2013-2014

SENATE APPROPRIATIONS – NATURAL & ECONOMIC RESOURCES (JOINT)

MINUTES

Membership

Senate Appropriations on Natural and Economic Resources Subcommittee
2013-14 Biennium

Senator Andrew C. Brock, Co-Chair
Room 521, LOB (919) 715-0690
Judy Edwards

Senator Brent Jackson, Co-Chair
Room 523, LOB (919)733-5705
Phillip Christofferson

Senator Angela R. Bryant
Room 520, LOB (919)733-5878
Karon Hardy

Senator Bill Cook
Room 525, LOB (919)715-8293
Amanda Shreve

Senator Gene McLaurin
Room 1118, LB (919)733-5953
Katie Stanley

Senator Ronald Rabin
Room 526, LOB (919)733-5748
Hannah Salem

Senator Jeff Tart
Room 2115, LB (919)715-3050
Jan Copeland

Senator Michael P. Walters
Room 517, LOB (919)733-5651
Vickie Spears

NORTH CAROLINA GENERAL ASSEMBLY

Senate Appropriations on Natural and Economic Resources Subcommittee
2013 – 2014 SESSION



Senator Andrew C. Brock
Co-Chair



Senator Brent Jackson
Co-Chair



Senator Angela R. Bryant



Senator Bill Cook



Senator Gene McLaurin



Senator Ronald J. Rabin



Senator Jeff Tarte



Senator Michael P. Walters

Joint Appropriations Subcommittee on NER

Agenda

Tuesday, February 12, 2013, 8:30 A.M.
Room 423, Legislative Office Building

Sen. Brock, Presiding

1. Welcome and Introductions

Sen. Brock

2. Introduction of Department Heads, Agency Liaisons and Budget Officers

Secretary John E. Skvarla, *Dept of Environment and Natural Resources*

Commissioner Steve Troxler, *Dept. of Agriculture and Consumer Services*

3. Overview of Natural and Economic Resources

Jennifer Hoffmann, *Fiscal Research Division*

Timothy Dale, *Fiscal Research Division*

Aubrey Incorvaia, *Fiscal Research Division*

4. Review of Subcommittee Protocols and Procedures

Aubrey Incorvaia, *Fiscal Research Division*

5. Adjourn

House Appropriations Subcommittee on NER
Rep.McElraft (Chair)
Rep. West (Chair)
Rep. Dixon (Vice Chair)
Rep. Pierce (Vice Chair)
Rep. Presnell (Vice Chair)
Rep. Brandon, Bumgardner, Catlin, Dobson, Langdon, Millis, Richardson, Wilkins, Wray

Senate Appropriations Committee on NER
Sen. Brock (Chair)
Sen. Jackson (Chair)
Sen. Bryant, Cook, McLaurin, Rabin, Tarte, Walters

Joint Committee on Appropriations on Natural and Economic Resources
Tuesday, February 12, 2013 at 8:30 AM
Room 423 of the Legislative Office Building

MINUTES

The Joint Committee on Appropriations on Natural and Economic Resources met at 8:30 AM on February 12, 2013 in Room 423 of the Legislative Office Building. Twenty members were present.

Senator Andrew C. Brock, Chair, presided.

Sen. Brock Introduction and asked members to introduce themselves.

Sen. Brock asked Staff to introduce themselves.

Sen. Brock Introduced Sgt. Of Arms in House and Senate

Sen. Brock introduced Pages in House and Senate.

Sen. Brock welcomed all guested to the meeting.

Sen. Brock yielded the floor to Mrs. Jennifer Hoffman, Fiscal Staff.

Mrs. Hoffman went over document 1: Chairs Guidance and Goals.

Mrs. Hoffman went over document 2: Calendar.

Mrs. Hoffman explained that the Joint Committee will meet until April 11; then the Senate will break off and present their budget to the House no later than May 20; then the House will break off and be ready to conference in early June. The NER Subcommittee's work should be completed by mid-June.

Sen. Brock explained the reasons he wants to go paperless, adding that prep time will go from 6 hours to 16 minutes. Explained presenters must meet the deadline of posting their presentations no later than 24 hours before their to speak to the NER Subcommittee webpage.
wants to go paperless

Rep. McElraft added that the General Assembly is spending money on electronic devices and members should use them.

Rep. Cook asked if members could view presentations on computers at home.

Mrs. Hoffman answered in the positive. That anybody could view documents posted to the Subcommittee's website.

Represenative Cook added that because of the volume and complexity of the information, having the ability to review documents at home would be an asset.

Sen. Brock agreed and yielded the floor to Mrs. Hoffman.

Mrs. Hoffman began the presentation on the NER Subcommittee.

Mrs. Hoffman outlined the Fiscal Research Division.

Mrs. Hoffman gave a quick budget overview.

Mrs. Hoffman yielded the floor to Sen. Brock.

Sen. Brock introduced and yielded the floor to the Commissioner of the North Carolina Department of Agriculture and Consumer Services, Steve Troxler.

Commissioner Troxler introduced his staff: David Smith, Joy Hicks and Terri Oberlin.

Commissioner Troxler gave an overview of the state of Agriculture in North Carolina.

Sen. Brock thanked Commissioner Troxler and introduced the Secretary of the Department of Environment and Natural Resources, John Skvarla.

Secretary Skvarla introduced his staff: Brad Best, Mary Penny Thomas, Rod Davis, Anita McNeil, Ray Lewis and Neil Robbins.

Secretary Skvarla gave a brief overview of DENR.

Sen. Brock thanked Secreatry Skvarla and yielded the floor to Mrs. Hoffman.

Sen. Brock yieled the floor to Sen. Jackson.

Sen. Brock yielded the floor to Mrs. Hoffman.

Mrs. Hoffman continued the presentation on the NER Subcommittee.

Sen. Brent Jackson asked the difference between a certified and non-certified budget.

Mrs. Hoffman answered that the presentation tomorrow would go into greater detail on the budget differences.

Rep. Wilkers apologized for being late.

Sen. Brock yielded the floor to Rep. Wilkers to introduce himself.

Sen. Brock yielded the floor to Mrs. Hoffman to continue the presentation.

Sen. Brock spoke about settlement reduction and yielded the floor to Rep. Bumgardner.

Rep. Bumgardner asked to see where Golden Leaf Foundation funds were allocated.

Sen. Brock assured the committee all information would be available.

Sen. Brock yielded the floor to Mr. Timothy Dale, Fiscal Staff.

Mr. Dale introduced himself and discussed the NC Department of Agriculture and Consumer Services and the NC Department of Labor.

Sen. Brock yielded the floor to Mrs. Aubrey Incorvaia, Fiscal Staff.

Mrs. Incorvaia introduced herself and spoke about the NC Department of Commerce.

Sen. Brock yielded the floor to Mrs. Incorvaia to discuss to final agenda points.

Mrs. Incorvaia went over document 4: Committee Protocol.

Mrs. Incorvaia went over document 5: Web Postings.

Mrs. Incorvaia went over document 6: Key Contact List.

Sen. Brock asked if there were any further questions.

The meeting adjourned at 9:54 AM ET.

Senator Andrew C. Brock, Chair
Presiding

Towers Mingledorff, Committee Clerk

Joint Appropriations Subcommittee on Natural and Economic Resources

Committee Protocol

These guidelines are intended to make the committee process as orderly and efficient as possible.

- Please wait for recognition by the chair before speaking. Only the chair has the authority to call on someone to speak or to answer questions.

- Once recognized by the chair, please:
  - Stand up when speaking.
  - State your name and who you represent.

- All presentation materials and related documents should be submitted to Fiscal Research Division staff no later than two business days prior to scheduled presentation (See Procedures for Web Posting of Subcommittee Documents handout).

- If the committee requests hard copies of documents, materials may be distributed to the committee, but only after prior approval is given from the chair.
  - Copies should be double-sided, three-hole punched, and stapled in the corner. If slides are being printed, two slides per page is preferred.
  - Please bring any copies to be distributed to the subcommittee room no later than thirty minutes before the scheduled meeting time.

- Please respect your fellow presenters and adhere to given time limits.

House and Senate Appropriations Chairs' Guidance for Subcommittee Chairs
February 7, 2013

Joint Budget Strategy

- Focus on core functions of government and whether they are adequately funded
- Continue to look for efficiencies across State government, including looking at duplicative programs
- Evaluate appropriate funding level for non-core services, including non-profits and other non-essential services
- Consider ways to strengthen the General Fund; evaluate special funds

Subcommittee Work

- Conduct joint meetings with House and Senate
- Rotate presiding over meetings
- Maintain transparency (open meetings & web pages)
- Start with joint educational meetings
    - Fiscal Research staff will provide relevant budget background
    - Review past legislative budget and policy actions
    - Review interim committee reports
    - Review federal changes impacting states
    - Hear Governor's Budget (when appropriate)
- Refer certain items to the Full Chairs
    - Salary-related items, debt service, or other Statewide issues
    - Fee increases/decreases
    - Unresolved items
- Consult other subcommittees as necessary

Guidance Forthcoming

- Spending targets
- Subcommittee deliberations and voting
- Special provisions

Joint NER Appropriations Subcommittee Calendar

February 2013

SUNDAY	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
					1	2
3	4	5 **FRD Briefings**	6 **FRD Briefings**	7	8	9
10	11 **Joint Subcommittees Begin Meeting**	12 Organizational Meeting	13 FRD Review of NC Budget Practices	14 FRD Review of NC Budget Practices	15	16
17	18 **Joint Subcommittee Meetings**	19 Non-Profit Presentations House study bills to Bill Drafting deadline	20 Non-Profit Presentations	21 Non-Profit Presentations	22	23
24	25 **Joint Subcommittee Meetings**	26 Non-Profit Presentations	27 House study bills filing deadline	28 Non-Profit Presentations		

Natural and Economic Resources
Fiscal Research Division

February 12, 2013

Joint NER Appropriations Subcommittee Calendar

March 2013

SUNDAY	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
					1	2
3	4 **Joint Subcommittee Meetings** →	5 Senate local bills to Bill Drafting deadline	6	7	8	9
10	11 **Joint Subcommittee Meetings** →	12 House agency bills to Bill Drafting deadline	13 Senate local bills filing deadline	14	15 Senate public bills to Bill Drafting deadline	16
17	18 Tentative Gov. Budget **Joint Subcommittee Meetings** →	19	20 House agency bills filing deadline; House local bills to Bill Drafting deadline	21	22	23
24	25 **Joint Subcommittee Meetings** →	26	27	28 Senate public bills filing deadline; House public bills to Bill Drafting	29 HOLIDAY	30
31 EASTER						

Joint NER Appropriations Subcommittee Calendar

April 2013

SUNDAY	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
	1 **Joint Subcommittee Meetings** →	2	3 House local bills filing deadline	4	5	6
7	8 **Joint Subcommittee Meetings** →	9	10 House public bills filing deadline	11	12	13
14	15 **Senate Budget Process** →	16	17	18	19	20
21	22 **Senate Budget Process** →	23	24 House approps & finance bills to Bill Drafting deadline	25	26	27
28	29 **Senate Budget Process** →	30				

Natural and Economic Resources
Fiscal Research Division

February 12, 2013

Joint NER Appropriations Subcommittee Calendar

May 2013

SUNDAY	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
			1 New Revenue Numbers?	2	3	4
5	6	7 **Senate Approps. Meeting; First Reading**	8 **Senate Second Reading** House approps and finance filing deadline	9 **Senate Third Reading**	10	11
12	13 **House Budget Process** →	14	15	16 **CROSSOVER**	17	18
19	20 **House Budget Process** →	21	22	23	24	25
26	27 MEMORIAL DAY	28 **House Approps Meeting; First Reading**	29 **House Second Reading**	30 **House Third Reading**	31	

Natural and Economic Resources
Fiscal Research Division

February 12, 2013

Joint NER Appropriations Subcommittee Calendar

June 2013

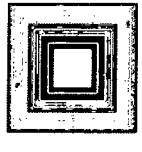
SUNDAY	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
						1
2	3 **Conference Process**	4	5	6	7	8
9	10 **Conference Process**	11	12	13 **Pass Conference Report**	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30						

Natural and Economic Resources
Fiscal Research Division

February 12, 2013

Natural & Economic Resources (NER) Overview

February 12, 2013



FISCAL RESEARCH DIVISION
A Staff Agency of the North Carolina General Assembly

Presentation Outline

- **Fiscal Research Division**
- NER Budget Overview
- NER Department Overviews



Fiscal Research

- Non-partisan staff [illegible]
  NCGA
- Primary staff to Appropriations Committees
  - Analyze requests/ recommendations related to agency their budgets;
  - Make presentations to committees
  - Prepare Committee Report (aka Money Report)
  - Assist Bill Drafting Division with preparation of special provisions for appropriations bills
  - Coordinate administrative requirements for meetings with Chairs
- Estimate the cost of proposed legislation

Fiscal Research Division Teams

Fiscal Analysts are organized into teams of 2-6 analysts

- Natural and Economic Resources
- Health and Human Services
- Education
- Justice and Public Safety
- General Government/ Capital
- Transportation/ Information Technology
- Salaries and Benefits
- Economy and Taxation
- Joint Budget Development

Fiscal Notes

- Five-year analysis of all estimated fiscal effects of a bill on expenditures or revenue of the State.
- Elements:
  - Summary table with impact estimate
  - Brief summary of bill
  - Assumptions and methodology – analysis of costs
- Prepared upon request of bill sponsor or other member
- Confidential until Note becomes public
- Goal for turnaround time is one week
  - Requests from the Floor completed within 2 legislative days.

Presentation Outline

- Fiscal Research Division
- **NER Budget Overview**
- NER Department Overviews



NER Main Agencies

Department of Agriculture & Consumer Services (DACS)

Department of Commerce

Department of Environment & Natural Resources (DENR)

Department of Labor (DOL)

Wildlife Resources Commission (WRC)

Additional NER [illegible]

Boards & Commissions

- ABC Commission
- Credit Union Commission
- Lottery Commission (Administration)
- Industrial Commission
- Rural Electrification Authority
- State Banking Commission
- Utilities Commission & Public Staff

Conservation Trust [illegible]

- Clean Water Management Trust Fund
- Ag. Dev. & Farmland Preservation Trust Fund
- Natural Heritage Trust Fund
- Parks & Recreation Trust Fund

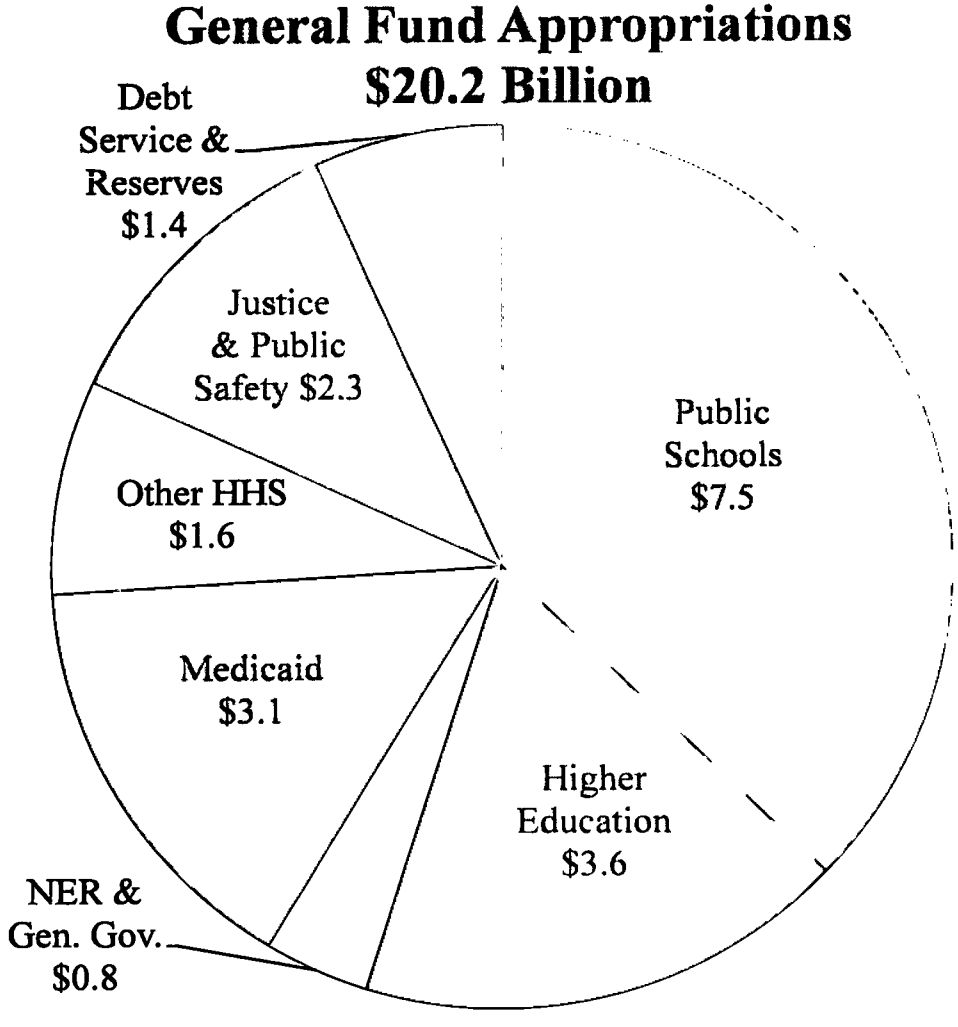
Master Settlement Agreement

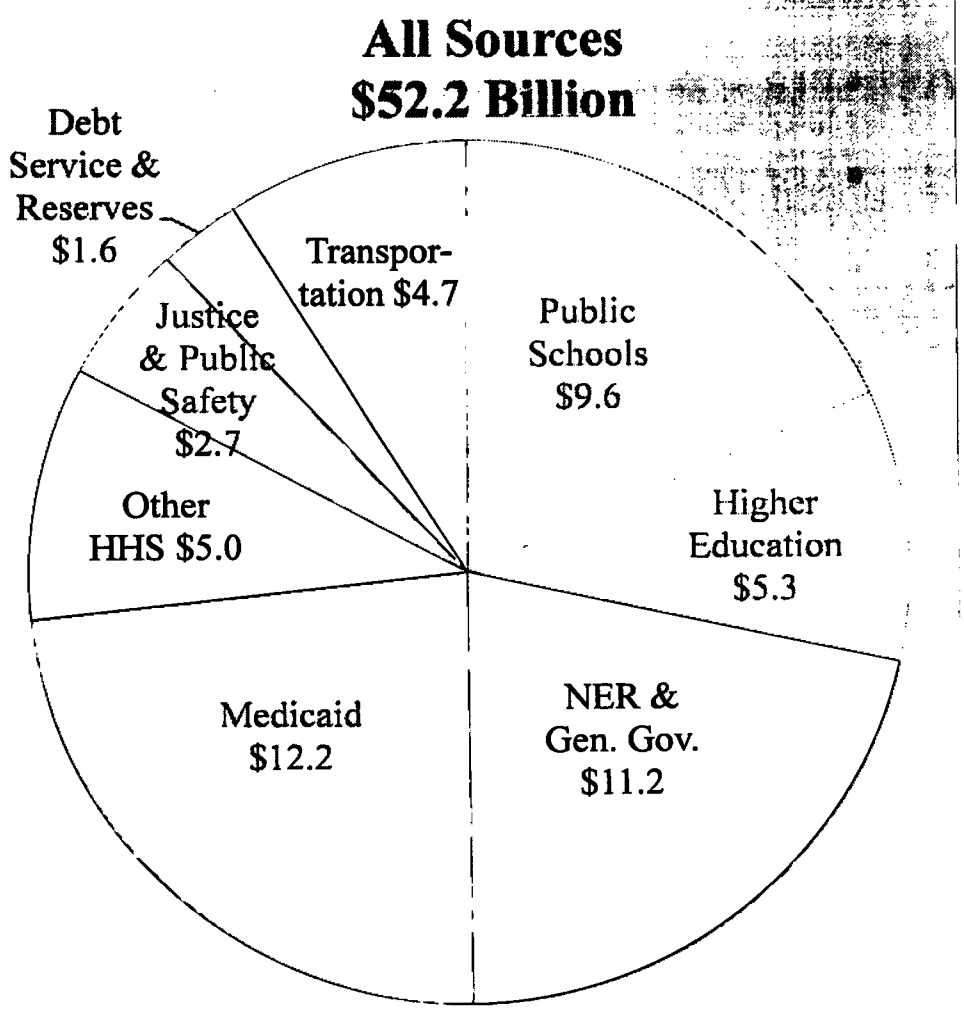
- Golden LEAF – 50%
- General Fund – 50%
  - Tobacco Trust Fund
  - UNC Cancer Research
  - Debt Service

Non-Profits funded in NR

- Association of CDCs
- Biofuels Center
- Biotechnology Center
- Community Development Initiative
- COGs
- High Point Furniture Market
- Inst. For Regenerative Medicinc
- Inst. of Minority Econ. Devel.
- Land Loss Prevention Project
- Indian Econ Devel Initiative
- Minority Supp
- Regional Econ
- Rural Economic Devel. Ce
- Grassroots Science Museums
- Partnership for the Sounds
- Future Farmers of America
- Farm Bureau (Ag in the Classroom)
- Research Triangle Institute-NR
- Johnson &Wales – NR
- Defense & Security Tcchnology Accelerator - NR

State Budget, FY 2012-13



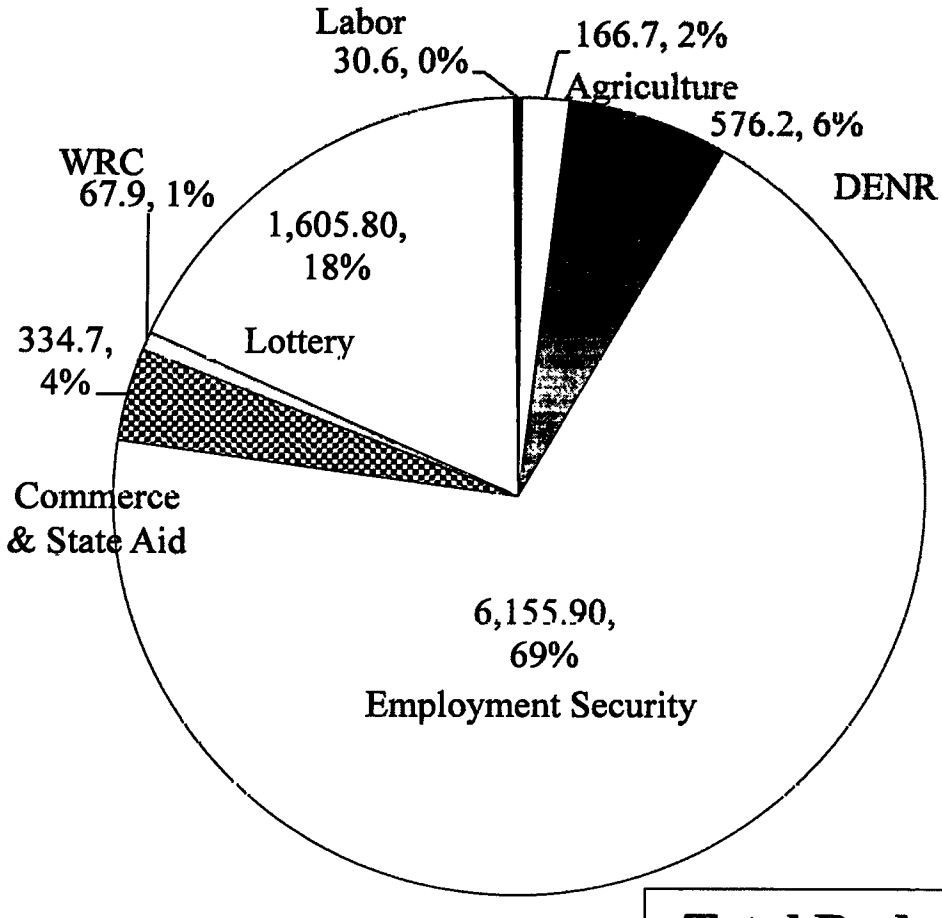


Source: Office of State Budget and Management. Totals may not add due to rounding.

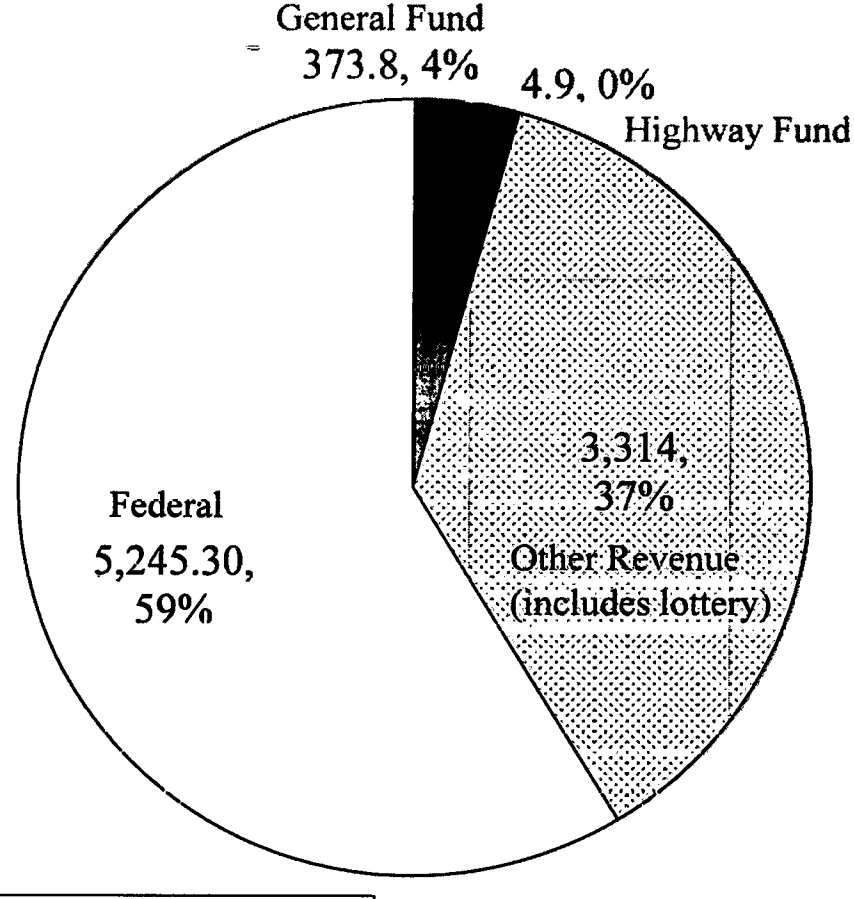
NER Budget, FY 2012-13

(in millions)

NER Budget by Function



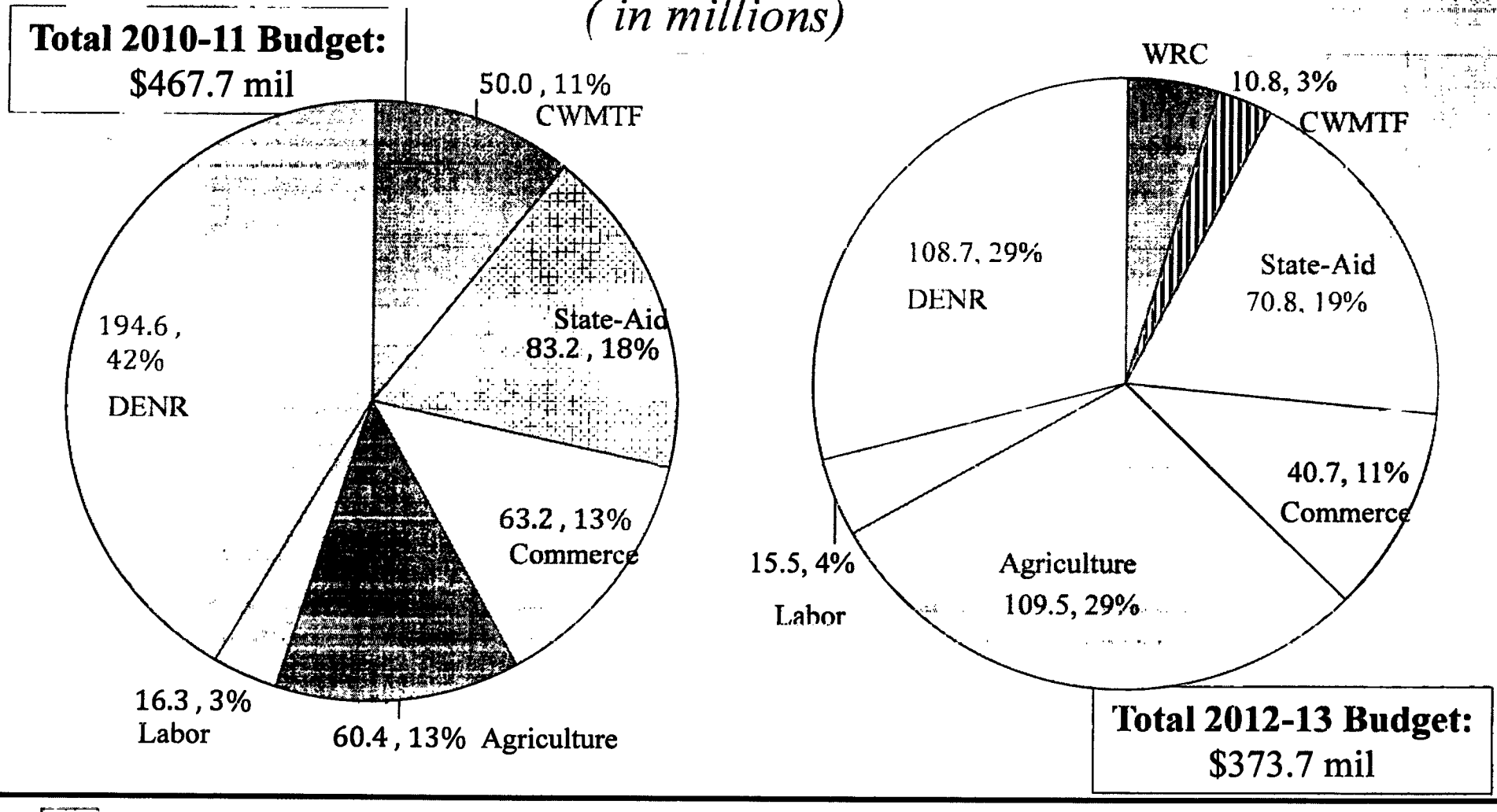
NER Budget by Source



Source: OSBM

Total Budget = $8.93 billion

NER General Fund Certified Budgets
Comparison FY 2010-11 and FY 2012-13
(in millions)



Presentation Outline

- Fiscal Research Division
- NER Budget Overview
- **NER Department Overviews**



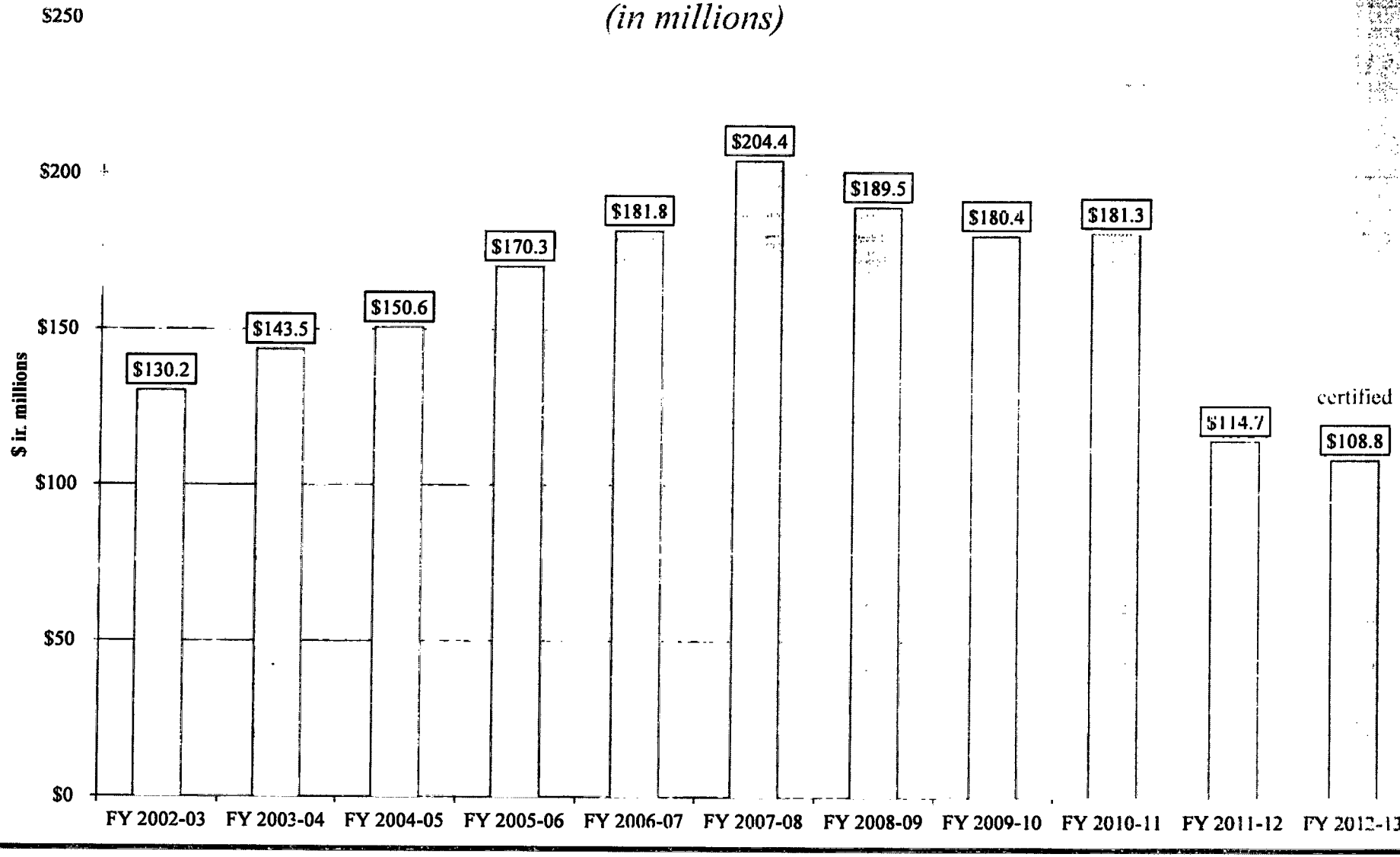
DENR Basics

- 2,330+ employees
- Central Raleigh office + 7 regional offices
- Wide range of issues
  - Special attractions: Zoo, Aquariums, Museums, Parks
  - Air quality
  - Water & wastewater management
  - Landfills & waste management
  - Coastal management & marine fisheries
  - Sediment & erosion control
  - Recycling programs



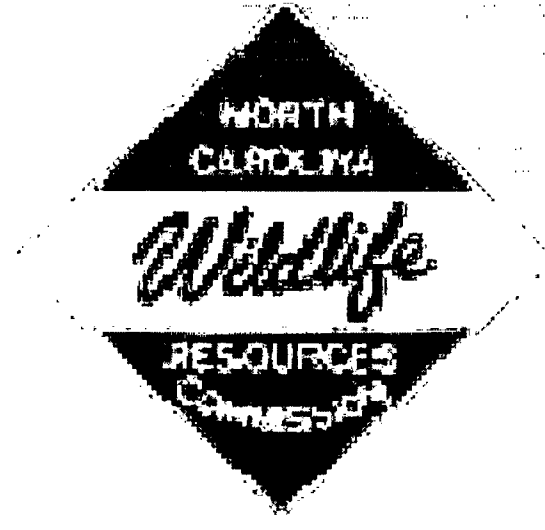
DENR: 10-Year General Fund History

(in millions)



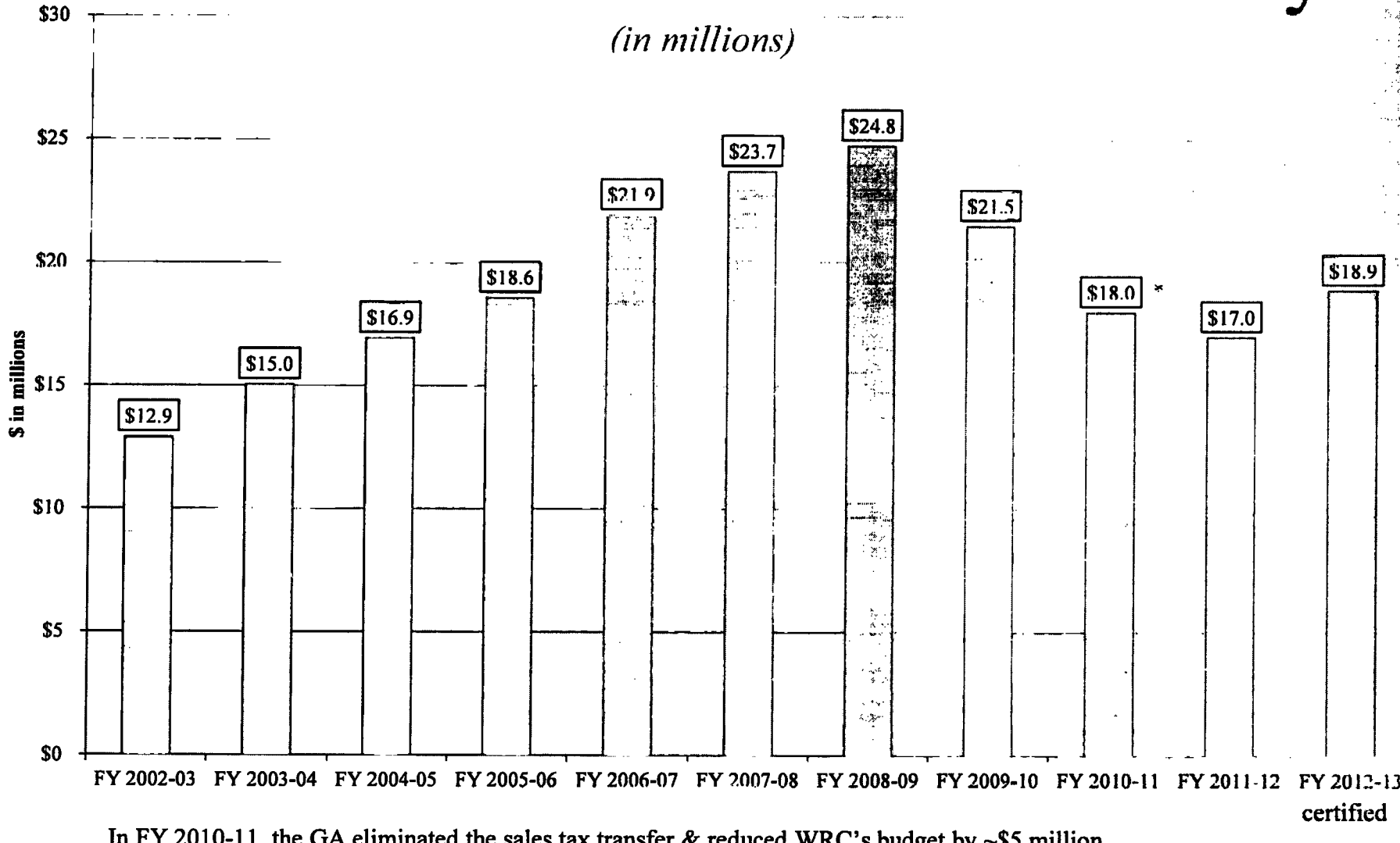
WRC: Basic

- Created in 1947
- 640+ employees
- FY 2012-13 Certified Budget ~$61 million
- Five core divisions
  - Wildlife Mgmt.
  - Inland Fisheries
  - Conservation Education
  - Enforcement
  - Engineering



WRC: 10-Year Tax Transfer History

(in millions)



In FY 2010-11, the GA eliminated the sales tax transfer & reduced WRC's budget by ~$5 million.

