copies of the handbook to that Department for use in the program of driver education offered at public high schools."

SECTION 31.1.(d) G.S. 20-322(b) reads as rewritten:

"(b) Regulations adopted by the Commissioner shall state the requirements for a school license, including requirements concerning location, equipment, courses of instruction, instructors, financial statements, schedule of fees and charges, character and reputation of the operators, insurance, bond or other security in such sum and with such provisions as the Commissioner deems necessary to protect adequately the interests of the public, and such other matters as the Commissioner may prescribe. A driver education course offered to prepare an individual for a limited learner's permit or another provisional license must meet the requirements set in ~~G.S. 20-88.1~~ G.S. 115C-215.1 for the program of driver education offered in the public schools."

SECTION 31.1.(e) G.S. 115C-215 is repealed.

1 **SECTION 31.1.(f)** G.S. 115C-215.1, as enacted by subsection (a) of this section,
2 reads as rewritten:

3 **"§ 115C-215.1. Administration of driver education program by the Department of Public**
4 **Instruction.**

5 (a) In accordance with criteria and standards approved by the State Board of Education,
6 the State Superintendent of Public Instruction shall organize and administer a standardized
7 program of driver education to be offered at the public high schools of this State for all
8 physically and mentally qualified persons who (i) are older than 14 years and six months, (ii)
9 are approved by the principal of the school, pursuant to rules adopted by the State Board of
10 Education, (iii) are enrolled in a public or private high school within the State, State or are
11 receiving instruction through a home school as provided in Part 3 of Article 39 of Chapter
12 115C of the General Statutes, and (iv) have not previously enrolled in the program. The State
13 Board of Education shall use for such purpose all funds appropriated to it for said purpose, and
14 may use all other funds that become available for its use for said purpose.

15 (b) The driver education program established pursuant to this section must include the
16 following:

- 17 (1) Instruction on the rights and privileges of the handicapped and the signs and
18 symbols used to assist the handicapped relative to motor vehicles, including
19 the "international symbol of accessibility" and other symbols and devices as
20 provided in Article 2A of ~~this Chapter~~. Chapter 20 of the General Statutes.
- 21 (2) At least six hours of instruction on the offense of driving while impaired and
22 related subjects.
- 23 (3) At least six hours of actual driving experience. To the extent practicable, this
24 experience may include at least one hour of instruction on the techniques of
25 defensive driving.
- 26 (4) At least one hour of motorcycle safety awareness training.

27 (c) The State Board of Education shall establish and implement a strategic plan for the
28 driver education program. At a minimum, the strategic plan shall consist of goals and
29 performance indicators, including the number of program participants as compared to the
30 number of persons projected to be eligible to participate in the program, the implementation of
31 a standard curriculum for the program, expenditures for the program, and the success rate of
32 program participants in receiving a drivers license as reported by the Division of Motor
33 Vehicles. The strategic plan shall also outline specific roles and duties of an advisory
34 committee consisting of employees of the Division of Motor Vehicles and the Department of
35 Public Instruction and other stakeholders in driver education.

36 (d) The State Board of Education shall adopt a salary range for driver education
37 instructors who are public school employees and who do not hold teacher certificates.

38 Driver education instructors who are public school employees and who hold teacher
39 certificates shall be paid on the teacher salary schedule. A day of employment for driver
40 education instructors who hold teacher certificates shall be the same number of hours required
41 of all regular classroom teachers as established by the local board of education.

42 (e) The State Board of Education shall adopt rules to permit local boards of education
43 to enter contracts with public or private entities to provide a program of driver education at
44 public high schools. All driver education instructors shall meet the requirements established by
45 the State Board of Education; provided, however, driver education instructors shall not be
46 required to hold teacher certificates."

47 **SECTION 31.1.(g)** G.S. 115C-216 reads as rewritten:

48 **"§ 115C-216. Boards of education required to provide courses in operation of motor**
49 **vehicles.**

50 (a) Course of Training and Instruction Required in Public High Schools. – The State
51 Board of Education and local Local boards of education are required to provide as a part of the
52 program of the public high schools in this State a course of training and instruction in the
53 operation of motor vehicles, in accordance with G.S. 20-88.1. shall offer noncredit driver
54 education courses in high schools using the standardized curriculum provided by the
55 Department of Public Instruction.

56 (b) Inclusion of Expense in Budget. – The local boards of education of every local
57 school administrative unit are hereby authorized to shall include as an item of instructional
58 service and as a part of the current expense fund of the budget of the several high schools under
59 their supervision, the expense necessary to install and maintain such a course of training and

~~instructing eligible persons in such schools in the operation of motor vehicles, to offer the driver education course.~~

(c) to (f) Repealed by Session Laws 1991, c. 689, s. 32(c).

(g) Fee for Instruction. – The local boards of education may charge each student participating in driver education a fee of up to seventy-five dollars (\$75.00) to offset the costs of providing the training and instruction."

...

TRANSPORTATION/DIVISION OF MOTOR VEHICLES BULK DATA

SECTION 31.29. G.S. 20-43.1 is amended by adding a new subsection to read:

"§ 20-43.1. **Disclosure of personal information in motor vehicle records.**

(a) The Division shall disclose personal information contained in motor vehicle records in accordance with the federal Driver's Privacy Protection Act of 1994, as amended, 18 U.S.C. §§ 2721, et seq.

(b) As authorized in 18 U.S.C. § 2721, the Division shall not disclose personal information for the purposes specified in 18 U.S.C. § 2721(b)(11).

(c) The Division shall not disclose personal information for the purposes specified in 18 U.S.C. § 2721(b)(12) unless the Division receives prior written permission from the person about whom the information is requested.

(d) As authorized in 18 U.S.C. § 2721, the Division may disclose personal information to federally designated organ procurement organizations and eye banks operating in this State for the purpose of identifying individuals who have indicated an intent to be an organ donor. Personal information authorized under this subsection is limited to the individual's first, middle, and last name, date of birth, address, sex, county of residence, and drivers license number. Employees of the Division who provide access to or disclosure of information in good-faith compliance with this subsection are not liable in damages for access to or disclosure of the information.

(e) As authorized in 18 U.S.C. § 2721, the Division may also provide copies of partial crash report data collected pursuant to G.S. 20-166.1, partial driver license data kept pursuant to G.S. 20-26(a), and partial vehicle registration application data collected pursuant to G.S. 20-52 in bulk form to persons, private companies, or other entities, for uses other than official, upon payment of a fee of three cents (3¢) per individual record. The Division shall not furnish such data except upon execution by the recipient of a written agreement to comply with the Driver's Privacy Protection Act of 1994, as amended, 18 U.S.C. §§ 2721, et seq. The information released to persons, private companies, or other entities, for uses other than official, pursuant to this subsection, shall not be a public record pursuant to Chapter 132 of the General Statutes."

TRANSPORTATION/FERRY DIVISION TOLLING ON ALL ROUTES

SECTION 31.30.(a) Effective April 1, 2012, G.S. 136-82 reads as rewritten:

"§ 136-82. **Department of Transportation to establish and maintain ferries.**

The Department of Transportation is vested with authority to provide for the establishment and maintenance of ferries connecting the parts of the State highway system, whenever in its discretion the public good may so require, and to prescribe and collect such tolls therefor as may, in the discretion of the Department of Transportation, be expedient. The Board of Transportation shall establish tolls for all ferry routes, except that the Board of Transportation shall maintain one untolled ferry route to any barrier island not accessible by a state-maintained road and shall not toll the Knotts Island Ferry.

To accomplish the purpose of this section said Department of Transportation is authorized to acquire, own, lease, charter or otherwise control all necessary vessels, boats, terminals or other facilities required for the proper operation of such ferries or to enter into contracts with persons, firms or corporations for the operation thereof and to pay therefor such reasonable sums as may in the opinion of said Department of Transportation represent the fair value of the public service rendered.

The Department of Transportation, notwithstanding any other provision of law, may operate, or contract for the operation of, concessions on the ferries and at ferry facilities to provide to passengers on the ferries food, drink, and other refreshments, personal comfort items, and souvenirs publicizing the ferry system."

1 **SECTION 31.30.(b)** The Board of Transportation shall toll all ferry routes no later
2 than the effective date of subsection (a) of this section, but is encouraged to begin tolling on all
3 routes before that date. In establishing tolls for ferry routes under G.S. 136-82, as amended by
4 this section, the Board of Transportation shall consider the needs of commuters and other
5 frequent passengers. In maintaining one untolled ferry route to any barrier island not accessible
6 by a state-maintained road, as required by G.S. 136-82, as amended by this section, the Board
7 of Transportation shall not toll any route to any barrier island not accessible by a state-
8 maintained road that is untolled as of April 1, 2011.
9
10 ...

VISITOR REGISTRATION SHEET

Senate Appropriations on Department of Transportation 05/10/2011

Name of Committee

Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE
CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Amy Sines	DENR
Gene Causey	NCMVA
Durrell Laughlin	US
Mac Boxley	NC Aggregators
Carrie Wilson	NCCPA
Don Voelker	NETST
John Merritt	MWCLL
Chip Killian	Nelson Mullins
Reggie Flyth	NCOTSETA
Butch Gurnell	NC Bev
Betsy Barclay	PFNC

VISITOR REGISTRATION SHEET

Senate Appropriations on Department of Transportation 05/10/2011

Name of Committee

Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME

FIRM OR AGENCY AND ADDRESS

Janni Fitzgerald

MLC

Sam Jones

25

C Taylor

SELC

SENATE
APPROPRIATIONS ON DEPARTMENT OF TRANSPORTATION COMMITTEE
Tuesday, May 10, 2011 at 8:30 AM
Room 1027, Legislative Building

MINUTES

The Senate Appropriations on Department of Transportation Committee met at 8:30 AM on May 10, 2011, in Room 1027 of the Legislative Building. Five members of the committee were present. Senator Bill Rabon presided.

Senator Rabon called the meeting to order, introduced the Sergeant-at-Arms, Stanley Johnson and John Fitchett, and the page, Antoinette Watkins of Albemarle, and sponsored by Senator William Purcell.

The members present at the committee were Senator Bill Rabon, Senator Kathy Harrington, Senator Bill Forrester, Senator Ralph Hise, and Senator Don Vaughn.

Senator Rabon introduced Bryce Ball of the NC General Assembly Fiscal Research Division.

Mr. Ball made introductory remarks regarding the background of the North Carolina Global TransPark. He explained the background of the Global TransPark and the problems it now faces.

Mr. Ball concluded his presentation and Senator Rabon proceeded to introduce Sean Hamel from the NCGA Program Evaluation Division to present the Division's report on the Global TransPark.

Mr. Hamel presented the Division's findings and afterwards opened the floor to questions.

Senator Hise asked about Slide 20's indication of a significant increase in the park's operating expenses during Fiscal Year 2010. Mr. Hamel explained that this increase was expected and accounted for. Ms. Darlene Wadell, Director of the Global TransPark Authority, concurred.

Senator Hise asked what mitigation credits are. Mr. Hamel explained that these credits were purchased to offset the environmental impact of development and stated that the credits have an intrinsic worth, but growth in the value is unknown.

Senator Harrington asked why immediate divestiture was not possible, specifically regarding obligations to the FAA. Mr. Hamel explained that FAA grant obligations prohibited shutdown.

Senator Rabon asked for clarification on Slide 21. Mr. Hamel explained the slide, which included info on the General Assembly's appropriation and priority use of the training center for free.

Senator Hise asked about the FAA grants. Mr. Hamel explained that grants from the FAA mandate that for every year the grant is received, the airport must remain open for 20 years. Ms. Waddell further explained the grant obligations.

Senator Forrester inquired if anyone explored whether the state can sell the airport to the military. Mr. Hamel explained that the airport could be transferred to other government entities per the FAA, but the last time the airport was transferred, it took more than seven years. Ms. Waddell responded that the likely military downsizing makes it unlikely that the Department of Defense would be interested in acquiring the airport. Ms. Waddell also explained that the military already contracted with the airport for training and embarkation utilization.

Senator Forrester inquired to whether the airport could be privatized. Mr. Hamel explained that FAA grant only allowed governmental transfers.

Senator Rabon asked to entertain a motion to submit the Program Evaluation Division's report for consideration to the General Assembly. Senator Harrington made the motion and Senator Vaughn seconded the motion.

Senator Rabon asked for discussion

The committee voted unanimously through a voice vote in favor of directing the report to the General Assembly. The motion carried.

Ms. Waddell began her presentation on behalf of the Global TransPark Authority.

Senator Forrester asked whether the Authority sought to bring commercial airline maintenance facilities to the Global TransPark. Ms. Waddell says that that is being sought after and the Authority has received positive feedback.

Senator Rabon asked if Option 2 (as presented by the Program Evaluation Division) was accepted by the Authority. Ms. Waddell said the authority did not support Option 2.

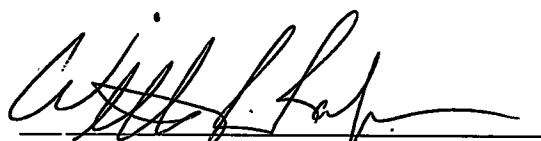
Senator Hise commented that there was not a good path to divesture and that there is a lot of work to do to fix the TransPark. He expressed that his fundamental concern was he did not know what this was a transportation issue and not an economic development issue that would be handled by the Commerce Committee. Senator Hise stated that he did not believe the Senate Transportation Committee had the capabilities to oversee the Global TransPark. Senator Rabon asked Senator Vaughn why the Global TransPark Authority came under Transportation Committee oversight. Senator Vaughn chose not to "vent" on these concerns and recalled times of not recommending the original creation of the Global TransPark to begin with.

Senator Rabon asked the committee for funding recommendations.

Senator Hise asked that a repayment plan be established as soon as possible.

Senator Rabon asked for further recommendations. Hearing none, Senator Rabon explained that the chairs would be preparing the budget for the full appropriations committee chairs.

The meeting adjourned at 9:34am.