Agriculture & Consumer Services (DACS) Basics



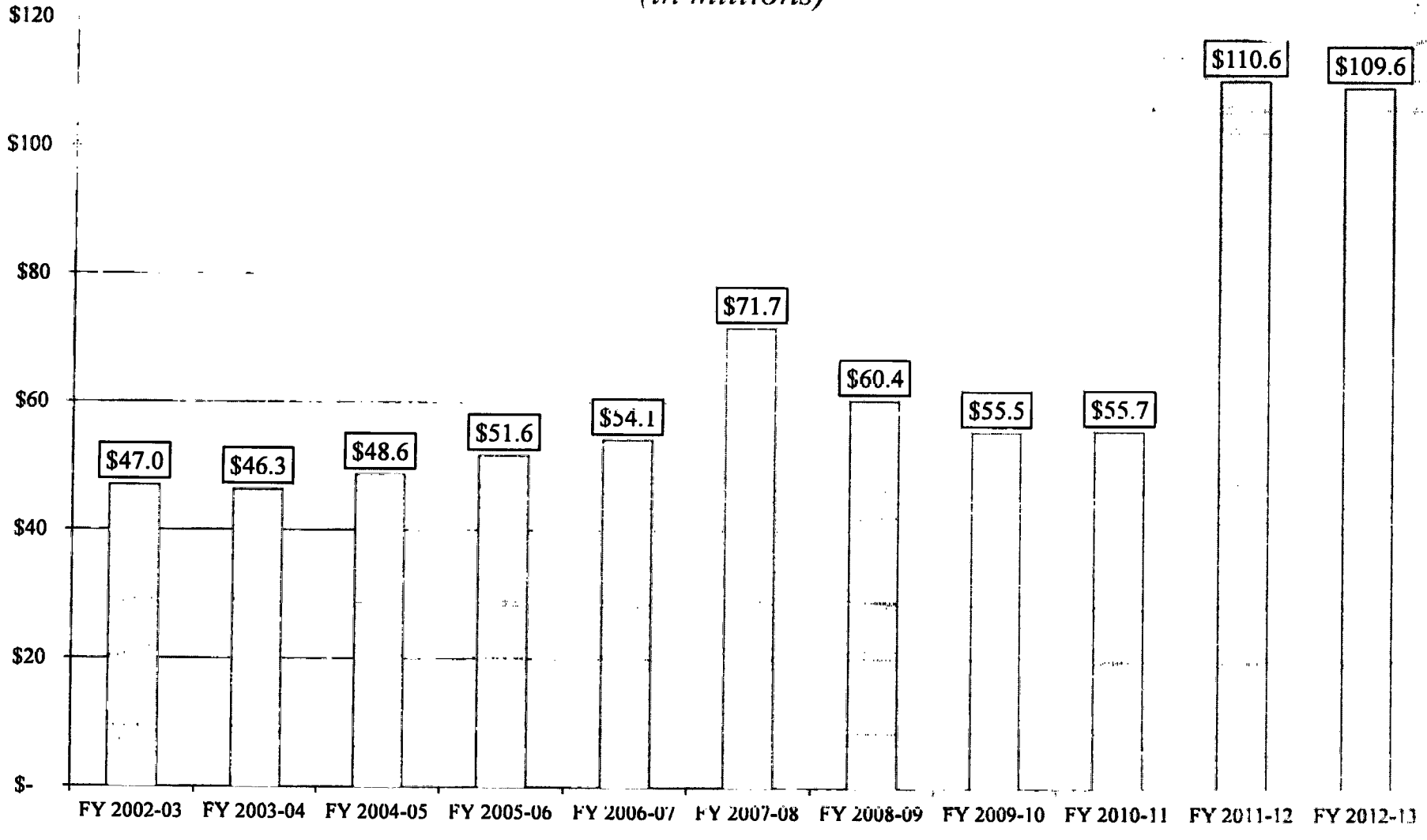
- Over 1,830 employees
- Divided into:
  - Administration
  - Agricultural Services
  - Consumer Protection
  - Forest Service

FY 2012-13 Budget Highlights

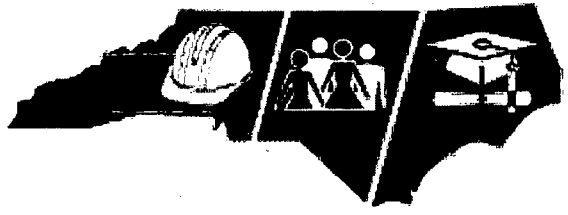
Total Requirements:	$ 138.0 M
Receipts:	$ 28.5 M
Appropriation:	$ 109.5 M

DACS: 10-year General Fund History

(in millions)



Labor (DOL) Basics



NCDOL

N.C. Department of Labor

- Over 400 employees
- Divided into:
  - Administration
  - Occupational Safety & Health
  - Standards & Inspections

FY 2012-13

Budget Highlights

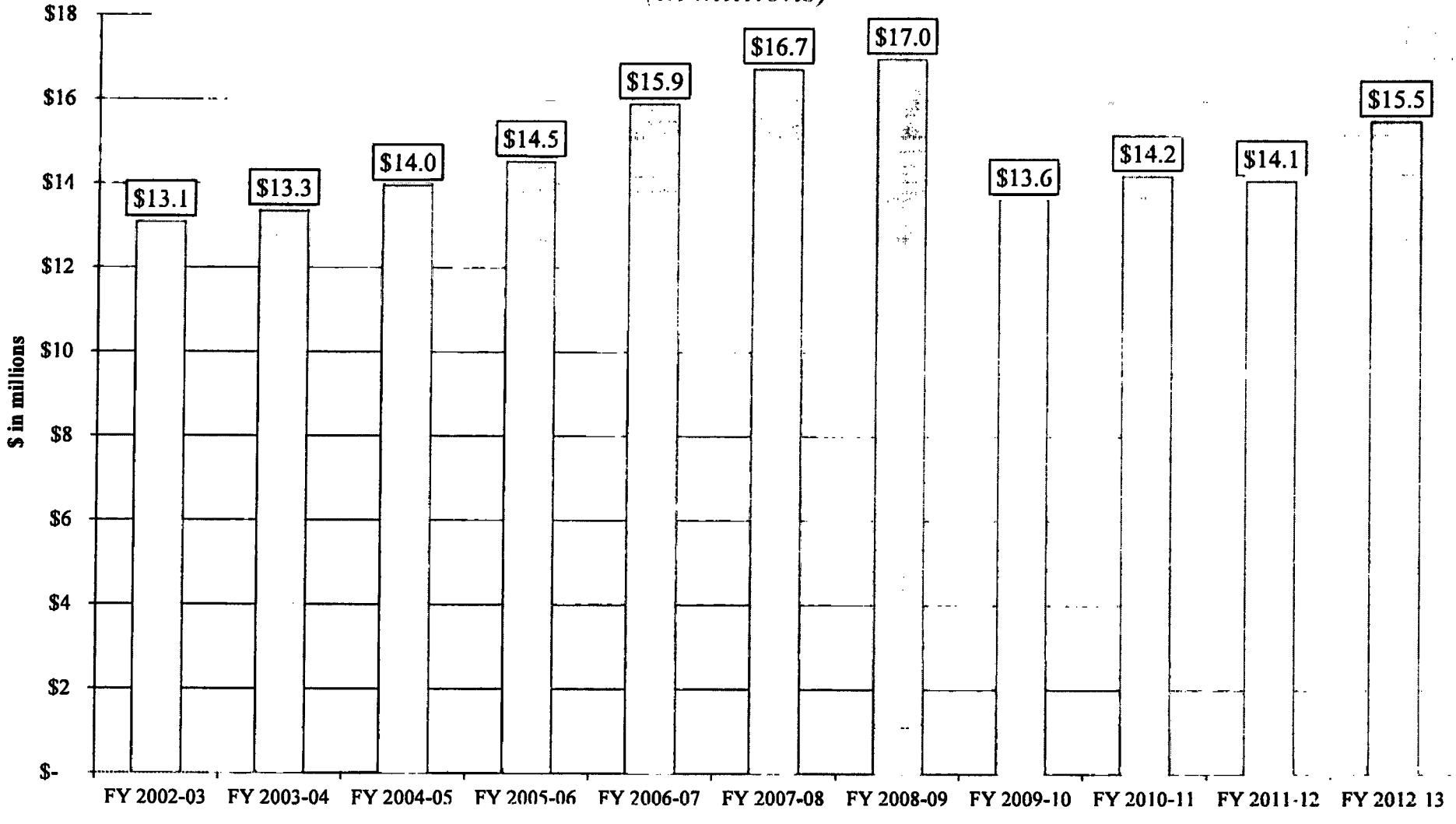
Total Requirements: $31.7 m

Receipts: $16.2 m

Appropriation: $15.5 m

DOL: 10-Year General Fund History

(in millions)



Organization Contact	Position	Phone	Email
Department of Agriculture & Consumer Services (DACS)			
Steve Troxler	Commissioner	707-3000	steve.troxler@ncagr.gov
N. David Smith	Chief Deputy Comm.	707-3033	david.smith@ncagr.gov
Joy Hicks	Legislative Liason	707-3012	joy.hicks@ncagr.gov
Terri Overton	Budget Director	707-3034	terri.overton@ncagr.gov
Department of Commerce (DOC/Commerce)			
Sharon Decker	Secretary	733-4151	sharon.decker@nccommerce.com
Dale Carroll	Deputy Secretary	733-1374	dcarroll@nccommerce.com
Sheba Person-Whitley	Executive Assistant	733-4976	sperson-whitley@nccommerce.com
Shannon Hobby	Budget Director	715-5603	shannon.hobby@nccommerce.com
Vacant	Legislative Liason	N/A	N/A
Department of Environment & Natural Resources (DENR)			
John Skvarla	Secretary	707-8600	john.skvarla@ncdenr.gov
Brad Ives	Asst. Secretary	707-8611	brad.ives@ncdenr.gov
Mary Thompson	Asst. Secretary	707-8609	mary.p.thompson@ncdenr.gov
Mitch Gillespe	Asst. Secretary	707-8619	mitch.gillespe@ncdenr.gov
Neal Robbins	Legislative Liason	707-8618	neal.robbins@ncdenr.gov
Anita McNeil	Budget Director	733-1705	anita.mcneil@ncdenr.gov
Department of Labor (DOL/Labor)			
Cherie Berry	Commissioner	733-7166	cherie.berry@labor.nc.gov
Art Britt	Chief of Staff	733-0370	art.britt@labor.nc.gov
Jennifer Haigwood	Legislative Liason	733-0365	jennifer.haigwood@labor.nc.gov
Jack Brinson	Budget Director	733-7426	jack.brinson@labor.nc.gov
Wildlife Resources Commission (WRC)			
Gordon Myers	Executive Director	707-0010	gordon.myers@ncwildlife.org
Chris Dillon	Legislative Liason	707-0011	chris.dillon@ncwildlife.org
Tommy Clark	Budget Director	707-0080	tommy.clark@ncwildlife.org
Fiscal Research Division (FRD)			
Jennifer Hoffmann	Principal Fiscal Analyst	733-4910	jenniferhof@ncleg.net
Aubrey Incorvaia	Fiscal Analyst	733-4910	aubreyi@ncleg.net
Timothy Dale	Fiscal Analyst	733-4910	timothyd@ncleg.net

VISITOR REGISTRATION SHEET

Senate Appropriations on Natural and Economic Resources Subcommittee

2/12/13
Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Elizabeth Hammond	NCCOB
Steve Saucier	Grassroots Science Museums
Doug Lassiter	NCSTA
Mac Boxley	NC Aggregates Assoc
REGGIE HOLLEY	The Longmire Group
Ha Nguyen	NCCOB
Mary Maureen Asbill	SELC
Preston Howard	NCIC
Jennifer Haywood	NCDOL
Jack Brinson	NCDOL
Jeremy Overton	NCDACS
Doug Lewis	DENR
Tommy Clark	WRC
Joy Hall	NCDA&CS
Renita McNeil	DENR
Lauren Whaley	NCCUL
Mary P Thompson	NC DENR

09-21-201

VISITOR REGISTRATION SHEET

Senate Appropriations on Natural and Economic Resources Subcommittee

_____

Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Neal Robbins	DENR
Billy Guillet	NCRC
H Weldon	

09-21-201

Joint Appropriations Subcommittee on NER

Agenda

Tuesday, February 19, 2013, 8:30 A.M.
Room 423, Legislative Office Building

Sen. Jackson, Presiding

1. **Welcome & Introductions**

   Sen. Jackson

2. **Overview of NER State-Aid to Nonprofits**

   Timothy Dale, *Fiscal Research Division*

3. **Nonprofit Presentations**

   Billy Ray Hall, *Rural Economic Development Center*

   E. Norris Tolson, *Biotechnology Center*

4. **Adjourn**

House Appropriations Subcommittee on NER
Rep.McElraft (Chair)
Rep. West (Chair)
Rep. Dixon (Vice Chair)
Rep. Pierce (Vice Chair)
Rep. Presnell (Vice Chair)
Rep. Brandon, Bumgardner, Catl n, Dobson, Langdon, Millis, Richardson, Wilkins, Wray

Senate Appropriations Committee on NER
Sen. Brock (Chair)
Sen. Jackson (Chair)
Sen. Bryant, Cook, McLaurin, Rabin, Tarte, Walters

Senate Committee on Appropriations on Natural and Economic Resources
Tuesday, February 19, 2013 at 8:30 AM
Room 423 of the Legislative Office Building

MINUTES

The Senate Committee on Appropriations on Natural and Economic Resources met at 8:30 AM on February 19, 2013 in Room 423 of the Legislative Office Building. 21 members were present.

Senator Brent Jackson, Chair, presided.

Sen. Jackson called the meeting to order at 8:35 AM.

Sen. Jackson introduced the Sgt. At Arms and Senate and House pages.

Sen. Jackson yielded the floor to Mr. Timothy Dale.

Mr. Dale gave an overview of NER state-aid nonprofits.

Mr. Dale stated there were 17 recurring and 3 non-recurring nonprofits; each nonprofit will have 15-20 minutes to give an overview of their programs; state aid takes up 19% of NER funds; there has been a 10-20% reduction in funds; the General Assembly has limited salaries at $120,000; the purpose of these presentations is for the committee to determine if the nonprofits live up to their expectations, is there overlap, what are the differences and what is the nonprofits niche.

Sen. Jackson yielded the floor to Mr. Dale to introduce the Rural Center.

Mr. Dale introduced the Rural Center.

Mr. Dale stated that there was a big jump in funds for the Rural Center in 2008-2009 because of the water grants; the Rural Center incorporates all nonrecurring funding; the Rural Center is different than most nonprofits because of the oversight it receives from the General Assembly on how to spend the money it receives.

Mr. Dale yields the floor to Sen. Jackson.

Sen. Jackson asks if there are any questions for Mr. Dale.

Rep. Catlin: Did salaries decrease because of the $120,000 salary limit?

Mr. Dale: Supplements from outside sources boost salaries.

Sen. Jackson yielded the floor to Mr. Billy Ray Hall to discuss the Rural Center.

Mr. Hall introduced himself and the Rural Center.

Mr. Hall stated that the Rural Center was created 26 years ago by Legislative Study Committee; the mission of the Rural Center was to address economic realities in rural areas; the Rural Center works on the ground level to provide help with state and federal money; the Rural Center helps put businesses in the 2000+ abandoned buildings in NC; NC Step program; Entrepreneur program; water and sewer needs; grant projects; job creation program; mentioned work in Shelby, NC; Rural Jobs Fund; minority community program; economic disaster relief; small business lending; microenterprise loans.

Mr. Hall yielded the floor to Sen. Jackson.

Sen. Jackson asked if there were any questions.

Sen. Walters: Regarding the future of agriculture, how much food processing takes place today?

Mr. Hall: 2.5 billion goods and of the $80 billion Agriculture industry in NC, processing makes up $21 billion. Duplin and Sampson County are the largest processing counties. See it increasing $20-30 billion.

Rep. Catlin: How do we evaluate your performance?

Mr. Hall: IRS requires review of me on a performance basis, including analyzing comparable salaries from other NC nonprofits and neighboring states.

Rep Brandon: How do we know if the Rural Center is impactful around the state?

Mr. Hall: the General Assembly only allows us to help if there is a problem. Our annual report shows what we did and what towns we worked with.

Rep. Richardson: Of the projects we don't invest in, is there any assistance to help them develop better plans?

Hall: There are 442 rural communities that vary from very tiny to thousands. The Rural Center tries to stay out of areas with resources.

Sen. McLaurin: When I was a local official, I want to thank you for all the help we received from the rural center. I was grateful for staff support.

Sen. Bryant: One thing the Rural Center does that is helpful is the staff notifies officials of what is going on in their districts. I appreciate the notification and it keeps me knowledgeable of what is happening in my community.

Mr. Hall: I came from the General Assembly, I do the lobbying, but the NER committee appropriates the money. We understand that and want to give the legislators the change to announce programs first.

Sen. Jackson thanked Mr. Hall and yielded the floor to Mr. Dale.

Mr. Dale introduces the Biotechnology Center.

Mr. Dale stated that the Biotechnology Center saw a decrease in funds since 2009 and is unique because it has a profit share deal with the State.

Mr. Dale yields the floor to Sen. Jackson.

Sen. Jackson welcomes Secretary E. Norris Tolson and yields the floor.

Sec. Tolson thanks the committee and introduces Sam Bryant.

Sec. Tolson talked about the challenges today that can be solved by biotech and life sciences; it is a high salary industry; it is the future industry that will heat and feed the world; for every job created by biotechnology, four jobs are created throughout the state; the industry is responsible for 58,000 direct jobs; the industry pays $14.8 billion in employee compensation and is worth $1.75 billion in revenue to the State; North Carolina has the fastest growing biotechnology center in the United States; biotech continued to create jobs during the recession; it is far too risky for individuals to invest in; banks won't loan biotechnology companies the money they need; the Biotechnology Center is a job acceleration entity, not a research program; we invest in startup businesses, nurture these businesses until they become self-reliant and the sell their share; small business development; provide education in biotech; we help move ideas out of the research labs and into products in the private sector; we make sure jobs stay in North Carolina; the states of Massachusetts and Maryland have created biotechnology centers, if North Carolina does not continue supporting the Biotechnology Center, the State would lose its competitive edge; it would be very difficult to get competitive edge back.

Sen. Jackson thanked Sec. Tolson and asked if there were any questions.

Rep. Wilkins: Regarding the recession, what was your loan/default rate?

Sec. Tolson: Same range in many industries, 8-9%

Sen. Jackson asked if there were any comments from the Committee Co-Chairs.

Sen. Jackson reminded the committee of the time change for Wednesday's meeting and thanked the audience.

The meeting adjourned at 9:55 AM.

Senator Brent Jackson, Chair
Presiding

Towers Mingledorff, Committee Clerk

North Carolina Biotechnology Center

ORGANIZATION OVERVIEW AND IMPACT

1. MISSION & PROGRAMS

The North Carolina Biotechnology Center accelerates technology development to create products, companies, investment and jobs. NCBiotech accomplishes these goals by executing a portfolio of programs that include:

- **Job Growth**: Medium and large company recruitment; existing company retention.
- **Company Creation and Growth**: Small business support, including low-interest loans; sector-based support through Centers of Innovation; ag biotech sector growth.
- **Innovation:** Build statewide capacity for researching new ideas; cross-disciplinary research projects and university/company collaborations.
- **Education and Partnering**: K-12 education and worker training; more than 30 scientific and business development groups; high-profile business development and financing events; library specializing in the business of biotechnology.

2. CUSTOMER/ TARGET POPULATION

Our customers are:

- Global, U.S. and N.C. life-science companies, large and small
- Support companies (small businesses, law firms, engineering firms, etc.)
- University and industry scientists
- Employees at life-science and support companies, including job seekers
- University and Community College administrators, instructors and students
- Students at all levels, in addition to the general public (awareness of biotech)

3. ORGANIZATION INCEPTION

NCBiotech was created as a private, non-profit in 1984. Our programs have grown from augmenting the capacity of the state's research infrastructure to growing small companies to recruiting and retaining large companies. Some inception dates:

Job Growth: Joint Commerce position created in 2003; Full program created in 2007.
Company Creation and Growth

- Business Loans – 1989
- Centers of Innovation – First state funding in 2007; first COI funded in 2008
- Ag Biotech – statewide planning report issued in 2009; initiative launched in 2010

Research Support: First grants in 1983 (while a state agency)
Education and Partnering

- First teacher workshops in 1988; first education grants in 1991.
- First statewide office opened in the Piedmont Triad in 2003; Western liaison hired in 2002.
- Longest running scientific networking group – Plant Molecular Biology Consortium, 1983

4. FOOTPRINT

NCBiotech's main offices are in Research Triangle Park with five offices across the state: Asheville, Charlotte, Greenville, Wilmington and Winston-Salem. Each office is staffed with an executive director and coordinator. A regional advisory committee initiates and supports programs in each region. Since our first regional office opened in 2003, a larger percentage of overall funding has flowed across the state.

5. ORGANIZATIONAL BUDGET

The Center follows the state fiscal year, July 1 to June 30.

Financial History Breakdown	Budget	Actual			
	FY 2013	FY 2012	FY2011	FY2010	FY 2009
Revenue History					
State Appropriation	17,200,676	17,551,710	18,819,334	14,069,500	17,679,081
Non-State Funds					
Interest on investments and loans receivable	190,000	270,233	2,812,898	589,410	537,819
Other revenues	660,600	1,086,072	1,130,027	941,358	768,856
Building campaign pledges				496,048	2,834,148
Grants from others	130,000	230,000	630,000	1,719,764	
Hamner Conference Center	222,322	211,706	197,129	218,828	227,565
Total Revenues	18,403,598	19,349,721	23,589,388	18,034,908	22,047,469
Expense History					
State	17,200,676	17,551,710	18,819,334	14,069,500	17,679,081
Non-State	5,685,912	2,158,517	748,823	2,383,573	1,242,860
Total Expenses	22,886,588	19,710,227	19,568,157	16,453,073	18,921,941
Increase(Decrease) in NCBiotech Net Assets	(4,482,990)	(360,506)	4,021,231	1,581,835	3,125,528

Total expenses and revenues above agree to the audited financial statements for 2009 -2012.

Building campaign pledge revenues in 2010 and 2009 were used to support the capitalized building expenses of $8,254,394 and 929,753, respectively.

6. SALARY COMPLIANCE

Name	Annual Salary	State Funds	Non-State Funds
Edgeton, Douglas	$ 200,000		$200,000
Ginsberg, Peter	$ 130,707	$ 120,000	$10,707
Riddick, Gwyn	$ 126,733	$ 120,000	$ 6,733
Tindall, Kenneth	$ 180,188		$ 180,188
Tolson, Norris	$ 257,807		$ 257,807
Wilkins, Michael	$ 171,029	$ 120,000	$ 51,029

Source of funds include, but are not limited to, external contributions, investment returns from non-state funded investments, revenues from services provided by the library or the conference center.

7. LOBBYING SERVICES

- Law/Lobbying firm: Smith, Anderson, Blount, Dorsett, Mitchell & Jernigan LLP: $40,000
- One employee is registered to lobby.

8. KEY PERFORMANCE INDICATORS

Our key performance indicator is the 58,000+ jobs at 500 companies. Other important indicators:

Program	Metric	Direct costs (2012)
Company Creation and Growth		
Business and Technology Development	• $117 leveraged per $1 loaned • Created 2,830 new jobs • $2,500 in net loan disbursements per job • 54 company launches	BTD: $680,171
Centers of Innovation	• Four active COIs (advanced medical technologies, nanobiotech, marine, personalized medicine) • Launchibiliti – Program with Mission Hospital to take staff ideas to products.	COI: $366,598
Ag Biotech	• Biotech Crops Commercialization Center saved $50M+ for NC meat animal industry • Leveraged $929,550 in private funds for programs over 3 years.	Ag Biotech: $579,731
Job Growth		
Bioscience Industrial Development	Since 2008: • 25 company expansions to/within NC • 1,700+ jobs; 7,800+ total jobs • $2.0B in economic activity • $59 million in state and local taxes	BID: $363,186
Innovation		
Science and Technology Development	Return per $1granted: • Collaborative Funding ($69.64) • Faculty Recruitment ($54.92) • Institutional development ($9.49) • Multidisciplinary ($4.32) • Biotech Research ($4.14)	SciTech: $801,181
Education and Partnering		
Education and Training	• 1900+ teachers trained; • 50,000 students reached each year • $7M for lab equipment & courses	EdTrain: $656,455
Partnering • Library	Library stats for FY2012 include: • Nearly 800 requests for information • 590 uses of market research reports • 386 interlibrary loans	Library: $657,916
• Hamner Conf. Center	The Conference Center welcomes 30,000 visitors per year.	HCC: $766,556
• Events	Meetings for small companies to find partners, prepare to present to investors and find funding. 23 scientific and regional networking groups with more than 3,000 attendees.	Includes some above costs & Corp Communications: $810,894

1) Annual awards budget for FY2013 is $9,876,450; 2) Indirect costs total $1,247,490.

9. SIMILAR ORGANIZATIONS

NCBiotech is unique among organizations in the state that conduct economic development, research, education and business development. We bring deep knowledge of life science and a broad understanding of this industry. Others excel in investigating new ideas, educating students, developing products, or recruiting large companies; none focus on life science.

Results of our approach are documented by Battelle: 58,000 employees at more than 500 companies. The ripple effects create $59 billion economic activity annually and 239,000 jobs. Battelle also cites NCBiotech's approach as the right way to integrate all the pieces of an industry cluster. Without integration, the state loses a competitive advantage. A few examples are below. We have more to share.

Company Creation and Growth

NCBiotech Loan Program

Featured Partner: Nearly 150 North Carolina bioscience startup companies

How it's unique: NCBiotech funds companies at a stage when inventors have maxed out their personal resources. Our funds and mentoring position these companies for larger investors (angels, venture capital firms, banks). Multiple CEOs cite NCBiotech's funds as critical in company growth.

Results: For each loan dollar, companies raise an average of $117 in additional funding. Companies created more than 2,800 jobs since the 1990s. NCBiotech loan portfolio companies have been acquired, brought products to market and inked lucrative development deals with large companies.

Biotechnology Crops Commercialization Center

Featured partners: Golden LEAF Foundation, North Carolina Pork Council and Murphy-Brown, LLC.

How it's unique: Through industry connections, NCBiotech's AgBiotech Initiative identified a critical need – the state's pork industry imports the majority of its feed from the Midwest, driving up cost. To grow more food in North Carolina, this coalition is investigating a different crop – sorghum. The industry and academic partners rely on NCBiotech as a neutral facilitator for the process.

Results: Four universities are collaborating to study sorghum's nutritional profile and ways to increase sorghum acreage and yield. From 2011 to 2012, the acreage of grain sorghum increased from 5,000 to 72,000 with a 20-fold increase in production.

Job Growth

Medicago Recruitment

Featured partners: Canadian Consulate, N.C. Department of Commerce, Alexandria Real Estate, BE&K

How it's unique: Canadian company Medicago uses tobacco plants to produce flu vaccine. NCBiotech led the project to bring this manufacturing operation to the state by securing partners for facility financing and state/local support to leverage $21M in federal funds. Medicago represents one of many emerging to mid-level biotechnology companies whose location and expansion challenges are best served by the sector-specific experience resident within NCBiotech. NCBiotech's economic development recruitment and expansion efforts have influenced commitments for 1,700 life science jobs in the past five years with potential direct annual economic impact of $1.2 billion and $60 million in state and local taxes

Results: Medicago opened its plant in 2011 with more than 50 employees and is continuing to hire North Carolinians to staff its expanding operations.

Innovation

Collaborative Funding Grant

Featured Partner: The Kenan Institute for Engineering, Technology and Science

How it's unique: These university/company research projects require a larger financial commitment than Kenan can commit to one program. With NCBiotech's dollars and support for administration and evaluation, Kenan can fund these partnerships.

Results: The Collaborative Funding Grant brings in nearly $70 in additional funding for every dollar granted. Other results include 194 patents, nearly 200 publications and four new companies.

Education and Partnership

NCBioImpact biomanufacturing worker training partnership

Featured partners: Industry (NCBIO Biomanufacturers Forum), UNC System, NC Community Colleges System, Golden LEAF, the General Assembly.

How it's unique: The state's growing manufacturing cluster needed specific training for workers. The above partners expanded and integrated biomanufacturing training in the state, aligning it with industry needs. Startup funds came from industry and Golden LEAF, and the General Assembly funds operating costs. NCBiotech administers and facilitates the group.

Results: North Carolina's worker training capabilities are consistently cited by Biogen, Eisai, Medicago, Merck, Novartis and others as advantages to doing business in North Carolina.

Other states

While it's important not to duplicate efforts within the state, the concept of a biotech center has been replicated by other state(s). Competitors include:

- Maryland created a biotech center to emulate NCBiotech. The center implements several company support programs modeled on our programs.
- Massachusetts also created a biotech center and, in 2007, launched a $1 billion life-science initiative. This includes $9 million annually to company loans and an SBIR matching program.
- Texas' Emerging Technology Fund invests in commercialization for multiple high-tech industries. The largest single sector of investment is biotech; from 2006 to 2011, the fund invested more than $100 million in 65 life-science companies.
- California has allocated $3 billion to stem cell research at its universities and research institutions. Since 2005, nearly $100 million of that funding has gone to biotech companies.

While North Carolina has the fastest job growth rate of top biotech states over the past decade, Massachusetts, Texas and California have grown at least twice as fast as North Carolina since 2008.

10. Budgetary Impact

Past budget reductions have hampered North Carolina's ability to stay ahead of the competition for biotech jobs. While our funding stagnated, other states put tens or hundreds of millions into biotech development. As noted above, other top states are now outpacing our job growth.

When possible, NCBiotech has brought in federal money, non-profit agency grants and corporate sponsorship to maintain program levels. We raise corporate sponsorships for most events, including the full cost of the N.C. pavilion at BIO. Because the bulk of our funding comes from the state, further cuts would create a negative impact for North Carolina. As detailed above, NCBiotech brings continuity across business, research, education and economic development programs. Without NCBiotech in the role of facilitator, no one entity would advocate for the life sciences.

Other states, which copied the North Carolina model, would seize this opportunity to recruit our small companies. Larger, manufacturing facilities could relocate, particularly if another state can match our workforce programs.

NCBiotech creates continuity across many partners; this continuity spurs the industry's growth here. Now, the larger life sciences industry sits at an inflection point in its growth curve. We strongly believe that a greater state commitment to NCBiotech will generate even more companies, growth, and jobs for North Carolina.

North Carolina Biotechnology Center

Overview and Impact

February 19, 2013

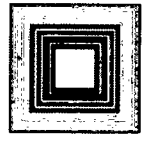
Agenda

- About Biotechnology
- About NC's Industry
- About the Center
  - Key Performance Indicators
  - Partner Organizations
  - Budget
- Looking to the future

Biotechnology Center

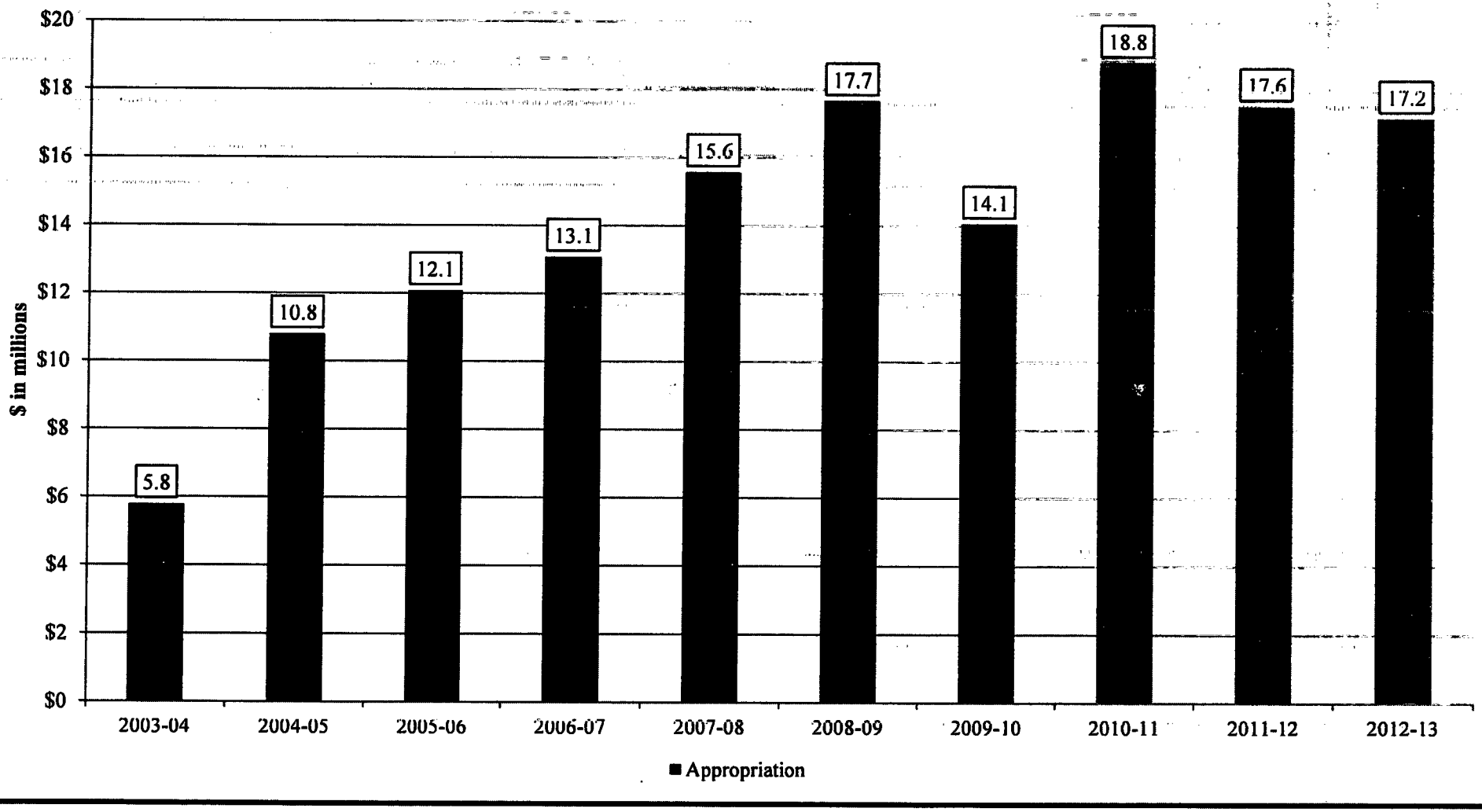
Natural and Economic Resources Appropriations Subcommittee

February 19, 2013



FISCAL RESEARCH DIVISION
A Staff Agency of the North Carolina General Assembly

Historical Funding



Biotech Center

- The state has a profit sharing agreement with the Biotech Center for private equity investments
- Biotech Center keeps the first $150,000
- Rcmaining profits split 50/50 between NC and Biotech Center

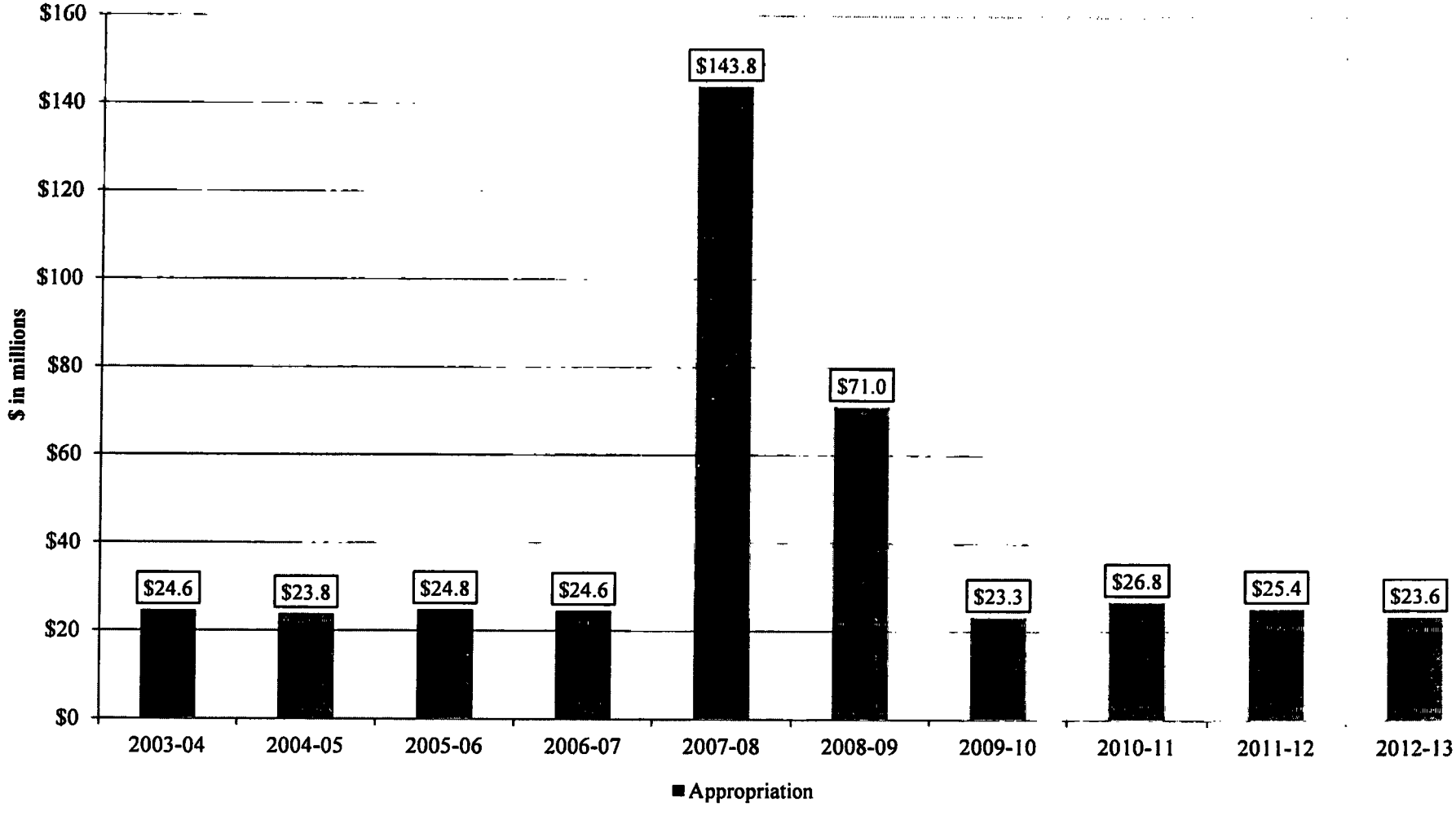
Rural Economic Development Center

Natural and Economic Resources Appropriations Subcommittee

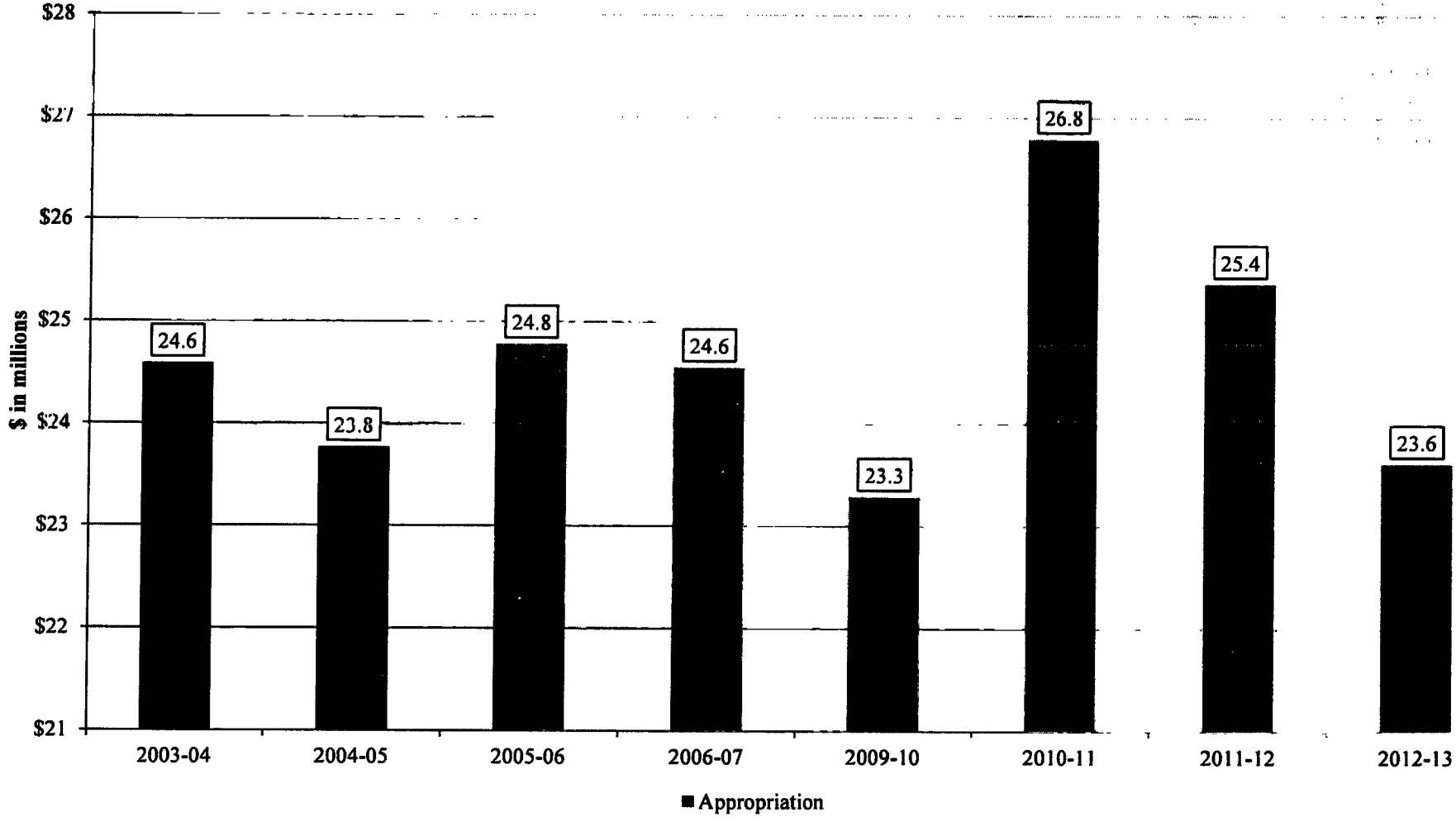
February 19, 2013

FISCAL RESEARCH DIVISION
A Staff Agency of the North Carolina General Assembly

Historical Funding



Funding w/o Water Grants



Rural Center

- Receives more prescriptive appropriations than any NER nonprofit
- Receives more non-recurring appropriations for specific projects than any NER nonprofit

GENERAL ASSEMBLY OF NORTH CAROLINA

January 31, 2013

To: Nonprofit Organizations receiving recurring funding through the Appropriations Subcommittee on Natural and Economic Resources

From: Fiscal Research Division, North Carolina General Assembly

Re: Presentations to the Natural and Economic Resources Subcommittee

The Senate Chairs of the Appropriations Subcommittee on Natural and Economic Resources (NER) invite you to provide a brief informational presentation on your organization before a joint subcommittee meeting with their House colleagues. Guidance is outlined below that addresses: 1) presentation content and format, and 2) information to be submitted in advance of your presentation for distribution to committee members.

Presentations are tentatively scheduled to begin Tuesday, February 19, 2013 and occur in Room 423 of the Legislative Office Building. Attached to this notice you will find the presentation schedule, but please note that this schedule is subject to change. We ask that you be mindful of the time allotments provided. Presentations are due to legislative staff no later than two business days prior to your scheduled presentation.

I. Presentation

On the day of your presentation, legislative staff will provide the NER Subcommittee with a brief introduction to your organization, noting general information and historical appropriations. Your organization will then be allotted a maximum of 15 to 20 minutes to address the following four topics (preferred format is a PowerPoint and handout):

1. **Mission & Programs** - Describe your organization's mission and specific programs implemented to achieve its goals. You should provide members with a clear, succinct understanding of why your organization exists and what it does to execute its plan of business.

2. **Key Performance Indicators** - How does your organization measure its effectiveness and what is North Carolina's return on investment? Describe your organization's causal impact. At a minimum, include:
   a. The most recent 5 years of key performance indicators and/or program metrics for each program supported with state funds
   b. Total cost per year per indicator/ metric

3. **Similar Organizations** - Are there other state agencies or nonprofits that pursue similar objectives as your organization? If so, how is your organization different? If your organization works collaboratively with other similar organizations, what service would be lost if you were not a partner?

4. **Budgetary Impact** –Both state and non-state entities alike have taken state funding cuts in the past few years. How have these reductions affected your agency and what measures did you take to mitigate the impact of these reductions? Have you been able to generate revenue from sources other than state appropriations? If not, why not? What would be the impact on your agency if the NER subcommittee implemented a goal of having all non-state entities become self-supporting within a certain period of time? What if the NER subcommittee implemented a policy of no longer funding "on-going" operations on a recurring basis, but rather funding program specific initiatives with reimbursement tied to achieving specific goals?

Your presentation should provide the subcommittee members a clear understanding of what you do, how you do it, and how you know you're doing it well. Your ultimate goal is to have subcommittee members be able to clearly articulate why the state should continue to provide recurring appropriations to your organization.

II. Information Submitted in Advance

Legislative staff will prepare a booklet of materials containing information on each nonprofit for advanced distribution to committee members. Using the attached template, please respond to the following questions no later than Thursday, February 7, 2013.

1. **Mission & Programs** – Describe your organization's mission and specific programs implemented to achieve its goals.

2. **Customer/ Target Population** – Who immediately benefits from your organization's existence?

3. **Organization Inception** – What year was your organization founded? How long has your organization provided services?

4. **Footprint** – In which geographic areas of the state are you providing services? Are your services focused in a particular geographic area?

5. **Organizational Budget** – Provide a 5-year history of your overall organizational budget with a breakdown of funding sources. Please identify the 12-month period within which your organization operates (e.g. calendar, state fiscal, federal fiscal).

6. **Salary Compliance** – Please identify state-supported positions within your organization with annual salaries above $120,000 and list funding sources supporting the respective salary. Also, please include a brief description of other employee benefits provided by your organization.

7. **Lobbying Services** – Please identify any firm(s) contracted, one-time or on a retainer basis, to represent your organization in the General Assembly. Please list the respective amount of funds spent by your organization over the past 12-months to employ these

services. In addition, please list the number of employees within your organization that are registered lobbyists with the Secretary of State and their respective compensation package.

8. **Key Performance Indicators** - How does your organization measure its effectiveness and what is North Carolina's return on investment? Describe your organization's causal impact. At a minimum, include:
   a. The most recent 5 years of key performance indicators and/or program metrics for each program supported with state funds
   b. Total cost per year per indicator/ metric

9. **Similar Organizations** - Are there other state agencies or nonprofits that pursue similar objectives as your organization? If so, how is your organization different? If your organization works collaboratively with other similar organizations, what service would be lost if you were not a partner?

10. **Budgetary Impact** –Both state and non-state entities alike have taken state funding cuts in the past few years. How have these reductions affected your agency and what measures did you take to mitigate the impact of these reductions? Have you been able to generate revenue from sources other than state appropriations? If not, why not? What would be the impact on your agency if the NER subcommittee implemented a goal of having all non-state entities become self-supporting within a certain period of time? What if the NER subcommittee implemented a policy of no longer funding "on-going" operations on a recurring basis, but rather funding program specific initiatives with reimbursement tied to achieving specific goals?

Please limit your documented responses to these questions to five pages or less using the template accompanying this notice. Documented responses are due to legislative staff by Thursday, February 7, 2013. Presentations are due to legislative staff no later than two business days prior to your scheduled presentation.

Enclosures:
NPO Documentation Template
Presentation Schedule

Nonprofit Presentation Schedule

Week 1

Nonprofit Organization	Date	Time Allotment
Rural Economic Development Center	Tuesday, February 19, 2013	20 minutes
NC Biotechnology Center	Tuesday, February 19, 2013	20 minutes
Institute for Regenerative Medicine	Wednesday, February 20, 2013	15 minutes
Regional Economic Development Commissions	Wednesday, February 20, 2013	15 minutes
Biofuels Center of NC	Wednesday, February 20, 2013	15 minutes
Community Development Initiative	Thursday, February 21, 2013	15 minutes
Grassroots Science Museums	Thursday, February 21, 2013	15 minutes
The Support Center	Thursday, February 21, 2013	15 minutes

Week 2

Nonprofit Organization	Date	Time Allotment
Institute of Minority Economic Development	Tuesday, February 26, 2013	15 minutes
Assoc. of Community Development Corporations	Tuesday, February 26, 2013	15 minutes
High Point Furniture Market	Tuesday, February 26, 2013	15 minutes
PDI - Defense & Security Technology Accelerator	Tuesday, February 26, 2013	15 minutes
Land Loss Prevention Project	Wednesday, February 27, 2013	15 minutes
Partnership for the Sounds	Wednesday, February 27, 2013	15 minutes
COGs	Wednesday, February 27, 2013	15 minutes
RTI International	Wednesday, February 27, 2013	15 minutes
Indian Economic Development Initiative	Thursday, February 28, 2013	15 minutes
FFA Foundation	Thursday, February 28, 2013	15 minutes
Ag in the Classroom	Thursday, February 28, 2013	15 minutes
Johnson & Wales University	Thursday, February 28, 2013	15 minutes

North Carolina Rural Economic Development Center, Inc.

ORGANIZATION OVERVIEW AND IMPACT

1. MISSION & PROGRAMS

Mission: **To develop, promote and implement sound economic strategies to improve the quality of life of rural North Carolinians with a special focus on individuals with low to moderate incomes and communities with limited resources.**

Programs: Rural Center programs invest in building the capacity of rural communities to shape their own futures. Programs direct resources – training, grants and technical assistance – to areas with a history of underinvestment.

Economic Infrastructure Program Grants. These grants fund infrastructure projects such as water and sewer, natural gas and broadband improvements that support new business locations and expansions. The projects must lead directly to new, full-time jobs in the private sector.

Critical Needs Water and Sewer Grants. The center invests in infrastructure that protects public health and the environment in rural communities. Grants may be used to supplement planning or construction projects.

Building Reuse and Restoration Grants. Grants assist the restoration and upfitting of vacant buildings for use by a new or expanding business and for the expansion and renovation of manufacturing and health care facilities. The grants must lead to the creation of private sector jobs.

North Carolina Small Towns Economic Prosperity Program (NC STEP). The program helps hard-pressed small towns (population under 7,500) create new economic opportunities through community coaching, strategic planning, education and project grants.

Agricultural Advancement Consortium. The consortium promotes a strong farm sector and seeks new ways to increase farm profitability. It advances consensus on key issues, advocates for state and national legislation that benefits farm communities and funds research.

Economic Innovation Grants Program. The program invests in the development and demonstration of economic strategies that hold particular promise for rural communities and regions.

Institute for Rural Entrepreneurship. The institute promotes the creation and success of small businesses by providing technical assistance for first-time entrepreneurs and training programs for rural communities.

Community Economic Development Program. Through grants and technical assistance, the center supports the growth of community development corporations in minority communities.

Microenterprise Loan Program. The program serves rural North Carolina's smallest businesses through a combination of loans up to $25,000 and business planning and technical assistance.

Small Business Finance. The center administers the N.C. Small Business Credit Initiative, a $46 million loan program made possible by the 2010 federal Small Business Jobs Act. The program partners with traditional lenders to increase business loans in all 100 counties. The initiative includes: the N.C. Capital Access, Loan Participation and Fund of Funds programs.

Rural Economic Development Institute. The center's leadership development program equips established and emerging rural leaders with the skills and knowledge to address the rapidly changing economic and community environment in their communities. It is self-supporting.

2. CUSTOMER/ TARGET POPULATION

The Rural Center serves the 4.7 million people of rural North Carolina, with a focus on individuals with low to moderate incomes. Programs are administered through partnerships with local governments, educational institutions, business and economic organizations and nonprofits.

3. ORGANIZATION INCEPTION

Founded in January 1987, the center has provided services for rural North Carolina 26 years.

4. FOOTPRINT

The Rural Center serves 85 rural counties. In certain cases, the General Assembly or other funding agency requires a more targeted service area or service in all 100 counties.

5. BUDGET

Rural Economic Development Center, Inc.

Statement of Activities

	Year Ended				
	June 30, 2012	June 30, 2011	June 30, 2010	June 30, 2009	June 30, 2008
Revenues:					
State of North Carolina					
Direct appropriation, recurring	20,089,449	21,540,358	20,895,274	21,568,996	23,941,607
Direct appropriation, non-recurring	5,000,000	4,945,625	500,000	49,140,000	119,500,000
	25,089,449	26,485,983	21,395,274	70,708,996	143,441,607
Direct appropriation, e-NC Authority	-	426,564	475,200	1,815,450	4,500,000
Clean Water Bond	5,840,590	3,579,527	10,695,474	18,972,876	28,096,100
	30,930,039	30,492,074	32,565,948	91,497,322	176,037,707
Other state entities	90,789	1,600,215	1,673,426	1,922,761	2,624,077
Federal government	1,062,968	2,133,187	1,240,669	407,867	673,948
Other grantors	1,613,694	222,800	301,474	261,363	205,340
Contract income	3,427,810	589,102	504,241	468,169	344,328
Investment income	1,199,087	2,098,364	4,183,995	7,663,827	5,348,680
Indirect cost	384,610	476,671	448,638	237,913	206,277
Other	174,082	94,714	148,441	522,500	245,028
	38,883,079	37,707,127	41,066,832	102,981,722	185,685,385
Expenses:					
Program administration	5,454,547	7,808,437	10,011,425	8,672,456	5,789,406
Management, general and fundraising	1,776,128	1,751,755	1,881,359	1,812,674	1,668,873
	7,230,675	9,560,192	11,892,784	10,485,130	7,458,279
Program grants	54,471,562	68,286,808	54,584,832	43,956,090	43,965,100
	61,702,237	77,847,000	66,477,616	54,441,220	51,423,379
Change in net assets	(22,819,158)	(40,139,873)	(25,410,784)	48,540,502	134,262,006
Net assets, beginning	183,384,554	223,524,427	248,935,211	200,394,709	66,132,703
Net assets, ending	160,565,396	183,384,554	223,524,427	248,935,211	200,394,709

6. SALARY COMPLIANCE

Rural Economic Development Center, Inc.
Employees earning greater than $120,000:

Name	Position	Annual Salary	% Charged to State Sources	Amt Charged to State Sources	Amt Charged to Other Sources
Billy Ray Hall	President	214,008	56%	119,844	94,164
Elaine H. Matthews	Senior Vice President	131,459	91%	119,628	11,831
Susan E. Dunn	VP, Finance and Administration	122,066	98%	119,625	2,441
Patrick N. Woodie	VP, Rural Development Programs	122,066	98%	119,625	2,441

The center uses a combination of other funding sources to support personnel cost not allowable under SL 2011-145 including earnings on investments and corporate contributions.

Employee benefits:

The center offers employees a benefits package including health and dental insurance programs; vacation and sick leave; short and long term disability insurance; term life insurance; a cafeteria plan; an HSA plan; and a program of matching contributions to a 403(b) retirement plan.

7. LOBBYING SERVICES

The center has not contracted with any firm for representation in the General Assembly. Four center staff members are registered as lobbyists with the Secretary of State. They are Billy Ray Hall, President; Patrick N. Woodie, Vice President, Rural Development Programs; William M. Guillet III, Director, Agricultural Advancement Consortium; Helen McInnis, Director, Community Development Corporation Grants Program. Of those four, only one is engaged in direct lobbying activities during 2013. The center reported 254 hours of salary cost, totaling $10,381, for William M. Guillet III on its Principal Expense Form filed with the Secretary of State for 2012.

8. KEY PERFORMANCE INDICATORS

The mission of the Rural Center is to develop, promote, and implement sound economic strategies to improve the quality of life of rural North Carolinians. We use a number of key metrics to measure the economic and community development impact of each program administered by the center. The total impact of center programs funded solely by state dollars from July 1, 2007 through June 30, 2012 is broken down into seven categories as follows:

Clean Water Programs

- 518 projects
- $144,696,628 in grants
- $557,388,712 leveraged
- 504,101 customers served

Job-Generating Infrastructure Grants

- 110 projects
- $37,973,514 in grants

- $121,580,032 leveraged
- 6,361 jobs created
- 134 businesses created/expanded

Building Reuse and Restoration

- 279 projects
- $40,830,706 in grants
- $543,501,402 leveraged
- 5,079 jobs created
- 317 businesses created/expanded

N. C. Small Towns Economic Prosperity Program

- 34 participating towns
- 22 economic development plans completed
- 36 economic development projects under way
- 996 jobs created
- 736 businesses created/expanded
- $4,654,469 in grants committed

Microenterprise Loan Program*

- 198 business loans
- $1,622,305 in loans
- 249 jobs created
- 198 businesses created/expanded

*State dollars support the administration of this program but are not part of loan capital

Community Economic Development Programs

- 111 CDC grants
- $4,757,364 in grants
- $129,797,213 leveraged; 755 jobs created
- 727 home foreclosures prevented
- 22 grants totaling $1,490,031 for OICs (Opportunities Industrialization Centers)

Rural Jobs Fund

- 43 projects
- $9.4 million in grants
- $105.2 million leveraged
- $668 million total investment
- 1,888 jobs committed
- 2,773 total jobs projected

All job generating grants – July 1, 2007 - June 30, 2012
Cost per job: $5,916

Total Impact* – July 1, 2007 - June 30, 2012

- Total grant Projects: 1,355
- Total Grants: $264.448.174
- Total Leveraged Through Grants: $1,447,366,988
- Total Business Loans: 610
- Total Loan Amount**: $117,744,305

- Total Businesses Created/Expanded: 3,481
- Total Jobs Created: 19,911
- Additional Job Placements: 1,161
- Total Water-Sewer Customers Served: 504,101

*Total Impact includes programs funded through state, federal and private investments.
**Amount includes leverage through banks and other lenders

The center now captures the number of training or technical assistance contact hours that are provided to rural communities and citizens, and we have data available covering the period of July 1, 2009 through June 30, 2012. Telephone contact hours are not included in the following numbers.

- Water and sewer (related to environmental/health issues) 4,829 contact hours
- Job Creation Grant Programs 1,368 contact hours
- Capacity Building Grant Programs 31,270 contact hours
- Business Loan Programs 13,683 contact hours

9. SIMILAR ORGANIZATIONS

The N.C. Rural Economic Development Center is unique within North Carolina and serves as the national model for rural development. The Rural Center directs resources to rural communities to support their locally driven strategies for job growth and economic development. In this role, the center does not duplicate the state's incentive programs to attract industry from outside the state, but rather complements them by focusing on homegrown jobs and opportunity.

The Rural Center is a private, nonprofit organization, enabling it to collaborate efficiently and effectively with more than 300 partners from government, business, other nonprofits, educational institutions and individuals to carry out its mission. The center also serves as the go-to organization on serious and timely issues requiring broad public-private cooperation. It has led initiatives on hurricane recovery, drought response, dislocated workers, water and sewer infrastructure, broadband development and small business credit, among others.

10. BUDGETARY IMPACT

Over the past five years, the center has experienced a series of progressive reductions in appropriated funds available to support its operations. The center has responded by enacting reductions in force, by aggressive pursuit of funding from other non-state sources, and use of earnings on investments.

Throughout the center's history, its business model has been founded on leveraging the core operating support it receives from the legislature with funding from federal, foundation and private sources, to provide technical assistance and other resources to rural people and communities. During the five fiscal years ending June 30, 2012, the center raised nearly $6 million from federal government, foundation and private sources. These funders have been willing to invest their money through the center due to the strength and stability of the center's core operations, and its ability to use state funding to provide matching resources. While a modest amount of private funding received is unrestricted in nature and is used for operating support, the majority of non-state funding available is project or initiative driven and provides very little support for essential core administrative operations. Elimination of funding to support on-going operations would severely limit the center's ability to leverage outside funds and provide support to rural people and communities in the state.


The
Rural
Center

Presentation by

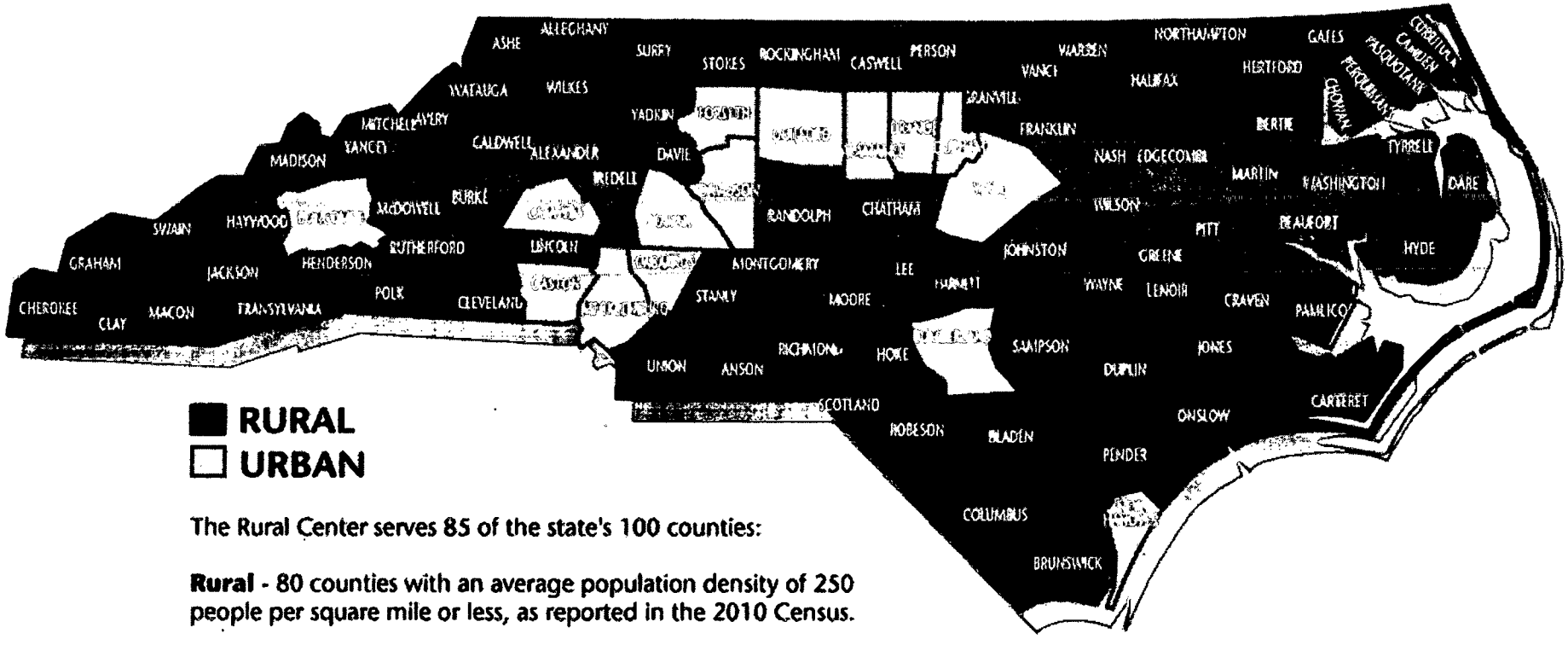
Billy Ray Hall, President
N.C. Rural Economic Development Center

to

Joint Appropriations Subcommittee on Natural and Economic Resources N.C. General Assembly

February 19, 2013

North Carolina Rural Counties



RURAL
URBAN

The Rural Center serves 85 of the state's 100 counties:

Rural - 80 counties with an average population density of 250 people per square mile or less, as reported in the 2010 Census.

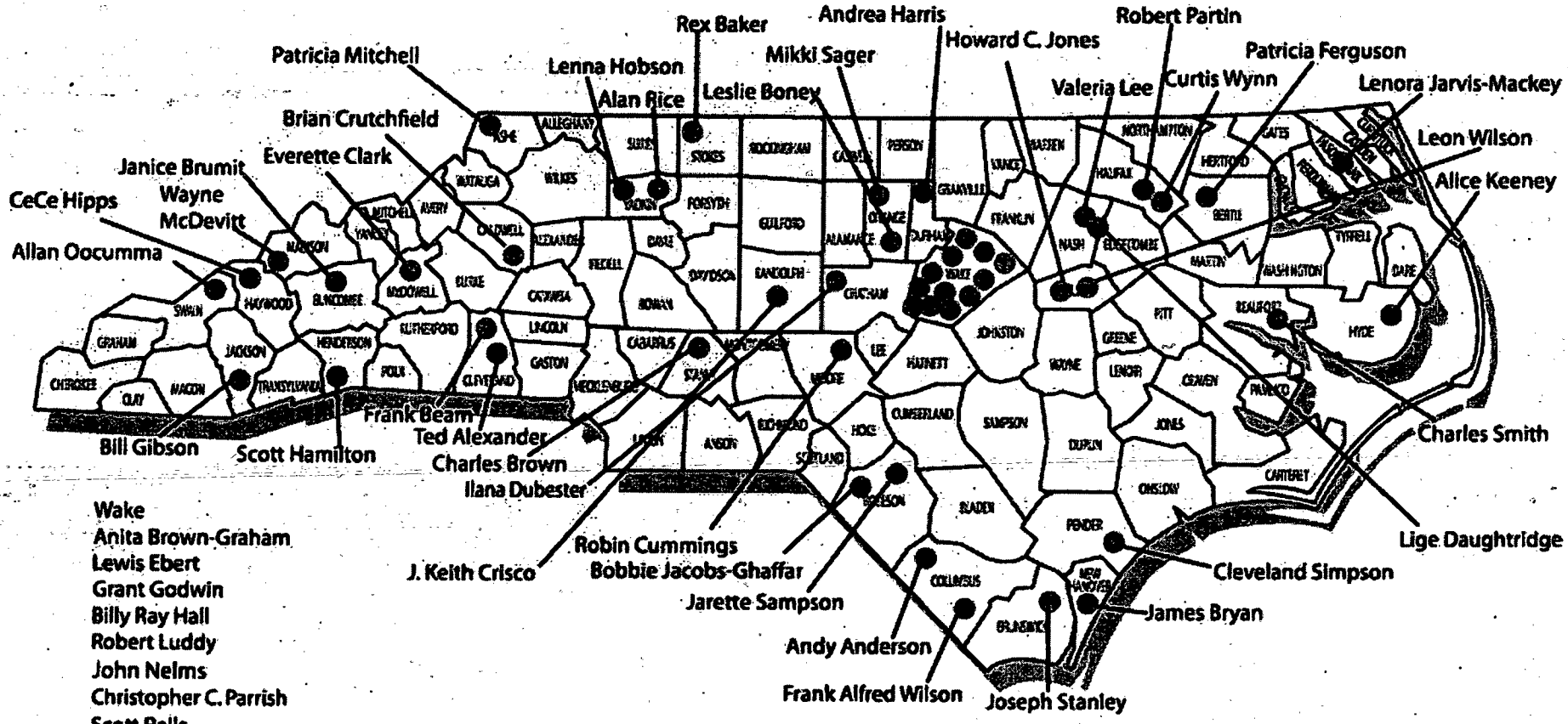
Transitional rural - 5 counties that exceed a density of 250 people per square mile but retain significant rural characteristics.