Senator Bill Rabon, Presiding



David Goldberg, Committee Clerk

Joint Appropriations Subcommittee on Transportation

**May 11, 2011
8:30 am
Room 1027 LB**

Agenda

Chairs: Senator James Forrester
Senator Kathy Harrington
Senator Bill Rabon, Chairing

- Call to Order
- Introductory Remarks

Bryce Ball, Fiscal Research Division
North Carolina General Assembly

- Global TransPark Report

Sean Hamel, Program Evaluation Division
North Carolina General Assembly

Darlene Waddell, Executive Director
North Carolina Global TransPark

- Subcommittee Discussion and Recommendations

Next meeting:

Date to be Determined



North Carolina Should Weigh Continued Investment in the Global TransPark Authority and Consider How to Repay the Escheat Fund Loan

A presentation to the Senate Appropriations Committee
on Department of Transportation

May 2011

Sean P. Hamel





Our Charge

S. L. 2010-31, Section 28.3(b) directed the Program Evaluation Division to

- Conduct a comprehensive program and financial review
- Assess ability of the Authority to become self-sustaining and repay the Escheat Fund loan

Report p. 2



Overview: Findings

- Authority has made progress towards meeting its mission and goals
- Current administrative practices and operations limit the Authority's ability to achieve and demonstrate results
- Estimated fiscal impact of direct private sector employment at the Global TransPark will exceed the state's investment in the Authority by 2025

Report p. 2





Overview: Findings

- Authority cannot be self-sustaining, but options exist to reduce its reliance on state appropriations
- Authority cannot repay the Escheat Fund loan and thus responsibility falls to the state
- Immediate divestiture in the Global TransPark is not possible

Report p. 2



Overview: Recommendations

The General Assembly should

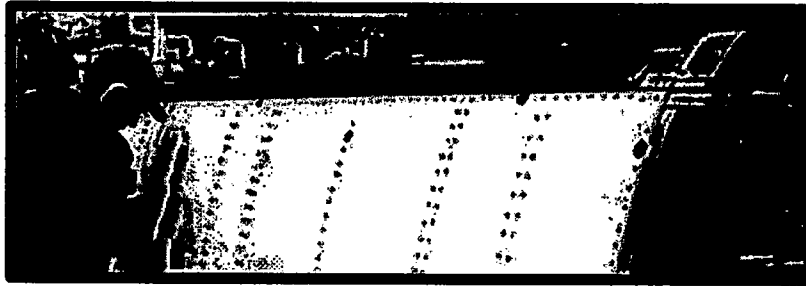
- Establish a repayment schedule for the state's Escheat Fund debt
- and
- Choose between two options for the future of the Global TransPark
 - Continue supporting the Authority based on demonstrated results, or
 - Incrementally divest from the Global TransPark

Report p. 2

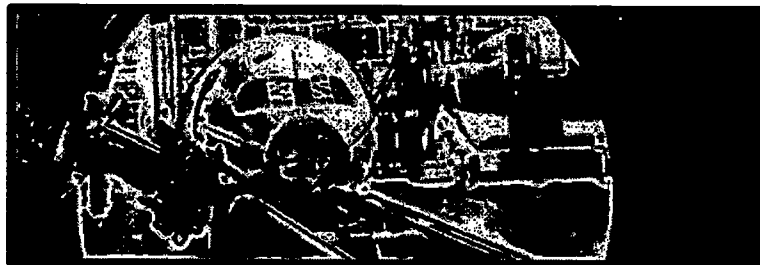




Findings



Finding 1. Authority has made progress towards meeting its mission and goals





Authority's Mission

- No statutory mission
- Authority's adopted mission
 - Create skilled, well-paying jobs in eastern North Carolina
 - Support education, research, and development efforts related to the creation of new economic opportunity
 - Attract economic investment from identified, targeted industries

Report p. 8

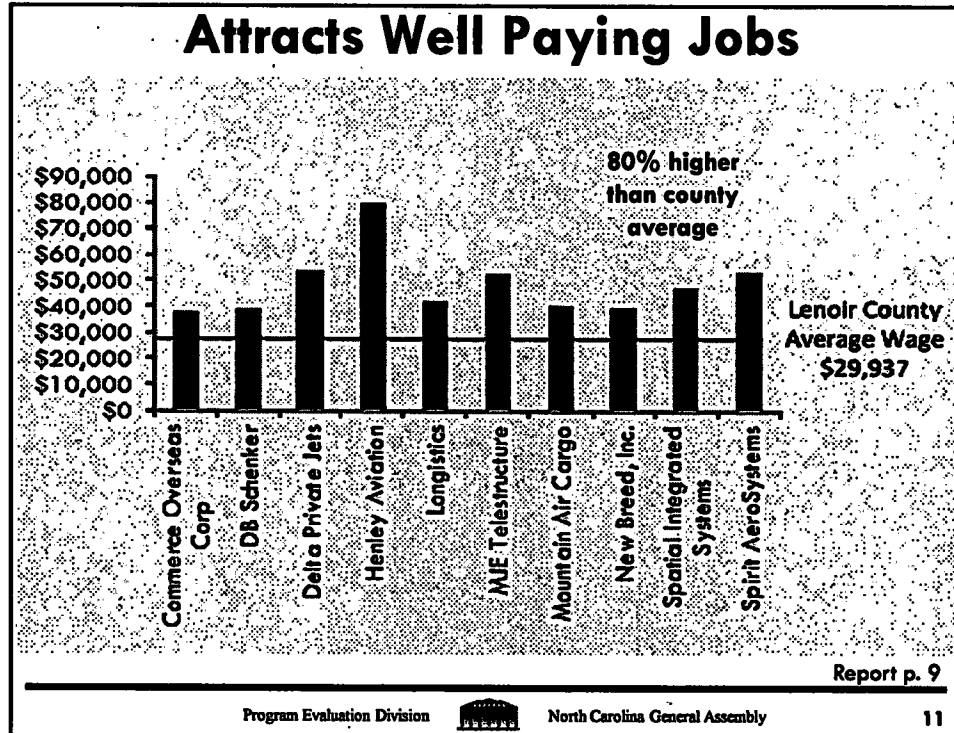


More Than a 1,000 Jobs and \$456 Million Invested by 2014

- Global TransPark currently has 14 tenants in four of its targeted industries that employ 372 people
- Spirit AeroSystems has contractual obligation for future employment and investment
 - 1,031 jobs at the Global TransPark by 2014
 - Invest \$456 million at Global TransPark facility by 2014

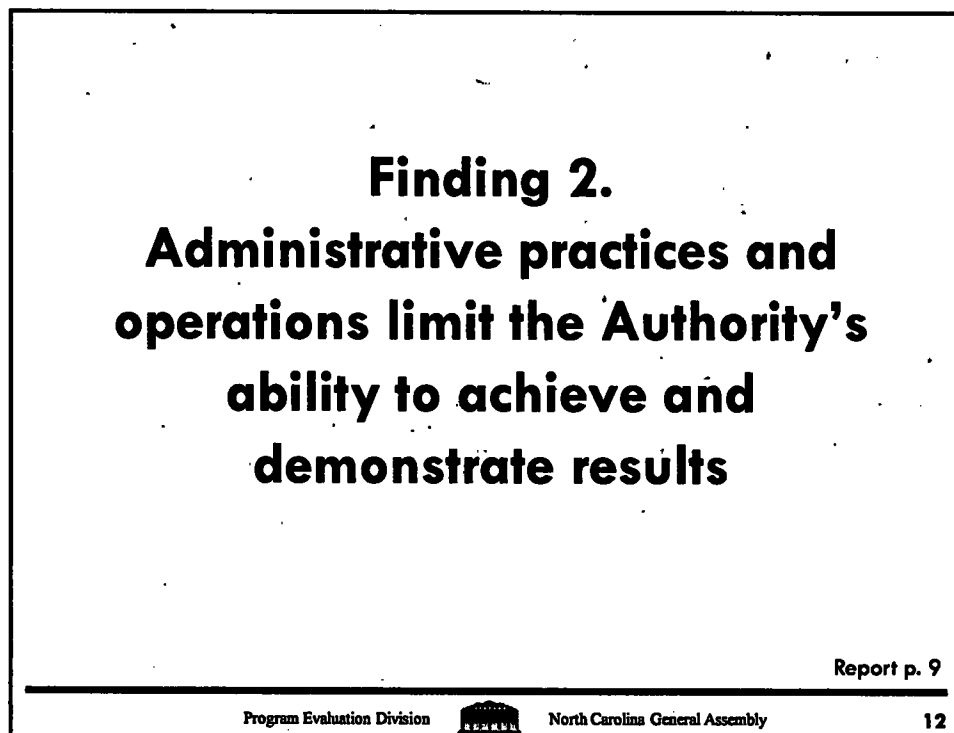
Report p. 9





Finding 2.

Administrative practices and operations limit the Authority's ability to achieve and demonstrate results





Authority Lacks a Results-Based Approach

- **Strategic Planning**
 - Missing or inadequate implementation of steps fundamental to strategic planning
 - Core components of product are missing or inadequately implemented
- **Performance Management System**
 - No formalized Performance Management System in place

Report p. 11



Authority Lacks Economic Development Capacity

- Less than 10% of Authority staff are dedicated to economic development
- Strategic partnerships are still developing
- Governing board has limited representation from targeted industries and three regions of the state

Report p. 12



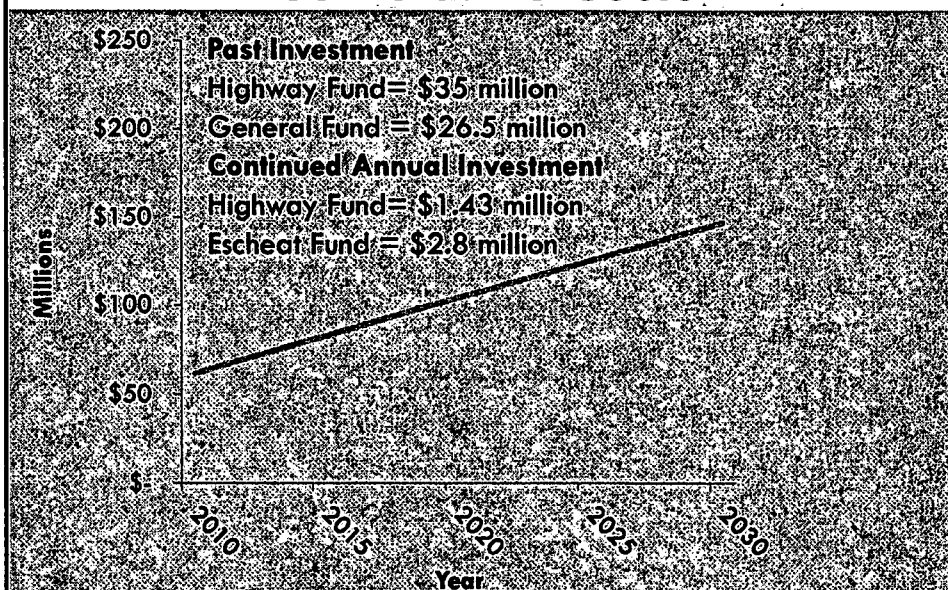


Finding 3.
**Estimated cumulative benefit to
the General Fund from direct
private sector employment at the
Global TransPark will exceed the
state's investment in the Authority
by 2025**

Report p. 13

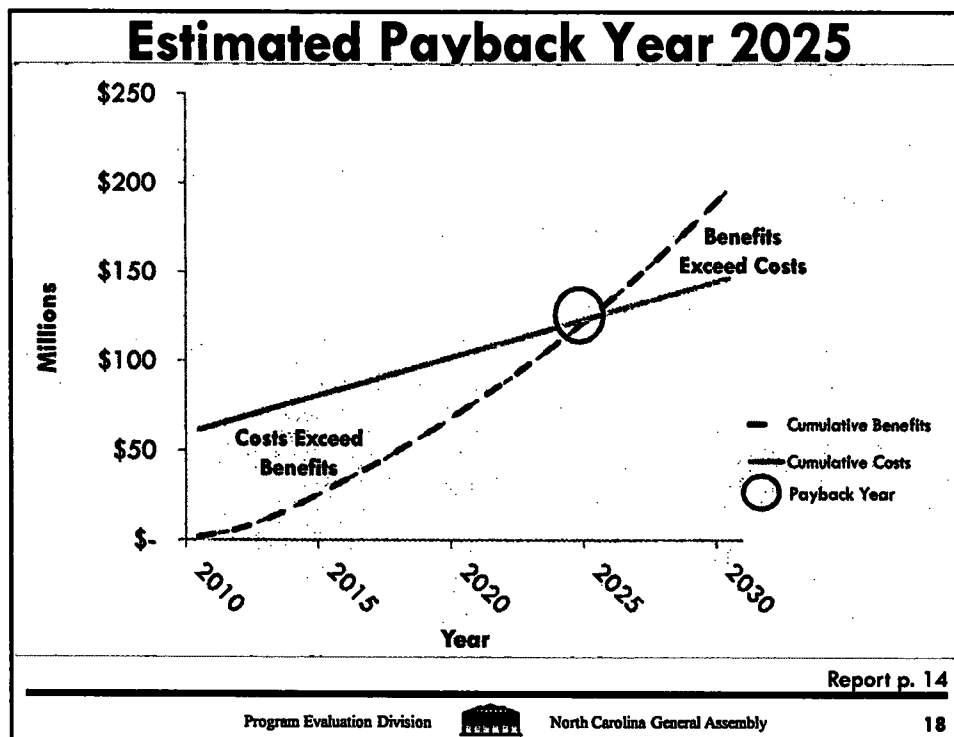
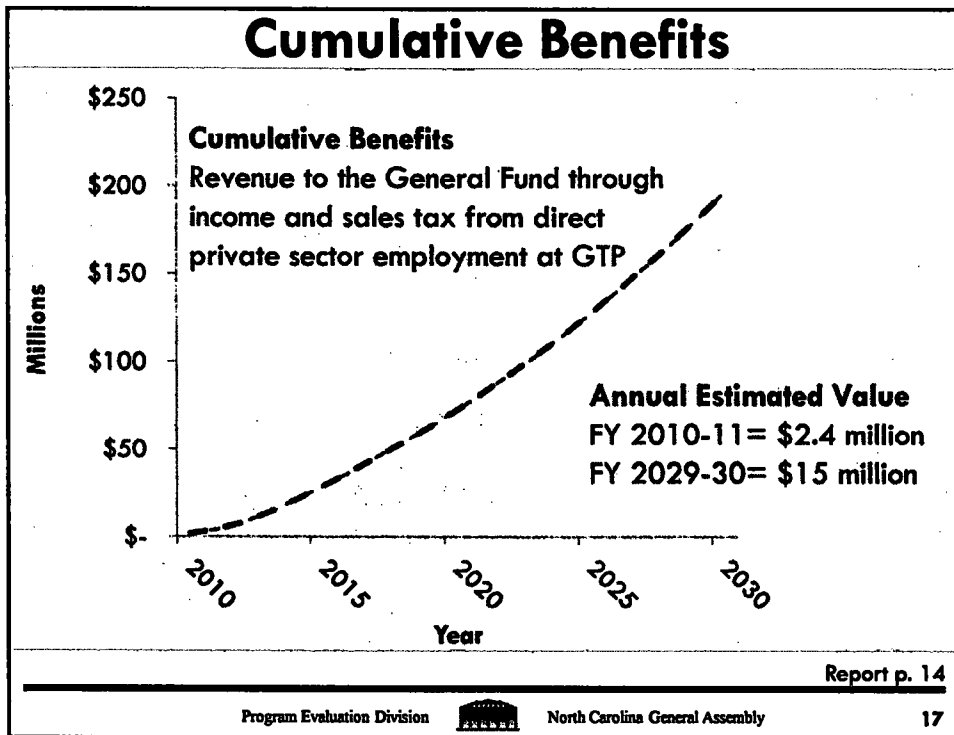


Cumulative Costs



Report p. 14







Finding 4.
Authority cannot be self-
sustaining, but options exist to
reduce it's reliance on state
appropriations

Report p. 14

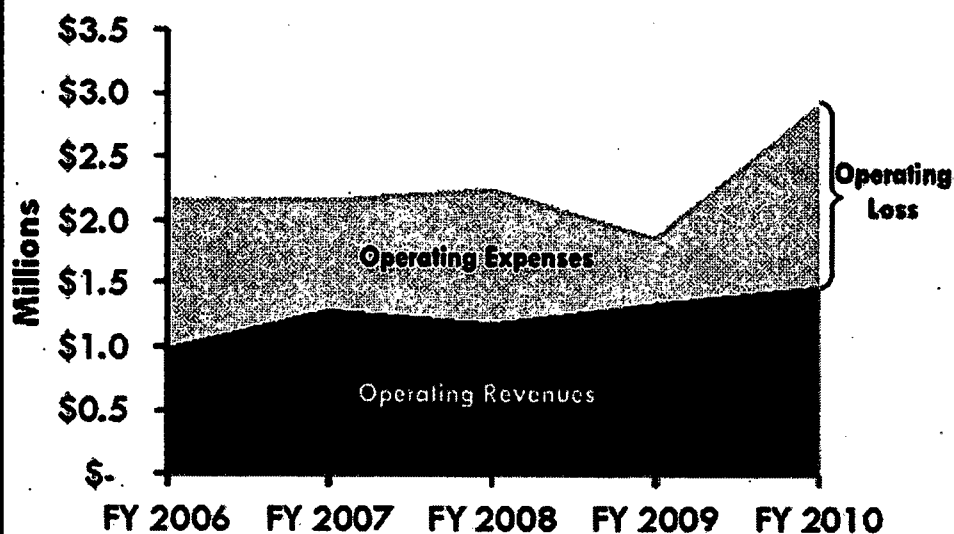
Program Evaluation Division



North Carolina General Assembly

19

Expenses Exceed Revenues



Report p. 16

Program Evaluation Division



North Carolina General Assembly

20



Authority's Ability to Become Self-Sustaining is Compromised

- The State uses Global TransPark assets as economic development incentives
 - Spirit AeroSystems lease of 304 acres → \$100 annually
 - Spirit AeroSystems given priority use of the training center free of charge

Report p. 16



Options for Reducing the Authority's Reliance on the State

- Opportunities for increasing revenues are currently in planning or are being implemented
- Options for decreasing expenditures have implementation implications and result in minimal savings





Finding 5.

Authority does not generate sufficient revenue to repay the Escheat Fund loan; therefore, the responsibility for repayment of the debt falls to the state

Report p. 21



\$39.9 Million Escheat Fund Debt

- Maturity date extended 5 times
- Repayment of the Escheat Fund loan by the Authority is impossible
- Treasurer does not believe options presented by the Authority to address the debt are viable strategies

Report pp. 21, 22





Responsibility for the Debt Falls to the State

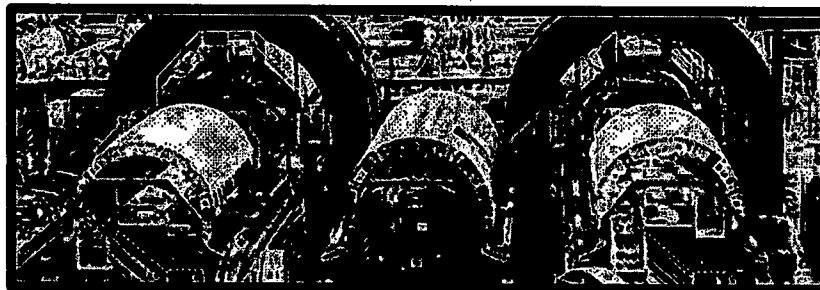
G.S. § 147-69.2.(b)(11) states:

“In the event of a loss to the Escheat Fund . . . it is the intention of the General Assembly to hold the Escheat Fund harmless from any such loss by appropriating to such Escheat Fund funds equivalent to such loss”

Report p. 22



Finding 6. Immediate divestiture in the Global TransPark is not possible



Report p. 24





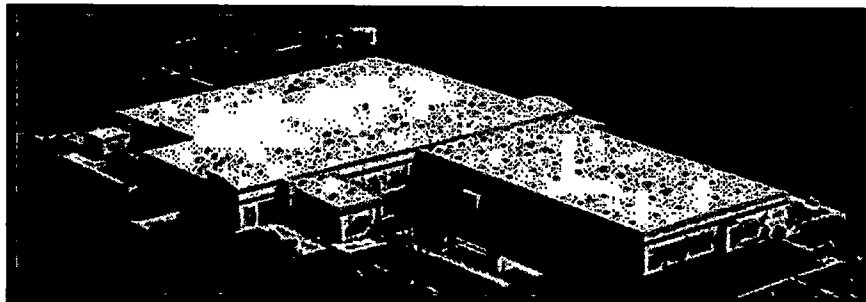
Why Immediate Divestiture is Not Possible

- According to the Federal Aviation Administration, the airport must maintain operations for public use
- The training center has obligations
 - Must maintain operation for public use until 2017
 - Spirit AeroSystems has priority use until 2020
- Commercial real estate has encumbrances

Report pp. 24,25



Recommendations





Recommendation 1.
General Assembly should
establish the terms and repayment
schedule for the Escheat Fund debt

Report p. 26



Establish Payment Terms and
Schedule for the Escheat Fund Debt

- Treasurer prepared scenarios for a 10-, 15-, or 20-year repayment plan
- All the repayment options show a positive benefit-to-cost ratio for the state in 2030
- It is in the best interest of the state for the General Assembly to authorize a 20-year repayment plan for the Escheat Fund debt; \$2.8 million annually

Report p. 26





Recommendation 2.
**General Assembly should choose
between two options for the future of
the Global TransPark**

Report p. 27



**Option 1: Continue funding the Authority
based on demonstration of results**

General Assembly should

- Establish the Authority's mission
- Modify the Authority's board composition
- Revise the Authority's reporting requirements

Direct the Authority to

- Revise 2010 Strategic Plan to be reviewed by the Program Evaluation and Fiscal Research Divisions
- Develop and implement a formalized performance management system based on the revised strategic plan

Report p. 27





Option 1: Continue funding the Authority based on demonstration of results

- Authority to issue a special report February 1, 2017
 - Assess if fiscal impact to the General Fund is on track to meet estimated payback year of 2025
- General Assembly should reconsider continued investment if payback year estimate is lagging

Report p. 27



Option 2: Incrementally divest from the Global TransPark by 2019

- Direct Department of Transportation to develop and implement divestiture plan
 - Identifying outstanding financial operating commitments
 - Identifying assets that would require transfer of operations
 - Identifying the assets that can be liquidated
 - Developing a timeline and strategy for the incremental sale of assets
 - Establishing a mitigation bank to liquidate excess mitigation credits

Report p. 28





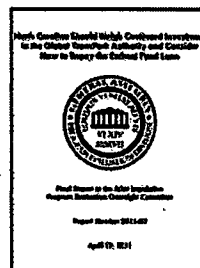
Option 2: Incrementally divest from the Global TransPark by 2019

- Divestiture plan by January 1, 2012
- Annual report on divestiture progress
- Full divestiture completed by 2019
- Authority will require funding until divestiture is complete

Report p. 28



**Report available online at
www.ncleg.net/PED/Reports/reports.html**



**Sean P. Hamel, Program Evaluator
Sean.Hamel@ncleg.net**





Senate Appropriations Committee on Department of Transportation
May 11, 2011



Exhibit 4

Global TransPark Authority's 2010 Strategic Plan Lacked Several Critical Features

Critical Aspects of the Strategic Planning Process

Identifying and engaging critical stakeholders	◐
Identifying an organization's mission and vision	●
Scanning the internal and external environment for an organization's strengths, weaknesses, opportunities, and challenges (commonly referred to as a SWOC analysis)	◐
Comparing threats and opportunities to an organization's ability to meet challenges and seize opportunities (commonly referred to as a GAP analysis)	○
Identifying strategic issues based on SWOC and GAP analyses and formulating strategies for addressing these issues	○
Implementing strategies	◐

Critical Elements of Strategic Plan Documents

A mission statement that describes the purpose of an organization	◐	
A vision statement that expresses the aspiration of an organization or what the organization looks and acts like when it is fulfilling its mandate	●	
Strategic goals that address the strategic issues facing an organization	○	
● = Fully implemented	◐ = Partially implemented	○ = Not implemented

Source: Program Evaluation Division based on review of strategic planning literature, documents provided by the Authority, and interviews with the Authority.

Exhibit 7: Options to Decrease the Global TransPark Authority's Operating Expenses

Option	Rationale and Action Required	Implications of Implementation	Estimated Cost Savings
Transfer the Authority from the Department of Transportation to the Department of Commerce	Rationale: Authority's economic development mission is more closely aligned with Commerce than Transportation Action required: Legislation directing a Type 1 transfer	<ul style="list-style-type: none"> Commerce does not manage economic development properties and has no experience running an airport Management and promotion of a single site by Commerce does not align with the broader focus of Commerce 	\$128,020
Transfer the administration and marketing activities to the Department of Commerce or Eastern Region	Rationale: These entities already do some marketing for the Global TransPark Action required: Legislation to direct designated entity to assume this responsibility	<ul style="list-style-type: none"> Neither of these entities manages economic development properties Management and promotion of a single site by either entity does not align with the broader focus of the Eastern Region or Commerce 	\$64,010
Transfer the airport to another government entity	Rationale: Airport could be run by another government entity Action required: Legislative action; subsequent owner would have to be a government entity, be approved by the Federal Aviation Administration, agree to operate the airport as long as there is an aeronautical need, and honor the military's use for training purposes until 2015	<ul style="list-style-type: none"> Airport can only be transferred to another government entity A likely candidate would be Lenoir County because it operated the airport in the past Airport has potential to generate increased revenue for the Authority or another approved operator 	\$0
Transfer the Composite Center to Lenoir Community College	Rationale: Composite Center could be run by another government entity Action required: Legislative action; subsequent owner would have to be a government entity, be approved by the United States Economic Development Administration, agree to operate the facility for economic development purposes until 2017, and honor Spirit AeroSystems priority use of the facility until 2020	<ul style="list-style-type: none"> Composite Center can only be transferred to another government entity A likely candidate would be Lenoir Community College because it currently provides workforce training for Spirit AeroSystems at the center and reports it could use the space 	\$113,499
Reduce Authority staff size	Rationale: Authority (14 full-time staff, 3 part-time staff) could operate with a smaller staff; it currently has one vacant position in the training center business unit Action required: Reduction in state appropriation	<ul style="list-style-type: none"> Further staff reductions would compromise continued operations at the Global TransPark State appropriation has already been reduced from \$3.0 million in FY 2001-02 to \$1.28 million in FY 2009-10, and the full-time staff has been cut in half during that time 	Depends on the size of the reduction: Although \$41,252 could be saved by eliminating the one vacant position in the training center business unit, this savings is eliminated if the Composite Center is transferred away from the Authority

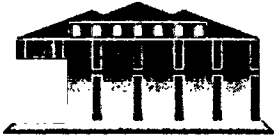
Note: Estimated cost savings are based upon elimination of duplicative staff positions.

Source: Program Evaluation Division based on documents provided by the Authority and interviews.

Exhibit 8: Options to Increase the Global TransPark Authority's Operating Revenues

Options	Current or Required Action	Potential Benefits	Additional Considerations
Develop additional capital facilities	Authority has secured a federally backed loan to develop Global TransPark 7, a 100,800 square foot facility on 35 acres	<ul style="list-style-type: none"> • Having a speculative building available may attract prospective tenants 	<ul style="list-style-type: none"> • Authority must set an appropriate lease rate to generate a profit
Co-location of state agencies	Requires legislative action to direct the Division of Emergency Management, Division of Forest Resources, and State Highway Patrol to co-locate at the Global TransPark and construction of a shared facility	<ul style="list-style-type: none"> • 25 acres of real estate would become available for commercial development and would be highly marketable due to its central location on the runway • State agencies would gain efficiency savings, such as reduced utility costs • Co-location of state agencies would improve the aesthetics of the Global TransPark 	<ul style="list-style-type: none"> • Building a shared facility for the three agencies would cost money • Tenant for the 25 acres would have to be found
Establish air cargo and passenger services	Authority is pursuing air cargo services and northbound passenger service to Washington, DC	<ul style="list-style-type: none"> • Air cargo and passenger services would increase revenue collected from landing and fuel flowage fees • Authority becomes eligible for an annual grant of \$1 million from the Federal Aviation Administration if the number of passengers exceeds 10,000 per year 	<ul style="list-style-type: none"> • Amount of revenue generated depends on the number of flights at the airport • Air cargo services would require the Authority to increase its fueling capacity; construction of a fuel farm is estimated at \$325,000
Establish a mitigation bank	Authority's 2010 Strategic Plan proposed development of a mitigation bank	<ul style="list-style-type: none"> • Excess credits from environmental work could generate \$5.4 million 	<ul style="list-style-type: none"> • Sale of mitigation credits is not a recurring source of revenue • Liquidation of credits reduces the amount of land the Authority could develop into commercial real estate
Assess environmental impact fees on tenants	Authority has the power to assess and levy fees and is developing an impact fee structure	<ul style="list-style-type: none"> • Allows the Authority to recover some of the up-front costs of environmental work it has conducted 	<ul style="list-style-type: none"> • Environmental impact fees could only be charged to new tenants

Source: Program Evaluation Division based on documents provided by the Authority and interviews.



PROGRAM EVALUATION DIVISION

NORTH CAROLINA GENERAL ASSEMBLY

April 2011

Report No. 2011-02

North Carolina Should Weigh Continued Investment in the Global TransPark Authority and Consider How to Repay the Escheat Fund Loan

Summary

In 1991, the General Assembly created the North Carolina Global TransPark Authority (hereafter referred to as the Authority) to develop an industrial park facility built around a multi-modal transportation network that included an airport capable of handling international cargo flights. Absent a statutory mission, the Authority adopted a mission of creating skilled, well-paying jobs in eastern North Carolina, supporting education, research, and development efforts, and attracting economic investment from targeted industries. The Authority's enabling legislation authorized it to borrow up to \$25 million from the North Carolina Escheat Fund for the development of the park; the balance on the loan as of February 2011 was \$39.9 million, and the current maturity date is October 1, 2011.

The Global TransPark today is different from what was originally envisioned. Lagging transportation infrastructure development has yet to allow the Global TransPark to become the multi-modal manufacturing and distribution hub originally proposed. Furthermore, overly optimistic, initial job projections make it appear as if the Authority has fallen short of its adopted mission. The General Assembly directed the Program Evaluation Division to conduct a comprehensive program and financial review of the Authority. This evaluation found

- the Authority has made progress towards meeting its mission and goals;
- current administrative practices and operations limit the Authority's ability to achieve and demonstrate results;
- the estimated benefit to the General Fund of direct private sector employment at the Global TransPark will exceed the state's investment in the Authority by 2025;
- the Authority cannot be self-sustaining, but some options exist to reduce the Authority's reliance on state appropriations;
- the Authority cannot repay the Escheat Fund loan, and thus the responsibility falls to the state; and
- immediate divestiture in the Global TransPark for purposes of offsetting the Escheat Fund debt is not possible.

Based on these findings, the General Assembly should

- establish a repayment schedule for the Escheat Fund debt; and
- choose between two options for the future of the Global TransPark—continue supporting the Authority based on demonstrated results or incrementally divest from the park.



Beverly Perdue
Governor

Eugene A. Conti, Jr., Ph.D.
Chairman

STATE OF NORTH CAROLINA
Global TransPark Authority

Darlene A. Waddell, CPA
Executive Director

April 13, 2011

John W. Turcotte, Director
Program Evaluation Division
NC General Assembly
Legislative Services Office
300 North Salisbury Street, Suite 100
Raleigh, NC 27603-5925

Dear Mr. Turcotte:

Thank you for the opportunity to respond to the Program Evaluation Division's (PED) recent report on the comprehensive program and financial review of the North Carolina Global TransPark Authority (Authority). The PED has been thorough in its review of the Authority's statutory mandates and operations, and we find the resulting analysis insightful and helpful.

Finding 1: The Authority has made progress towards meeting its mission and goals.

The Authority concurs with the PED's finding that it has made progress toward achieving its mission and goals, even in the face of multiple reductions in its annual appropriations and underfunding of infrastructure investment. The Authority has 14 tenants who employ 372 North Carolinians at annual salaries well above average for Eastern North Carolina. Job creation at the TransPark will continue to grow as its anchor tenant, Spirit AeroSystems, accelerates the number of new jobs it is creating.

Finding 2: Current administrative practices and operations limit the Authority's ability to achieve and demonstrate results.

Deficiencies in the Authority's 2010 strategic planning process and product inhibit its ability to develop a results-based management approach.

The Authority views its strategic plan as a "living" document. Due to time and budget constraints in 2010, rather than expending funds to hire an outside firm, the strategic plan was updated in house. Based on the PED's findings, the Authority will continue to enhance its strategic plan and incorporate the PED's recommendations.

The Authority lacks a formalized performance management system to measure, monitor, and report on progress toward achieving goals identified in a strategic plan.

As recommended in the PED report, the Authority will implement a performance management system after revision of its strategic plan. The Authority will also increase the frequency of its reporting on operational activities to quarterly to the Joint Legislative Commission on Governmental Operations and the General Assembly leadership.

The Global TransPark Authority needs to increase the economic development capacity of its staff, strategic partnerships, and board of directors to meet its mission and goals.

2780 Jetport Road, Suite A, Kinston, North Carolina 28504
(252) 522-4929 ♦ FAX (252) 522-5778

The Authority acknowledges that additional staff would assist in future industry recruitment efforts, and we will continue to strengthen partnerships with other economic development allies. The current staffing level is very lean due to budget constraints. The Authority agrees it is beneficial to have additional Board members from other regions of the state and from targeted industries.