The Rural Center



Our mission is to develop, promote and implement sound economic strategies to improve the quality of life for rural North Carolinians with a special focus on individuals with low to moderate incomes and communities with limited resources.

Rural Center Board



Wake
Anita Brown-Graham
Lewis Ebert
Grant Godwin
Billy Ray Hall
Robert Luddy
John Nelms
Christopher C. Parrish
Scott Rails
Jennifer Tolle Whiteside
Steve Troxler
Larry Wooten
Gregory Winkler

Revised 2/12/13

Rural Center Programs

- Critical Needs Water & Sewer
- Job-Generating Infrastructure
- Building Reuse & Rural Hope
- Rural Jobs Fund

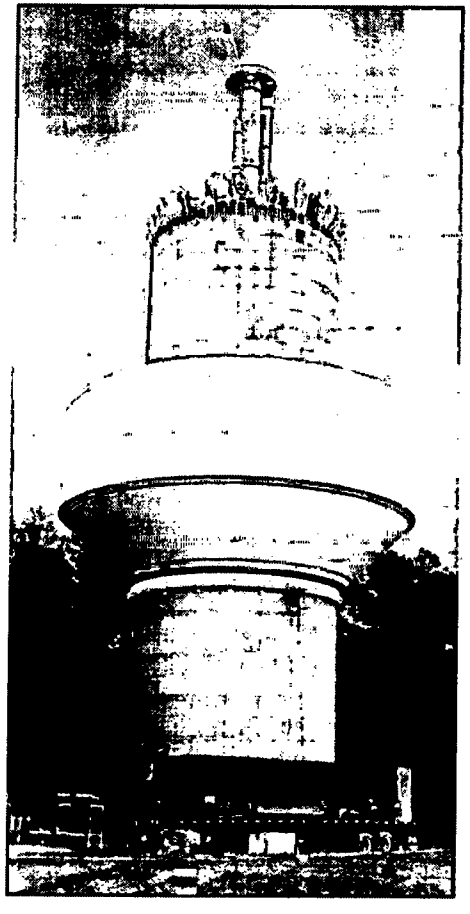
Rural Center Programs

- NC STEP
- Small Business Finance
- Entrepreneurship
- Ag Consortium

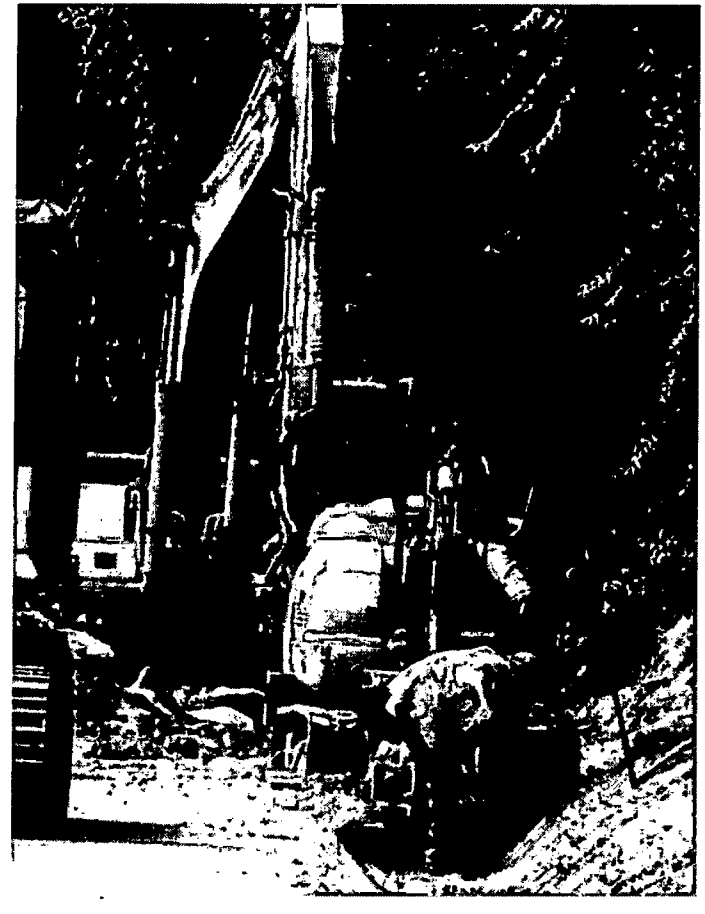
Rural Center Programs

- CDC Grants
- Economic Innovation
- Leadership Development

Critical Needs Water & Sewer







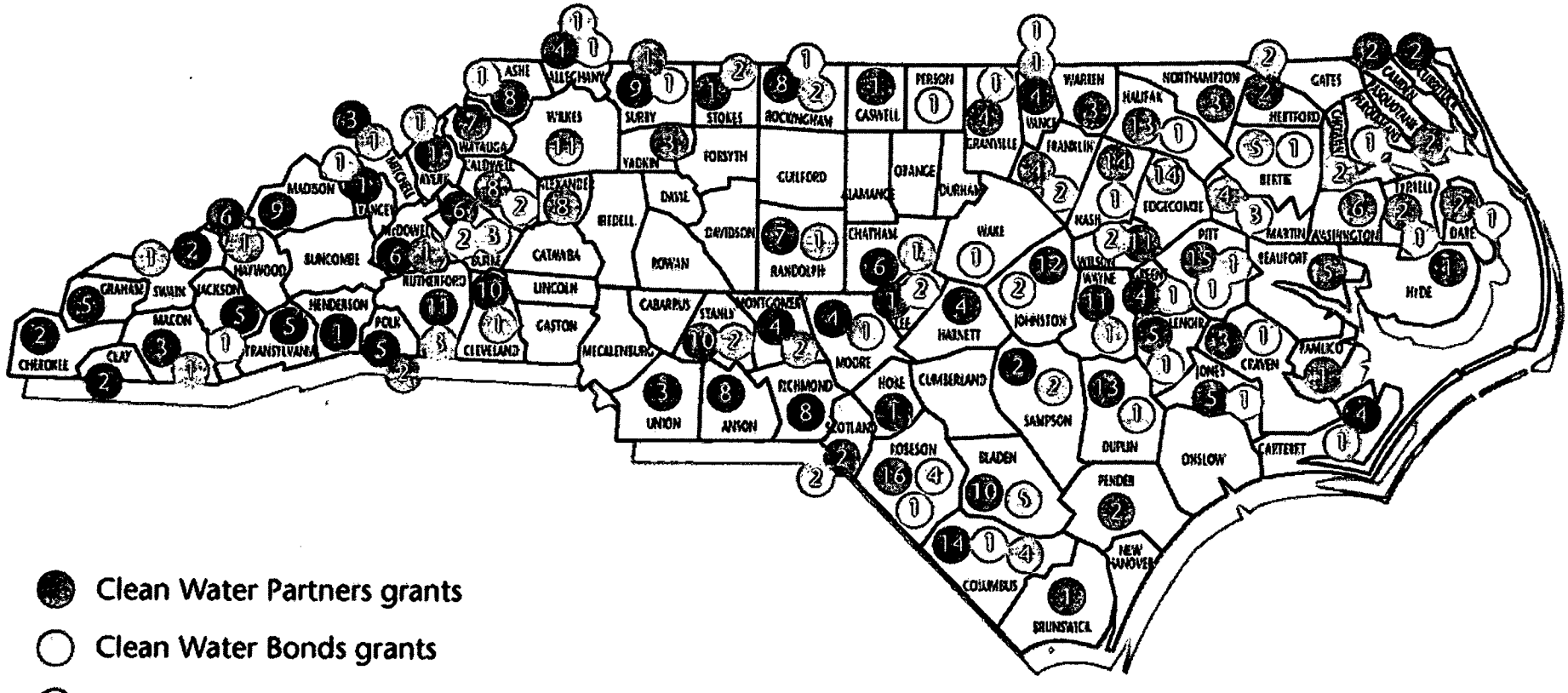
Critical Needs Water & Sewer

July 1, 2007-June 30, 2012

- 518 grants
- $145 million awarded
- $557 million leveraged
- 504,101 customers served

Critical Needs Water & Sewer

July 1, 2007-June 30, 2012



- Clean Water Partners grants
- Clean Water Bonds grants
- Planning and Supplemental grants

Job Creation Programs







The Rural Center

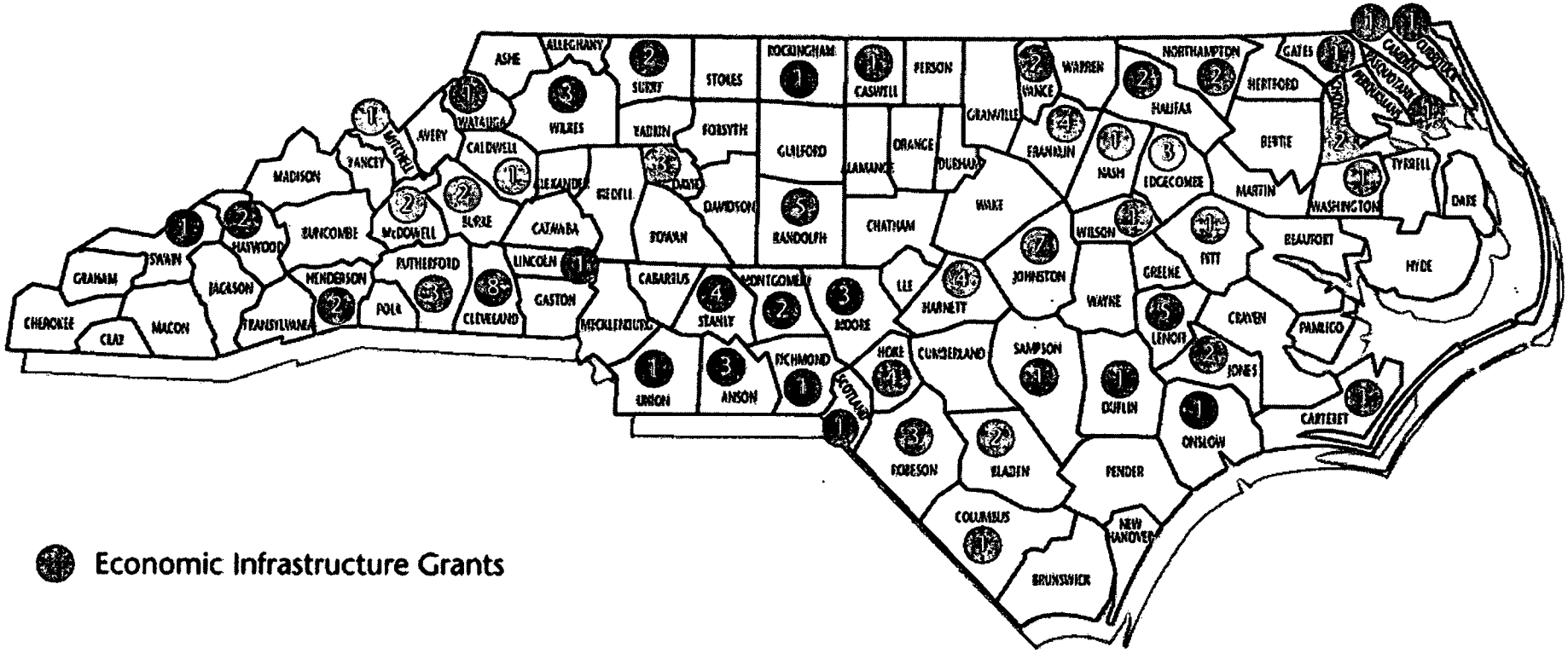
Job-Generating Infrastructure

July 1, 2007-June 30, 2012

- **110 grants**
- **$38 million awarded**
- **$122 million leveraged** (public only)
- **134 new & expanded businesses**
- **6,361 new jobs**
- **$5,970 cost per job**

Job-Generating Infrastructure

July 1, 2007-June 30, 2012



Economic Infrastructure Grants

The Rural Center

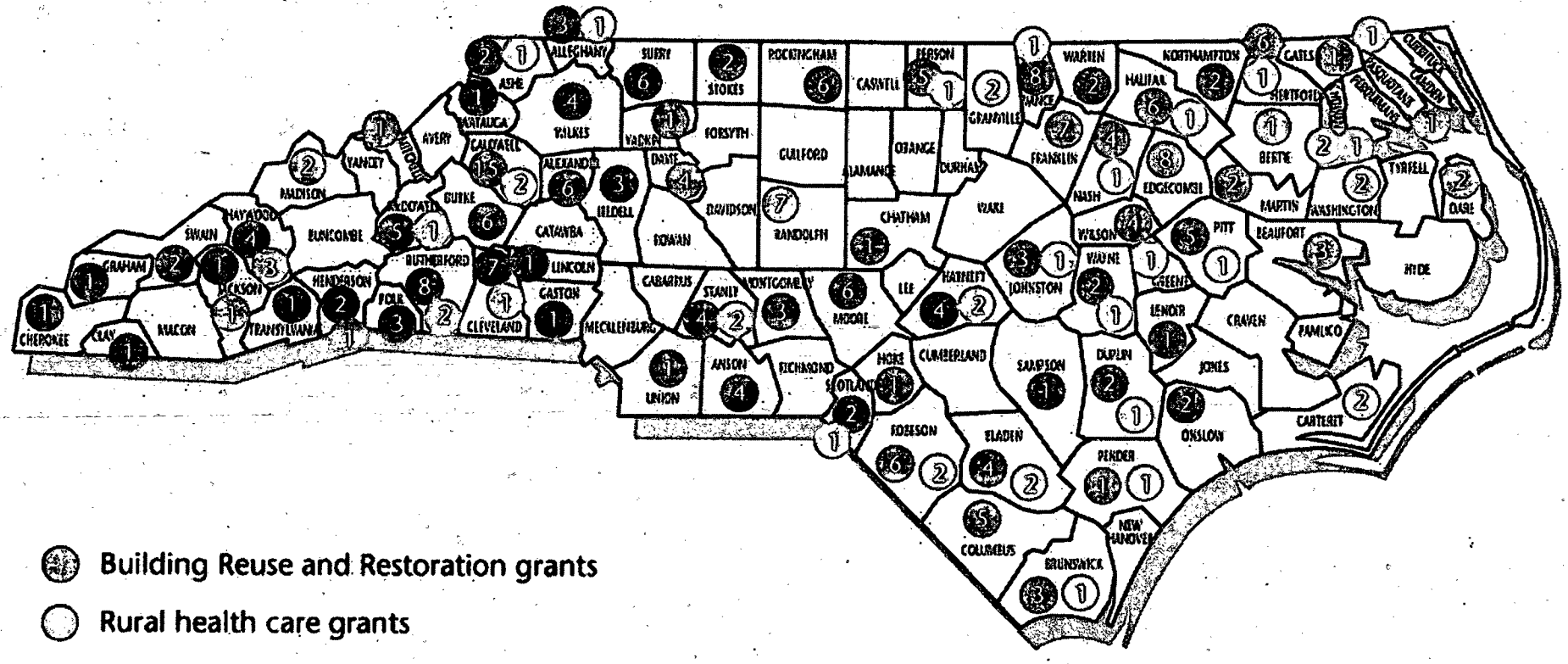
Building Reuse & Rural Hope

July 1, 2007-June 30, 2012

- **279 grants**
- **$41 million awarded**
- **$544 million leveraged** (public and private)
- **317 new or expanded businesses**
- **5,079 new jobs**
- **$8,356 cost per job**

Building Reuse & Rural Hope

July 1, 2007-June 30, 2012



Building Reuse and Restoration grants

Rural health care grants

Rural Jobs Fund

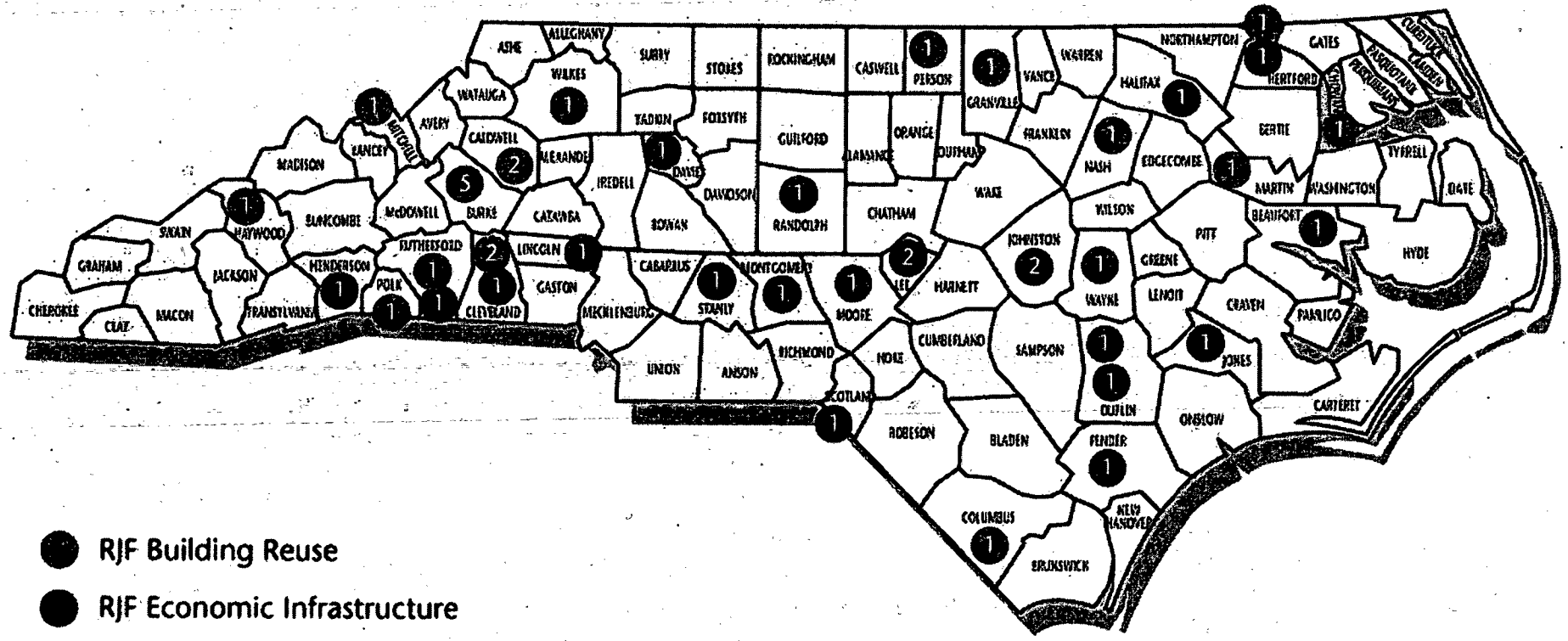
July 1, 2010-December 30, 2012

- **43 grants**
- **$9.4 million awarded**
- **$105 million leveraged**

  $668 million total investment
- **1,888 jobs committed, 2,773 projected**
- **$3,399 cost per job**

Rural Jobs Fund

July 1, 2007-December 30, 2012



- RJF Building Reuse
- RJF Economic Infrastructure

Capacity Building Programs









The Rural Center

CDC Grants

July 1, 2007-June 30, 2012

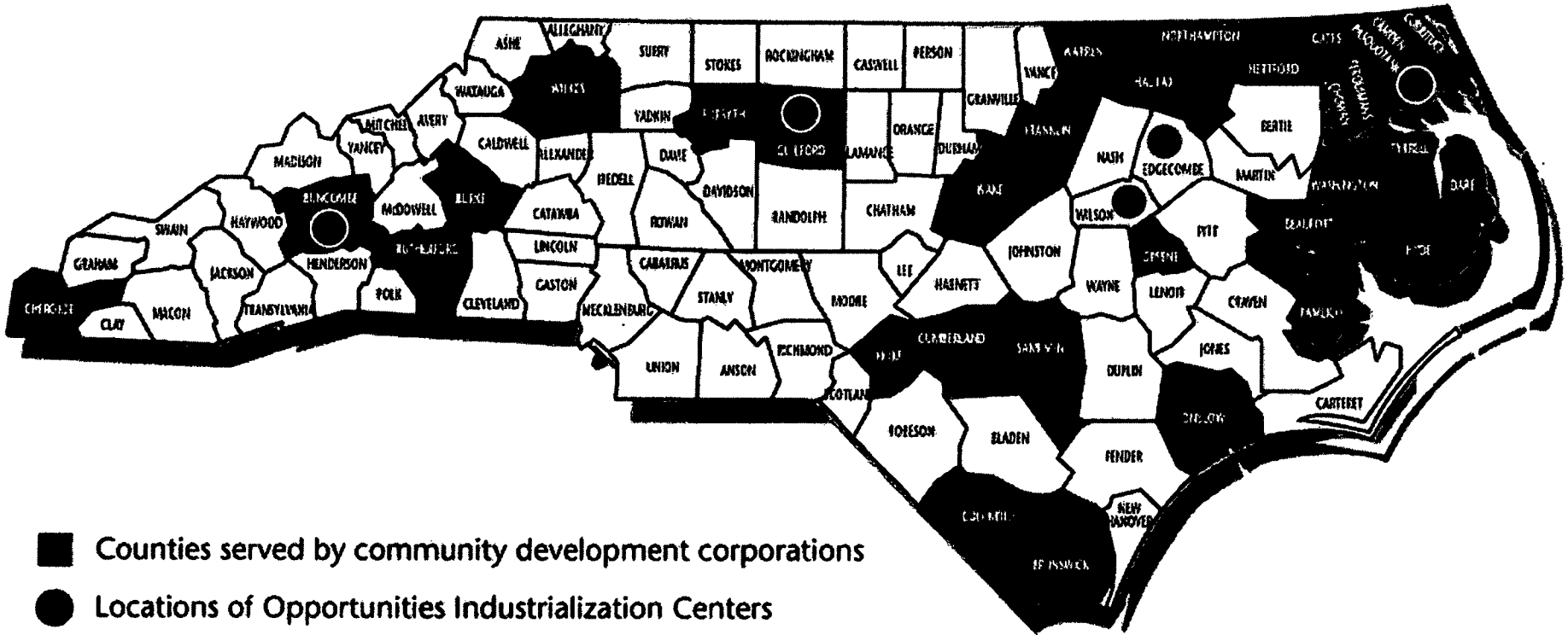
- 111 grants
- $4.8 million awarded
- $130 million leveraged
- 755 new jobs
- 727 home foreclosures prevented

➢ 22 grants totaling $1.5 million for OICs

The Rural Center

CDC and OIC Grants

July 1, 2007-June 30, 2012



■ Counties served by community development corporations

● Locations of Opportunities Industrialization Centers

The Rural Center

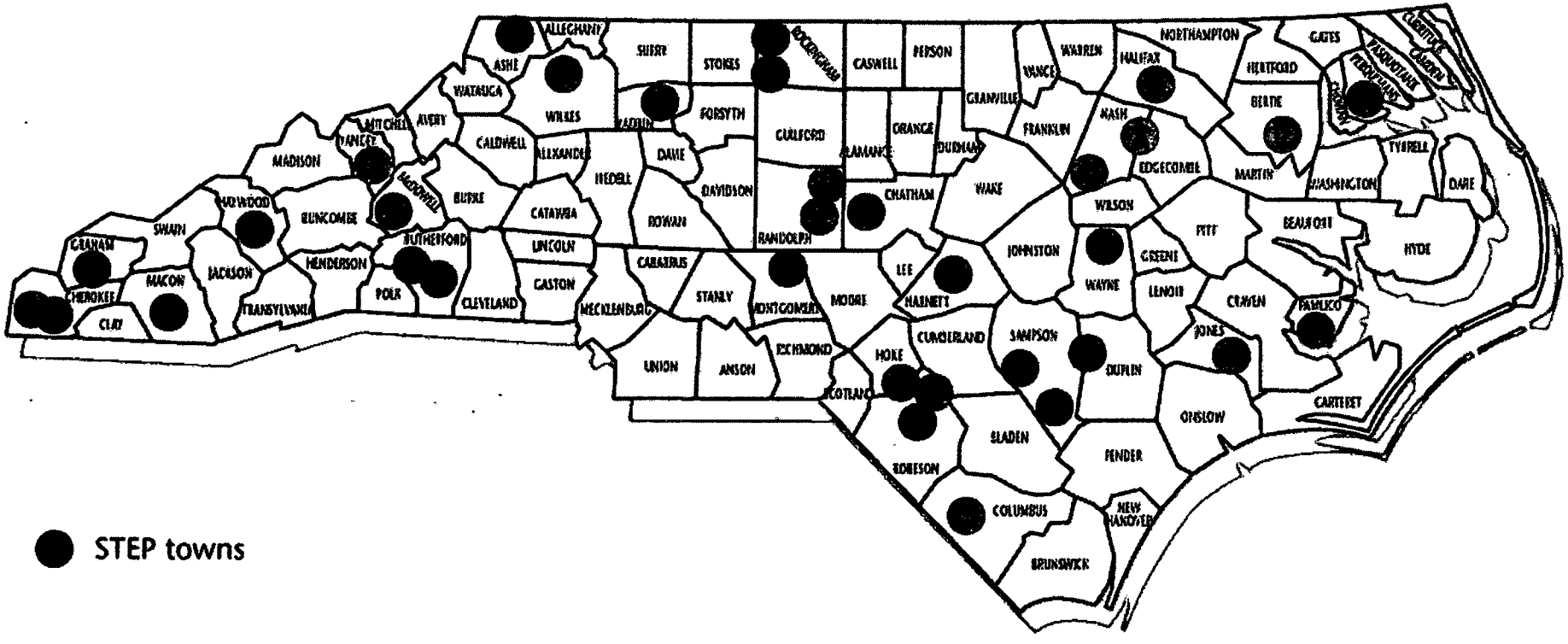
NC STEP

July 1, 2007-June 30, 2012

- **34 STEP towns**
- **$4.7 million in grants**
- **22 ED plans, 36 ED projects**
- **996 new jobs**
- **736 new or expanded businesses**

NC STEP

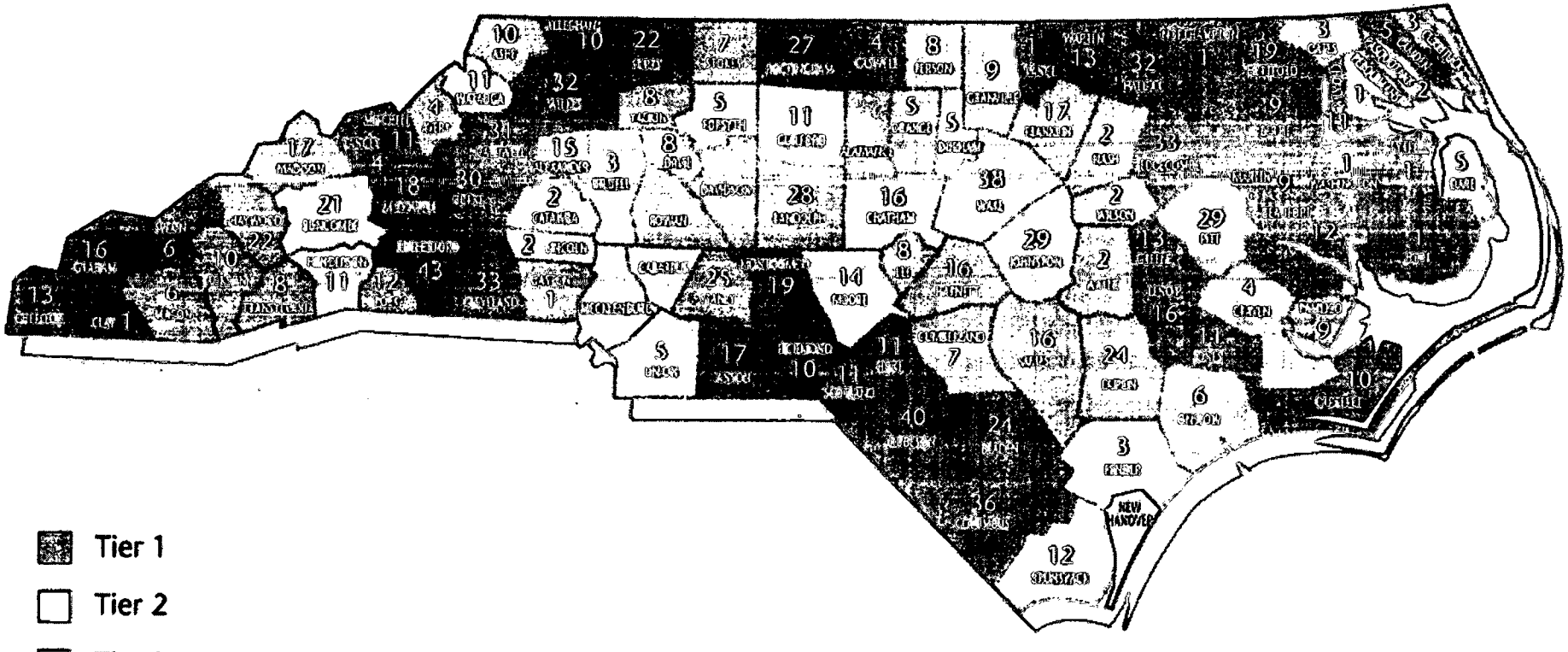
July 1, 2007-June 30, 2012



STEP towns

Grant summary

July 1, 2007-June 30, 2012



- Tier 1
- Tier 2
- Tier 3

Small Business Lending







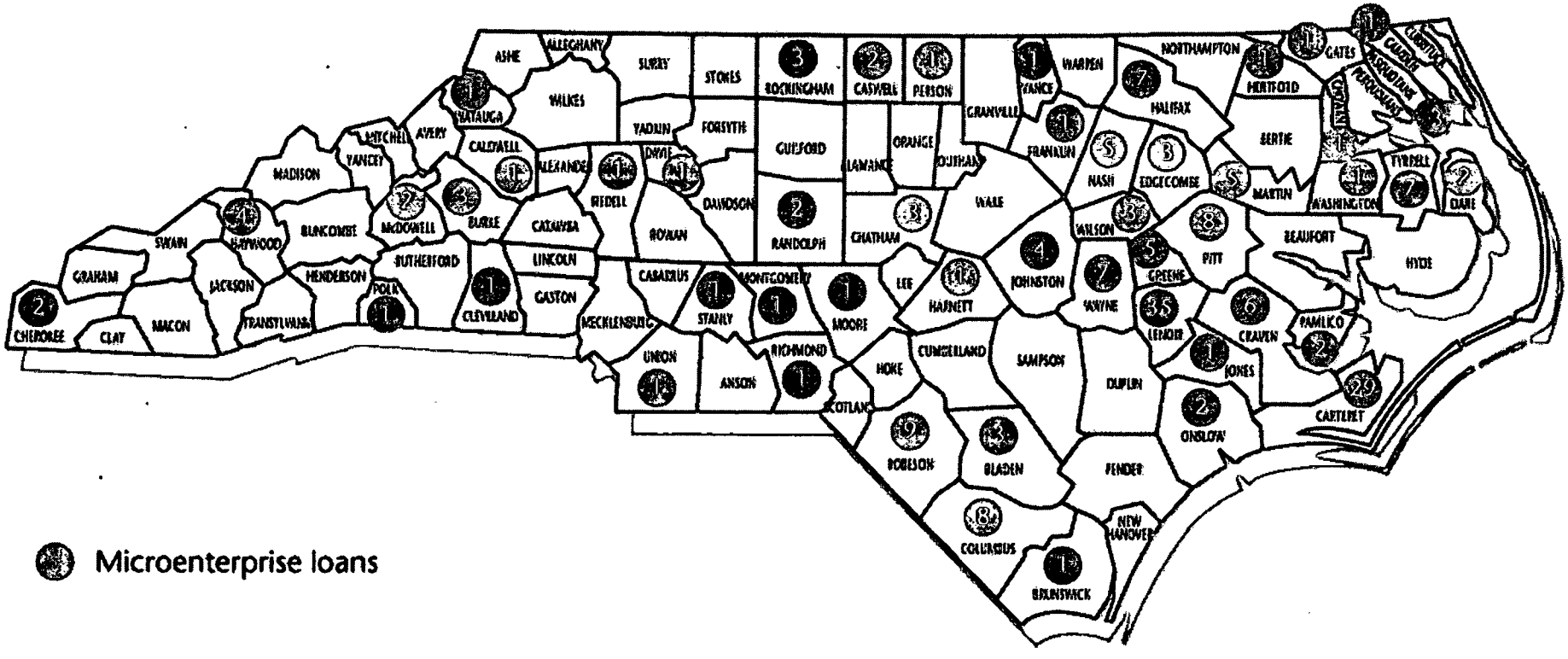
Microenterprise Loans

July 1, 2007-June 30, 2012

- **198 business loans**
- **$1.6 million in loans**
- **249 new jobs**
- **198 businesses created & expanded**

Microenterprise Loans

July 1, 2007-June 30, 2012



Microenterprise loans

Total Impact

July 1, 2007-June 30, 2012

- **Total grant projects: 1,355**
- **Total grant amount: $264 million**
- **Total leverage/grants: $1.4 billion**
- **Total business loans: 610**
- **Total loan amount (with leverage): $118 million**