Finding 3: Program Evaluation Division analysis of the state's investment in the Authority shows the cumulative benefits to the General Fund will exceed the cumulative costs by 2025.

The Authority appreciates the PEDs acknowledgement that the Authority's cost effectiveness as an economic development arm of the State is measured both by the creation of well paying jobs in an economically distressed region and by increased tax revenues to the State's General Fund.

Finding 4: The Authority cannot be self-sustaining under the current operating environment; however, there are opportunities to reduce the Authority's reliance on state appropriations.

The Authority cannot be self-sustaining because its annual operating expenses exceed its operating revenues.

The \$1.28 million in current appropriations to the Authority supplements the Authority's self-generated income and helps maintain the agency as a viable economic development project. The Authority depends on state appropriations to achieve its mission of attracting skilled, high paying jobs and economic investment at the TransPark which offers advantages not found at other locations in Eastern North Carolina.

The Authority's ability to become self-sustaining is compromised because some of its revenue-generating assets has been used as economic development incentives.

As the PED documented, the State has used the Authority's assets to recruit industry, which competes with the agency's ability to become self-sustaining. If the current level of State appropriations is maintained, the Authority can continue to fulfill its mission of creating well paying jobs and bring additional tax revenues to the State.

Self-sufficiency is a reasonable expectation in the long-term but requires the Authority to reduce operating expenses and/or generate more revenue.

The Authority continually looks for ways to reduce operating expenses and generate more revenue, but we caution that the adoption of any of the options listed in *Exhibit 7: Options to Decrease the Authority's Operating Expenses* would impact the overall effectiveness of the project. In particular, the option to transfer the Composite Center to Lenoir Community College (LCC) would be detrimental to economic development. The Authority's purpose is much different from LCC's, which is focused on education and not recruitment of business to North Carolina. A major benefit of the Center is not what is generated in revenue, but the competitive advantage it gives the Authority, to include:

- Recruitment tool for businesses interested in the TransPark, Eastern North Carolina, as well as the state as a whole
- Incubator for start-up companies
- Hub for the agency's *secure* fiber network, used by the agency and its tenants (Timeliness of response and security of data is very important to the agency's tenants)
- Customized training services to industries through the host community college
- Research and development for existing and prospective tenants
- Trade shows, meetings, conferences, seminars, video conferencing
- Board meetings for the Authority, DOT, GTP Foundation and other private entities
- Command and control center for disaster relief agencies

The PED estimated cost savings from transfer of the Center assumes elimination of duplicative staff positions. However, two of the three full-time positions are essential to TransPark operations. The IT position is essential to manage the fiber network for our tenants and the daily IT needs of the Authority. The maintenance position would be transferred to the Airport Division, as that employee currently rotates between the Center and the Airport to meet maintenance needs and also FAA requirements for trained staff at the Airport. Additionally, relocating the agency's secure fiber network requires up-fit of another "hardened" facility to protect network information from any physical or technological threat. The one-time relocation cost is an estimated \$93,000, which would further reduce, or eliminate, the realization of net savings.

The Authority estimates that only \$18,500 in cost savings could be realized by elimination of one duplicative staff position at the Center, since currently LCC cost shares that position with the Authority. LCC already benefits from currently using 41% of leasable space at the Composite Center. *There could also be additional income to the Center if an agreement were put in place for LCC to cost share with the Authority in operating expenses on rooms they use. Although LCC doesn't pay room rental fees on customized training classes, the Authority should be compensated for classes held at the Composite Center from which LCC generates revenues.*

Finding 5: The Authority does not generate sufficient revenue to repay the Escheat Fund loan; therefore, the responsibility for repayment of the debt falls to the state.

The Authority strongly agrees with the PED's finding regarding repayment of the Escheat Fund loan. Authority management knows of no other start-up state agency that has been created with debt financing for infrastructure needs with no revenue stream put in place to offset the debt. This has prevented the Authority from meeting its loan obligations to the Escheat Fund.

Finding 6: Due to federal restrictions and contractual obligations, immediate divestiture from the Global TransPark is not feasible.

The Authority agrees with the PED's finding regarding immediate divestiture from the Global TransPark as not being a workable option for the State.

Recommendation 1: The General Assembly should establish the terms and repayment schedule for the Escheat Fund debt.

The Authority strongly agrees with Recommendation 1. According to the PED's cost-benefit analysis, each of the four options for repayment of the debt provide a positive benefit-to-cost ratio for the state in 2030.

Recommendation 2: The General Assembly should choose between two options for the future of the Global TransPark – continue supporting the Authority based on demonstrated results or incrementally divest in the Global TransPark.

Regarding the two options presented for the future of the Global TransPark, Option 1 would allow the Authority to continue working toward its goals and implementation of its mission to create well-paying jobs and economic opportunity in an economically distressed, former tobacco-dependent region, as well as for the State as a whole.

Authority's Proposed Recommendation 3: The General Assembly should consider the integration of the Authority, including the Composite Center, into a comprehensive Logistics Division for the State by aligning it with other state transportation entities under the Department of Transportation (DOT).

We suggest careful consideration be given to combining the State's transportation agencies under DOT. The General Assembly and the Governor instituted several actions that are currently being considered for comprehensive logistics planning, including the OSBM Statewide Logistics Study, HB-1355, the work of the Governor's Logistics Task Force, and Executive Order #85.

Again, thank you for the opportunity to review the PED's report. We look forward to implementing many of the findings and recommendations contained in the report to increase the effectiveness of the Authority in achieving its mission of creating well-paying jobs for our citizens, with resulting additional revenues for the State.

Sincerely,



Darlene A. Waddell
Executive Director

C: Senator Debbie Clary, Co-Chair, Program Evaluation Oversight Committee
Senator Fletcher L Hartsell, Jr., Co-Chair, Program Evaluation Oversight Committee
Representative Julia Howard, Chair, Program Evaluation Oversight Committee
Secretary of Transportation Gene Conti, Chairman, NC Global TransPark Board of Directors
Al Delia, Governor's Senior Policy Advisor

VISITOR REGISTRATION SHEET

Senate Appropriations Subcommittee on DOT
Name of Committee

05/11/2011
Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
LORI FULLER	DOJ
Alanna King	Global TransPark
Jennifer Hoffmann	OSBM
Mercedes Barton	OSBM
Zimmer	RANK & other
Julie White	NCMHC
Sam Olson	DST
H. IASAIKO	NC DOT - FMU
Amy Simes	DENR
BERRY JENKINS	NC GO
Wellington Scott	NCSHP
Mac Borden	NC Aggregates
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05/11/2011
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Michelle Frazier	MFS
CS Hollis	TSS
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Tom Frenschman	N.C. W/John Thompson John
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Gina Trugdon	NCDOT
John Hardin	MFS
John	MWC
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Senate Appropriations Subcommittee on DOT
Name of Committee

05/11/2011
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NAME _____

FIRM OR AGENCY AND ADDRESS

Doug Bassett

High Point Market Authority High Point, NC

Tammy Nagem

High Point Market Authority, High Point, NC

PAGES ATTENDING

COMMITTEE: Approps: D.O.T. ROOM: 1027

DATE: 5 - 11 TIME: 8:30

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Page Name	Hometown	Sponsoring Senator
1 <u>Antoinette Watkins</u>	<u>Albemarle</u>	<u>William Purcell</u>
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**SENATE APPROPRIATIONS ON DEPARTMENT OF TRANSPORTATION
COMMITTEE**

**Tuesday, May 24, 2011 at 8:30 AM
Room 1027, Legislative Building**

MINUTES

The Senate Appropriations on Department of Transportation Committee met at 8:30 AM on May 10, 2011, in Room 1027 of the Legislative Building. seven members of the committee were present. Senator Kathy Harrington presided.

Senator Harrington called the meeting to order, introduced the pages, Adam Romaine and Jacob Blount, both of Laurinburg and sponsored by Senator William Purcell.

Senator Harrington introduced the attending Sergeants-at-Arms John Pritchett and Stan Johnson.

Senator Harrington asked staff to distribute copies of the budget proposal to those in attendance.

Senator Harrington then read the Appropriations Committee budget consideration rules and opened the floor for questions. None were asked.

Senator Harrington introduced Ms. Amna Cameron and Mr. Bryce Ball from Fiscal Research to present the budget, starting with the money report, starting on page K1.

Senator Donald Vaughn voiced concerns over Item 16, saying that the three-cent fee would overly harm various stakeholders such as automobile dealers. He went on to suggest a one-cent fee as compromise.

Senator Vaughn voiced concerns to ferry tolls out of concern outer bank residents.

Senator Vaughn liked item 32 and thanked the budget writers for the compromise.

Senator Vaughn expressed his concerns on behalf of the North Carolina Highway Patrol regarding the possibly deficient level of funding.

Mr. Ryan Blackledge began to explain the provisions of the Senate budget beginning on page 7.

Senator Wesley Meredith voiced concerns with the low levels of State Highway Patrol funding.


Senator Ralph Hise asked about Item 41: System Preservation. He asked how many deficient bridges this allotment would allow to be repaired. Ms. Cameron says that it is very hard to make a clear number due to too many variables and the Senate budget will allow correction of 36 percent of bridges

Senator Hise also asked if the retirement contribution for DOT reflected full funding for retirement funding.

The meeting adjourned at 9:15am.



Senator Kathy Harrington, Presiding



David Goldberg, Committee Clerk

Principal Clerk
Reading Clerk

SENATE
NOTICE OF COMMITTEE MEETING
AND
BILL SPONSOR NOTICE

The Senate Committee on **Appropriations on Department of Transportation** will meet at the following time:

DAY	DATE	TIME	ROOM
Tuesday	May 24, 2011	8:30 AM	1027 LB

The following will be considered:

BILL NO.	SHORT TITLE	SPONSOR
HB 200	Appropriations Act of 2011.	Representative Brubaker

Senator James Forrester, Co-Chair
Senator Kathy Harrington, Co-Chair

Senate Appropriations Committee on Department of Transportation

May 24, 2011

8:30 am

Room 1027 LB

Agenda

Chairs: Senator James Forrester
Senator Kathy Harrington, Chairing
Senator Bill Rabon

- Call to Order

- PCS for HB 200 - The Appropriations Act of 2011
Amna Cameron, Fiscal Research Staff
Bryce Ball, Fiscal Research Staff
Ryan Blackledge, Bill Drafting Staff
North Carolina General Assembly

- Subcommittee Discussion

ATTENDANCE

Committee: Appropriations on Department of Transportation[illegible]

Transportation

Transportation Differences Between HB 200 and Senate PCS to HB 200

1	Item Description	Senate Amount				HB 200 Amount				Comments:
		FY 2011-12	R/NR	FY 2012-13	R/NR	FY 2011-12	R/NR	FY 2012-13	R/NR	
2										
3	Highway Fund									
4	Highway Administration	(\$4,127,167)	R	(\$5,913,401)	R	(\$4,127,167)	R	(\$5,913,401)	R	Consolidates and shifts items to the Maintenance category (from Administration) to accurately reflect position locations.
5	Contingency Funds	\$0		\$0		(\$6,830,980)	R	(\$6,830,980)	R	House only.
6	Spot Safety Program	\$3,000,000	R	\$3,000,000	R	\$3,000,000	R	\$3,000,000	R	Snappy change - Removes reference to Contingency Funds reallocation.
7	Consolidate Inspection Audits	(\$2,188,668)	R	(\$2,188,668)	R	(\$2,188,668)	R	(\$2,188,668)	R	Snappy change - Clarifies that budgeted receipts are reallocated to offset License & Theft Bureau expenditures.
8	Eliminate Vacant Positions	(\$343,990)	R	(\$417,117)	R	(\$662,708)	R	(\$662,708)	R	Reduces the number of positions that are eliminated to 5 in FY12 and 7 in FY13 (House proposed 12 positions).
9	Ferry Division - Tolling	(\$2,500,000)	R	(\$5,000,000)	R	(\$5,000,000)	R	(\$7,500,000)	R	Reduces budgeted revenues per tolling of ferry routes. Senate tolls all routes.
10	Public Transportation Division - Cuts	(\$5,792,654)	R	(\$5,792,654)	R	(\$2,549,534)	R	(\$2,549,534)	R	Increases the reduction to grant programs from 4% to 6% and removes the exemption for the Regional New Starts and Capital grant program.
11	Public Transportation Division - Cuts	(\$20,750,267)	R	(\$20,750,267)	R	\$0		\$0		Senate only. Reduces funding to the Regional New Starts and Capital grant program.
12	Rail Division - Cuts	(\$800,000)	R	(\$800,000)	R	(\$800,000)	R	(\$800,000)	R	Snappy change - Removes reference to Short-Line Railroad grants.
13	Rail Division - Grants to Short-Line Railroads	\$400,000	NR	\$400,000	NR	\$800,000	R	\$800,000	R	Reduces proposed funding for short-line grants.
14	Contract Resurfacing	\$141,062,005	NR	\$155,279,725	NR	\$76,854,210	NR	\$100,864,798	NR	Splits additional revenues evenly among contract resurfacing & system preservation. Splits savings from internal consolidations evenly among resurfacing, preservation, and general maintenance. Transfers (\$600k) from the Special Registration Plate Account in FY13.

Transportation Differences Between HB 200 and Senate Pass to HB 200

1	Item Description	Senate Amount				HB 200 Amount				Comments:
		FY 2011-12	R/NR	FY 2012-13	R/NR	FY 2011-12	R/NR	FY 2012-13	R/NR	
15	System Preservation	\$144,520,335	NR	\$158,828,056	NR	\$76,854,209	NR	\$100,864,797	NR	Splits additional revenues evenly among contract resurfacing & system preservation. Splits savings from internal consolidations evenly among resurfacing, preservation, and general maintenance. Shifts savings per reductions to the Ag., Revenue, and DENR Lust Trust Fund transfers. Also transfers (\$600k) from the Special Registration Plate Account in FY13.
16	General Maintenance Reserve	\$78,229,931	NR	\$102,835,931	NR	\$76,854,209	NR	\$100,864,797	NR	Splits savings from internal consolidations evenly among resurfacing, preservation, and general maintenance.
17	Reserve for Global TransPark Authority	(\$128,000)	R	(\$128,000)	R	\$0		\$0		Senate only.
18	Reserve for Continuation Reviews	\$0		\$48,113,947	R	\$0		\$0		Senate only. Conforms to House practice for General Fund reserves for continuation reviews. Sets aside FY13 funding for DMV Driver Licensing and Visitor Centers.
19	Salary Adjustment and Performance Pay Reserve	\$0		\$13,300,000	R	\$0		\$0		Senate only.
20	State Health Plan	\$332,245	R	\$4,767,052	R	\$376,217	R	\$4,749,858	R	Reflects updated calculations.
21	Severance Expenditure Reserve	\$2,552,553	NR	\$626,316	NR	\$0		\$0		Senate only. Provides funding for severance payments per reductions in force.
22	Reserve for Visitor Centers	(\$400,000)	R	(\$400,000)	R	(\$400,000)	R	(\$400,000)	R	Adjusts items to appropriately account for the swap of Highway Trust Fund receipts. The reduction is offset fully in FY12. Funding is discontinued in FY13 per Continuation Review and DOT privatization/ sponsorship efforts. Funding will be re-examined for FY13.
23	DENR Lust Trust Fund	(\$2,171,898)	R	(\$2,261,898)	R	\$2,116,432	R	\$2,226,432	R	Eliminates funding for LUST through G.S. 119-18(b).
24	Department of Public Instruction - Driver Education Program	(\$133,468)	NR	\$194,415	NR	(\$8,686,671)	R	(\$8,775,989)	R	Removes \$75.00 fee and adjusts funding per projected average daily membership.
25	State Highway Patrol - Eliminate Vacant Positions	\$0		\$0		(\$965,003)	R	(\$965,003)	R	House only.
26	State Highway Patrol - Eliminate Positions Per Attrition	\$0		\$0		(\$2,068,375)	R	(\$5,201,675)	R	House only.
27	State Highway Patrol - Management Flexibility	(\$5,589,592)	R	(\$8,722,892)	R	(\$1,380,370)	R	(\$1,380,370)	R	Increases the management flexibility reduction.

Transportation Differences Between HB 200 and Senate PCS to HB 200

1	Item Description	Senate Amount				HB 200 Amount				Comments:
		FY 2011-12	R/NR	FY 2012-13	R/NR	FY 2011-12	R/NR	FY 2012-13	R/NR	
28	State Highway Patrol - Administrative Consolidations	(\$787,743)	R/NR	(\$1,380,370)	R	\$0		\$0		Eliminates 16 administrative positions (15 within Patrol HQ). Budgets non-recurring funding for severance payments in FY13.
29	State Highway Patrol - Reduce Operating Funds	(\$1,450,000)	R	(\$1,450,000)	R	(\$5,122,179)	R	(\$5,122,179)	R	Reduces the reduction in operating funds, consistent with the non-recurring reduction for FY11.
30	State Highway Patrol - Eliminate Highway Fund Transfer	(\$193,585,434)	R	(\$189,859,507)	R	(\$193,527,300)	R	(\$190,394,000)	R	Adjusts reduction and transfer amounts per Senate revisions. Directs DOT to continue the draw-down and transfer of \$1.6M in MCSAP matching funds for SHP.
31	State Highway Patrol - Transfer to General Fund	\$193,585,434	R	\$189,859,507	R	\$193,527,300	R	\$190,394,000	R	Adjusts reduction and transfer amounts per Senate revisions.
32										
33	Highway Trust Fund									
34	Administration	\$0		\$0		\$0		\$0		Snappy change - reallocates unencumbered balance to Urban Loops.
35	Aid to Municipalities	\$6,365,050	NR	\$6,371,287	NR	\$3,754,484	NR	\$2,930,802	NR	Statutory adjustments per revenues.
36	Intrastate System	\$60,663,823	NR	\$60,723,266	NR	\$35,783,118	NR	\$27,932,798	NR	Statutory adjustments per revenues.
37	Secondary Roads	(\$25,000,000)	NR	(\$25,000,000)	NR	(\$10,000,000)	NR	(\$10,000,000)	NR	Increases the reduction to Secondary Road construction.
38	Urban Loops	\$143,631,127	R/NR	\$96,350,039	R/NR	(\$132,130,237)	R	(\$141,057,947)	R	Statutory adjustments per revenues. Reflects reallocation of funds from administration, the Garden Parkway project, and additional revenues.
39	Mobility Fund	\$10,326,358	R	\$15,950,000	R	\$241,602,635	R/NR	\$168,568,939	R/NR	Removes transfer of Urban Loops program to Mobility Fund. Reflects additional certificate of title receipts and reallocations of funds from the Mid-Currituck project.
40	Transfer to General Fund	\$35,223,642	NR	\$115,408	R	\$0		\$115,408	R	Transfers nonrecurring funds in FY 2011-12 to the General Fund to purchase replacement school buses for local school systems.
41	Mid-Currituck Bridge Project	(\$15,000,000)	R	(\$15,000,000)	R	\$0		\$0		Senate only. Eliminates recurring gap funding. Reallocates unencumbered funds and recurring funds to the General Fund and to the Mobility Fund.
42	Garden Parkway Project	(\$35,000,000)	R	(\$35,000,000)	R	\$0		\$0		Senate only. Eliminates recurring gap funding. Reallocates unencumbered funds and recurring funds to Urban Loops.
43										
44	Special Registration Plate Account									

Transportation Differences Between HB 200 and Senate PCS to HB 200

		Senate Amount				HB 200 Amount				Comments:
1	Item Description	FY 2011-12	R/NR	FY 2012-13	R/NR	FY 2011-12	R/NR	FY 2012-13	R/NR	
45	Visitor Center Funding	\$0		\$0		\$0		\$0		Transfers \$1.2M statutorily allocated for visitor center operating assistance in FY13 to contract resurfacing and system preservation.

TECHNICAL CHANGES

46	Secondary Road Funding (HF)	\$ (35,000,000)	NR	\$ (35,000,000)	NR	\$ (35,000,000)	NR	\$ (35,000,000)	NR	Technical change in wording.
47	Spot Safety Program (HF)	\$ 3,000,000	R	\$ 3,000,000	R	\$ 3,000,000	R	\$ 3,000,000	R	Technical change in wording.
48	Rail Division - Cuts (HF)	\$ (800,000)	R	\$ (800,000)	R	\$ (800,000)	R	\$ (800,000)	R	Technical change in wording.

Transportation Differences Between HB 200 and Senate PCS to HB 200

1	HB Section Number	Special Provision Title	Major Differences Between Senate and House Bill 200
2	6.7	Continuation Review of Certain Funds/Programs/Divisions	Adds a review of visitor center funding.
3	6.10	Global TransPark Debt/Report	Directs Program Evaluation to study the feasibility of transferring the Global TransPark to another agency, or consolidating functions with other agencies. Changes the PED reporting date to January 2012.
4	28.1	Cash Flow Highway Fund and Highway Trust Fund Appropriation	Cash updated per new revenue estimate.
5	28.5	Study Sponsorship Opportunities	Allows flexibility for DOT to pursue limited sponsorships.
6	28.6	Small Construction and Contingency Funds	Follows \$. Contingency Funds at \$12 million.
7	28.10	State Street-Aid to Municipalities (Powell Bill) Adjustments	DOT directed to develop exemption process for small municipalities to keep Powell Bill funds for 10 years.
8	28.13	State Aid to Short-Line Railroads	Out. Senate funds as non-recurring.
9	28.15	Report, Consultation, and Approval of Rail Projects	<ul style="list-style-type: none"> • Report moved from Gov. Ops to Transportation Oversight. • Time frame shortened to 90 days. • Approval amount changed from \$5 million to \$20 million.
10	28.24	Study Exempting the Three Newest Model Years from Emissions Inspections of Motor Vehicles	Out.
11	28.28	State Highway Patrol Positions	Follows \$. Creates Management Flexibility Reserve.
12	28.30	Highway Trust Fund Money for Visitor Centers; Special Registration Plates Money for Visitor Centers	<ul style="list-style-type: none"> • Non-recurring funding swap for FY12; transfers Special Registration Plate Account funds to the Highway Fund in FY13. • Removes Randolph County Visitor Center allocation.
13	28.32	Transfer Unencumbered Turnpike Projects Gap Funds to Mobility Fund	Out. See Senate Only Provision.
14	28.33	Mobility Fund Project Selection Criteria Adjustment	Removed stakeholders.
15	28.34	Transfer Urban Loops to the Mobility Fund	Out. See Senate Only Provision.
16	28.37	Education/Driver Education Reform	Removes fee authorization. Establishes multiple pilots for electronic-based instruction.
17	31.30	Transportation/Ferry Division Tolling on All Routes	Tolls all Routes.
18	Senate Only	Transfer Mid-Currituck Bridge Funding to Mobility Fund and Transfer Garden Parkway Funding to Urban Loops Program	• Eliminates gap funds to Garden Parkway and Mid-Currituck Bridge.
			• Authorizes Southeast Extension of Raleigh Outer Loop.
			• Transfers \$35 million of Mid-Currituck funds to General Fund to purchase school buses.

Transportation Differences Between HB 200 and Senate PCS to HB 200

1	HB Section Number	Special Provision Title	Major Differences Between Senate and House Bill 200
19	Senate Only	Remove Urban Loop Projects from Statute and Allow Department of Transportation to Define and Prioritize Urban Loop Projects	<ul style="list-style-type: none"> • Maintains separate Urban Loops fund. • Maintains March 2011 acceleration of Charlotte, Greensboro, and Wilmington loops.
20	Senate Only	Competitive Bidding of License Plate Agency Contracts	Authorizes DMV to negotiate compensation of License Plate Agencies through bidding process.
21	Senate Only	Conforming Changes Related to DMV Auditors and Changes Related to DMV Hearings	Removes statutory references to auditors, per elimination of the positions. Authorizes notice of charges via mail. Extends the timeframe (from 10 business days to 30 calendar days) in which DMV must hold a hearing upon request from a licensed inspection station or mechanic charged with a violation.
22	Senate Only	Reduce Administrative Transfers and Redirect LUST Funding to Highway Fund for System Preservation	Eliminates transfer of Gasoline Inspection Tax to LUST.
23	Senate Only	Program Evaluation Division to Study North Carolina Railroad	New PED Study.
24	Senate Only	Blue Line Extension and Red Line Commuter Rail Projects	State may not enter into contract requiring commitment of State funds.
25	Senate Only	Cost-Efficient Tire Retreads on State Vehicles and School Buses	SB 416 added.
26	Senate Only	Study Privatizing Manns Harbor Maintenance Facility	Directs Joint Legislative Transportation Oversight to study the privatization of the ferry repair and paint shop facilities at Manns Harbor.

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Senate Appropriations on Department of Transportation 05/24/11

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G. Horton	RANC - LPA's
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ANNY SIMES	NCDOT
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M. M. Swanson	SENATOR
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Johanna Reese	DOT
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Senate Appropriations on Department of Transportation 05/24/11

Name of Committee

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**SENATE APPROPRIATIONS ON DEPARTMENT OF TRANSPORTATION
COMMITTEE**

**Thursday, June 7, 2012 at 2:30 PM
Room 1027, Legislative Building**


MINUTES

The Senate Appropriations on Department of Transportation Committee met at 2:30 PM on June 7, 2012, in Room 1027 of the Legislative Building. Three members of the committee were present. Senator Bill Rabon, presided.

The following members were present: Senator Kathy Harrington and Senator Bill Rabon, Co-Chairs; and Senator Rick Gunn, Vice Chair.

Amna Cameron and Bryce Ball, Fiscal Analysts, and Ryan Blackledge, Staff Attorney, presented the House Transportation Budget.

After discussing House Bill 142: Economic Development & Finance Changes, the meeting adjourned at 3:05 PM.



Senator Bill Rabon, Presiding
Co-Chair

Kolt Ulm, Committee Clerk

Senate Appropriations Committee on Department of Transportation

**June 7, 2012
2:30 pm
Room 1027 LB**

Agenda

Chairs: Senator Kathy Harrington
Senator Bill Rabon, Chairing

1. Call to Order
2. Presentation of House Transportation Budget
 - Anna Cameron
Fiscal Analyst, Fiscal Research Division
 - Bryce Ball
Fiscal Analyst, Fiscal Research Division
 - Ryan Blackledge
Staff Attorney, Bill Drafting Division
3. Subcommittee Discussion

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2011

H

3

HOUSE BILL 142*
Committee Substitute Favorable 5/30/12
Third Edition Engrossed 6/4/12

Short Title: Economic Development & Finance Changes.

(Public)

Sponsors:

Referred to:

February 21, 2011

A BILL TO BE ENTITLED

AN ACT TO PROMOTE ECONOMIC DEVELOPMENT AND TO PROVIDE FISCAL RELIEF TO CITIZENS OF THE STATE BY (1) TEMPORARILY CAPPING THE GAS TAX, (2) DELAYING THE IMPOSITION OF TOLLS ON FERRY ROUTES, (3) EXEMPTING CERTAIN MOTIONS FROM CIVIL MOTIONS FILING FEE, (4) WAIVING THE FILING FEE, OTHERWISE DUE FROM UNEMPLOYED INDIVIDUALS ORGANIZING LIMITED LIABILITY COMPANIES, (5) CLARIFYING AND EXTENDING THE APPROPRIATE FILING PERIOD FOR AN ECONOMIC INCENTIVE, (6) EXPANDING THE USE OF INDUSTRIAL DEVELOPMENT FUNDS FOR CERTAIN PROJECTS, (7) MAKING A TECHNICAL CORRECTION TO THE PORT ENHANCEMENT ZONE, AND (8) EXTENDING THE LOCAL GOVERNMENT HOLD HARMLESS SUNSET FOR REPEALED REIMBURSEMENTS.

The General Assembly of North Carolina enacts:

ONE-YEAR CAP ON MOTOR FUEL EXCISE TAX RATE

SECTION 1. Notwithstanding G.S. 105-449.80(a), for the period July 1, 2012, through June 30, 2013, the motor fuel excise tax rate may not exceed thirty-seven and one-half cents (37 1/2¢) a gallon.

DELAY FERRY TOLL COLLECTION

SECTION 2. Notwithstanding Item 24 on Page K-3 of the Senate Appropriations Committee Report on House Bill 200, incorporated into S.L. 2011-145 by Section 32.4(a) of that act, the Department of Transportation, Ferry Division, shall not collect the increased tolls required by S.L. 2011-145 during the 2012-2013 fiscal year.

EXEMPT MOTIONS TO WITHDRAW FROM CIVIL MOTIONS FILING FEE

SECTION 3.(a) G.S. 7A-305(f) reads as rewritten:

"(f) For the support of the General Court of Justice, the sum of twenty dollars (\$20.00) shall accompany any filing containing one or more motions not listed in G.S. 7A-308 that is filed with the clerk. No costs shall be assessed to a motion containing as a sole claim for relief either (i) the taxing of costs, including attorneys' fees, (ii) a motion to withdraw as attorney or counsel of record, or (iii) a motion to withdraw condemnor's deposit in a condemnation proceeding."

SECTION 3.(b) G.S. 7A-306(g) reads as rewritten:

"(g) For the support of the General Court of Justice, the sum of twenty dollars (\$20.00) shall accompany any filing containing one or more motions not listed in G.S. 7A-308 that is



[FULL VERSION](#)[<< Previous: H141](#)[Next: H143 >>](#)**House Bill 142****2011-2012 Session****Economic Development and Finance Changes**

View Bill Digest		Status:	Ref To Com On Rules and Operations of the Senate on 06/05/2012
Text	Fiscal Note	Sponsors	
Filed [HTML]	-	Primary: T. Moore; Hager; Hastings;	
Edition 1 [HTML]	-	Co: L. Brown;	
Edition 2 [HTML]	-	Attributes: Public; Text has changed;	
Edition 3 [HTML]	-		

Vote History									
Date	Subject	RCS #	Aye	No	N/V	Exc. Abs.	Exc. Vote	Total	Result
05/31/2012 1:39PM	Second Reading	[H] - 1375	117	0	1	2	0	117	PASSED
06/04/2012 5:43PM	Third Reading	[H] - 1385	103	0	6	11	0	103	PASSED
Viewing Last 2 Vote(s)									View All Votes

History		
Date	Chamber	Action
02/17/2011	House	Filed
02/21/2011	House	Passed 1st Reading
02/21/2011	House	Ref To Com On Finance
05/30/2012	House	Reptd Fav Com Substitute Relevant document(s): PCS80370
05/30/2012	House	Cal Pursuant Rule 36(b)
05/30/2012	House	Placed On Cal For 5/31/2012
05/31/2012	House	Amend Adopted 1 Relevant document(s): A1
05/31/2012	House	Amend Adopted 2 Relevant document(s): A2
05/31/2012	House	Amendment Withdrawn 3 Relevant document(s): A3
05/31/2012	House	Passed 2nd Reading
06/04/2012	House	Passed 3rd Reading
06/04/2012	House	Ordered Engrossed
06/05/2012	Senate	Rec From House
06/05/2012	Senate	Passed 1st Reading
06/05/2012	Senate	Ref To Com On Rules and Operations of the Senate

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2011-2012 SessionBill Number: enter bill # (i.e., [Look Up](#))

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House Bill 142

2011-2012 Session

Economic Development and Finance Changes

View Bill Digest		Status:	Ref To Com On Rules and Operations of the Senate on 06/05/2012
Text	Fiscal Note	Sponsors	
Filed [1]	-	Primary: T. Moore; Hager, Hastings;	
Edition 1 [prev]	-	Co: L. Brown;	
Edition 2 [prev]	HFNU142v2	Attributes: Public; Text has changed;	
Edition 3 [prev]	-		

Vote History									
Date	Subject	RCS #	Aye	No	N/V	Exc. Abs.	Exc. Vote	Total	Result
05/31/2012 1:39PM	Second Reading	[H] - 1375	117	0	1	2	0	117	PASSED
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Viewing Last 2 Vote(s)					View All Votes				

History		
Date	Chamber	Action
02/17/2011	House	Filed
02/21/2011	House	Passed 1st Reading
02/21/2011	House	Ref To Com On Finance
05/30/2012	House	Reptd Fav Com Substitute
		Relevant document(s): PCS60370
05/30/2012	House	Cal Pursuant Rule 36(b)
05/30/2012	House	Placed On Cal For 5/31/2012
05/31/2012	House	Amend Adopted 1
		Relevant document(s): A1
05/31/2012	House	Amend Adopted 2
		Relevant document(s): A2
05/31/2012	House	Amendment Withdrawn 3
		Relevant document(s): A3
05/31/2012	House	Passed 2nd Reading
06/04/2012	House	Passed 3rd Reading
06/04/2012	House	Ordered Engrossed
06/05/2012	Senate	Rec From House
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2011-2012 Session

 Bill Number: enter bill # (i.e., S25: [Look-Up](#))

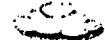
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 STORMWATER
COLLECTION
PROJECT

**N. C. HOUSE OF REPRESENTATIVES
APPROPRIATIONS COMMITTEE**

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

House Bill 950, Third Edition

May 30, 2012

**THIS REPORT INCLUDES ALL AMENDMENTS ADOPTED
THROUGH MAY 30, 2012.**

TRANSPORTATION

Section K

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Highway Fund

HIGHWAY FUND

Total Budget Approved 2011 Session

FY 12-13
\$2,134,160,000

Budget Changes

Administration

1 Information Technology

\$2,020,000 R

Appropriates additional funds to support telecommunication (\$750,000) and data processing costs (\$930,000), as well as lease requirements (\$340,000).