The Rural Center

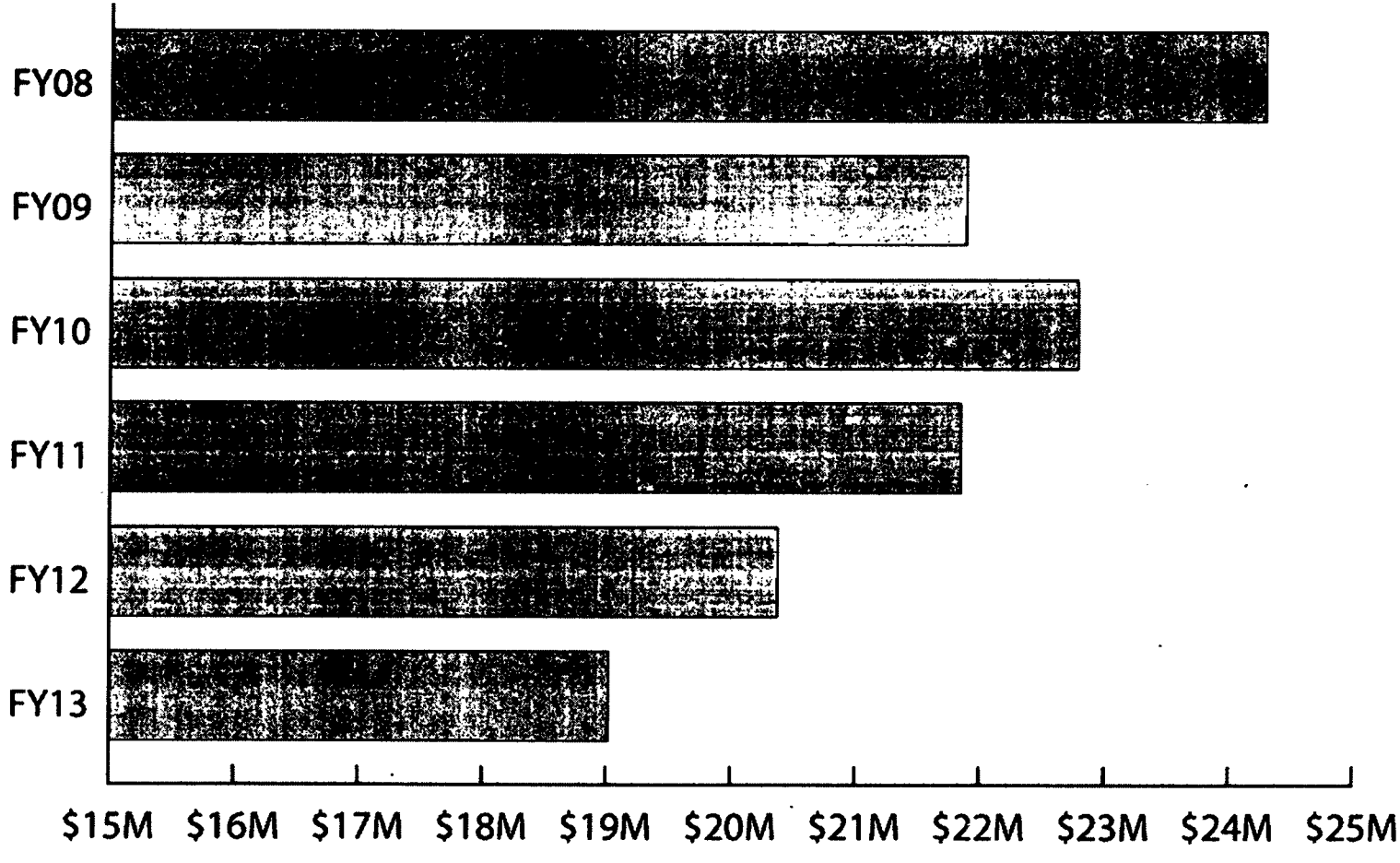
Total Impact

July 1, 2007-June 30, 2012

- **Businesses created/expanded: 3,481**
- **Jobs created: 19,911**
- **Additional job placements: 1,161**
- **Water & sewer customers served: 504,101**

State Appropriations

July 1, 2007-June 30, 2012



Non-state funding

July 1, 2007-June 30, 2012

$21 million

- U.S. Small Business Jobs Act: $15 million
- Other federal: $3.2 million
- Foundation, corporate, other: $2.6 million

Water-Sewer Partners

N.C. Department of Commerce
- Division of Community Assistance
- Commerce Finance Center

N.C. Department of Environment and Natural Resources
- Public Water Supply
- Infrastructure Finance Section

Clean Water Management Trust Fund
N.C. Department of Transportation
U.S. Department of Agriculture - Rural Development
U.S. Department of Commerce - Economic Development Administration
Appalachian Regional Commission
U.S. Environmental Protection Agency
U.S. Department of Housing and Urban Development
Tennessee Valley Authority
Golden LEAF Foundation

Jobs Program Partners

Appalachian Regional Commission
Kate B. Reynolds Charitable Trust
N.C. Office of Rural Health and Community Care
N.C. Department of Commerce
N.C. Community College System and Small Business Centers
U.S. Department of Labor
N.C. Small Business and Technology Development Centers
Golden LEAF Foundation
U.S. Department of Agriculture - Rural Development
Regional and local economic developers
Workforce development boards
56 banks and other lenders
Rural nonprofit organizations
Rural employers

Additional Partners

N.C. Department of Agriculture and Consumer Services
N.C. Farm Bureau
N.C. Market Ready
N.C. State University
N.C. Tobacco Trust Fund
Rural Advancement Foundation International-USA
N.C. Industrial Extension Service
Pitt County Chamber of Commerce
Wilson Opportunities Industrialization Center
Rosenwald Center of Greene County
North Carolina's Eastern Region


The
Rural
Center

State-Aid Overview

Joint Appropriations Subcommittee
on Natural and Economic Resources

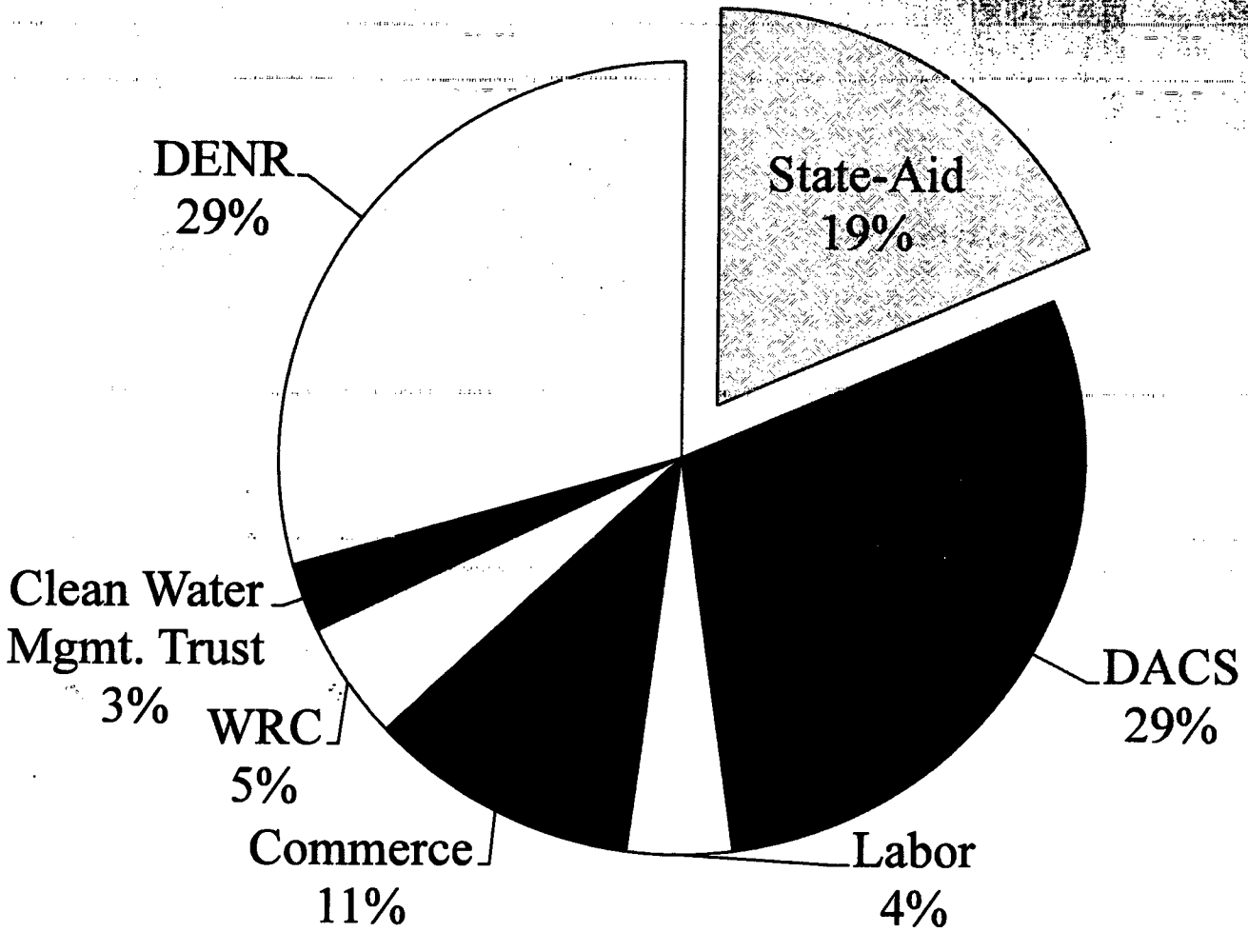
February 19, 2013

FISCAL RESEARCH DIVISION
A Staff Agency of the North Carolina General Assembly

NER State-Aid to Nonprofits

- Association of CDCs
- Biofuels Center
- Biotechnology Center
- Community Development Initiative
- COGs
- High Point Furniture Market
- Inst. For Regenerative Medicine
- Inst. of Minority Econ. Devel.
- Land Loss Prevention Project
- Indian Econ Devel Initiative
- The Support Center
- Regional Econ. Dev. Comms.
- Rural Economic Devel. Center
- Grassroots Science Museums
- Partnership for the Sounds
- Future Farmers of America
- Farm Bureau (Ag in the Classroom)
- Research Triangle Institute-NR
- Johnson & Wales – NR
- Defense & Security Technology Accelerator - NR

NER General Fund Appropriations



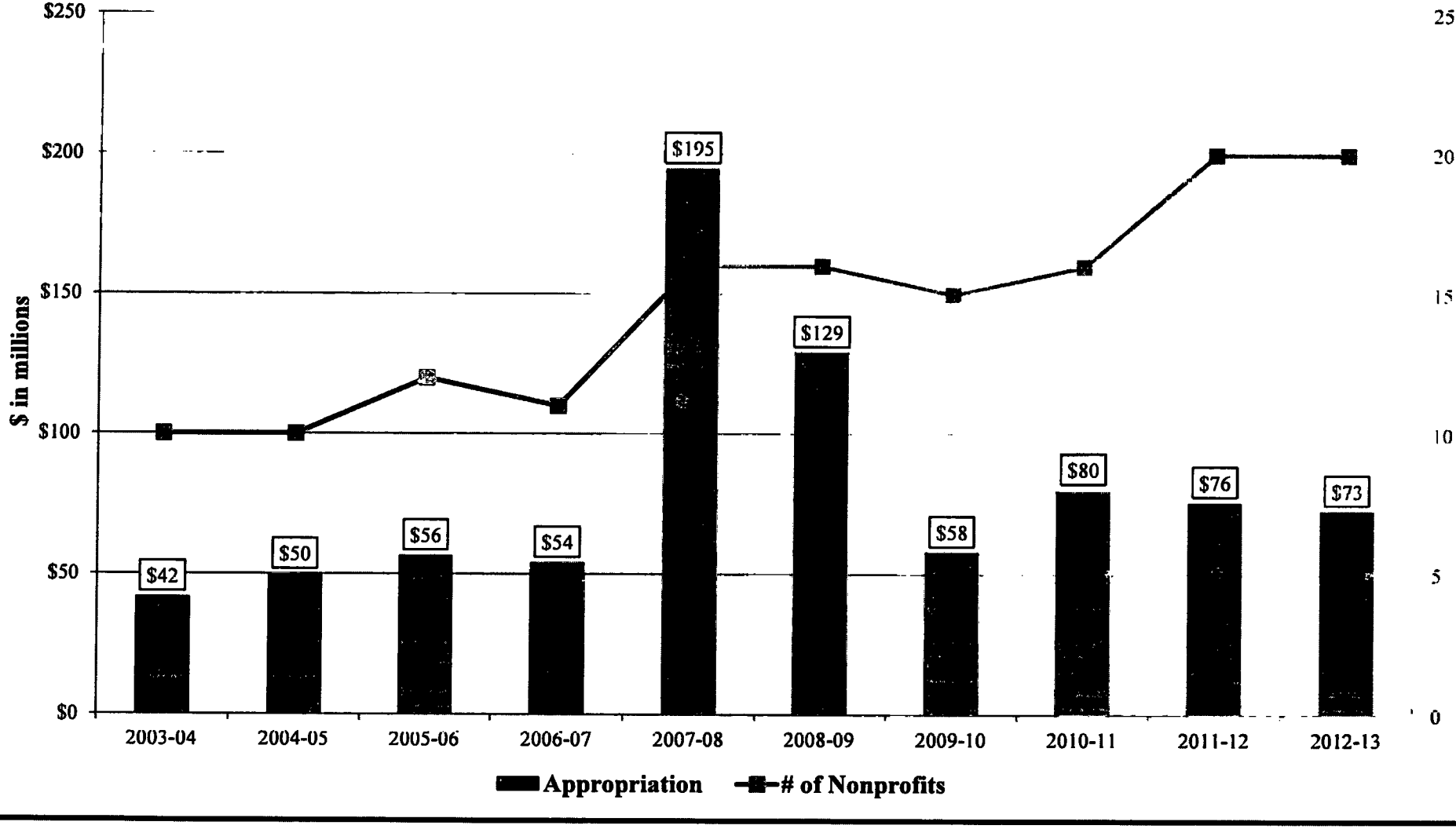
State-Aid

$72.7 million

Authorized Budget

$383.1 million

NER State-Aid Funding History



Different than State Agencies?

- Established in G.S. 55A
- Operate outside of regulations governing state agencies (procurement, capital, personnel)
- General Assembly cannot "micromanage" nonprofit administration
- Unspent appropriations do not revert to the General Fund

General Assembly Actions

FY 2011-12

- Moved nonprofits funded through DACS and DENR to Commerce State-Aid budget
- *Most* entities received recurring reductions ranging from 10-20%
- Eliminated funding for e-NC Authority and transferred federal grants to Commerce
- Placed $120,000 salary limit on state funds beginning in FY 2012-13

General Assembly Actions

FY 2011-12 (cont.)

- Provided additional $5M nonrecurring to Rural Center

FY 2012-13

- Implemented across the board management flexibility reductions

Nonprofit Considerations

- 107,063 nonprofits registered in NC[1], how are the 20 NER nonprofits different?
- Are organizational missions aligned with NER objectives?
- If the nonprofit serves an ongoing public need, should the state assume responsibility?
- Should funding be used to support certain programs/ projects instead of operating costs?

[1] NC Secretary of State's Office

State Auditor's Report

- Report FCA-2012-460
- Reviewed Commerce's oversight of nonprofits receiving pass-through funding from the General Assembly
- Findings:
  - Inadequate grant monitoring
  - Inadequate review of grantee reports

Nonprofit Presentations

- Fiscal Research staff will provide brief appropriation overviews
- Presenters have between 15-20 minutes to discuss four topics:
  1. Organizational Mission & Programs
  2. Key Performance Indicators
  3. Similar Organizations/ Service Duplication
  4. Budgetary Impact
- Q&A Session to follow each presentation

Nonprofit Handouts

- Five page document prepared by each nonprofit that addresses additional questions:
  - Customer/ Target population
  - Inception date
  - Geographic footprint
  - Organizational budget
  - Salary compliance ($120,000 limit on NC funds)
  - Lobbying services

Contact Information

Fiscal Research Division
919-733-4910

Timothy Dale – Timothy.Dale@ncleg.net

Agriculture, Labor, Tobacco Settlement, & Various Non-Profits

Jennifer Hoffmann – Jennifer.Hoffmann@ncleg.net

Environment and Natural Resources, Wildlife Resources Commission

Aubrey Incorvaia – AubreyI@ncleg.net

Commerce, Industrial Commission, State-Aid & Various Non-Profits

House Committee Pages / Sergeants at Arms

NAME OF COMMITTEE JT- Economic + Natural Resources

DATE: Feb 19, 2013 Room: 423

House

*Name: Hayley STANCIL
County: SURRY
Sponsor: STEVENS

*Name: EMILY VON Lehmden
County: Wake
Sponsor: Hastings

Name: Tate Replogle
County: Wake
Sponsor: JOSH STEIN

*Name: Ellisa Tew
County: ERWIN
Sponsor: Ronald Rabin

*Name:
County:
Sponsor:

House Sgt-At Arms: Senate

1. Name: JOHN Brandon
Name: Larry Elliot
3. Name:

4. Name: Ron SPANN
5. Name: Canton Lewis
6. Name:

Joint Appropriations Subcommittee on NER

Agenda

Thursday, February 21, 2013, 8:30 A.M.
Room 423, Legislative Office Building

Sen. Brock, Presiding

1. Welcome & Introductions

Sen. Brock

2. Nonprofit Presentations

Community Development Initiative

Aubrey Incorvaia, *Fiscal Research Division*

Abdul Rasheed, Chief Executive Officer, *Community Development Initiative*

Grassroots Science Museums

Jennifer Hoffmann, *Fiscal Research Division*

Stephen Saucier, Ex. Director, *Grassroots Science Museums Collaborative*

The Support Center

Timothy Dale, *Fiscal Research Division*

Lenwood Long, President/CEO, *The Support Center*

3. Committee Discussion

4. Adjourn

House Appropriations Subcommittee on NER
Rep.McElraft (Chair)
Rep. West (Chair)
Rep. Dixon (Vice Chair)
Rep. Pierce (Vice Chair)
Rep. Presnell (Vice Chair)
Rep. Brandon, Bumgardner, Catlin, Dobson, Langdon, Millis, Richardson, Wilkins, Wray

Senate Appropriations Committee on NER
Sen. Brock (Chair)
Sen. Jackson (Chair)
Sen. Bryant, Cook, McLaurin, Rabin, Tarte, Walters

Senate Committee on Appropriations on Natural and Economic Resources
Thursday, February 21, 2013 at 8:30 AM
Room 423 of the Legislative Office Building

MINUTES

The Senate Committee on Appropriations on Natural and Economic Resources met at 8:30 AM on February 21, 2013 in Room 423 of the Legislative Office Building. 15 members were present.

Senator Andrew C. Brock, Chair, presided.

Sen. Brock called the meeting to order at 8:35 AM.

Sen. Brock introduced the Sgt. At Arms and Senate Pages and House Pages.

Sen. Brock yielded the floor to Mrs. Aubrey Incorvaia, Fiscal Research.

Mrs. Incorvaia introduced the Community Development Initiative.

Sen. Brock introduced Mr. Abdul Rasheed and yielded the floor.

Mr. Rasheed thanked the committee and presented the Community Development Initiative (CDI).

Mr. Rasheed discussed the value and programs of CDI; there is a commitment to train leaders and create networking opportunities; the CDI works with young people; no one nonprofit can target all the areas across the state and CDI helps layer deals; CDI is working to become more entrepreneurial and generate more revenue and programs; projects take 18-36 months from initial planning to a business making its first sales; Candle Sweets Hotel was a project used as an example.

Sen. Brock thanked Mr. Rasheed and asked if there were any questions.

Rep. Peirce: Thank you for the report and all your success. You did not speak much about your work in rural areas.

Mr. Rasheed: Everything we do is based on local initiatives and we are oversubscribed in our requests for funding.

Sen. Jackson: What percentage of your funds is used for administrative costs?

Mr. Rasheed: I can get you that report.

Sen. Bryant: In my district, I can say that there wouldn't be any new construction over the last 10 years if it weren't for the CDI. They are the reason community leaders are able to get the money they need to succeed. The CDI provides hopefulness in our community.

Mr. Rasheed: I am most proud of the Douglas block in my community. It is the Black Downtown area in Rocky Mount that had gone to ground. It is now an $8 million thriving area.

Rep. Wilkins: Do you have a network of banks that you work with, or does it all depend on the location of the project?

Mr. Rasheed: It all depends on location but we have had partners. BB&T, Bank of America and Wachovia have had members on our board. At the local level, we base our partnerships on feasibility. On the state level, we have a strong network of banks through our board members.

Rep. Bumgardner: What was the name of the project in Rocky Mount?

Mr. Rasheed: Douglas Block in downtown Rocky Mount.

Rep. Catlin: When a developer turns a profit, do you get your money back?

Mr. Rasheed: Yes, it is a loan.

Sen. Brock yielded the floor to Mrs. Incorvaia.

Sen. Brock yielded the floor to Mrs. Jennifer Hoffman Fiscal Research.

Mrs. Hoffman introduced the Grassroots Science Museum.

Mrs. Hoffman stated that no museums have been added to the collaboration since 2008 and 27 of the current 34 museums receive money from the Committee on Appropriations on Natural and Economic Resources.

Sen. Brock yields the floor to Sen. Cook.

Sen. Cook: Please go back a slide; I thought I saw a mistake.

Sen. Brock yielded the floor to Mr. Stephen Saucier.

Mr. Saucier thanked the committee and introduced the Grassroots Science Museums. He talked about the sustainable revenue source that state funds allow by using those funds as leverage; the museums serve all 100 counties and programs are in these communities and schools; the exhibits are hands on and practical to real world situations; according to a self-imposed study, Pre-K, elementary and middle schools are the primary audience; 42% are from rural counties; K-5th grade level teachers do not have stringent science and math training and these teachers count on

the Grassroots Science Museums as a supplement; stakeholder investment; key performance indicators; Virginia and Utah are looking at North Carolina's STEM educational programs. Sen. Brock thanked Mr. Saucier and asked if there were any questions.

Sen. Cook: My grandkids loved all the fossils.

Rep. Wilkins: My grandkids loved the Life and Science Museum.

Sen. Rabin: How much did the Nano display cost?

Mr. Saucier: there was no capital investment.

Sen. Rabin: What was the cost of the grant?

Mr. Saucier: $50,000.

Sen. Bryant: You are a huge help to smaller towns and that education makes a big difference.

Sen. Brock asked if there were any pressing meetings for committee members. Due to the time constraints, the committee needs to hear from the Support Center today.

Sen. Brock yielded the floor to Mr. Timothy Dale, Fiscal Research.

Mr. Dale introduced the Support Center.

Sen. Brock yielded the floor to Mr. Lenwood Long.

Mr. Long thanked the committee and presented the presentation on the Support Center.

Mr. Long discussed the history of the Support Center; the three things to take away from the Support Center are the center is a job creator, economic generator, and fuels economic recovery through impact of small businesses; Division of Support System; Small Business Lending; NC Small Business Program; footprint of the Support Center; Policy and Research; Key Performance Indicators; Budgetary Impact; five year business plan; CF Steel and Oakboro were examples used.

Sen. Brock thanked Mr. Long and asked if there were any questions.

Rep. Pierce: What are the requirements to get a loan with your Veterans program?

Mr. Long: No equity is needed and we provide assistance to package loans.

Rep. Pierce: Do you help veterans with information regarding his business plan?

Mr. Long: If he has a business plan, yes; if not, we refer them to the business center or community college to create a business plan.

Sen. Brock thanked the committee, audience and adjourned the meeting at 9:56 AM.

Senator Andrew C. Brock, Chair
Presiding

Towers Mingledorff, Committee Clerk

Grassroots Science Museums

PROVIDING SCIENCE AND TECHNOLOGY EDUCATION THROUGHOUT NORTH CAROLINA

1. MISSION & PROGRAMS

The *Grassroots Science Museums*, a statewide partnership, is dedicated to inspiring and educating youth and adults in science and technology for North Carolina's competitive future.

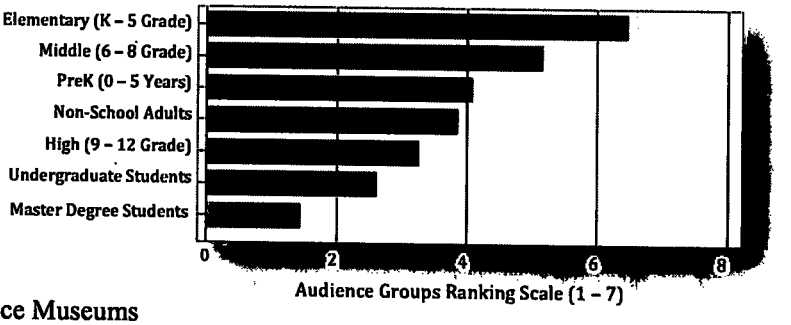
The *Grassroots Science Museums* are in a public/private partnership with the state of North Carolina to advance learning and career development in science and technology or STEM *(science, technology, engineering, and math)*. They leverage state funding from the citizens of North Carolina to link science and technology learning to future careers for the benefit of North Carolina citizens - this drives citizens to the private sector in the science and technology fields. The *Grassroots Science Museums* strengthen communities and regional economic development through tourism, business recruitment and quality of life experiences.

The twenty-seven (27) funded *Grassroots Science Museums* deliver real-world learning experiences in the STEM fields, providing interactive exhibits and programs that are facilitated by education professionals in the museum sites and as traveling experiences to all 100 counties. The range of STEM learning experiences includes, but is not limited to, general science, physical science, natural science, biology, earth science, astronomy, chemistry, math and statistics, nano-science, and computer science. The *Grassroots Science Museums* collectively provide hundreds of interactive exhibits, and facilitated and traveling educational programs; the following is a snapshot containing specific examples that represent the breadth of the diverse science and technology educational experiences offered:

- INTERACTIVE EXHIBITS:
  - **"PhysicsWorks"** (Sciworks Science Center – *Winston Salem*) This interactive exhibit hall demonstrates principles of motion, forces, and simple machines;
  - **"Getting Off the Ground"** (Port Discover – *Elizabeth City*) An interactive exhibit on aviation technology. It features a flight simulator and experiments with the principles of flight;
  - **"Math Moves"** (Museum of Life and Science – *Durham*) Visitors immerse themselves in a world of large and small, shadows and shapes, motion and sound. Families and children ages 6-12 experience concepts of ratio and proportion, balance and imbalance, scaling and construction, and graphing speed and velocity.
- FACILITATED & TRAVELING EDUCATIONAL PROGRAMS:
  - **"Rockets and Robots"** (Greensboro Children's Museum – *Greensboro*) The exhibit inspires children to design rockets using recycled materials, and then collect and graph data learning to analyze and compare.
  - **"SciGirls"** (Pisgah Astronomical Research Institute – *Rosman*) Exploratory hands-on STEM science activities for girls ages 9-14 encourage future participation in STEM courses by female students.
  - **"Avian Husbandry Internship"** (Sylvan Bird Park – *Scotland Neck*) A professional program for zoology students using an immersion instruction method, and for K-12 biology educators.

2. CUSTOMER/ TARGET POPULATION

The *Grassroots Science Museums* serve all 100 counties in North Carolina. They engage audiences through visits to the museums and traveling programs that are brought out to North Carolina citizens benefiting students, teachers, and families. Collectively, the *Grassroots Science Museums* have an annual attendance of nearly 3 million North Carolina citizens. In 2012, the *Grassroots Science Museums* conducted a survey of the museums' STEM education deliverables. To understand their target populations, the museums were asked to rank seven (7) general STEM audience groups defined by age/grade level served. Below are the results from the ranking survey.



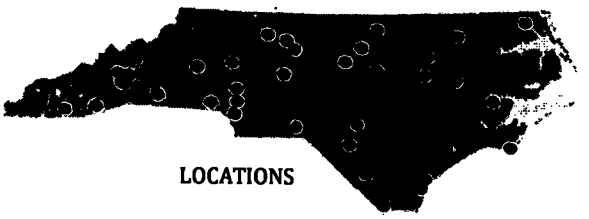
As the above graph demonstrates, the top 3 groups served by the *Grassroots Science Museums* are "*Elementary Students*" (K -5 grade); "*Middle Students*" (6–8 grade); and "*Pre-K*" (0 to 5 years). These groups are accompanied by parents, grandparents, and teachers, which is the reason for the significant ranking (4th) as *"Non-School Adults."* As valued educational resources, these science museums are forums for science learning to benefit all audiences in each community.

3. ORGANIZATION INCEPTION

While some of the science museums have been providing services since the early 1900's, the *NC Grassroots Science Museums Collaborative* was organized and began receiving funding in FY1992-93 with the purpose of providing leadership in science literacy to students and teachers, and to enhance science education for schools and communities throughout North Carolina. The Collaborative was then incorporated in 2000 - a private grant in 2000 created an endowment that helps to support the Executive Director position for the Collaborative. This single position still exists and is critical for organizing the now 27 diverse and geographically distributed member museums in meeting their science education missions.

4. FOOTPRINT

The twenty-seven (27) *Grassroots Science Museums* serve all 100 counties in North Carolina. The tables below list the towns and home counties of each museum. They also show annual attendance figures, which include traveling programs to other counties and visiting families and school groups from other counties. The *Grassroots Science Museums* serve broad geographic areas; services that include *traveling outreach science education programs, teacher professional development programs, educational field trips, and science internships.*



LOCATIONS

MOUNTAINS:

		Home County	Annual Attendance (2011)
Catawba Science Center	(Hickory)	Catawba	141,969
Colburn Earth Science Museum	(Asheville)	Buncombe	23,352
KidSenses Children's Museum	(Rutherfordton)	Rutherford	65,760
Health Adventure	(Asheville)	Buncombe	99,118
Highlands Nature Center	(Highlands)	Macon	17,176
Pisgah Astronomical Research Institute	(Rosman)	Transylvania	42,603
Western NC Nature Center	(Asheville)	Buncombe	105,314

PIEDMONT:

Carolina Raptor Center	(Huntersville)	Mecklenburg	49,572
Discovery Place	(Charlotte)	Mecklenburg / Richmond	745,060
Charlotte Nature Center	(Charlotte)		
Discovery Place Kids	(Huntersville)		
Discovery Place Kids	(Rockingham)		
Fascinate-U Children's Museum	(Fayetteville)	Cumberland	47,433
Granville County Museums	(Oxford)	Granville	6,200
Greensboro Children's Museum	(Greensboro)	Guilford	142,049
GO-Science	(Greenville)	Pitt	19,689
Imagination Station	(Wilson)	Wilson	40,501
Iredell Museums	(Statesville)	Iredell	14,843
Museum of Life & Science	(Durham)	Durham	513,812
Natural Science Ctr. of Greensboro	(Greensboro)	Guilford	301,755
Rocky Mount Children's Museum	(Rocky Mount)	Nash	97,508
Schiele Museum of Natural History	(Gastonia)	Gaston	100,432
SciWorks	(Winston- Salem)	Forsyth	77,611
Sylvan Heights Bird Park	(Scotland Neck)	Halifax	65,259

COAST:

Aurora Fossil Museum	(Aurora)	Beaufort	22,701
Cape Fear Museum	(Wilmington)	New Hanover	47,216
Core Sound Waterfowl Park	(Harker's Island)	Carteret	30,678
Museum of Coastal Carolina	(Ocean Isle Beach)	Brunswick	35,581
Ingram Planetarium	(Sunset Beach)		
Port Discover Science Center	(Elizabeth City)	Pasquotank	12,179
Wilmington Children's Museum	(Wilmington)	New Hanover	52,934

5. BUDGET

The tables below provide an analysis of the funding for the twenty-seven (27) *Grassroots Science Museums*. Several highlights include:

- The combined expenditures for the *Grassroots Science Museums* in 2011 were **$47.3 million.**
- The combined state funding for the *Grassroots Science Museums* in 2012 was **$2, 773,043** or **5.8%** of the Museums' total spending (*projecting similar levels of expenditures*).
- On average, the state cost per museum visitor was **$0.95.**
- The *Grassroots Science Museums* leverage **$16.16** for every **$1** of state funding.
- Eighty-five percent (85%) of the *Grassroots Science Museums* charge a general admission entry fee – the exceptions are noted (**) – however, all Museums collect ticket sales for facilitated and traveling educational programs and many supplement funding with gift shop sales and other fees for service.
- The *Grassroots Science Museums* leverage state funding to attract individual and corporate donations and grants.
- The *Grassroots Science Museums* manage state funds on a state fiscal year basis.

MOUNTAINS:		Annual Attendance	Annual Expense	Annual Grassroots Funding	State Cost per Visitor	Additional Dollars Generated per $1 Grassroots Funding
Catawba Science Center	(Hickory)	141,969	$2,101,458	$114,845	$0.81	$17.30
Colburn Earth Science Museum	(Asheville)	23,352	$268,018	$58,490	$2.50	$3.58
KidSenses Children's Museum	(Rutherfordton)	65,760	$439,914	$63, 786	$0.97	$5.90
Health Adventure	(Asheville)	99,118	$1,365,748	$122,112	$1.23	$10.18
** Highlands Nature Center	(Highlands)	17,176	$249,163	$62,206	$3.62	$3.01
** Pisgah Astronomical Research Institute	(Rosman)	42,603	$960,114	$46,858	$1.10	$19.49
Western NC Nature Center		105,314	$1,062,000	$88,593	$0.84	$10.99
PIEDMONT						
Carolina Raptor Center	(Huntersville)	49,572	$1,181,337	$88,024	$1.78	$12.42
Discovery Place	(Charlotte)					
Charlotte Nature Center	(Charlotte)					
Discovery Place Kids	(Huntersville)	745,060	$14,490,514	$520,150	$0.70	$26.86
Discovery Place Kids	(Rockingham)					
Fascinate-U Children's Museum	(Fayetteville)	47,433	$542,721	$63,616	$1.34	$7.53
** Granville County Museums	(Oxford)	6,200	$165,913	$46,858	$7.56	$2.54
Greensboro Children's Museum	(Greensboro)	142,049	$1,651,159	$105,988	$0.75	$14.58
GO-Science	(Greenville)	19,689	$97,893	$46,858	$2.38	$1.09
Imagination Station	(Wilson)	40,501	$601,880	67,510	$1.67	$7.92
Iredell Museums	(Statesville)	14,843	$235,850	$48,110	$3.24	$3.90
Museum of Life & Science	(Durham)	513,812	$8,779,010	$298,049	$0.58	$28.45
Natural Science Ctr. of Greensboro	(Greensboro)	301,755	$3,532,268	$146,225	$0.49	$23.16
Rocky Mount Children's Museum	(Rocky Mount)	97,508	$529,555	$56,692	$0.58	$8.34
Schiele Museum of Natural History	(Gastonia)	100,432	$3,068,930	$180,130	$1.79	$16.04
SciWorks	(Winston- Salem)	77,611	$1,639,286	$114,948	$1.48	$13.26
Sylvan Heights Bird Park	(Scotland Neck)	65,259	$743,245	$46,858	$0.72	$14.86
COAST						
** Aurora Fossil Museum	(Aurora)	22,701	$166,726	$46,858	$2.06	$2.56
Cape Fear Museum	(Wilmington)	47,216	$1,726,205	$126,365	$2.68	$12.66
Core Sound Waterfowl Park	(Harker's Island)	30,678	$587,927	$46,858	$1.53	$11.55
Museum of Coastal Carolina	(Ocean Isle Beach)	35,581	$446,697	$61,228	$1.72	$6.30
Ingram Planetarium	(Sunset Beach)					
Port Discover Science Center	(Elizabeth City)	12,179	$127,011	$46,858	$3.85	$1.71
Wilmington Children's Museum	(Wilmington)	52,934	$560,305	$57,973	$1.10	$8.66

6. SALARY COMPLIANCE

The single position of Executive Director for the *NC Grassroots Science Museums Collaborative* does not receive an annual salary at or above $120,000. Additionally, the *Grassroots Science Museums* use the state funds in diverse sections of their budgets to support providing science education services. These areas are not limited to salary and include materials, travel, and other program expenses. While there are some museum directors that receive annual salaries above $120,000, those museums are not reliant on state funds for that salary.