2 Information Technology - Combined Registration and Tax Collection System

Budgets receipts from the Combined Motor Vehicle and Registration Account to support development and implementation costs for the Combined Motor Vehicle Registration and Property Tax Collection System. Receipts budgeted for FY 2012-13 total \$2,267,963 recurring and \$12,290,309 non-recurring.

3 Fiscal - Combined Registration and Tax Collection System

Authorizes six (6) receipt-supported positions to oversee the collection of registration fees and property taxes in advance of the July 1, 2013 implementation date for the Combined Motor Vehicle Registration and Property Tax Collection System. Pre-implementation functions include initiation of system projects and changes which affect revenue capture and reporting from the: State Registration and Titling System (STARS), Vehicle Property Tax System (VPT), State Automated Driver's License System (SADLS), Fuel Tax Compliance System (FuelTacs), SAP, the Division of Motor Vehicles (DMV) Bad Debt System, and other DMV subsystems.

Budgeted receipts for FY 2012-13 total \$370,038 recurring and \$121,806 non-recurring, per transfers from the Combined Motor Vehicle and Registration Account.

Effective dates for the authorized positions are shown below:

Grade	Position Title	Effective Date
Banded - J	Accounting Manager	07/01/2012
Banded - A	Accountant	08/01/2012
Banded - C	Accountant	09/01/2012
Banded - J	Accounting Technician	09/01/2012
Banded - C	Accountant	12/01/2012
Banded - J	Accounting Technician	12/01/2012

Construction

4 Secondary Roads

(\$39,431,107) R

Reduces funding to the secondary system construction program to meet new revenue target. The total budget is \$14,049,075 in FY 2012-13.

Department-wide

5 Personnel Reduction

(\$588,561) R

Eliminates 70 vacant positions throughout the Department, including: nine (9) positions funded with Highway Funds; 12 receipt-supported Highway Trust Fund positions totaling \$661,669; and 49 field positions totaling \$3,439,178. The total includes salary, benefits, and an employee cost multiplier of 2.31%. FTE reductions are as follows:

-9.00

- Asset Management:

2 vacant HF: 60027653 Engineering Director

60027656 Technical Trainer

1 vacant HTF: 60025833 Office Asst IV

17 vacant field: 60025007 Welder II

60025059 Upholsterer

60025045 Vehicle/Equipment Repair Technician

60024015 Processing Assistant III

60024033 Long Distance Truck Driver

60025010 Vehicle/Equipment Repair Technician

60027279 Engineering Technician

60027370 Engineering Technician

60027274 Engineering Technician

60027373 Engineering Technician

60027597 Engineering Assistant

60027043 Engineering Technician

60027508 Engineering Technician

60023940 Engineering Technician

60023960 Engineering Technician

60019889 Engineering Technician

60025946 Engineer

-Pre-Construction:

5 vacant HTF: 60025668 Executive Assistant I

60026897 Lead Worker III

60026821 Processing Assistant IV

60026841 Technology Support Technician

60026953 Right of Way Technician

16 vacant field: 60027207 Right of Way Agent II

60025565 Engineer

60025513 Engineer

60025449 Engineer

60025622 Engineer

60029380 Environmental Specialist

60029375 Engineer

60025781 Engineer

60025714 Engineer

60025700 Engineering Technician

60026894 Right of Way Appraiser I

60026933 Right of Way Agent I

60026766 Right of Way Agent I

60026886 Right of Way Appraiser I

60026921 Right of Way Agent I

60026802 Right of Way Agent I

- Information Technology:
 - 1 vacant HF: 60015188 Business & Technology Analyst
 - 9 vacant field: 65015737 Business & Technology Specialist
 - 65015933 SAP Team Leader
 - 65015934 SAP Team Leader
 - 60015124 Business & Technology Analyst
 - 60027587 Engineering Technician
 - 65013549 Networking Specialist
 - 65013573 Technology Support Technician
 - 65013574 Technology Support Technician
 - 65013583 Technology Support Technician
- Technical Services:
 - 1 vacant HTF: 60027097 Processing Asst IV
 - 4 vacant field: 60025201 Engineering Technician
 - 60025388 Engineering Technician
 - 60025265 Office Assistant III
 - 60029550 Management Engineer I
- Fiscal Management:
 - 1 vacant HF: 60015370 Processing Asst IV
 - 2 vacant HTF: 60015334 Accountant
 - 60015349 Accounting Technician
- Purchasing:
 - 2 vacant HF: 60015403 Departmental Purchasing Agent I
 - 60015404 Processing Asst IV
 - 1 vacant HTF: 60015385 Processing Assistant III
- Human Resources:
 - 3 vacant HF: 60027540 Personnel Technician III
 - 60015027 Personnel Analyst II
 - 60015026 Personnel Analyst II
- BOWD/CR:
 - 1 vacant field: 60027571 Mb/Wb Development Specialist
- General Services:
 - 1 vacant HTF: 60015545 Maintenance Mechanic III
- Traffic/Mobility:
 - 2 vacant field: 60027504 Engineer
 - 60027532 Engineer
- Program/Development:
 - 1 vacant HTF: 60015147 Engineering Manager

Division of Motor Vehicles

6 Adjust Driver License Credit/Debit Costs

Reduces funds budgeted for credit/debit card transaction costs based on the revised implementation timeline for the Next Generation Secure Driver License System (NGSDLS) and a rate reduction for Information Technology Services (ITS) common payment services. Phased implementation of the NGSDLS is targeted for January 2013.

(\$792,641) NR

7 Bulk Data Fee Receipts

Adjusts net appropriations per projected FY 2012-13 bulk data fee receipts.

\$4,000,000 R

8 Internal Consolidation

Consolidates the Division of Motor Vehicles (DMV) fiscal, human resources, information technology, facility management, and associated functions assigned to the "DOT PAM/PD DMV II Operations" and "DOT PAM/PD DMV II Operations Budget" organizational units among respective central administrative units of the Department of Transportation.

(\$717,149) R

-13.00

The following positions are eliminated effective July 31, 2012, per this restructuring:

Position Position Title
Number

60029792 Administrative Assistant
60029795 Technology Support Analyst
60029798 Safety Officer II
60029799 Business Officer
60030094 Administrative Officer III
60029837 Departmental Purchasing Agent I
60029839 Accountant
60030103 Processing Assistant IV
60030155 Processing Assistant V
60030157 Processing Assistant V
60030165 Administrative Assistant I
60030168 Departmental Purchasing Agent I
60030596 Accountant
60030925 Departmental Purchasing Agent I
60088760 Accountant

To supplement centralized fiscal, human resources, information technology, facility management, and associated administrative functions in support of the Division of Motor Vehicles, two (2) full-time, permanent positions are created within the Division of Motor Vehicles Office of the Commissioner effective July 1, 2012.

Respective classifications and funding are:

Grade	Position Title	Position Cost
Banded - A	Business Officer	\$104,434
Banded - J	Business Officer	\$79,754

Net recurring savings per this restructuring total \$717,149 for FY 2012-13.
Annualized savings, beginning in FY 2013-14, total \$799,089.

An additional \$303,675 is appropriated, per item 25, on a non-recurring basis for estimated severance payments incurred during FY 2012-13.

9 Driver License Program Continuation Review**\$47,713,947 R**

Restores recurring funds held in reserve for the Driver License Program per continuation review.

10 DMV - Combined Registration and Tax System

Authorizes 43 receipt-supported positions, of which 22 are time-limited, within the Vehicle Services Section to implement and administer the Combined Motor Vehicle Registration and Property Tax Collection System. This authorization includes: four (4) Staff Development Specialist I positions to conduct training in advance of system implementation; four (4) Administrative Assistant II positions to assist license plate agencies by recording and resolving system problems; two (2) Title Examiner Supervisor I positions to supervise call center employees; four (4) Information Processing Technicians to support transaction volumes at the Raleigh and Charlotte offices; 25 Information Processing Technicians to resolve customer service requests; and, four (4) Processing Assistant IV positions to accommodate increases in mailings and internet renewals. Time-limited positions shall terminate no later than June 30, 2014.

Budgeted receipts for FY 2012-13 total \$1,407,763 recurring and \$1,802,955 non-recurring. Non-recurring costs include equipment acquisitions to implement credit/debit payments at license plate agencies and State offices. These costs are offset by corresponding transfers from the Combined Motor Vehicle and Registration Account.

Effective dates for the authorized positions are shown below:

Grade	Position Title	Effective Date	FTE
67	Staff Development Specialist I	07/01/2012	1.00
67	Staff Development Specialist I - TL	07/01/2012	3.00
65	Administrative Assistant II	10/01/2012	2.00
65	Administrative Assistant II - TL	10/01/2012	2.00
64	Title Examiner Supervisor I	10/01/2012	2.00
63	Information Processing Technician	10/01/2012	14.00
63	Information Processing Technician - TL	10/01/2012	15.00
59	Processing Assistant IV	04/01/2013	2.00
59	Processing Assistant IV - TL	04/01/2013	2.00

Intermodal

- 11 Aviation Division - State Aid to Airports** (\$3,909,618) R
Repeals the continuing appropriation authority (G.S. 136-16.4) for the State Aid to Airports Program, maintaining funding at the FY 2011-12 level.
- 12 Public Transportation Division - Grant Programs** (\$2,588,327) R
Increases the recurring reduction across Public Transportation Division grant programs from 6% to 9%. International Trade Show Transportation grants are exempt from this reduction.
- 13 Rail Division - Operating Reduction** (\$500,000) R
Reduces funding for the Streamline Freight Operations (\$250,000) and Rail Capital and Safety (\$250,000) subprograms.
- 14 Rail Division - Personnel Reduction**
Eliminates one (1) vacant, receipt-supported field position (60015656 Engineering Technician) totaling \$74,900 in estimated operating savings.
- 15 Ferry Division - Toll Revenue** \$2,500,000 NR
Appropriates non-recurring funds to offset receipts budgeted for FY 2012-13 per a one-year delay of the implementation of toll adjustments directed by S.L. 2011-145, Sec. 31.30.
- 16 Ferry Division - Dredge Replacement Project** (\$3,000,000) NR
Adjusts funding for the dredge build project per the engineer's estimate of total project cost.
- 17 Ferry Division - Personnel Reduction**
Eliminates nineteen (19) vacant, receipt-supported field positions totaling \$787,294 in estimated operating savings. The total includes salary, benefits, and an employee cost multiplier of 2.31%. FTE reductions are as follows:

Position Number	Position Title
--------------------	----------------

60018911 Office Assistant III
 60018566 Processing Assistant III
 60018501 Ferry Crew Member I
 60018533 Security Guard
 60018538 Security Guard
 60018611 Security Guard
 60018617 Security Guard
 65009109 Security Guard
 65009108 Security Guard
 60089130 Ferry Crew Member I
 60018643 Security Guard
 60018667 Security Guard
 60018729 Security Guard
 65009103 Security Guard
 60018490 Dredge Deckhand
 60018796 Ferry Master
 60018883 Maintenance Mechanic IV
 60018872 Processing Assistant IV
 60018864 Processing Assistant III

Maintenance

- | | |
|--|--------------------------------|
| <p>18 Primary System
 Reduces funding to the primary system maintenance program to meet new revenue target. The total budget is \$134,658,717 in FY 2012-13.</p> | <p>(\$47,312,081) R</p> |
| <p>19 Secondary System
 Reduces funding to the secondary system maintenance program to meet new revenue target. The total budget is \$243,886,188 in FY 2012-13.</p> | <p>(\$20,625,636) R</p> |
| <p>20 System Preservation
 Eliminates a base budget adjustment from the Motor Fuel Inspection Tax. Funds are transferred to the Non-Commercial Leaking Underground Storage Tank Fund, per item 34.</p> | <p>(\$2,261,898) R</p> |
| <p>21 System Preservation
 Increases system preservation by \$3,136,496, including \$520,014 from cuts made to the Department of Revenue's Taxpayer Collection Division for motor fuel enforcement and auditing. The total budget is \$235,858,601 in FY 2012-13.</p> | <p>\$3,136,496 R</p> |

Reserves

- | | | |
|---|-----------------------------|------------------|
| <p>22 Compensation Adjustment and Performance Pay Reserve
Eliminates the reserve in FY 2012-13.</p> | <p>(\$4,906,715)</p> | <p>R</p> |
| | | |
| <p>23 Highway Fund Employee Bonus Reserve
Provides funding in the amount of \$2,290,233 nonrecurring for a one-time \$250 bonus for permanent employees whose salaries are supported by Highway Fund appropriations.</p> | <p>\$2,290,233</p> | <p>NR</p> |
| | | |
| <p>24 Disability Income Plan of North Carolina
Reduces the State's contribution to the Disability Income Plan from .52% of payroll to .44% of payroll (a .08% reduction) as a result of the December 31, 2010 actuarial valuation.</p> | <p>(\$255,000)</p> | <p>R</p> |
| | | |
| <p>25 Severance Expenditure Reserve
Increases funding for severance salary continuation payments and health benefit coverage under the State Health Plan for employees reduced-in-force.</p> | <p>\$303,675</p> | <p>N</p> |
| | | |
| <p>26 State Retirement System Contributions
Decreases the State's contribution to the Teachers' and State Employees' Retirement System for 2012-13.</p> | <p>(\$2,000,000)</p> | <p>R</p> |
| | | |
| <p>27 State Retirement System Contributions - State Highway Patrol Transfer
Adjusts the budgeted retirement contribution to the Teachers' and State Employees' Retirement System for 2012-13 per the transfer of the State Highway Patrol to the General Fund.</p> | <p>(\$4,000,000)</p> | <p>R</p> |
| | | |
| <p>28 State Health Plan - State Highway Patrol Transfer
Adjusts funding for the State Health Plan per the transfer of the State Highway Patrol to the General Fund.</p> | <p>(\$1,000,000)</p> | <p>R</p> |
| | | |
| <p>29 Global TransPark
Reduces operating assistance to the Global TransPark by \$152,000. FY 2012-13 appropriations total \$1.0 million.</p> | <p>(\$152,000)</p> | |

30 Reserve for Continuation Review

(\$47,713,947) R

Eliminates the internal reserve for the Driver License Program per restoration of funding.

Revenue Availability**31 Inspection Program Account Balance**

Notwithstanding G.S. 20-183.7(d) to appropriate \$10.0 million from the Inspection Program Account balance. Highway Fund availability is adjusted accordingly.