7. LOBBYING SERVICES

The *NC Grassroots Science Museums Collaborative's* (NCGSMC) Executive Director is a registered lobbyist with the NC Secretary of State. The Executive Director, in addition to his advocacy duties, manages science exhibit tours, conducts data collection and research on science education impact within the *Grassroots Science Museums,*

coordinates the organization's annual conference, writes grants, and represents the *Grassroots Science Museums* in numerous statewide collaborative partnerships. The Executive Director does not represent any other organization. His total annual compensation package is $81,180, which is supported by an endowment from private sources and annual museum fees – state funds do not support this position.

In December 2010, the acting Executive Director retired from the *NC Grassroots Science Museums Collaborative (NCGSMC)* and the position was not filled until August 2011. During the NCGA budget cycle in the spring of 2011, the NCGSMC had not staffed the executive director position. To temporarily fill in these services, the NCGSMC hired Stephen Saucier (EV Museum Consulting) who then registered as a lobbyist – this agreement was on a contract basis for the period April to July 2011. Stephen Saucier was then hired in August 2011 as NCGSMC's Executive Director – he currently serves in this capacity. In the past 12-months, neither the *North Carolina Grassroots Science Museums Collaborative* nor any of the twenty-seven (27) funded *Grassroots Science Museums* have contracted (one-time or on a retainer basis) with any firm(s) to provide representation in the General Assembly.

8. KEY PERFORMANCE INDICATORS

The table below presents the key performance indicators for *Grassroots Science Museums* with specific attention given to the causal impact of educational programs: *in-house science educational programs; traveling outreach science educational programs; and teacher professional development programs.*

Performance Indicators	2007	2008	2009	2010	2011	2012
TOTAL ATTENDANCE	2,676,077	2,676,914	2,629,568	2,634,776	2,918,305	
TOTAL EDUCATIONAL PROGRAM ATTENDANCE	**2,631,819**	**2,448,656**	**2,199,626**	**2,272,183**	**2,599,453**	
• *IN-HOUSE SCIENCE EDUCATIONAL PROGRAMS ATTENDANCE*	2,130,726	2,004,959	1,779,679	1,794,427	2,116,281	
• *TRAVELING OUTREACH SCIENCE EDUCATIONAL PROGRAMS ATTENDANCE*	492,745	437,456	411,462	465,534	478,829	
• *TEACHER PROFESSIONAL DEVELOPMENT PROGRAMS ATTENDANCE*	8,348	6,241	8,485	12,222	4,343	
• *PERCENTAGE OF ATTENDEES PARTICIPATING IN EDUCATIONAL PROGRAMS*	**98.3%**	**91.5%**	**84%**	**86.2%**	**89.1%**	
NC STATE SUPPORT (27 museums)	**$3,906,340**	**$3,481,340**	**$3,411,713**	**$3,411,713**	**$2,899,885**	**$2,773,043 (confirmed)**
COMBINED ANNUAL EXPENSE (27 museums)	$40,352,563	$41,464,008	$42,116,672	$42,409,533	$47,320,847	*$47,600,000 (projected)*
STATE SUPPORT AS A PERCENTAGE OF ANNUAL EXPENSE	9.7%	8.4%	8.1%	8%	6.1%	*5.8% (projected)*
ROI – LEVERAGED DOLLARS	**$9.33**	**$10.91**	**$11.34**	**$11.43**	**$15.32**	$16.16 *(projected)*

9. SIMILAR ORGANIZATIONS

There are other organizations in North Carolina that pursue similar objectives as the *Grassroots Science Museums* but which have marked differences in capability, geographic service, audience, and funding structure. These other organizations range from public schools to aquariums and state museums. The *Grassroots Science Museums* are different in that they are:

- Supported by the state **5.8%** of total annual expenses (**$2,773,043** (2012) **state support - $47,600,000 projected expense**) leveraging over $16 for every $1 of state funding;
- Geographically distributed throughout the state (27 sites) – from the mountains to the coast, serving both urban and rural communities;
- Providing science and technology educational services to families, teachers, and students on-site and with traveling programs to all 100 counties;
- Developed (capitalized) by the diverse communities and regions in which they serve, not by state dollars;
- Diverse educational experiences in the STEM *(science, technology, engineering and math)* fields, ranging from astronomy to zoology, making connections to STEM careers;
- Providing economic impact to their regions by generating tourism, business and industry recruitment, and quality of life experiences.

The *Grassroots Science Museums* serve as the nexus for 27 collaborating museums and statewide partnerships. Without this pivotal role, critical educational services in science and technology would be greatly diminished and leave too many North Carolina students lacking pathways to skills development in the STEM fields. Families, students and teachers would be without a wide range of STEM educational experiences and their connections to future careers at a time when the STEM fields are the fastest growing sectors for jobs and economic growth. North Carolina would lose the important and timely economic catalysts these arrangements provide.

10. BUDGETARY IMPACT

The *Grassroots Science Museums* manage operating budgets that include diverse sources of revenue. These sources of revenue are divided into 2 primary classes:

1. **Earned Income** - ticket sales, admission entry, program fees, field trips, special exhibit fees, gift shop sales, teacher professional development, traveling outreach programming, rental fees, food service, and other fees for service;
2. **Contributed Income** – Individual donations, corporate donations, exhibit underwriting or sponsorship, grants, North Carolina state support (Grassroots), fundraising events, Board of Directors support, local municipal support, and other direct financial and in-kind support.

Each of the twenty-seven *Grassroots Science Museums* create their own budget and build their system of revenue streams – the above is a pro forma sample of what is normally included in the revenue package by each.

Collectively, the twenty-seven (27) *Grassroots Science Museums* total combined annual expense is **$47,320,847** (2011). The total combined state funding is **$2,773,043** (2012). This would be 5.8% of the combined annual expense for all of the 27 science museums – an average of $.95 per visitor (state cost). The *Grassroots Science Museums* are in a public/private partnership with the state of North Carolina leveraging **$16.16** for every **$1** of state funding. On top of the additional dollars leveraged for annual support, millions of dollars are generated each year from private sources to expand services, secure innovative exhibits, and raise the community value – the *Grassroots Science Museums* are community development projects.

In 2011, the *Grassroots Science Museums* received a reduction of **15%** ($511,828); and, in 2012 a reduction of **4.4%** ($126,842). These reductions, while requiring many structural changes to operating budgets and service deliverables, proved to be less than devastating, but caused systemic challenges in the capacity to provide educational services and affected the ability to leverage other sources of revenue. Science education programs were reduced in number, staff sizes were trimmed, part-time hours were reduced, and administrative operations were made more lean; additionally, fees for service were increased, sale items were marked up, and marketing efforts were scaled back. In some cases this made many of the science museums more efficient, but in most cases it reduced effectiveness, the quantity of science education programs offered, and the ability to penetrate into small rural communities.

The implementation of a goal to eliminate future state support of the *Grassroots Science Museums* would remove the central leveraging instrument needed to generate a diverse system of revenue streams. The value that is provided to the *Grassroots Science Museums* by the state's investment in this public / private partnership raises the level of attractiveness and consideration for funding from private sources, and strengthens our partnerships with private industries in the STEM fields. Both the level of funding and the source of funding provide the strength of this leveraging capability. The impact of losing these key attributes would be devastating to the leveraging system that has been constructed and the fragile mix of revenue streams that are built on the premise of this core and respected support.

These arguments are not made for the purpose of keeping facilities and organizations simply operating – that would be self-serving. Rather, they are presented to articulate the *impact* these *Grassroots Science Museums* provide – it's the impact of science and technology education and the economic opportunities it creates that is at stake for the citizens of NC. The funding comes from the citizens and is used to directly benefit citizens. The continuation of funding and the leveraging multiplier effect it provides fuels the delivery of science and technology experiences at a time when we need to bring more of our children into the STEM fields and resource schools, particularly at the K-5 level, when demand for science and technology education is at an all time high. With the state's investment, the *Grassroots Science Museums* have been, and will continue to be, an effective tool in the state's economic development tool chest.

NC Community Development Initiative

ORGANIZATION OVERVIEW AND IMPACT

1. MISSION & PROGRAMS

The NC Community Development Initiative ("the Initiative") is a statewide intermediary targeting an investment strategy that creates efficient means for government, financial institutions and foundations to invest in economic recovery in North Carolina's most distressed communities. Acting as a conduit to highly effective community-based enterprises (including community development corporations "CDCs"), the Initiative and its investee-partners produce measurable, positive and enduring results. The Initiative leverages and invests capital, knowledge of best practices and relationships in projects and services that catalyze change, create and support jobs, businesses, infrastructure, housing and community facilities. This results in an expanded tax base and economic opportunity in North Carolina's most difficult and underserved markets across the state. The Initiative manages and protects each investment with due diligence, monitoring and quality technical assistance, resulting in stronger and better outcomes for communities.
The Initiative has become a national model of a public-private partnership built to stimulate economic development in underserved areas leveraging the strengths of financial institutions, foundations, and government. This model works to build local capacity in community-based enterprises (CBEs) which are able to get to scale and replicate various projects in difficult areas. There is now a network of these community enterprises that have capacity and institutional knowledge to grow this practice of community economic development throughout the state.

The Initiative has supported and invested in projects resulting in over a half billion dollars in completed projects, providing opportunity for the underserved, helped to stabilize families and communities and expanded the tax base in every place of engagement. An example of the results and potential of the Initiative's investment strategy is the $10 million capital investment from State Farm Insurance Company to continue to invest in North Carolina business and housing development activities.

All of the Initiative's programs can be categorized in three broad areas: **financial investment, innovation, and leadership development**. In the area of financial investment, the Initiative leverages public and private funds to make strategic investments and loans in high-impact community organizations that promote economic growth in poor and distressed communities across North Carolina. Grant investments made to community based enterprises throughout the state support and create jobs, provide business counseling, develop commercial spaces, develop housing, and develop and operate community facilities. Through its lending subsidiary, Initiative Capital, the Initiative also provides loan and equity capital, to businesses with a social mission, community-based enterprises, or other groups engaged in projects which are developing and maximizing community assets, creating jobs, and providing economic opportunity in low income and low resource areas. During the last five years, Initiative Capital has loaned $8.5 million to over 30 organizations. These loans are the necessary high risk, pre-development, land acquisition, "first money-in", gap-closing dollars, that make these projects happen. The capital invested in these projects produced 92 affordable single family homes; five retail developments, and six land developments. Initiative Capital also participated in the state's Neighborhood Stabilization Program (NSP) providing $5.3 million in financing to acquire and rehabilitate 57 foreclosed or abandoned homes throughout North Carolina; primarily the hardest hit by the foreclosure crisis. Initiative Capital is currently leading the effort to bring a "lending consortium" of small community-based financial institutions together to leverage capital and expertise that will provide much needed capital to North Carolina's small businesses.

One of the most important roles that an intermediary can play is in testing, documenting and disseminating information about model tools, practices and programs that the field can implement. In the area of Innovation, the Initiative leads the community economic development sector's efforts to identify new and sustainable strategies for promoting economic growth in North Carolina's poor and underserved communities while strengthening the organizations that serve them. This is done through technical support and training, research and development, and investment in local innovative community economic development projects that can be replicated throughout the state. Individual CBEs cannot afford to risk their limited resources to test an unproven strategy, or to "buy" the expertise necessary to constantly innovate. The Initiative carries out a number of research and development functions – funding strategic first-time projects, creating and attracting investment for new financing tools, providing technical assistance in a new area and sponsoring demonstration projects and evaluations as resources allow. Examples of the results of this activity would be the Initiative's trademarked EnviroSteel house plans, the partnership with Advanced Energy to develop what is now the System Vision Program, and the investment in the development of Clean Energy Durham's neighbor to neighbor energy efficiency and education training manuals.

The third broad program area is leadership development. The Initiative connects North Carolina's community economic development leaders with the resources, networks and training they need to serve their communities, and helps develop the next generation of sector leaders.
Over the last five years the Initiative has collaborated with other statewide CED organizations to look at best practices during the current economic downturn and to determine how to manage decisions in times of crisis and change. Additionally, we have fostered dialogue and forums addressing the future of community economic development in NC.

The Initiative has also provided leadership development training and a summer work experience to 135 rising high school seniors throughout the state. Many of these students have gone on to attend a North Carolina public university to garner additional skills needed to be well- informed, productive leaders in our state.

Project Example including All Programmatic Areas

The Initiative acts as a catalyst to create an efficient investment opportunity for financial institutions, government entities and private businesses. A prime example if the partnership developed in Cumberland County. This project is being sponsored by Kingdom Community Development Corporation (CDC) and includes land donated by the Town of Spring Lake and Cumberland County bringing in federal and state resources. With the assistance of the Initiative, Kingdom provided overall leadership coordination, pre-development funding relative to market analysis, feasibility, and negotiations with city, county and private partners. The private partner provided development expertise and net worth to attract private capital necessary to get the project built. This project would not have been possible without the Initiative's continued grant and debt investment. The private bank would not make its investment available without the Initiative's money in first. This $8.5 million project represents: continued yearly financial and technical support from the Initiative to Kingdom CDC, $300,000 in project grant funds from the Initiative, $500,000 of debt from Initiative's subsidiary, $6.5 million in a conventional bank loan, and $1.2 million from Cumberland County.

This project contributes to the overall economic recovery in North Carolina to include local purchases from vendors, engagement of local professional services, hiring of contractors and subcontractors during construction phase, the creation of 75-80 permanent jobs in phase one of the project and a contribution back to the local tax base for the life of enterprise.

2. CUSTOMER/ TARGET POPULATION

The Initiative primarily serves community-based enterprises and other small businesses working in low wealth communities to create jobs, assets, and economic opportunity.

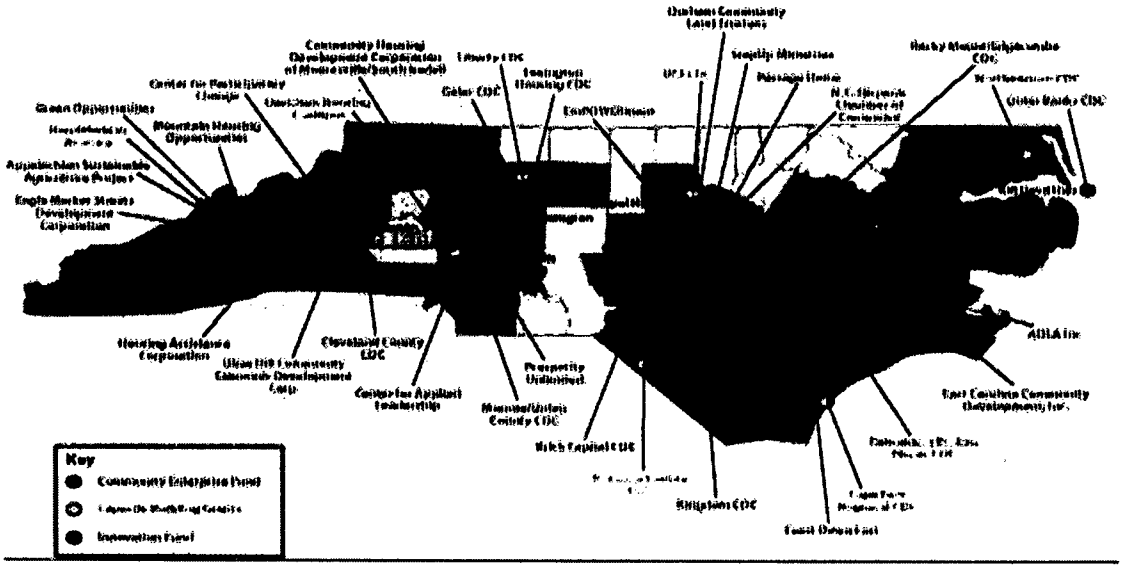
3. ORGANIZATION INCEPTION

The Initiative was incorporated in September of 1993 and began operations in January of 1994.

4. FOOTPRINT

The Initiative provides services throughout the state. The map below depicts our investments in 2013.

2013 Grant Investments



5. BUDGET

NC Community Development Initiative, Inc.
Presentation to the Natural and Economic Resources Subcommittee
Years ending: 2008-2012Year-end: December 31

Revenue	2008	2009	2010	2011	2012
NC Dept. of Commerce	$ 5,681,888.00	$ 4,747,021.61	$ 4,523,571.30	$ 3,798,596.45	$ 3,864,765.92
Z Smith Reynolds	$ -	$ 1,500,000.00	$ -	$ 1,050,000.00	$ -
FB Heron	$ 100,000.00	$ 100,000.00	$ 125,000.00	$ 125,000.00	$ -
BB&T	$ -	$ 110,000.00	$ 100,000.00	$ 375,000.00	$ -
Philip Morris	$ 50,000.00	$ 50,000.00	$ -	$ -	$ -
Rental Income	$ -	$ 10,079.35	$ 26,412.06	$ 28,271.48	$ 24,980.40
CD and Bank Interest	$ 205,158.29	$ 85,407.90	$ 58,601.41	$ 39,835.64	$ 18,843.81
Restricted Revenue (Self-Help, NCIMED, Golden Leaf)	$ 55,000.00	$ -	$ -	$ -	$ -
Miscellaneous Other Revenue	$ 18,752.05	$ 17,825.91	$ 20,460.79	$ 50,472.41	$ 31,731.32
Total Revenue	$ 6,110,798.34	$ 6,620,334.77	$ 4,854,045.56	$ 5,467,175.98	$ 3,940,321.45

Expenditure					
Total Personnel	$ 1,435,584.82	$ 1,511,411.38	$ 1,430,299.51	$ 1,138,840.77	$ 1,168,478.41
Other Costs	$ 4,617,867.85	$ 6,120,531.72	$ 4,360,966.77	$ 4,308,376.15	$ 3,715,997.18
Total Expenditure	$ 6,053,452.67	$ 7,631,943.10	$ 5,791,266.28	$ 5,447,216.92	$ 4,884,475.59
Excess Revenue over (under) Expenditure	$ 57,345.67	$ (1,011,608.33)	$ (937,220.72)	$ 19,959.06	$ (944,154.14)

The Initiative operates on a calendar year.

6. SALARY COMPLIANCE

Salary Compliance	Funding sources supporting the respective salary			
	State of NC	F.B. Heron	Z. Smith Reynolds	Total salary
Positions with salary > $120K:				
CEO	$ 76,624.71	$ 18,986.35	$ 44,301.50	$ 139,912.56

*Employee benefits include: health insurance, life insurance, LT disability/accidental death & dismemberment, flexible annuity plan, AAA membership, and flexible spending account.

7. LOBBYING SERVICES

Lobbying Services:

The following were lobbyist and compensation for 2012:	Contract amount
Nelson, Mullins, Riley and Scarborough	$ 60,000.00
L.A. Harris and Associates	$ 42,000.00

Employees registered as lobbyist for calendar year 2012:	Compensation	Lobbying cost based on timesheet
Abdul Rasheed	$ 139,912.56	$ 450.10
Tara Kenchen	$ 95,000.00	$ -

8. KEY PERFORMANCE INDICATORS

The Initiative uses several indicators to measure success including, leverage on the state's investment, the value of fixed assets in local communities and the number of jobs created. Over the last five years, the Initiative's funding has created over 3,000 jobs. The Initiative has leveraged the state's $20 million with $20 million (1:1) from public and private funders. In 2012 alone, Initiative's investments were leveraged 10:1 by investee-partners.

The chart below highlights the Initiative's key indicators and impact:

[redacted]	2008-2010	[illegible]	2012
	$173,830,851	$98,506,379	$148,236,202
	$23,304, 293	$3,961,734	2,671,511
	$95,102,962	$19,489,820	$23,522,869
	1,418	53	59
	580	181	189
	$6,554,742	$3,378,166	$1,125,108
	201,648	11,400	114,458
	126.16	46.00	3.15
	$11,153,330	$2,121,500	2,443,000
	2,408	1,074	2,525

	2,479	581	1,522
	3,994	3,609	5,477

*Indicates New and Rehab Projects

** Prior to 2011, this category represented only financial literacy counseling. For years 2011 & 2012, it now represents Financial Literacy, Homeownership, Homelessness Prevention and Foreclosure Prevention Counseling.

9. SIMILAR ORGANIZATIONS

There are different community economic development organizations that target the same need. For example, both the Rural Center and the Support Center have lending products. However, the products leverage and complement each other as opposed to compete or duplicate. In order to get any one development project done in a low resourced community, a local organization must layer funding. No one organization is equipped to meet all of the capital access needs for any given project. While Initiative Capital may provide gap financing for a project, the Support Center and the Rural Center target micro-business loans. Both the Initiative and the Rural Center invest in community development corporations (CDCs). However, the Initiative focuses its investments on mature, high performing CDCs, while the Rural Center invests in new and emerging CDCs in rural census tracts.

Over 1.6 million North Carolinians are in poverty, over 1 million people cannot afford and do not have an affordable home, and 16,000 people go without heat in the winter. The need for investment to help stabilize NC's communities is great and even the ability to leverage funds does not provide enough human and financial resources to meet the needs in local communities. If resources were available we could deploy 10 times as many dollars and accelerate both output and impact on our distressed communities statewide.

10. BUDGETARY IMPACT

The reductions have limited our ability to provide resources to invest more heavily in North Carolina. To mitigate the impact of reductions in funding, the organization implemented reductions to the following expenses in 2011: salaries, benefits, contracted labor, travel, grants, staff training, marketing and meeting expenses. 2011 was the first year decreases were passed on to the sub-grantees. In years prior to 2011, the organization absorbed all the budget cuts without passing them on to the sub-grantees. Additionally in 2011, we implemented a hiring freeze for vacant positions. While the organization has been able to generate revenue from other funding sources, these amounts have decreased and are limited due to increased competition for those same dollars. We continue to seek and apply for funding from other sources.

If the NER subcommittee mandates all non-state entities become self-supporting, the impact would threaten the existence of the organization and more importantly the economic growth and development of low-wealth communities across the state of North Carolina. This organization's programs are a critical, core element of North Carolina's economic growth and health. While the Initiative's strategic plan includes plans to become more entrepreneurial and create social enterprises to generate revenue, this will take several years and the organization (just like many non-profits) will continue to need subsidies to survive.

Implementing a policy of funding specific initiatives with reimbursement tied to achieving specific goals would not work for the organization's business model. This would prove to be a hardship in that it would require the organization to maintain significant cash on hand to pay expenses in advance. The program goals are multi-year and cash flow is not sufficient enough to cover costs for the length of time it would take to achieve the goals.

NC COMMUNITY DEVELOPMENT
INITIATIVE
Strategic Investments. Sustainable Growth.

Presentation to the Natural and Economic Resources Subcommittee

Fiscal Research Division

February 21, 2013

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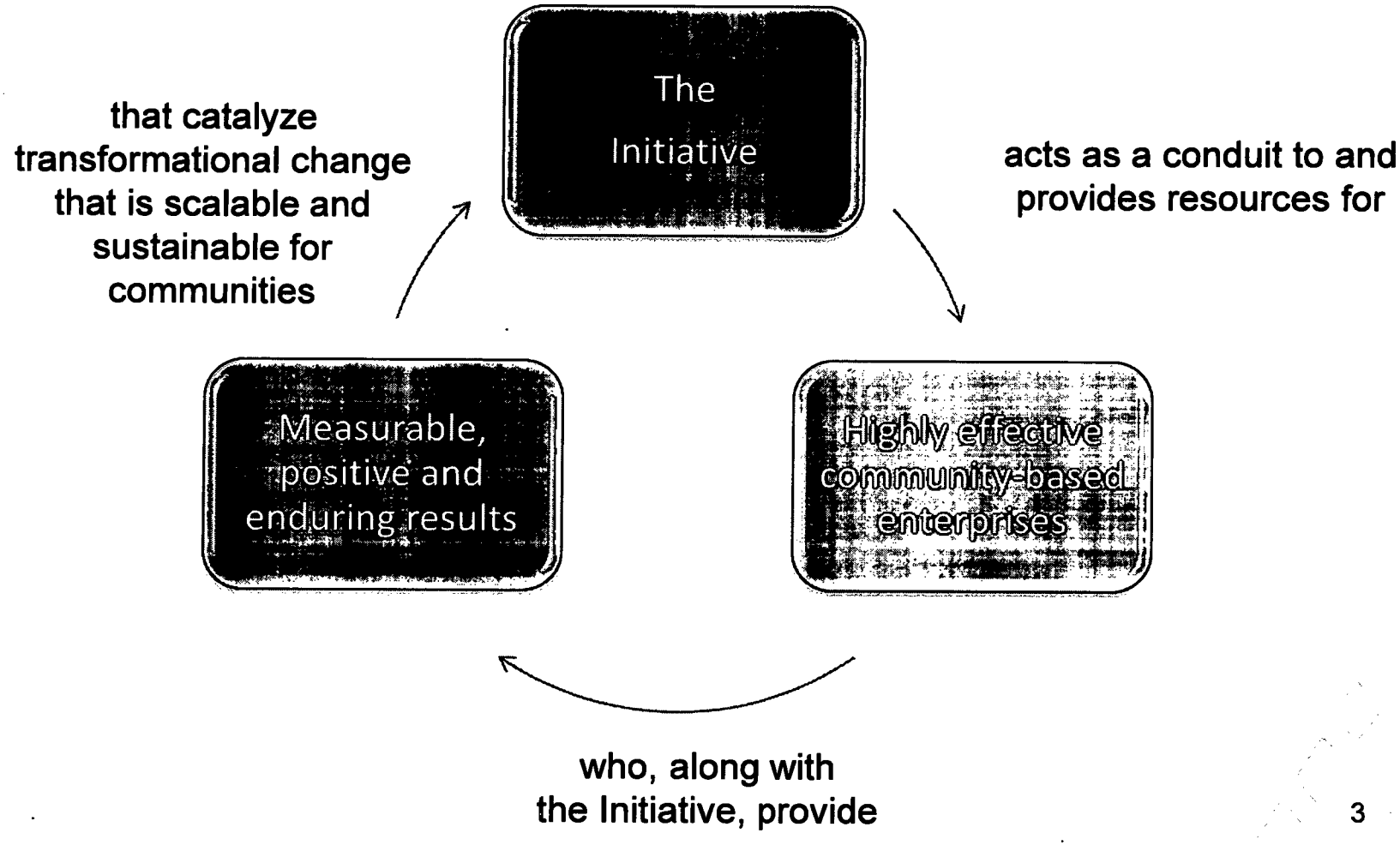
Mission

The N.C. Community Development Initiative ("The Initiative") is a statewide targeted investment strategy that creates an efficient means for government, financial institutions and foundations to invest in economic recovery in distressed communities throughout North Carolina.



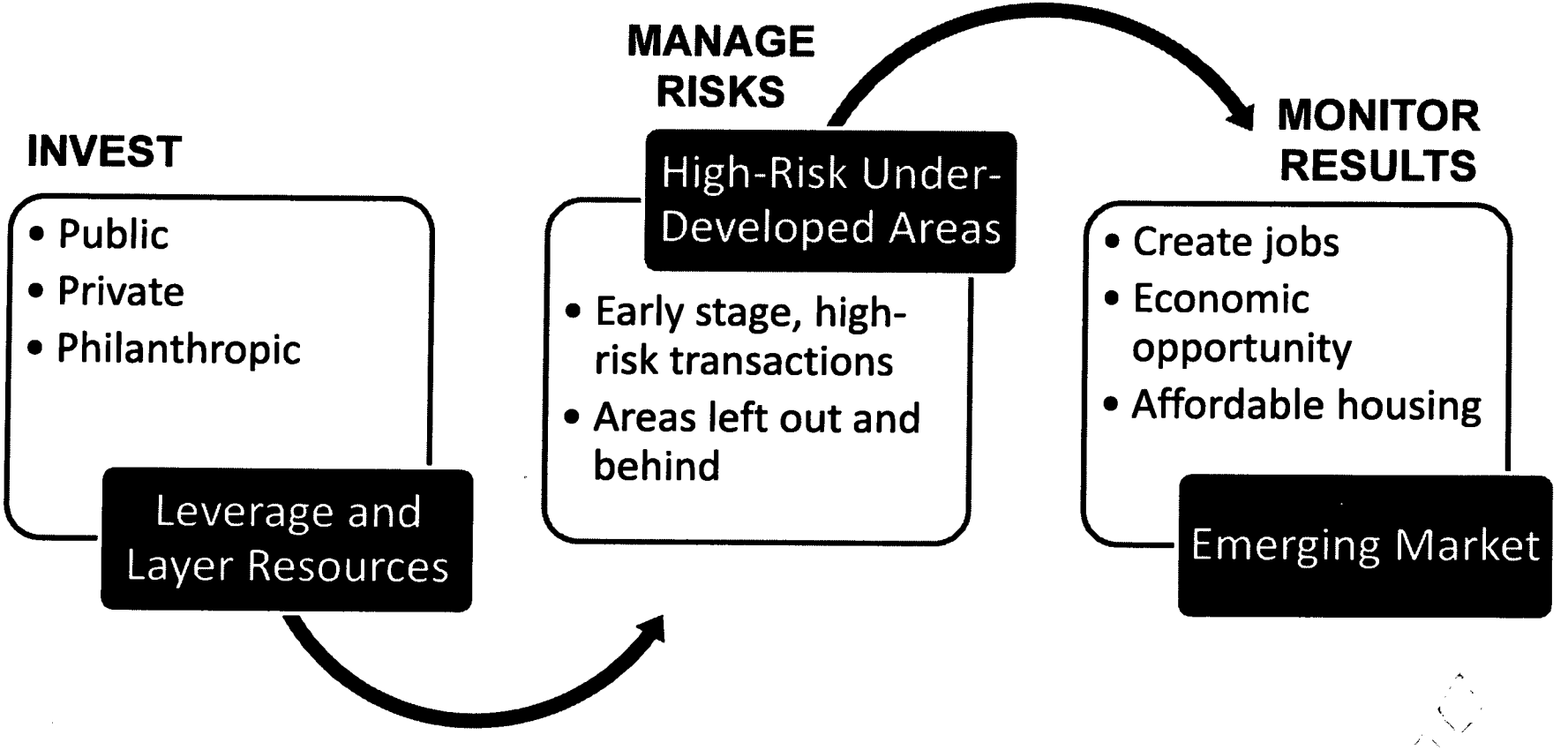
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How We Operate – Value Proposition



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Our Unique Model



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Programs

Financial Investments

Making strategic investments through:

- Working capital investment programs designed to build organizational capacity and project completion
- Loan programs designed to facilitate economic development projects

Innovation

Identifying new and sustainable strategies by:

- Testing, documenting and disseminating information about model tools, practices and programs
- Sponsoring demonstration projects and evaluations

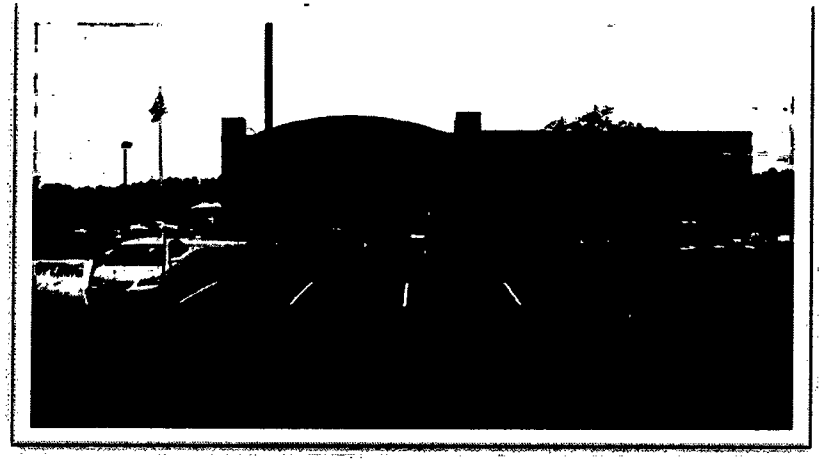
Leadership Development

Connecting and training leaders by:

- Providing developmental resources, networking opportunities and technical assistance
- Training the next generation of sector leaders

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Performance Indicators



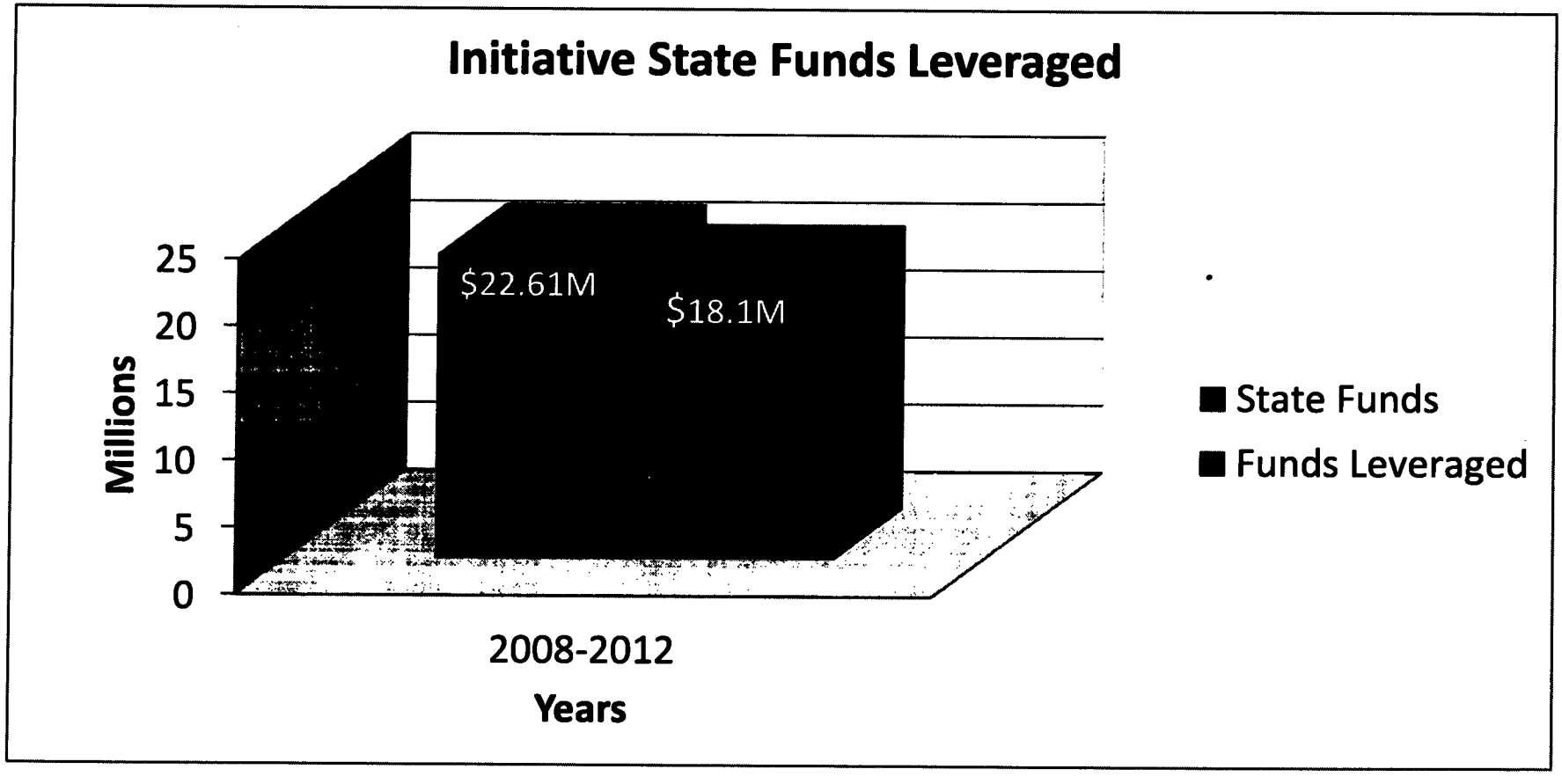
LEVERAGE

- The Initiative (2008-2012)
  - $20.2 million in investments
  - 218 different investments in CBEs/CDCs and other community-based organizations

- Affiliated CDFI, Initiative Capital (2008-2012)
  - $8,500,000 in investments
  - 92 units of affordable housing, five retail developments, six land developments

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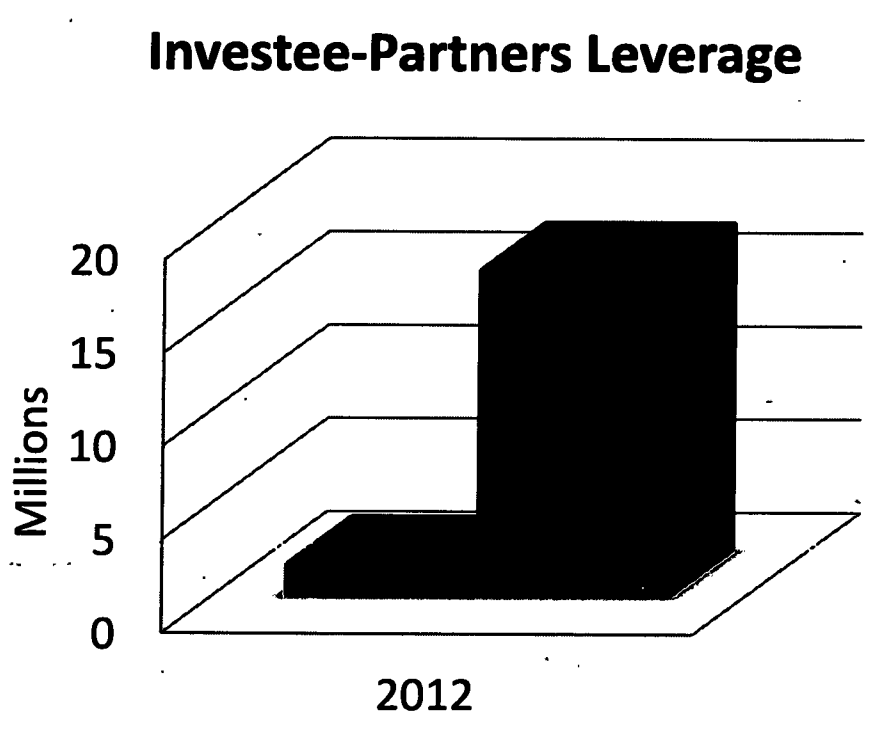
Leverage



In the last five years, the Initiative has leveraged $22,615,843 of state funding into an additional $18,051,843. This is a total investment of **$40,667,676** into community economic development work across the state of North Carolina.

2012 Impact and Leverage

- Initiative invested a total of $2.8 million in working capital and other investments
- $1.9 million was through primary investment program *Community Enterprise Fund*
- CEF Investee-partners leveraged $17.7 million
  - Funding leverage for CBEs/CDCs was **over 9 times**

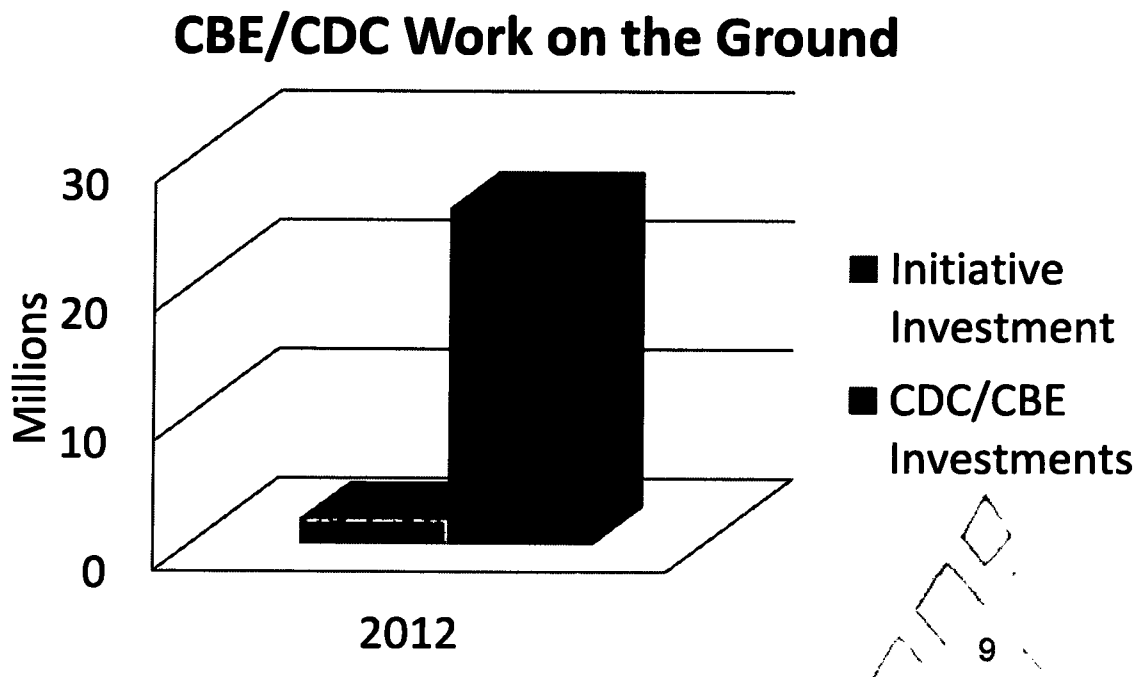


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2012 Impact and Leverage - continued

- Investee-partners invested $26 million in new construction and rehab projects in 2012
  - Initiative investment was leveraged **over 13 times** toward the work on the ground

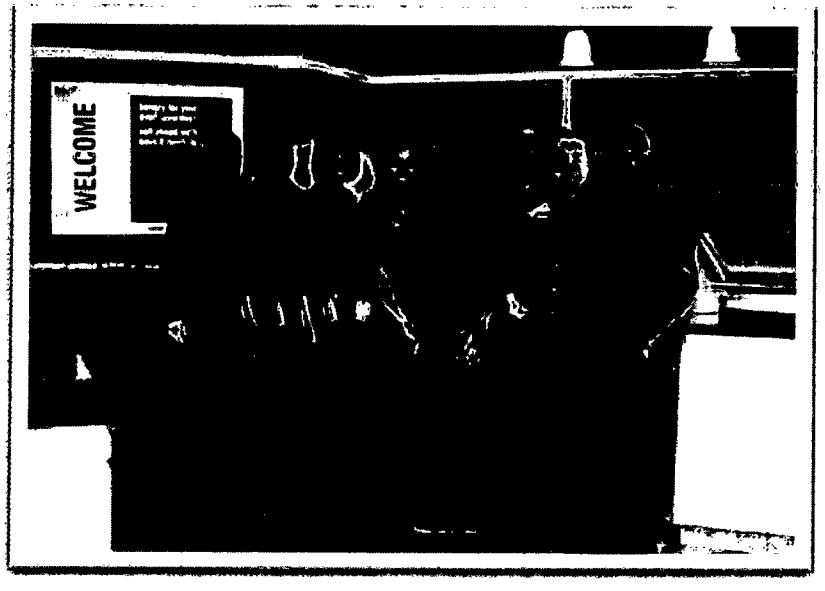




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2012 Impact and Leverage - continued

- The Initiative's investee-partners facilitated **1,400** jobs through:
  - job training programs
  - small business assistance
  - ownership of social enterprises



- Job numbers do not include employment in CBEs/CDCs themselves, which is more than **200** jobs

- Our funded CBEs/CDCs served **17,000** clients

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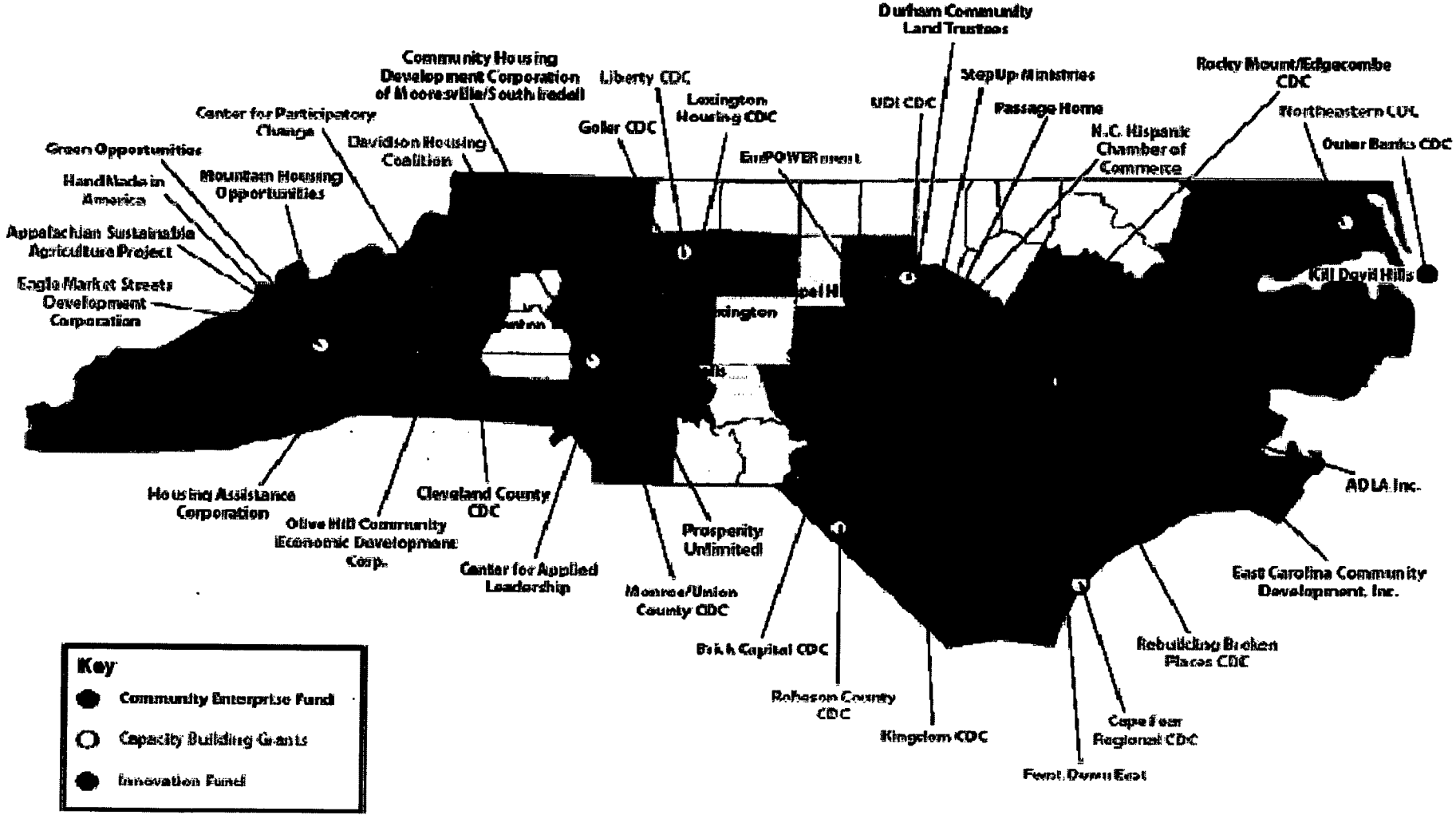
Key Performance Indicators

Measures	2008-2010	2011	2012
Fixed Asset Value of Projects	$173,830,851	$98,506,379	$149,217,030
# of Jobs Created	1875	861	1396
Val. of Single Fam. Homes	$23,304,293	$3,961,734	$4,146,177
Val. Of Multi-Fam. Projects	$95,102,962	$19,489,820	$23,862,869
# of Single Fam. Units*	1,418	53	59
# of Multi-Fam. Units*	580	181	193
Value of Comm. Real Est. Projects	$6,554,742	$3,378,166	$1,125,108
Comm. Real Estate (sq. ft.)	201,648	11,400	114,458
Land Acquired for Future Dev.	126.16	46.00	4.17
Purchase Price of Land Acquired	$11,153,330	$2,121,500	2,479,000
Small Businesses Counseled	2,408	1,074	2,525
Youth/Adults Trained	2,479	581	1,531
Counseling Services**(# people)	3,994	3,609	5,608
New Real Estate Taxes Generated	$945,540	*	*

*Calculated every two years; not yet calculated for 2011, 2012

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2013 Investments



Similar Organizations

- High Demand
  - There is so much need for community economic development services that partnerships are needed to address it
  - No one organization is equipped to meet all of the capital access needs for any given project

- Organizational Leverage and Complement Example
  - Both the Initiative and the Rural Center invest in community development corporations (CDCs)
    - The Initiative focuses its investments on mature, high-performing CBEs/CDCs
    - The Rural Center invests in new and emerging CDCs in rural census tracts

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Budgetary Impact

State funding reductions have limited our ability to provide resources to invest more heavily in North Carolina. To mitigate the impact of reductions in funding, the organization implemented reductions to the following expenses:

- Salaries
- Benefits
- Contracted labor
- Travel
- Staff training
- Marketing and meeting expenses
- Hiring freeze for vacant positions
- Investments in partner CBEs/CDCs



Budgetary Impact - continued

- Organization has been able to generate revenue from other funding sources
  - Amounts have decreased
  - Amounts are limited due to increased competition for same dollars

- If the NER subcommittee mandates all non-state entities become self-supporting, the impact would:
  - Threaten the economic growth and development of low-wealth communities across the state of North Carolina.
  - Threaten the existence of the organization

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Budgetary Impact - continued



- Core element of North Carolina's economic growth and health

- Our strategic plan includes methods and strategies of becoming more entrepreneurial and ways to create scalable projects that will be sustainable and generate ongoing revenue

- This will take several years and the organization (like many nonprofits) will continue to need subsidies to catalyze public and private investments in high-risk areas

Budgetary Impact - continued

- Implementing a policy of funding specific initiatives with reimbursement tied to achieving specific goals would not work for the organization's business model

- This would provide a hardship to organization
  - Would require the organization to maintain significant cash on hand to pay expenses in advance
  - Program goals are multi-year
  - Cash flow is not sufficient enough to cover costs for the length of time it would take to achieve the goals

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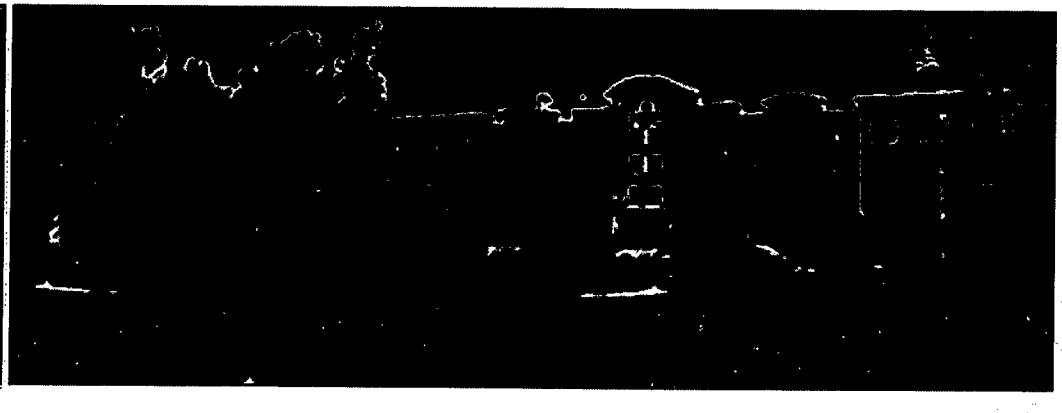
Project Example – Spring Lake, NC

- Kingdom CDC is developing a Candlewood Suites hotel (108 rooms) and International House of Pancakes (IHOP) restaurant (180 seats, 56 jobs)
- The Initiative's initial $500,000 investment brought other investors to the table – total project investment = $8.5M

Initiative	Kingdom CDC	Cumberland County	Carter Bank
$500,000	$300,000	$1,200,000	$6,500,000

Annual Projected Real Estate Tax:

2013 - $150,350
2014 - $153,260
2015 - $156,170
2016 - $159,080



The Support Center

ORGANIZATION OVERVIEW AND IMPACT

1. **MISSION & PROGRAMS** The Support Center is a statewide nonprofit and Community Development Financial Institution (CDFI) that provides small business loans, financial training to start-ups and existing businesses, and lending services to community-based organizations. Our mission is to partner with community-based organizations to provide equitable financial services and resources that foster economic development in underserved communities. Our vision is to create economic opportunity for all people. Our programs include:

   Small Business Lending Program: The Small Business Revolving Loan Fund is a direct lending program, providing small business loans in under-resourced communities statewide. We provide a diverse range of loan products to meet the needs of various types of entrepreneurs, including farmers, veterans, contractors, and women- and minority-owned businesses. Through our NC Small Business Development Loan program, we provide guarantees for business microloans offered by our affiliated Community Development Credit Unions in their service areas.

   Policy & Research: The Support Center's Policy & Research program publishes studies that analyze the economic impact of our programs, and community-based lenders and service providers, and puts forth thoughtful policy recommendations to strengthen our state economy.

   Community Development Credit Union Capacity Building: Through grants to CDCUs, The Support Center helps to expand CDCUs' capacity to provide financial services within their service areas. This program supports the development of CDCU operations, staff training, and growth of assets, loan volume, and membership.

2. **CUSTOMER/ TARGET POPULATION** Generally, The Support Center's target population consists of any borrower that finds it difficult to access affordable financial services through traditional financial institutions for any reason. In addition, through our Small Business Revolving Loan Fund program we have identified and developed lending programs for specific groups that have unique lending needs and are often turned down by banks. They include start-ups, small businesses with less than three years in existence, farmers, contractors, veteran-owned businesses, and minority- and women-owned businesses.

3. **ORGANIZATION INCEPTION** The Support Center, originally the North Carolina Minority Support Center, was founded May 1, 1990 by community development leaders for the purpose of creating opportunities for minorities, women, and other disenfranchised groups to have fair access to affordable financial services. Throughout most of our history, The Support Center has focused primarily on providing support to Community Development Credit Unions (CDCUs.) Those services included technical assistance, capital support, advocacy, marketing, financial education, and capacity grants. But as a result of consolidation and mergers within the credit union industry, the number of CDCUs that we

serve has been reduced from 18 to 4. In response to this change, in 2010, The Support Center's staff and board of directors underwent a year-long rebranding effort and drafted a Five-Year business plan detailing a business model that is centered more on our Small Business Revolving Loan Program. This new focus allows The Support Center to carry out its mission and gain an even greater economic return on investment and impact on North Carolina.

4. **FOOTPRINT** The Support Center serves individuals and small businesses in all 100 counties across North Carolina. However, two of our small business loan programs focus on specific regions. Our SBA Intermediary Lending Program is targeted toward seven counties in the southwest: Union, Mecklenburg, Gaston, Rowan, Iredell, Forsyth, and Cabarrus. Our USDA Intermediary Relending Program covers 14 counties: Vance, Warren, Northampton, Hertford, Pasquotank, Chowan, Halifax, Edgecombe, Martin, Bertie, Pitt, Lenoir, Craven, and Johnston.

5. **BUDGET** State Fiscal Year. FY2009-FY2013 (July 1st-June 30th)

	FY09	FY10	FY11	FY12	FY13
REVENUE & SUPPORT					
GRANT INCOME					
State	$ 4,098,322	$4,145,325	$ 3,742,974	$ 2,502,984	$ 2,543,021
FB Heron	25,000				
Kellogg			50,000		
Golden Leaf		53,290	28,000		
Z. Smith Reynolds			125,000		100,000
Grant Foundation		30,000			
USDA				35,954	14,046
CDFI Fund				1,500,000	953,806
Rural Center			25,000		5,000
PNC Bank					45,000
Opportunity Finance Network				20,000	
OTHER INCOME					
Dividend Income	192,355	221,773	154,935	126,358	100,000
Contributions	27,494	11,587	21,720	31,560	15,000
Mortgage Interest			16,605	36,495	22,000
Business Loan interest			219	45,606	100,000
Loan Fees				15,087	30,000
Rental Income	5,942	39,940	43,437	17,699	12,000
Membership Fees					15,500
TOTAL REVENUE & SUPPORT	**$ 4,349,113**	**$4,501,915**	**$ 4,207,892**	**$ 4,332,431**	**$ 3,995,373**

6. **SALARY COMPLIANCE** There are no positions with annual salaries above $120,000. The following are employee benefits provided by The Support Center: Major Medical Health

Insurance, Dental Coverage, Long Term Disability Insurance, Short Term Disability Insurance, Group Term Life Insurance, Accidental Death & Dismemberment Insurance, 401k Retirement Plan.

7. **LOBBYING SERVICES** During the calendar year 2012 The Support Center used the lobbying services of The Longmire Group and LA Harris & Associates. Compensation for 2012 was $36,000 and $15,000, respectively.

8. **KEY PERFORMANCE INDICATORS** Our lending program not only serves individual entrepreneurs, but also serves as a generator of economic development in the state. Small businesses are the economic backbone of communities across our state. Through small business lending, we are able to create much-needed jobs and, in a tightening capital market, reach entrepreneurs and areas of the state that are not served by the financial mainstream. The businesses we support and the jobs we help to create provide incomes for business owners and the workers they employ. They generate economic activity and build wealth, which strengthens local economies and the state as a whole. Through our policy program, we work to provide timely and efficient solutions to expand access to capital and improve North Carolina's economy. These programs provide a positive return on the state's investment. The Support Center has instituted a robust process of tracking the internal and external outcomes of our lending program in order to measure our effectiveness. We track performance indicators on a monthly basis, as summarized below, to ensure the most effective stewardship of our investments and resources, and to ensure these fund are deployed to achieve the maximum social and economic impact.

Key Performance Indicators

	FY2009	FY2010	FY2011	FY2012	FY2013 (to date)
NC Small Business Development Loan Program					
Funds Deployed Per Year	$760,505	$1,264,667	$796,690	$179,000	$100,250
Number of Loans Made Per Year	12	21	22	6	5
Number of Jobs Created / Retained	28	54	59	50	34
Cumulative Jobs Created/Retained	*966*	*1,020*	*1,079*	*1,129*	*1,163*
Cost per job created/retained	$27,161	$23,420	$13,503	$3,580	$2,949
Small Business Revolving Loan Program					
Funds Deployed Per Year	N/A	N/A	$103,000	$1,522,750	$897,031
Number of Loans Made Per Year	N/A	N/A	1	20	20
Number of Jobs Created / Retained	N/A	N/A	6	304	278
Cumulative Jobs Created/Retained	N/A	N/A	*6*	*310*	*588*
Cost per job created/retained			$17,167	$5,009	$3,227
CDCU Capacity Building					
Total Cost per year- CDCU Capacity Building Grants	$2,730,685	$2,577,816	$2,116,408	$1,075,433	$1,340,235

Number of CDCUs receiving grants	4	4	4	5	3
CDCU's Increase in Loans & Leases	8.50%	6.00%	4.63%	13.53%	0.21%
CDCU's Increase in Total Assets	21.89%	16.70%	8.64%	3.12%	-3.89%
CDCU's Increase in Total Membership	3.16%	0.29%	-1.39%	2.01%	3.34%

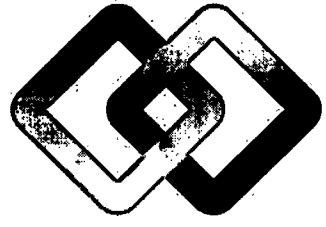
9. **SIMILAR ORGANIZATIONS** The Support Center is one of 17 community development financial institutions (CDFIs) in the state, which include loan funds, venture funds, community development credit unions, and a bank. The Support Center is one of three CDFI loan funds that offer loans statewide. We are unique among these loan funds, as we are the only CDFI in the southeast that is an approved Farm Service Agency Lender, and the only CDFI in the nation that is an approved US Department of Transportation lender. We are also unique in that we serve start-up businesses in addition to existing businesses, provide gap financing, and we underwrite and service our loans in-house. Our lending program allows for the flexibility to fund both smaller ($5,000) and larger (up to $250,000) loans, and we only require a 10 percent equity injection where most lenders require 20-30 percent. By offering diverse loan products and by strategically targeting areas and populations in need of capital, we are able to reach a wide variety of borrowers including farmers, veterans, contractors, and women- and minority-owned businesses.

   The most similar CDFI loan fund to The Support Center is Self-Help; however, there are key differences between our programs and those offered by Self-Help. The Support Center regularly receives referrals from Self Help on loans outside of their guidelines. For example, Self Help has a credit score minimum of 680 for new businesses, and 650 for existing businesses, for loans at or below $50,000. The Support Center typically seeks a credit score of 600 or more, but will do lower with compensating factors. Another similar organization is the North Carolina Rural Economic Development Center. The Rural Center does microloans of $25,000 or less. They are also is a referral source for The Support Center. The Rural Center only does loans in rural areas with population of 25,000 or less. The Support Center is also an approved lender for Rural Center's Capital Access and Loan Participation Programs.

10. **BUDGETARY IMPACT** In the past few years, The Support Center has sustained a cut of approximately 20% to its state funding. These reductions have affected us by limiting our ability to sustain the financial services that we have made available to entrepreneurs, families, and individuals in underserved communities across the state and to the members of our affiliated Community Development Credit Unions. It also required us to make staff adjustment through reorganization and reduce the funding for support of our affiliate Community Development Credit Unions. To mitigate these losses, in 2010, The Support Center's staff and board of directors drafted and approved a Five-Year Business Plan that outlines a sustainability plan centered on launching a direct Small Business Revolving Loan Program. As mentioned earlier, in 2010, The Support Center underwent a major rebranding and shifted its primary focus to providing lending services to entrepreneurs across the entire state, which is yielding a greater economic return on our state funds. Meanwhile, as our funding permits, we continue to offer financial services and technical support to CDCUs and their members. Our lending program was launched in 2010 and currently has a growing portfolio with 42 loans totaling $2.6 million. The Support Center has been able to leverage

our state funds to generate revenue from a number of additional sources in the past few years. These sources include funds from federal agencies (US Dept. of Agriculture and US Dept. of Treasury—Community Development Financial Institutions Fund), as well as foundations and financial institutions (Kellogg Foundation, FB Heron Foundation, Golden Leaf Foundation, Grant Foundation, Z. Smith Reynolds Foundation, Opportunity Financial Network, PNC Bank, TD Bank, BB&T Bank, Bank of America and First Citizens Bank).

If the NER subcommittee implemented a goal that all non-state entities become self-supporting within a certain period, The Support Center would recommend the development of a business plan which clearly details a realistic time-frame for achievement. As mentioned earlier, The Support Center has written a Five-Year Business Plan that is set to help us reach sustainability within five years. However, the success of that plan requires that we continue receiving state funding through that time period with sufficient capital for small business lending support and program operations. Finally, while the state funding for our operations is critical, not only to help sustain us, it has been essential in helping The Support Center leverage additional funds from other sources. However, if the NER decides to only fund specific initiatives to achieve specific goals, The Support Center would be best served by state funding for our Small Business Revolving Loan fund with sufficient funding for staff capacity for loan underwriting, servicing and processing. This initiative would both serve our mission to provide financial resources to underserved communities, as well as help generate revenue for The Support Center to achieve its long term goal of self-sufficiency and the highest possible economic benefit for state. It cannot be underscored enough to say that the loss of funding for operational support would be crippling during this critical period as we work to achieve our long term goal of sustainability.



The SUPPORT CENTER

Serving | Strengthening | Sustaining Our Communities

Lenwood V. Long, Sr.
President/CEO

VISION

To create economic opportunity for all people.

MISSION

To partner with community development credit unions and community-based organizations in providing equitable financial services and resources that foster economic development in underserved communities.

PROGRAMS

Small Business Lending Program

Small Business Revolving Loan Fund - Direct Lending

- 588 jobs created
- Loan products to serve entrepreneurs, farmers, veterans, contractors, women-owned and disadvantage enterprises
- Approved lender for three Federal guaranteed loan programs: U.S. Dept. of Agriculture, U.S. Dept. of Transportation, and Small Business Administration

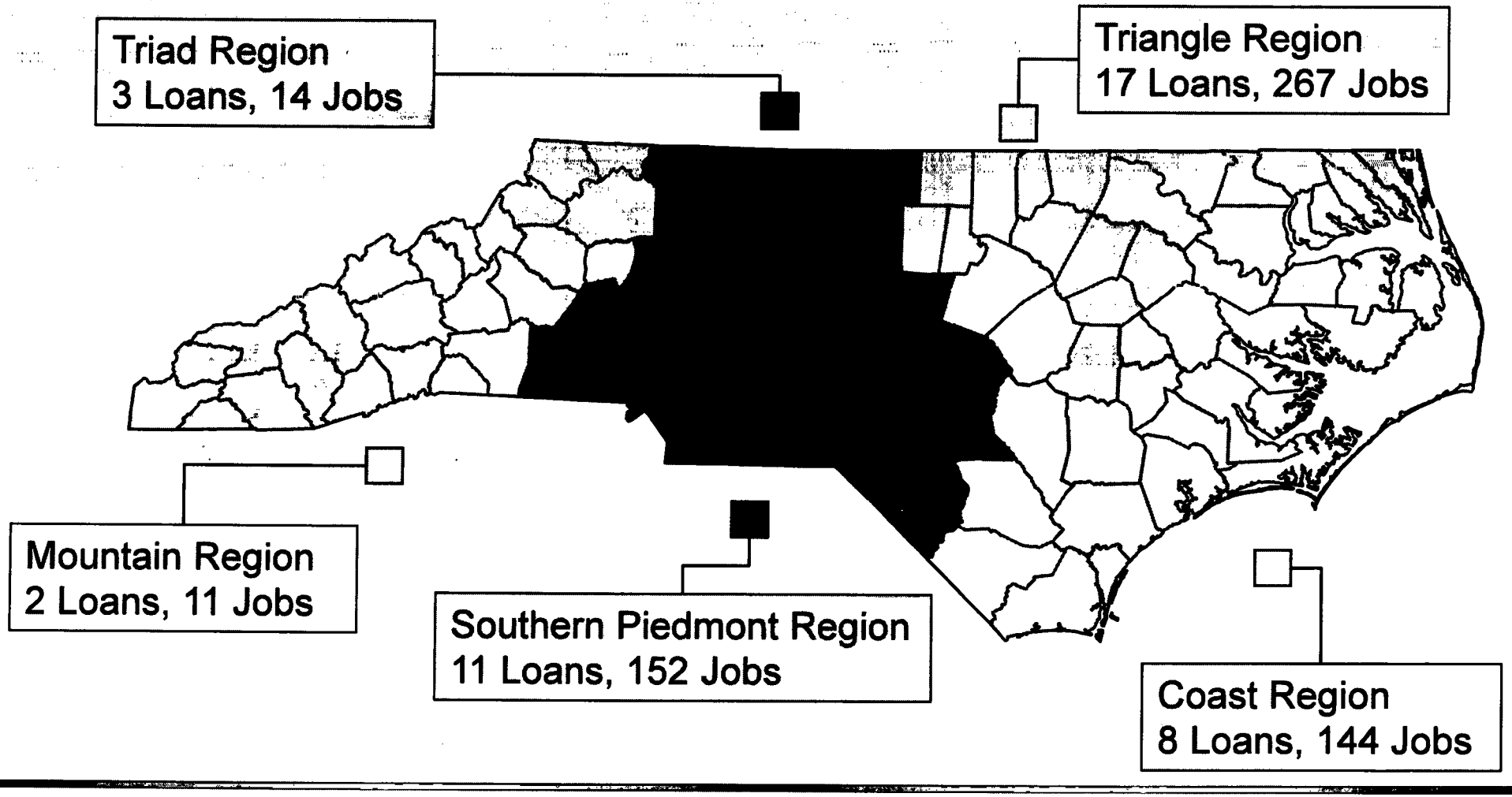
NC Small Business Development Revolving Loan Program - CDCU Loan Guarantees

- 1,163 jobs created
- Industries served: agriculture, retail, wholesale, construction, educational services, health care, etc.

PROGRAMS

Small Business Revolving Loan Fund Portfolio

Direct Loans and Jobs Created Since 2010



PROGRAMS

Policy & Research

- Analyzing economic impact
- Providing policy recommendations for NC's economy
- Published two research reports on the economic impact of CDFIs and community-based lenders in NC

Community Development Credit Union Capacity Building

- Grants to support CDCU growth of assets, membership, and lending capacity
- Funding for capital investments, infrastructure, CDCU staff development, member financial education, program development

KEY PERFORMANCE INDICATORS

	FY2009	FY2010	FY2011	FY2012	FY2013 (to date)
NC Small Business Development Revolving Loan Program (CDCU Loan Guarantees)					
Funds Deployed Per Year	$760,505	$1,264,667	$796,690	$179,000	$100,250
Number of Loans Made Per Year	12	21	22	6	5
Number of Jobs Created / Retained	28	54	59	50	34
Cumulative Jobs Created/Retained	***966***	***1,020***	***1,079***	***1,129***	***1,163***
Cost per job created/retained	$27,161	$23,420	$13,503	$3,580	$2,949
Small Business Revolving Loan Program (Direct Lending)					
Funds Deployed Per Year	N/A	N/A	$103,000	$1,522,750	$897,031
Number of Loans Made Per Year	N/A	N/A	1	20	20
Number of Jobs Created / Retained	N/A	N/A	6	304	278
Cumulative Jobs Created/Retained	**N/A**	**N/A**	***6***	***310***	***588***
Cost per job created/retained			$17,167	$5,009	$3,227
CDCU Capacity Building					
Total Cost per year- CDCU Capacity Building Grants	$2,730,685	$2,577,816	$2,116,408	$1,075,433	$1,340,235
Number of CDCUs receiving grants	4	4	4	5	3
CDCU's Increase in Loans & Leases	8.50%	6.00%	4.63%	13.53%	0.21%
CDCU's Increase in Total Assets	21.89%	16.70%	8.64%	3.12%	-3.89%
CDCU's Increase in Total Membership	3.16%	0.29%	-1.39%	2.01%	3.34%

SIMILAR ORGANIZATIONS

TSC is Unique among NC's Community Development Financial Institutions

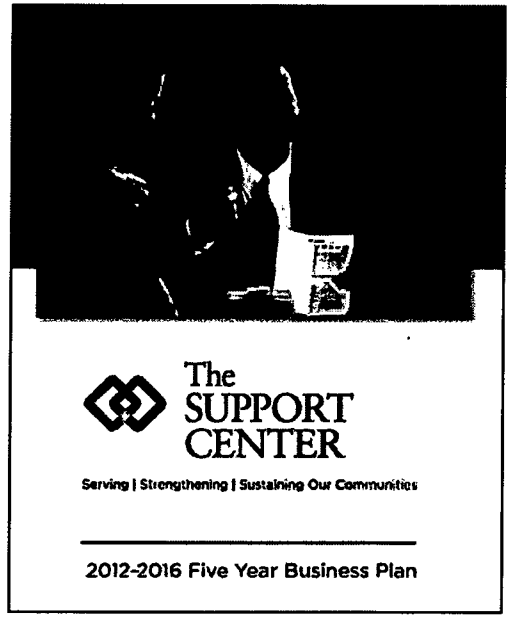
- Only lender in North Carolina approved to participate in U.S. Dept. of Transportation's Short-Term Lending Guarantee Program
- Only CDFI in the southeast approved as U.S. Dept. of Agriculture Farm Service Agency lender
- Provide in-house underwriting and loan servicing
- Serve start-up and existing businesses
- Fund small and large loans, and provide gap financing
- Require 10% equity injection, compared to 20-30% typically required
- Diversity of loan products and strategic targeting result in wide geographic and industry reach

BUDGETARY IMPACT

State Support is Key to Self-Sustainability

Impact of State Funding Cuts to Capacity & Services

- 20% cut in state funding since FY2010
- Required staff adjustments and programmatic reorganization



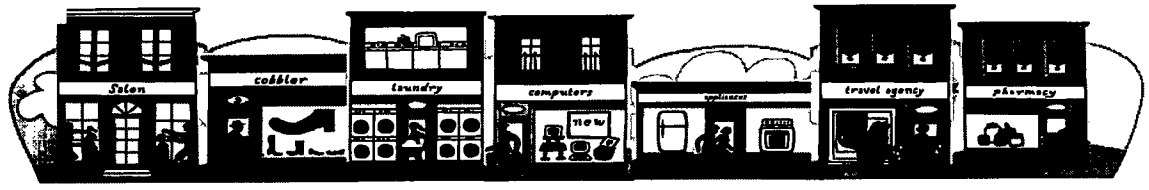
TSC's Goal of Sustainability

- TSC's Business Plan outlines strategic plan and goal of attaining sustainability in five years
- Small Business Revolving Loan Fund established as vehicle for revenue generation

State funds are vital to providing capital and for leveraging additional funding toward sustainability

OUR IMPACT

We make loans to support local small businesses:

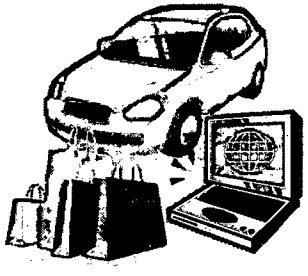


These businesses create jobs for hundreds of workers:

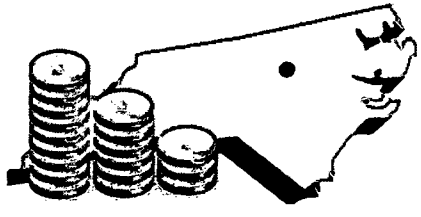


These workers put money back into the local economy:

They buy goods & services



They pay taxes



They save for the future



All this activity strengthens our communities and builds a healthy, resilient North Carolina economy.