32 Civil Penalty Collections

Reduces estimated Highway Fund revenue by \$22.0 million to reflect a change in accounting procedure. Rather than recording civil penalty proceeds as revenue, the clear proceeds of all civil penalties, civil forfeitures, and civil fines collected by the Department of Transportation for transfer to the Civil Penalty and Forfeiture Fund shall be recorded as receipts and budgeted in a receipt-supported fund center for transfer to the Civil Penalty and Forfeiture Fund.

Statutory Adjustments**33 Aid to Municipalities**

(\$912,604) R

Reduces funds for State Aid to Municipalities for FY 2012-13, consistent with new revenue estimates and G.S. 136-41.1.

Transfers**34 Non-Commercial Leaking Underground Storage Tank Transfer**

\$2,711,898 R

Restores the transfer from the Motor Fuel Inspection Tax to the Noncommercial Leaking Underground Storage Tank (LUST) Fund eliminated in S.L. 2011-145 and transfers additional nonrecurring funds that were eliminated in FY 2011-12.

\$2,171,898 NR

35 General Fund Transfer

\$5,000,000 R

Appropriates \$5.0 million from the Highway Fund to General Fund availability per estimated retirement system (\$4.0 million) and State Health Plan (\$1.0 million) contributions on behalf of the State Highway Patrol. Highway Fund internal reserves are reduced by equivalent amounts.

36 Department of Revenue - Taxpayer Collections (Motor Fuels)	(\$520,014)	R
Eliminates ten (10) vacant positions for a total personnel savings of \$488,014. Other costs to support these personnel, such as travel, per diem, and supplies are reduced by \$32,000. The savings transferred to System Preservation total \$520,014.		
The positions eliminated include eight (8) Motor Fuel Auditors and two (2) Law Enforcement Agents. The position numbers supported by the Highway Fund are 60083149, 60083173, 60083153, 60083182, 60083177, 60083178, 60083201, and 60083205. Two positions supported with federal funds are 65007466 and 65007490.		
37 Motor Carrier Safety Assistance Program (MCSAP)	\$330,000	R
Increases funding to match anticipated federal MCSAP basic and incentive grants administered by the Department of Public Safety, State Highway Patrol.		
38 General Fund Transfer	\$2,294,151	I
Increases the transfer to General Fund availability to support operations and maintenance costs for the Voice Interoperability Plan for Emergency Responders (VIPER) system administered by the Department of Public Safety, State Highway Patrol.		
	\$585,000	NI
39 Civil Penalty and Forfeiture Fund	(\$22,000,000)	R
Eliminates the appropriated reserve (84210-0889) historically used to budget civil penalty collections and transfer funds to the Civil Penalty and Forfeiture Fund. Civil penalties are instead budgeted as receipts to better account for the annual fluctuation in collections, and to establish consistency in statewide accounting procedures. Estimated Highway Fund revenue is reduced accordingly.		
Per FY 2012-13 projections, an estimated \$29.88 million will be transferred to the Civil Penalty and Forfeiture Fund.		

Budget Changes	(\$134,188,165)	R
	\$4,058,165	NR
Total Position Changes	-22.00	
Revised Total Budget	\$2,004,030,000	

Highway Trust Fund

HIGHWAY TRUST FUND

Total Budget Approved 2011 Session

FY 12-13

\$1,086,910,000

Budget Changes

Administration

- 40 Statutory Adjustment to Program Administration** (\$1,516,320) R
Decreases funds for Program Administration for FY 2012-13 consistent with new revenue estimates and G.S. 136-176(b). The total budget is \$45,590,880 in FY 2012-13.

Aid to Municipalities

- 41 Statutory Adjustment to Aid to Municipalities Allocation** (\$979,789) R
Decreases funds for State Aid to Municipalities for FY 2012-13, consistent with new revenue estimates and G.S. 136-176(b)(3). The total budget is \$53,063,643 in FY 2012-13.

Construction

- 42 Urban Loops** (\$3,775,957) R
Reduces funds for Urban Loops by 25.05% of the total amount needed to balance the Highway Trust Fund in accordance to the formula in G.S. 136-176(b)(2). The total budget is \$209,182,029 in FY 2012-13.
- 43 Intrastate System** (\$9,338,145) R
Reduces funds for the Intrastate System by 61.95% of the total amount needed to balance the Highway Trust Fund in accordance to the formula in G.S. 136-176(b)(1). The total budget is \$478,164,889 in FY 2012-13.
- 44 Secondary Roads** (\$979,789) R
Reduces funds for Secondary Roads by 6.5% of the total amount needed to balance the Highway Trust Fund in accordance to the formula in G.S. 136-176(b)(4). The total budget is \$48,341,155 in FY 2012-13.

House Subcommittee on Transportation

FY 12-13

Mobility Fund

45 DOT Prioritization Reserve

(\$45,000,000) R

Eliminates the DOT Prioritization Reserve.

46 Mobility Fund

\$45,000,000 R

Transfers funds in the DOT Prioritization Reserve to the Mobility Fund.

Turnpike Authority

47 Mid-Currituck Bridge Project

Reallocates \$15,000,000 of unencumbered gap funds appropriated in FY 2011-12 to the Mid-Currituck Bridge project.

Budget Changes

(\$16,590,000) R

Total Position Changes

Revised Total Budget

\$1,070,320,000

Turnpike Authority

TURNPIKE AUTHORITY

Total Budget Approved 2011 Session

FY 12-13 \$3,642,571

Budget Changes

Turnpike Authority Administration

48 Reduces Operating Funds

(\$336,193) R

Eliminates three (3) vacant receipt-supported positions totaling \$336,193.
The total includes salary, benefits, and an employee cost multiplier of 2.31%.

60088764 Engineering Manager

65004640 Technology Support Specialist

65007229 Business Officer

Budget Changes

(\$336,193) R

Total Position Changes

Revised Total Budget

\$3,306,378

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2011**

H

3

**HOUSE BILL 950
Committee Substitute Favorable 5/29/12
Third Edition Engrossed 5/30/12**

Transportation Related Provisions
--

Short Title: Modify 2011 Appropriations Act.

(Public)

Sponsors:

Referred to:

May 17, 2012

**A BILL TO BE ENTITLED
AN ACT TO MODIFY THE CURRENT OPERATIONS AND CAPITAL IMPROVEMENTS
APPROPRIATIONS ACT OF 2011 AND FOR OTHER PURPOSES.**
The General Assembly of North Carolina enacts:

PART I. INTRODUCTION AND TITLE OF ACT

INTRODUCTION

SECTION 1.1. The appropriations made in this act are for maximum amounts necessary to provide the services and accomplish the purposes described in the budget. Savings shall be effected where the total amounts appropriated are not required to perform these services and accomplish these purposes and, except as allowed by the State Budget Act, or this act, the savings shall revert to the appropriate fund at the end of each fiscal year as provided in G.S. 143C-1-2(b).

TITLE OF ACT

SECTION 1.2. This act shall be known as "The Current Operations and Capital Improvements Appropriations Act of 2012."

PART II. CURRENT OPERATIONS AND EXPANSION GENERAL FUND

CURRENT OPERATIONS AND EXPANSION/GENERAL FUND

SECTION 2.1. Appropriations from the General Fund of the State for the maintenance of the State departments, institutions, and agencies, and for other purposes as enumerated, are adjusted for the fiscal year ending June 30, 2013, according to the schedule that follows. Amounts set out in brackets are reductions from General Fund appropriations for the 2012-2013 fiscal year.

Current Operations – General Fund	2012-2013
--	------------------

EDUCATION

Community Colleges System Office	\$ 10,000,000
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Department of Public Instruction	248,112,460
----------------------------------	-------------



* H 9 5 0 - V - 3 *

[skipped pages]

1	National Mortgage Settlement	9,610,000
2	Subtotal Adjustments to Availability:	\$ 68,493,201
3		
4	Revised Total General Fund Availability	\$ 20,276,156,566
5	Less General Fund Appropriations	\$ 20,276,156,566
6		
7	Balance Remaining	\$ 0

8
9 **SECTION 2.2.(b)** Notwithstanding the provisions of G.S. 143C-4-3, the State
10 Controller shall transfer only sixty-two million forty-eight thousand nine hundred sixty dollars
11 (\$62,048,960) from the unreserved fund balance to the Repairs and Renovations Reserve
12 Account on June 30, 2012.

13 **SECTION 2.2.(c)** Funds transferred under this section to the Repairs and
14 Renovations Reserve Account are appropriated for the 2012-2013 fiscal year to be used in
15 accordance with G.S. 143C-4-3.

16 **SECTION 2.2.(d)** Notwithstanding G.S. 143C-4-2 and pursuant to subsection (a)
17 of this section, the State Controller shall transfer any remaining unreserved fund balance to the
18 Savings Reserve Account on June 30, 2012. This is not an "appropriation made by law," as that
19 phrase is used in Section 7(1) of Article V of the North Carolina Constitution.

20 **SECTION 2.2.(e)** Notwithstanding any other provision of law to the contrary, the
21 sum of four million dollars (\$4,000,000) shall be transferred from the Information Technology
22 Internal Service Fund ending balance for State fiscal year 2011-2012, Budget Code 74660, to
23 the State Controller to be deposited in Nontax Budget Code 19978 or the appropriate budget
24 code as determined by the State Controller for the 2012-2013 fiscal year.

25 **SECTION 2.2.(f)** Notwithstanding any other provision of law to the contrary, the
26 sum of five hundred forty-three thousand five hundred twenty-six dollars (\$543,526) from the
27 Department of Public Instruction Trust Special-Teaching Fellows shall be transferred to the
28 State Controller to be deposited in Nontax Budget Code 19978 or the appropriate budget code
29 as determined by the State Controller for the 2012-2013 fiscal year.

30 **SECTION 2.2.(g)** Notwithstanding any other provision of law to the contrary, the
31 sum of thirty million dollars (\$30,000,000) from the Department of Commerce, One North
32 Carolina Fund, shall be transferred to the State Controller to be deposited in Nontax Budget
33 Code 19978 or the appropriate budget code as determined by the State Controller for the
34 2012-2013 fiscal year.

35 **SECTION 2.2.(h)** Notwithstanding any other provision of law to the contrary, the
36 sum of one million three hundred forty-seven thousand three hundred ninety-seven dollars
37 (\$1,347,397) from the E-Commerce Reserve, Budget Code 24100, shall be transferred to the
38 State Controller to be deposited in Nontax Budget Code 19978 or the appropriate budget code
39 as determined by the State Controller for the 2012-2013 fiscal year.

40 **SECTION 2.2.(i).** Notwithstanding any other provision of law to the contrary, the
41 sum of five million dollars (\$5,000,000) shall be transferred from the Highway Fund to the
42 General Fund for the 2012-2013 fiscal year for the State Highway Patrol, four million dollars
43 (\$4,000,000) of which shall be used for retirement system contributions and one million dollars
44 (\$1,000,000) of which shall be used for State Health Plan contributions.

45 **SECTION 2.2.(j).** Notwithstanding any other provision of law to the contrary, the
46 sum of two million two hundred ninety-four thousand one hundred fifty-one dollars
47 (\$2,294,151), recurring, shall be transferred from the Highway Fund to the General Fund for
48 the 2012-2013 fiscal year, and each year thereafter, and the sum of five hundred eighty-five
49 thousand dollars (\$585,000), nonrecurring, shall be transferred from the Highway Fund to the
50 General Fund for the 2012-2013 fiscal year. The funds transferred under this subsection are to
51 be used to support operations and maintenance costs of the Voice Interoperability Plan for

1 Emergency Responders (VIPER) system operated by the Department of Public Safety, State
2 Highway Patrol.

3 SECTION 2.2.(k) This section becomes effective June 30, 2012.

4
5 **PART III. CURRENT OPERATIONS/HIGHWAY FUND**

6
7 **CURRENT OPERATIONS/HIGHWAY FUND**

8 SECTION 3.1. Appropriations from the State Highway Fund for the maintenance
9 and operation of the Department of Transportation and for other purposes as enumerated are
10 adjusted for the fiscal year ending June 30, 2013, according to the following schedule.
11 Amounts set out in brackets are reductions from Highway Fund Appropriations for the
12 2012-2013 fiscal year.

13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40
	Current Operations – Highway Fund																										
	Department of Transportation																										
	Administration																										
	Division of Highways																										
	Administration																										
	Construction																										
	Maintenance																										
	Planning and Research																										
	OSHA Program																										
	Ferry Operations																										
	State Aid																										
	Municipalities																										
	Public Transportation																										
	Airports																										
	Railroads																										
	Governor's Highway Safety Program																										
	Division of Motor Vehicles																										
	Other State Agencies, Reserves, and Transfers																										
	Capital Improvements																										
	Total																										

41 **HIGHWAY FUND AVAILABILITY STATEMENT**

42 SECTION 3.2. Section 3.2 of S.L. 2011-145 is repealed. The Highway Fund
43 availability used in adjusting the 2012-2013 fiscal year budget is shown below:

44	45	46	47	48	49	50	51
	Highway Fund Availability Statement						
	Unreserved Fund Balance						
	Revenue Based On Existing Law						
	Adjustment to Revenue Availability (Civil Penalties)						
	Reserve for HB 142 (Economic Development and Finance Changes)						

1	Revised Total Highway Fund Availability	2,004,030,000
---	--	----------------------

2		
3	Unappropriated Balance	\$ 0

4

5 **PART IV. HIGHWAY TRUST FUND APPROPRIATIONS**

6

7 **CURRENT OPERATIONS/HIGHWAY TRUST FUND**

8 **SECTION 4.1.** Appropriations from the State Highway Trust Fund for the
 9 maintenance and operation of the Department of Transportation and for other purposes as
 10 enumerated are adjusted for the fiscal year ending June 30, 2013, according to the following
 11 schedule. Amounts set out in brackets are reductions from Highway Trust Fund Appropriations
 12 for the 2012-2013 fiscal year.

13		
14	Current Operations – Highway Trust Fund	2012-2013
15		
16	Intrastate System	\$ (9,338,145)
17	Aid to Municipalities	(979,789)
18	Secondary Roads	(979,789)
19	Urban Loops	(3,775,957)
20	Program Administration	(1,516,320)
21	Turnpike Authority	0
22	Transfer to General Fund	0
23	Transfer to Highway Fund	0
24	Debt Service	0
25	Mobility Fund	45,000,000
26	Reserves	(45,000,000)
27		
28	GRAND TOTAL CURRENT OPERATIONS	\$ (16,590,000)

29

30 **HIGHWAY TRUST FUND AVAILABILITY STATEMENT**

31 **SECTION 4.2.** Section 4.2 of S.L. 2011-145 is repealed. The Highway Trust Fund
 32 availability used in developing the 2012-2013 fiscal year budget is shown below:

33		
34	Highway Trust Fund Availability	2012-2013
35		
36	Unreserved Fund Balance	\$ 15,000,000
37	Revenue Based on Existing Law	1,070,870,000
38	Reserve for HB 142 (Economic Development and Finance Changes)	(15,550,000)
39		
40	Revised Total Highway Trust Fund Availability	\$1,070,320,000

41

42 **PART V. OTHER APPROPRIATIONS**

43

44 **ELIMINATE REPORTING REQUIREMENT/APPROPRIATION OF OTHER**
 45 **FUNDS/USE OF DEPARTMENTAL RECEIPTS**

46 **SECTION 5.1.** Section 5.1 of S.L. 2011-145 reads as rewritten:

47 "SECTION 5.1.(a) State funds, as defined in G.S. 143C-1-1(d)(25), are appropriated as
 48 provided in G.S. 143C-1-2 for the 2011-2013 fiscal biennium, with the adjustments made to the
 49 continuation budget as reflected in the Governor's Recommended Budget and Budget Support
 50 Document, as follows:

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and to the Joint Legislative Commission on Governmental Operations on implementation of this section."

PART XXIV. DEPARTMENT OF TRANSPORTATION

CASH FLOW HIGHWAY FUND AND HIGHWAY TRUST FUND APPROPRIATIONS

SECTION 24.1.(a) Section 28.1 of S.L. 2011-145 is repealed.

SECTION 24.1.(b) For planning and programming purposes, the Department of Transportation shall assume a maximum gas tax rate of thirty-five cents (35¢) a gallon for fiscal years 2013-2014 through 2016-2017.

SECTION 24.1.(c) The General Assembly authorizes and certifies anticipated revenues for the Highway Fund as follows:

For Fiscal Year 2013-2014	\$ 1,945.0 million
For Fiscal Year 2014-2015	\$ 1,974.1 million
For Fiscal Year 2015-2016	\$ 2,005.5 million
For Fiscal Year 2016-2017	\$ 2,027.5 million

SECTION 24.1.(d) The General Assembly authorizes and certifies anticipated revenues for the Highway Trust Fund as follows:

For Fiscal Year 2013-2014	\$ 1,047.6 million
For Fiscal Year 2014-2015	\$ 1,092.9 million
For Fiscal Year 2015-2016	\$ 1,150.1 million
For Fiscal Year 2016-2017	\$ 1,171.5 million

FURTHER PRIVATIZATION OF PRE-CONSTRUCTION ACTIVITIES

SECTION 24.2. For fiscal year 2013-2014, the Department of Transportation shall increase the outsourcing of preliminary engineering projects from fifty percent (50%) of the total funds in the annual work plan, as required by Section 28.9.(3) of S.L. 2011-145, to sixty percent (60%) of the total funds in the annual work plan.

FUNDS FROM INSPECTION PROGRAM ACCOUNT FOR OTHER HIGHWAY FUND USES

SECTION 24.3. Notwithstanding G.S. 20-183.7(d), the sum of ten million dollars (\$10,000,000) from the Inspection Program Account within the Highway Fund, as established under G.S. 20-183.7(d), is appropriated and allocated as shown in this act.

REPEAL AUTOMATIC AVIATION DIVISION BUDGET ADJUSTMENT

SECTION 24.4. G.S. 136-16.4 is repealed.

REENACT STATUTORY ALLOCATION TO THE L.U.S.T. FUND FROM THE EXCESS PROCEEDS OF THE MOTOR FUEL INSPECTION TAX AND TRANSFER FUNDS TO THE NONCOMMERCIAL L.U.S.T. FUND

SECTION 24.5.(a) G.S. 119-18(b) reads as rewritten:

"(b) Proceeds. – The proceeds of the inspection tax levied by this section shall be applied first to the costs of administering this Article and Subchapter V of Chapter 105 of the General Statutes. The remainder of the proceeds shall be credited on a monthly basis as follows:

- (1) From the remainder of the proceeds, a credit shall be made to the Highway Fund to be used for system preservation under the Department of Transportation in the highway maintenance program. The amount of the monthly credit under this subdivision shall be calculated so as to provide a total of up to one million eight hundred six thousand four hundred forty-six dollars (\$1,806,446) per year to the Highway Fund.

(2) After crediting funds under subdivision (1) of this subsection, any proceeds remaining shall be credited to the Commercial Leaking Petroleum Underground Storage Tank Cleanup Fund and the Noncommercial Leaking Petroleum Underground Storage Tank Cleanup Fund, to be distributed as follows:

- a. If the amount of revenue in the Noncommercial Fund at the end of a month is at least five million dollars (\$5,000,000), one-half of the remainder of the proceeds shall be credited to the Noncommercial Fund, and one-half of the remainder of the proceeds shall be credited to the Commercial Fund.
- b. If the amount of revenue in the Noncommercial Fund at the end of a month is less than the threshold amount in subdivision (1) of this subsection, all of the remainder of the proceeds shall be credited to the Noncommercial Fund."

SECTION 24.5.(b) Notwithstanding any other provision of law to the contrary, the sum of two million one hundred seventy-one thousand eight hundred ninety-eight dollars (\$2,171,898) from the Highway Fund shall be transferred to the Noncommercial L.U.S.T. Fund (Fund Code 64305, Budget Code 6371).

CLARIFY USE OF CREDIT RESERVE BALANCE IN HIGHWAY FUND

SECTION 24.6. G.S. 136-44.2 reads as rewritten:

"§ 136-44.2. Budget and appropriations.

(a) The Director of the Budget shall include in the "Current Operations Appropriations Act" an enumeration of the purposes or objects of the proposed expenditures for each of the construction and maintenance programs for that budget period for the State primary, secondary, State parks road systems, and other transportation systems. The State primary system shall include all portions of the State highway system located both inside and outside municipal corporate limits that are designated by N.C., U.S. or Interstate numbers. The State secondary system shall include all of the State highway system located both inside and outside municipal corporate limits that is not a part of the State primary system. The State parks system shall include all State parks roads and parking lots that are not also part of the State highway system. The transportation systems shall include State-maintained, nonhighway modes of transportation as well.

(b) All construction and maintenance programs for which appropriations are requested shall be enumerated separately in the budget. Programs that are entirely State funded shall be listed separately from those programs involving the use of federal-aid funds. Proposed appropriations of State matching funds for each of the federal-aid construction programs shall be enumerated separately as well as the federal-aid funds anticipated for each program in order that the total construction requirements for each program may be provided for in the budget. Also, proposed State matching funds for the highway planning and research program shall be included separately along with the anticipated federal-aid funds for that purpose.

(c) Other program categories for which appropriations are requested, such as, but not limited to, maintenance, channelization and traffic control, bridge maintenance, public service and access road construction, transportation projects and systems, and ferry operations shall be enumerated in the budget.

(d) The Department of Transportation shall have all powers necessary to comply fully with provisions of present and future federal-aid acts. For purposes of this section, "federally eligible construction project" means any construction project except secondary road projects developed pursuant to G.S. 136-44.7 and 136-44.8 eligible for federal funds under any federal-aid act, whether or not federal funds are actually available.

(e) The "Current Operations Appropriations Act" shall also contain the proposed appropriations of State funds for use in each county for maintenance and construction of secondary roads, to be allocated in accordance with G.S. 136-44.5 and 136-44.6. State funds appropriated for secondary roads shall not be transferred nor used except for the construction and maintenance of secondary roads in the county for which they are allocated pursuant to G.S. 136-44.5 and 136-44.6.

(f) If the unreserved credit balance in the Highway Fund on the last day of a fiscal year is greater than the amount estimated for that date in the Current Operations Appropriations Act for the following fiscal year, the excess shall be used in accordance with this ~~paragraph~~ subsection. The Director of the Budget ~~may shall~~ allocate part or all of the excess among reserves to a reserve (i) for access and public roads, for unforeseen events requiring prompt action, roads or (ii) for other urgent needs. The amount not allocated to any of these reserves by the Director of the Budget shall be credited to a reserve for maintenance. The Board of Transportation shall report monthly to the Joint Legislative Transportation Oversight Committee and the Fiscal Research Division on the use of funds in the maintenance reserve. The use of this reserve shall be subject to the following:

- (1) Restrictions on use. – No more than two million dollars (\$2,000,000) from this reserve may be spent on a single project. Funds from this reserve being used for an "other urgent need" project cannot be used for administrative costs, information technology costs, or economic development.
- (2) Approval. – The Department of Transportation shall submit for approval to the Director of the Budget all expenditures from the reserve established under this subsection.
- (3) Reporting. – At least five days, not including State holidays or weekend days, prior to submitting an expenditure request to the Director of the Budget under subdivision (2) of this subsection, the Department of Transportation shall submit a report on the expenditure request to the Fiscal Research Division and to the members of the House Appropriations Subcommittee on Transportation and the Senate Appropriations Committee on Department of Transportation. Such report shall be certified by the chief financial officer of the Department of Transportation and shall contain (i) a project description, (ii) whether the project is for access and public roads or for other urgent needs, (iii) justification of the project, (iv) the total project cost, (v) the amount of funding for the project coming from the reserve, and (vi) other funding sources for the project.
- (4) Carryforward. – If on the last day of the fiscal year the balance in the reserve established by this subsection is greater than five million dollars (\$5,000,000), then the Director of the Budget shall transfer the amount in excess of that sum to the Reserve for General Maintenance in the Highway Fund.

(g) The Department of Transportation may provide for costs incurred or accrued for traffic control measures to be taken by the Department at major events which involve a high degree of traffic concentration on State highways, and which cannot be funded from regular budgeted items. This authorization applies only to events which are expected to generate 30,000 vehicles or more per day. The Department of Transportation shall provide for this funding by allocating and reserving up to one hundred thousand dollars (\$100,000) before any other allocations from the appropriations for State maintenance for primary, secondary, and urban road systems are made, based upon the same proportion as is appropriated to each system."

TRANSFER UNEXPENDED MID-CURRITUCK GAP FUNDS BACK TO HIGHWAY TRUST FUND

SECTION 24.7. Any funds appropriated to the North Carolina Turnpike Authority under G.S. 136-176(b2) to cover debt service or related financing costs for the Mid-Currituck Bridge project and that remain unencumbered at the end of fiscal year 2011-2012 are hereby transferred back to the Highway Trust Fund to be appropriated and allocated as shown in this act.

CODIFY MOBILITY FUND FORMULA DEVELOPED BY DEPARTMENT OF TRANSPORTATION

SECTION 24.8.(a) G.S. 136-188 reads as rewritten:

"§ 136-188. Use of North Carolina Mobility Fund.

(a) The Department of Transportation shall use the Mobility Fund to fund transportation projects, selected by the Department, of statewide and regional significance that relieve congestion and enhance mobility across all modes of transportation. ~~The Department of Transportation shall establish project selection criteria based on the provisions of this Article.~~

(b) ~~The~~ Notwithstanding subsections (c) and (d) of this section, the initial project funded from the Mobility Fund shall be the widening and improvement of Interstate 85 north of the Yadkin River Bridge.

(c) To be eligible for funding from the Mobility Fund, a project must meet the following requirements:

(1) The project must be on statewide or Regional tier facilities.

(2) The project must be ready to have funds obligated for construction within five years.

(3) The project must be (i) consistent with MPO/RPO transportation planning efforts, (ii) included in an adopted transportation plan, and (iii) found to be consistent with local land-use plans, where available. As used in this subdivision, "MPO" means metropolitan planning organization and "RPO" means rural planning organization.

(4) The project must be in a conforming transportation plan if the project is in a non-attainment or maintenance area.

(5) Only the project's capital costs, including right-of-way acquisition and construction, may be funded. Maintenance, operation, and planning costs may not be funded from the Mobility Fund.

(6) There is no minimum project capital cost as a threshold for funding a project.

(d) Eligible projects shall be scored and ranked, with the highest scored projects receiving funding priority. Ranking scores shall be determined according to the following formula:

(1) Mobility benefit-cost. – Eighty percent (80%) of the ranking score shall be the estimated travel time savings in vehicle hours that the project will provide over 30 years divided by the cost of the project to the Mobility Fund.

(2) Multimodal/intermodal. – Twenty percent (20%) of the ranking score shall be based on whether the project provides an improvement to more than one mode of transportation and what types of other modes of transportation are involved in the project. Using a scale from zero to 100, the Department of Transportation shall provide for the assignment of points under this subdivision. The Department's determination of a point system under this subdivision shall not be subject to rulemaking under Chapter 150B of the General Statutes."

1 **SECTION 24.8.(b)** Section 28.33(c) of S.L. 2011-145 is repealed.

2
3 **CIVIL PENALTIES TO BE TREATED AS RECEIPTS FOR TRANSFER TO CIVIL**
4 **PENALTY AND FORFEITURE FUND**

5 **SECTION 24.9.** The clear proceeds of all civil penalties, civil forfeitures, and civil
6 fines collected by the Department of Transportation for transfer to the Civil Penalty and
7 Forfeiture Fund and which are currently recorded as revenue in the Highway Fund (Budget
8 Code 84210) shall be eliminated from the Estimated Revenue for the Highway Fund. The
9 corresponding Highway Fund appropriation in Fund 150889 shall also be eliminated.

10 Rather than recording the proceeds as revenue, the clear proceeds of all civil
11 penalties, civil forfeitures, and civil fines collected by the Department of Transportation for
12 transfer to the Civil Penalty and Forfeiture Fund shall be recorded as receipts and budgeted in a
13 totally receipt-supported fund center (150889) in the Highway Fund (Budget Code 84210) for
14 transfer to the Civil Penalty and Forfeiture Fund.

15
16 **POSITIONS IN SUPPORT OF THE COMBINED MOTOR VEHICLE**
17 **REGISTRATION AND PROPERTY TAX COLLECTION SYSTEM**

18 **SECTION 24.10.(a)** Upon request from the Department of Transportation and
19 notwithstanding any other provision of law to the contrary, the Office of State Budget and
20 Management may authorize the creation of time-limited, full-time equivalent positions within
21 the Department of Transportation and its Division of Motor Vehicles in excess of the positions
22 authorized by this act for the sole purposes of implementing and administering the combined
23 motor vehicle registration and property tax collection system, in accordance with the funding
24 authorizations in G.S. 105-330.5 and G.S. 105-330.10. Positions created under this
25 authorization shall terminate no later than June 30, 2014. Following the approval of a request,
26 the Office of State Budget and Management shall direct the transfer of funds from the
27 Combined Motor Vehicle and Registration Account, also known as the Division of Motor
28 Vehicles Taxation Interest Fund for Integrated Computer System, to support personnel and
29 related operating costs for the positions approved under this section.

30 **SECTION 24.10.(b)** Beginning October 1, 2012, the Office of State Budget and
31 Management shall report quarterly on all transfers of funds from the Combined Motor Vehicle
32 and Registration Account (Combined Account) and positions supported by the Combined
33 Account during the 2012-2013 fiscal year to the House Appropriations Subcommittee on
34 Transportation, the Senate Appropriations Committee on Department of Transportation, the
35 Joint Legislative Transportation Oversight Committee, and the Fiscal Research Division. The
36 report shall include, at a minimum, the following:

- 37 (1) A summary of activities funded by the Combined Account to date.
38 (2) Amounts transferred from the Combined Account and expended per activity.
39 (3) A detailed listing of positions funded by receipts to the Combined Account,
40 identifying the position number, title, effective date and duration, cost,
41 functions performed, and organizational unit to which the position is
42 assigned.

43 **SECTION 24.10.(c)** No later than May 1, 2013, the Department of Revenue and
44 the Department of Transportation shall jointly report on the status of the Memorandum of
45 Understanding required by G.S. 105-330.11 to the Joint Legislative Transportation Oversight
46 Committee and Joint Legislative Oversight Committee on Information Technology. The report
47 shall identify the estimated recurring costs of system administration and proposed
48 administrative fees to support the costs of combined notice generation and collection of
49 registration fees and vehicle property taxes.

50
51 **PART XXV. SALARIES AND BENEFITS**

VISITOR REGISTRATION SHEET

TRANSPORTATION APPROPRIATIONS

June 7, 2012

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE
CLERK

<u>NAME</u>	<u>FIRM OR AGENCY AND ADDRESS</u>
Gary Harris	NCPCM
David Farren	SEL
Matt Season	NCRH
Julio W	NCM
Henri McKees	McKees Consulting, Inc.
Johanna Reese	DMV
Christie Garbee	CAPA
BERRY Jenkins	CAGC
Betsy Bailey	PENC
Bradford Sneed	NC DOT
Jay Stem	NCAA
Ann	NCAA
Messielee Burton	NCOSBM
Jim	RAIL- LPA's NC DOT NC 71A
Jimmy Brughton	Wanda Carlyle
Jim Trope	NC DOT
Jake Cashion	NC Chamber

VISITOR REGISTRATION SHEET

TRANSPORTATION APPROPRIATIONS

June 7, 2012

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

<u>NAME</u>	<u>FIRM OR AGENCY AND ADDRESS</u>
CS #6/11/12	TSS
Allison Waller	Nelson Mullins

ATTENDANCE

Committee: **TRANSPORTATION APPROPRIATIONS 2011-2012**[illegible]