BUT FOR THE SUPPORT CENTER...

The Story of CF Steel, Oakboro NC

- Unable to get a bank loan
- $50,000 loan from The Support Center
- Built a pipeline of $3 million
- Hired 5 new employees



Thursday, February 21	**Room**	**Time**
APPROPRIATIONS NATURAL & ECONOMIC RESOURCES	423	8:30 am

Name	County	Sponsor
Thomas Brann	Forsyth	Lambeth
Annie DeHart	Burke	Blackwell

PAGES ATTENDING

COMMITTEE: Joint Nat'l & Econ. Resources ROOM: 423

DATE: 2-21 TIME: 8:30

PLEASE PRINT LEGIBILY!!!!!!!!!!!!!

Page Name	Hometown	Sponsoring Senator
1 Katie Brown	Fayetteville	Meredith
2 Sam Ess	Rocky Mount	Newton
3		
4		
5		
6		
7		
8		
9		
10		

Do not add names below the grid.

Pages: Present this form to either the Committee Clerk at the meeting or to the Sgt-at-Arms.

VISITOR REGISTRATION SHEET

Senate Appropriations on Natural and Economic Resources

2/21/13
Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Steve Saucier	Grassroots Science Museums
Karl L. McKinnon	Grassroots Science/Schiele Museum
JOHN MACKAY	Grassroots Science/Discovery Place, C. Nat. Hist., Space KIDS
Ha Nguyen	NCCOB
Elizabeth Hammond	NCCOB
Lori Ann HARRIS	LAHA
Tara Kenchen	Comm Dev Initiative
Tony HAYES	NCIFT
BRENDA POLLARD	NC INDIAN ECONOMIC DV INIT
Brigette Rasberry	NCACDC
SUSAN PERRY	NCACDC
Karen Warner	NCACDC
Ruth Hagas	Grass Roots Science Museum Cape Fear Museum of History + Science
RICK LAWSON	GRASSROOTS SCIENCE MUSEUMS Childrens Museum of Wilmington
Erin Wynia	NCLM
Lenwood V. Long	The Support Center

VISITOR REGISTRATION SHEET

Senate Appropriations on Natural and Economic Resources

2/21/13
Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Helen McLaurin	NC Rural Center
Lauren Khaley	NCCUL
Bill Jordan	NC Education Lottery
Joy Hatch	NCDA&CS
Jennifer Haigwood	NCDOL
Faith Bynum	NC Com. Dev. Initiative
JOE LANIER	NELSON MULLINS
Andrew Stilley	Aurora Fossil Museum GSMC
Brent Lubbock	Sylvan Heights Bird Park
Will Grantham	McGuire Woods
Staci Horne	Landloss Prevention PDJ
Roberta McCullough	The Support Center
Vicki Parker	The Support Center
Yolanda K Stith	Longmire Hyp.

09-21-201

VISITOR REGISTRATION SHEET

Approp. Subcommittee on Natural & Economic Resources — 2/21

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
W.A. Tony Hayes	NC Indian Economic Development Init
Brenda Pollard	NC Indian Economic Development Init
Dave Horne	Smith Anderson
Ronnie Bryant	Charlotte Reg P'ship
Saurabh Bisht	N.C. Economic Development Group
Laura Gunter	NCBIO
Matthew Eisley	Smith Anderson
Steve Yost	NC's Southeast
Vann Rogerson	NC's Northeast
Elizabeth Hammond	NCCOB
[illegible]	Ernst & Young Advisory LLP

VISITOR REGISTRATION SHEET

Approp. Subcommittee on Natural & Economic Resources — 2/21

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Rick Zechini	Williams Mullen
Joy Hicks	NCDA&CS
Karen Warner	NCACDC
Brigette Rasberry	NCACDC
Jennifer Mallory	NCBIO
[illegible]	NCCSL
CHARLES HAYES	RTRP
Elizabeth Biser	Brooks Pierce
Kristen Laster	SSGNC
Scott Hamilton	AWFBOG
Steven Pennington	Dept. of Commerce LEAD

VISITOR REGISTRATION SHEET

Approp. Subcommittee on Natural & Economic Resources — 2/20

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Helen McInnis	NC Rural Center
Faith Bynum	NC Community Dev. Initiative
Lori Am[illegible]	LAHA
Andrea Harris	NC Institute of Minority Eco. Dev.
Steve Sauer	Museum of Science Museums
Ramona Collado-Soares	Biofuels Center of NC
CB NEELY JR	Williams Mullen
TJ Bunyee	Nexsen Pruet
Shawn Burke	Biofuels Center of NC
Steve Wall	Biofuels Center of NC
MARK CONLON	BIOFUELS CTR

VISITOR REGISTRATION SHEET

Approp. Subcommittee on Natural & Economic Resources — 2/20

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Doug Lasitter	NCSTA
B Rogers	CWMTF
Yolanda V. Hutt	Longview
Edyan Mich	CTNC
Robert VanGeons	RowanWorks, Econ. Dev. Salisbury, NC
PSP	NCBA
Erin Wynia	NCLM
Amy McConkey	NC Rec Assoc
Wesley Jones	Justice Prac

2013-2014

SENATE APPROPRIATIONS – NATURAL & ECONOMIC RESOURCES (JOINT)

MINUTES

Joint Appropriations Subcommittee on NER
Agenda
Tuesday, February 27, 2013, 8:30 A.M.
Room 423, Legislative Office Building

Sen. Jackson, Presiding

1. **Welcome & Introductions**

   Sen. Jackson

2. **Nonprofit Presentations**

   Land Loss Prevention Project
   Jennifer Hoffmann, *Fiscal Research Division*
   Savonala Horne, President, *Land Loss Prevention Project*

   Partnership for the Sounds
   Jennifer Hoffmann, *Fiscal Research Division*
   Jackie Woolard, Executive Director, *Partnership for the Sounds*

   North Carolina's Association of Regional Councils of Government (COGs)
   Jennifer Hoffmann, *Fiscal Research Division*
   Kirby Bowers, Triangle J COG Director and Chairman, *North Carolina's Association of Regional Councils of Government*

   RTI International
   Jennifer Hoffmann, *Fiscal Research Division*
   Rob Lamme, *RTI International*
   David F. Myers, Ph.d, Vice President, *RTI International*

3. **Committee Discussion**

4. **Adjourn**

House Appropriations Subcommittee on NER
Rep.McElraft (Chair)
Rep. West (Chair)
Rep. Dixon (Vice Chair)
Rep. Pierce (Vice Chair)
Rep. Presnell (Vice Chair)
Rep. Brandon, Bumgardner, Catlin, Dobson, Langdon, Millis, Richardson, Wilkins, Wray

Senate Appropriations Committee on NER
Sen. Brock (Chair)
Sen. Jackson (Chair)
Sen. Bryant, Cook, McLaurin, Rabin, Tarte, Walters

Senate Committee on Appropriations on Natural and Economic Resources
Wednesday, February 27, 2013 at 8:30 AM
Room 423 of the Legislative Office Building

MINUTES

The Senate Committee on Appropriations on Natural and Economic Resources met at 8:30 AM on February 27, 2013 in Room 423 of the Legislative Office Building. 18 members were present.

Senator Brent Jackson, Chair, presided.

Sen. Jackson called the meeting to order at 8:32 AM.

Sen. Jackson introduced the Senate Sgt. At Arms, House Sgt. At Arms, House Pages and Senate Pages.

Sen. Jackson yielded the floor to Sen. Brock to discuss new devices.

Sen. Brock suggested each member contact ISD and they should be able to get their new computer over the weekend.

Sen. Jackson asked if the other co-chairs had anything pertinent.

Sen. Jackson yielded the floor to Mrs. Aubrey Incorvaia, Fiscal Research Division.

Mrs. Incorvaia introduced the Land Loss Prevention Program.

Sen. Jackson yielded the floor to Mrs. Savonala Horne, President.

Mrs. Horne thanked the committee and discussed the Land Loss Prevention Program; she spoke about the mission to provide comprehensive legal services and technical support to financially distressed and limited resource farmers; the Litigation Unit that represents eligible clients on legal matters; SmartGrowth Business Center; the Sustainable Development and Environmental Unit; the Land Loss Prevention Program was founded in 1982 by the North Carolina Association of Black Lawyers and in 2011-12, provided services in 79 of the state's 100 counties; no more than 10-12% of funds go to administrative costs; the Land Loss Prevention Program is a last resort option for low-income, rural communities. The Land Loss Prevention Program is the only non-profit law firm in the state that provides both expansive direct legal assistance to farmers and landowners in a variety of practice areas while maintaining a focus on agriculture law. As a result of the cuts in the grant-in-aid and uncertainty regarding future funding, the Land Loss Prevention Program has lost four staff attorneys. Two of those attorneys have been replaced.

Sen. Jackson thanked Mrs. Horne and asked if there were any questions.

Rep Pierce: What is the success rate with helping farms stay in families through- out generations?

Mrs. Horne: Yes, it is risk management, it helps families retain farms. One chief way to do that is to do a will that makes sure the land does not lapse.

Rep. McElraft: When did you start getting state funds?

Mrs. Horne: Around 2002.

Rep. McElraft: How did you stay funded before state funding?

Mrs. Horne: Some support from local foundations. The main one was North Carolina Central School at Law. They provided free housing, access to faculty and law students. In the mid 90's, we have a crucial piece of funding from the Kellogg Foundation.

Rep. Wilkins: Do you have a relationship with Dr. Peterkin?

Mrs. Horne: No, the Dean is on our board.

Rep. Gatlin: What is the size of your staff?

Mrs. Horne: A total of 10 with 6 attorneys.

Sen. Rabin: Are the members of the Board paid?

Mrs. Horne: No, they are volunteer.

Sen. Jackson yielded the floor to Mrs. Jennifer Hoffman, Fiscal Research Division.

Mrs. Hoffman introduced the Partnership for the Sounds.

Sen. Jackson yielded the floor to Mrs. Jackie Woolard, Executive Director.

Mrs. Woolard mentioned the Partnership is to promote sustainable, community-driven economic well-being and stewardship on the Albemarle-Pamlico peninsula through environmental education, and nature based and cultural tourism; the four Partnership facilities are the North Carolina Estuarium, Columbia Theater Cultural Resources Center, Roanoke/Cashie River Center, Tyrrell County Visitor's Center; the Partnership operations directly involve Beaufort, Bertie, Hyde and Tyrrell counties; the program extends to all 100 counties, the other 49 states and over 50 foreign countries; the Partnership does not have any state-supported positions with annual salaries about $120,000; visitation is an essential performance indicator; the Partnership is unique in the exclusive focus on the Albemarle/Pamlico sounds and North Carolina estuaries; funding has been cut 24.23% since 2009; the goal of becoming self-supporting, while desirable, is unrealistic for the organization.

Sen. Jackson thanked Mrs. Woolard and asked if there were any questions.

Rep. McElraft: Why are state dollars being spent for children to be educated about human pollution causing sea levels to rise and agriculture causing degradation of sea levels when this is not true?

Mrs. Woolard: On page 5 and 6, it talks about the bad practices of agricultural using harmful substances; it doesn't say anything about what you are saying.

Rep. Willis: I wanted to make sure that this is right. In regards to the brochure, it is true that this is funded from the North Carolina Center of Rural Development?

Mrs. Woolard: No, we have a grant.

Rep. Willis: So, this is not funded through your budget for the Partnership for the Sounds?

Mrs. Woolard: Not that particular brochure, it's more of a science brochure. It was not out of our budget.

Rep. Brandon: These four facilities you have. Are they the main part of the budget?

Mrs. Woolard: Yes, they basically are the budget in terms of operating facilities and having staff to run the programs.

Rep. Catlin: In Colombia, where is the theatre located?

Mrs. Woolard: It's on main street, Colombia, in Tyrrell County.

Sen. Jackson yielded the floor to Mrs. Incorvaia.

Mrs. Incorvaia introduced the North Carolina's Association of Regional Councils of Government (COGs).

Sen. Jackson yielded the floor to Mr. Kirby Bowers, Triangle J COG Director and Chairman, North Carolina's Association of Regional Councils of Government.

Mr. Bowers thanked the committee and discussed the COG program which has 16 regional councils; the Mission Statement for the collective body is to provide creative regional solutions to relevant and emerging issues while providing a standard of excellence in the delivery of federal, state and regional services for our member communities; the programs include aging, workforce development, transportation planning, community and economic development planning, county and municipal planning, grant writing, capacity-building, state and federal program management, GIS mapping, small business/entrepreneurial assistance, local government technical assistance; all local governments are customers, the COGs came about because of federal legislation in 1968; the total budget of the 16 COGs in 2011-12 was $178.5 million, no state funds are paying any portion of the salaries on the Executive Directors; the key

performance indicators are grants and infrastructure plans; the COGs were created by the General Assembly to reduce duplication of governmental services; regarding cuts, the distressed and smaller local governments have been negatively impacted.

Sen. Jackson thanked Mr. Bowers and asked if there were any questions.

Rep. Brandon: How much is the capacity of your workforce development?

Mr. Bowers: We do not do workforce at Triangle J; but we do think it is a great idea to align workforce development with the COGs.

Rep. Catlin: Are smaller towns, rather than big cities, provided with state fund services for units of local government that don't have expertise or resources?

Mr. Bowers: Most of the COGs support smaller communities, because without this fund they wouldn't have the capacity to support smaller towns.

Rep. Catlin: Are we beginning to see the COGs moving into an environmental assessment?

Mr. Bowers: I hope not, none of us do that, and it is not our main mission.

Sen. Jackson yielded the floor to Mrs. Incorvaia.

Mrs. Incorvaia introduced RTI International.

Sen. Jackson yielded the floor to Mr. David Myers, Vice President of RTI International.

Mr. Myers stated that RTI is one of the world's leading research institutes, dedicated to improving the human condition by turning knowledge into practice.

Sen. Jackson yielded the floor to Mr. Rob Lamme.

Mr. Lamme continued the presentation on RTI International. He stated that RTI provides research, development, and technical services to government and industry in the U.S. and worldwide; the institute was established by universities, industry and government in December of 1958 to be the first scientific organization in, and centerpiece of, the Research Triangle Park; state funds did not begin until 2010 when the state invested $500,000 to allow RTI to draw down federal energy grants; RTI has drawn more than $11 million in federal energy grants or about $8.53 for every $1 invested; RTI complies with Federal and state limitations on salaries; the key performance indicator is RTI's Energy R&D program; RTI competes with organizations in Ohio, Kansas, Georgia and Alabama.

Sen. Jackson thanked Mr. Lamme and asked if there were any questions.

Rep. Catlin: Our contributions are federal?

Mr. Lamme: Correct.

Sen. Jackson asked if there were any questions or comments from the other co-chairs.

Sen. Jackson thanked the committee, presenters and audience.

The meeting adjourned at 9:52 AM.

Senator Brent Jackson, Chair
Presiding

Towers Mingledorff, Committee Clerk

North Carolina Association of Regional Councils of Government

ORGANIZATION OVERVIEW AND IMPACT

1. **MISSION & PROGRAMS**

There are 16 regional councils with their individual mission statements. The following Mission Statement is for the collective body of regional councils in North Carolina.

*Our mission is to provide **"creative regional solutions"** to relevant and emerging issues in North Carolina while providing a standard of excellence in the delivery of federal, state and regional services for our member communities.*

The programs vary according to the region and its needs. However, the following list represents the broad categories of services provided to local governments across the state:

- Aging programs
- Workforce development programs
- Transportation planning (RPO & MPO)
- Community and economic development planning services
- County and municipal planning services
- Grant writing and administration
- Capacity-building services
- State and federal program management
- GIS mapping services
- Regional collaboration, partnership building and local government facilitation
- Small business/entrepreneurial assistance
- Local government technical assistance

2. **CUSTOMER/ TARGET POPULATION**

All units of local government and their citizens in North Carolina

3. **ORGANIZATION INCEPTION**

Regional councils in North Carolina are the result of **1968** federal legislation (A-95 Clearinghouse Review Process-Intergovernmental Cooperation Act) that charged the North Carolina Department of Administration with developing . . ."**a system of multi-county regional planning districts to cover the entire state" (GS 143-341) to reduce duplication of governmental services.**

Regional councils have been formally operating in the state since **1972.** However, many were organized locally long before the official state designation.

4. **FOOTPRINT**
   The State of North Carolina

5. **BUDGET**
   The total budget of the 16 councils collectively in 2011-12 was $178.5 Million. **For the purpose of this report we are addressing the Technical Assistance Funds ($328,000) received by each regional council ($21,449).**

6. **SALARY COMPLIANCE**
   The salaries of 4 directors (in the urban areas) are in excess of $120,000. **None of the state funds are being used to pay any portion of the salaries of the Executive Directors.**

7. **LOBBYING SERVICES**
   Ridgetop Management, Inc. D/B/A Ridgetop Associates: David Huskins; Betty Huskins $2,500 for lobbying expense for 2012 (These are non-state dollars).
   There are no employees or contracted agents within the 16 COGs for lobbying purposes.

8. **KEY PERFORMANCE INDICATORS**
   The COGs are evaluated by their individual Boards of Directors, made up of local, elected officials, each year. The member governments of each COG make a decision each year to pay a membership fee based on their performance.

   The Key Performance Indicators for the Technical Assistance Funds ($328,000) are as follows:

   1. Grants and/or funding received directly as a result of the assistance
   2. Infrastructure plans and projects completed as a result of the assistance

ROI for the $328,000 in 2012 has been $740.00 for each state dollar spent.
State Funds $328,00 Leveraged Funds: $242,822,000

STATE FUNDING		FY 2007-08 -$943,200		FY 2008-09 - $718,160		FY 2009-10 - $380,000		FY 2010-11- $366,688
AGGREGATED TOTAL		54,866,215		124,509,345		318,651,836		587,204,361
ROI		$58 to $1		$173 to $1		$839 to $1		$1,601 to 1

9. **SIMILAR ORGANIZATIONS**
   There are no similar organizations. The regional councils were created by the NC General Assembly to reduce duplication of governmental services (GS 143-141)

10. BUDGETARY IMPACT

How have these reductions affected your agency and what measures did you take to mitigate these reductions?

The technical assistance funds have been reduced approximately 65% over the past six years. **Although all units of local government have been affected, in particular, the distressed and smaller local government have been negatively impacted.**

The ability of the COGs has been limited in providing the necessary technical assistance or planning, procuring and managing grants, providing management assistance as well as their capacity for providing community planning and economic development strategy work. In addition, the ability to have these funds for leveraging (local match) federal and private monies has been decreased.

The reductions have been mitigated by reducing the level of services to counties and municipalities that do not have the resources to pay for their grant writing, planning, etc.

Have you been able to generate resources other than state appropriations?
The regional councils have always generated substantial outside revenue from member government dues, contracted services and as the delivery agent for local, state and federal programs.

If not, why not?
N/A

What would happen if the NER Committee implemented a goal of making everyone self-supporting within a certain period of time or if the NER implemented a policy of no longer funding "on-going" operations on a recurring basis, but rather funding program specific initiatives with reimbursement tied to achieving specific goals?
As stated before, the regional councils are already self-supporting because they generate alternative revenues. Loss of these funds will directly impact the smaller units of government, causing them to continue to slip between the cracks of economic stability increasing the divide between rural and urban North Carolina.

The regional councils would support the NER Committee choosing to fund only targeted programmatic initiatives. The Technical Assistance Funds are already set aside for assisting the local governments that cannot help themselves. Receiving this funding is not about funding COGs, it is about assisting small units of government in a cost effective manner for the State of North Carolina.

Land Loss Prevention Project

ORGANIZATION OVERVIEW AND IMPACT

1. MISSION AND PROGRAMS:

The Land Loss Prevention Project's (LLPP) mission is to provide comprehensive legal services and technical support to North Carolina's financially distressed and limited resource farmers and landowners seeking to preserve their farms, homes, land and rural livelihoods. Two operational units – the Litigation Unit and the Sustainable Development and Environment Unit allow LLPP to fulfill its mission.

The Litigation Unit represents eligible clients on the following legal matters: agriculture, which includes farm foreclosure, tobacco buyout, poultry contracts, etc.; real property, which includes heir property, trespass, boundary disputes, easements, and partition sales; bankruptcy; consumer protection including predatory lending and consumer finance; business such as assistance in evaluating the benefits of an agricultural cooperative; incorporation and 501 (c)(3) applications; civil rights; regulatory matters including zoning and municipal services; and rural economic development. The Litigation Unit also conducts legal seminars and works collaboratively with other organizations to expand the supportive services available to farmers and low-resource land owners.

Encompassed within the Litigation Unit is a SmartGrowth Business Center (SGBC), an internal resource, that provides counseling to farmers who need business planning services in order to sustain their farming operations/businesses, sustainable agriculture, and develop a succession plan where desired. Services include business entity formation, contractual review, counseling regarding the availability of federal programs and requirements, and taxation education. The Center provides viable options to farmers in order to avoid the problems that routinely lead to farm loss.

The Sustainable Development and Environment Unit helps small family farmers and landowners explore and implement market-driven, agricultural alternatives and guides business development that assist farmers to qualify for environmental incentive and conservation programs. This work expands agriculture-based partnerships creating economic strategies which benefit farmer's or landowner's rural community. The Sustainable Development and Environment Unit works with state, regional and national coalitions that support new agriculture practices, sustainable development, and policy innovations in the food system. The Sustainable Development and Environment Unit and the Litigation Unit share staff.

2. CUSTOMER/ TARGET POPULATION

The LLPP's clients are North Carolina's financially distressed and limited resource farmers and low-resource homeowners and landowners who face issues involving land tenure and use. The standard income ceiling for LLPP clients is 187.5% of the federal poverty level applied to a family's net income. In home foreclosure cases, the income level may be subject to a 300% of federal poverty level income limit.

A profile of LLPP's client base is as follows: North Carolina had approximately 50,400 farms according to available National Agriculture Statistics Services data reported in its 2011 annual Farm Numbers report.
http://www.ncagr.gov/stats/economic/RealEstate.pdf. Some 15,900 farm operators have been classified as limited resource farmers. Limited resource and very small, family farms account for

30% of all farms with less than 1% of total sales, representing $105,431,750 of agriculture based revenue in North Carolina. http://www.ncagr.gov/stats/2012AgStat/Page013-036.pdf
Family farms account for 97% of all farms, and about 85% of family farms are classified as small family farms. The average age of principal farm operators in North Carolina is 57, compared with 56 in 2002. http://www.ncagr.gov/stats/census/highlights.htm. (N.C. facts cited).

According to the census' state profile for North Carolina, in 2007, farm operators represented an increasing trend of diversity in agribusiness. Based on self-reporting, there were 7,016 women; 887 American Indian/Alaska Native; 232 Asian; 1,801 Black or African American; 12 native Hawaiian or other Pacific Islander; 471 "more than one race," and 738 Spanish, Hispanic, or Latino. http://www.agcensus.usda.gov/Publications/2007/Online_Highlights/County_Profiles/North_Carolina/cp99037.pdf. The N.C. Department of Agriculture emphasizes that women now account for 13% of all farm operators, up 3% from 2002. http://www.ncagr.gov/stats/census/highlights.htm. The limited resource farming population is traditionally underserved and benefit from the availability of coordinated legal services and technical assistance and outreach services LLPP provides.

PROFILE OF CLIENTS – FY 2011-2012

RACE/ETHNICITY OF CLIENTS									
African American	White, non-Hispanic	Entities	Hispanic/ Latino	Native American	Mixed race	Asian or Pacific Islander	South Asian	Not specified	Total
337	105	5	6	5	6	6	1	8	479

3. ORGANIZATION INCEPTION

The LLPP was founded in 1982 by a taskforce of the North Carolina Association of Black Lawyers to stem the unprecedented losses of Black-owned land in North Carolina. The organization was incorporated as an independent entity in the state of North Carolina in 1983. In 1993, LLPP broadened its scope and field of work to provide legal support and assistance to all financially eligible, low-resource farmers and landowners throughout the state, and has been operating for 30 years.

4. FOOTPRINT

The LLPP serves the entire state of North Carolina and in state fiscal year 2011-2012 alone, provided services in 79 of the state's 100 counties (Alamance, Anson, Ashe, Beaufort, Bertie, Bladen, Brunswick, Buncombe, Burke, Cabarrus, Caldwell, Carteret, Caswell, Catawba, Chatham, Cherokee, Chowan, Cleveland, Clay, Columbus, Craven, Cumberland, Currituck, Davidson, Davie, Dobbs, Duplin, Durham, Edgecombe, Forsyth, Franklin, Gaston, Gates, Granville, Greene, Guilford, Halifax, Harnett, Hertford, Hoke, Iredell, Jackson, Johnston, Lee, Lenoir, Madison, Martin, Mecklenburg, Moore, Nash, New Hanover, Northampton, Onslow, Orange, Pasquotank, Pender, Perquimans, Person, Pitt, Polk, Randolph, Richmond, Robeson, Rowan, Sampson, Scotland, Stanly, Stokes, Tyrrell, Union, Vance, Wake, Warren, Washington, Watauga, Wayne, Wilson, Yadkin and Yancey).

5. BUDGET

Support and Revenues	2008	2009	2010	2011	2012	Total
Federal funding	80,881	29,119	-	100,538	322,120	532,658
DOC (Received)	788,356	793,992	712,141	568,457	618,844	3,481,790
Public Grant Funds				117,000	207,874	324,874
Private Foundations	343,435	319,798	240,215	191,956	592,629	1,688,033
Recouped Legal Fee	-	83,838	-	17,386	-	101,224
Others	38,455	7,662	10,298	14,744	20,585	91,744
Total Support and Revenues	**1,251,127**	**1,234,409**	**962,654**	**1,010,081**	**1,762,052**	**6,220,323**

6. SALARY COMPLIANCE

The LLPP has no state-supported positions with annual salaries above $120,000. The employee benefits package includes group health, dental, disability insurance, paid time off, and a 403(b) SEP retirement plan. Employee participation in and employer contribution to the 403(b) retirement plan does not commence until after one year of employment. The employer contribution is currently set at 5% of the employee's annual salary.

7. LOBBYING SERVICES

Patricia Yancey of Yancey/Martin Associates is on retainer to represent the LLPP on legislative and governmental public policy matters. The LLPP expended $22,000 over a 12-month period to retain such representation. The LLPP has no employees who received compensation for lobbying or are registered lobbyists with the Secretary of State.

8. KEY PERFORMANCE INDICATORS

LLPP measures its effectiveness based on the number of legal matters handled, its ability to achieve a positive outcome for clients, and its ability to identify clients' needs and adapt resources to meets those needs.

Performance Indicator 1: Total number of legal matters handled by the firm. LLPP provides legal services, as a last resort option to North Carolina's low-income, rural communities, the need for services is evidenced by the substantial number of clients served.

SAMPLING OF LEGAL MATTERS HANDLED

Number	Legal Area
71	Real Property
160	Miscellaneous matters encompassing such issues as incorporation, tax-exempt status, land use regulation, environmental matters, taxes, wills, and rural economic development
190	Foreclosure defense, predatory lending, bankruptcy and other consumer protection matters
50	Discrimination/civil rights actions involving the United States Department of Agriculture
8	Other agriculture-related matters

SUMMARY OF LEGAL MATTERS HANDLED

Fiscal Year 2011-2012	
Number of legal matters handled	479
Number of counties in which assistance was provided (68 counties based solely on client location and 71 counties based on land location)	75

Performance Indicator 2: Achieving positive outcomes for clients served. In the past three state fiscal years (7/1/2009-6/30/2010; 7/1/2010-6/30/2011; and 7/1/2011- 6/30/2012), the LLPP has gained $4,507,753 in debt relief, loan modifications, and awards for clients across its practice areas. The benefits of LLPP's services extend beyond the economic gains to individual clients served. By achieving positive outcomes for clients, communities and wealth are preserved, home values are stabilized, and opportunities are provided for clients to continue to contribute to their local tax base. In the practice area of foreclosure defense and fairness in lending, LLPP achieved positive property preservation value for farms. In the same practice area in 2011-2012, monetary relief of $855,938 through debt relief by loan modifications or awards in lending cases was gained on behalf of farmers. Additionally, LLPP was able to preserve limited resource farm families' property valued at $416,263 based on tax and appraisal records. This figure does not include certain business assets such as farm equipment.

A recent study by Western Carolina University found that in Macon County a conversion of a thirty acre parcel from agricultural-use to residential-use results in a $532 net deficit in tax revenue to the county. In contrast, maintaining that same thirty acre parcel creates a positive net gain of $290 that county's tax revenue. (Jeremy L. Jones & Susan B Kask, "The Fiscal Impact of Alternative Land Uses in Macon County," (2000)). In total, these savings have a correlation beyond clients' increased spending capacity and to the capital investments made in North Carolina's economy from agri-business.

Performance Indicator 3: Identifying clients' needs and adapting resources to meet those needs. Given LLPP's 30 years of expert legal practice in agricultural law matters, its staff attorneys have worked with many clients on matters that could have been prevented. Many of the challenges faced by the LLPP's clients involve the acquisition and management of farm credit. In addition, as evidenced by requests for assistance with bankruptcy or foreclosure proceedings, their need for better risk management is typical and urgent. To address such needs, several years ago, LLPP established the SmartGrowth Business Center, as an internal resource within its Litigation Unit. LLPP established the SmartGrowth Business Center, as an internal resource within its Litigation Unit. LLPP used its existing understanding of agriculture/business law to further develop its expertise to provide business planning services in order to sustain farming operations/businesses, sustainable agriculture, and develop a succession plan where desired. Services include business entity formation, contractual review, counseling regarding the availability of federal programs and requirements, and taxation education. The Center provides viable options to farmers in order to avoid the problems that routinely lead to farm loss.

9. SIMILAR ORGANIZATIONS

The LLPP is unique in that it is the only non-profit law firm in the state as well as the country that provides both expansive direct legal assistance to farmers and landowners in a variety of practice areas while maintaining a focus on agricultural law. The LLPP is distinguished in the state's legal community by its 30 years of expertise in farm credit programs and farm foreclosure, farm related federal bankruptcy law and agriculture-based business development law and finance. In addition, the LLPP provides

technical support and outreach in helping farmers access and participate in the United States Department of Agriculture (USDA) credit and small farms programs and in local agriculture and natural resources programs and through the use and adoption of risk management tools. The organization provides essential legal services to the state's agriculture community. The only exception to the uniqueness of LLPP's services is in its collaborative work with other legal services organizations in the state when handling home foreclosure defense cases. If LLPP were not a partner in these efforts, fewer cases would be undertaken.

10. BUDGETARY IMPACT

As a result of the cuts in the grant-in-aid and uncertainty regarding future funding, LLPP has lost four staff attorneys. Two of those attorneys have been replaced, but the challenge remains relative to retaining the current staff in light of the perceived precariousness of funding. LLPP has increased its efforts to diversify its funding base including pursuing and acquiring some Federal funding. However, the funding that has been acquired is for specific projects, and without the State's general funding, LLPP will not be able to retain or attract the staff attorneys that are needed to continue to provide legal services to its increasing client needs.

Any substantial budget cuts for the Land Loss Prevention Project would have an immediate and negative effect on the individuals currently served by the nonprofit law firm. In order to handle a substantial reduction in funding, the Land Loss Prevention Project would have to begin curtailing services statewide before the expected date of such a cut. Because LLPP is a legal entity, it must adhere to certain professional and legal obligations to protect its clients' rights. In keeping with those professional and legal obligations, the legal staff has to gear up to finalizing active files, communicating with all clients with active files, copying client files and supplying all clients with their files, withdrawing as counsel in cases where appropriate, and assisting clients in finding new attorneys. Given the often insurmountable hurdle of securing legal assistance when one has limited or no financial resources, finding new attorneys is particularly challenging.

The LLPP is actively pursuing additional resources to offset the reduction in the grant-in-aid appropriated by the NC General Assembly. Additional resources have been secured by successfully competing for grants offered by the United States Department of Agriculture (USDA). These USDA grants provide funding for specific projects and relate more to outreach and access to government program activities and encompass a national, competitive grant cycle with no guarantee of funding. In terms of foreclosure prevention work, LLPP has been able to secure additional funding through the collaborative work with Legal Aid of North Carolina and the North Carolina Housing Finance Agency. Additional funding is being pursued for mortgage foreclosure prevention. These are resources with funding duration time limits.

Throughout the country, national private foundations have dramatically curtailed the provision of general support funding. Such funding is critical given that our program delivery mechanism is our staff attorneys. General support is necessary to cover staff attorneys' salaries and benefits.

Partnership for the Sounds

ORGANIZATION OVERVIEW AND IMPACT

1. **MISSION & PROGRAMS**

The mission of the Partnership for the Sounds, Inc. (PfS) is to promote sustainable, community-driven economic well-being and stewardship on the Albemarle-Pamlico peninsula through environmental education, and nature-based and cultural tourism.

The Partnership's primary way of carrying out this mission is through the operation of environmental education/tourism centers that highlight the A-P region's natural and cultural resources and promote visitation to other sites throughout the entire area. We have direct operational control of 4 facilities and at various times have provided administrative support and part-time staffing to related facilities owned by related entities.

The 4 Partnership facilities are:

- North Carolina Estuarium -- Washington, NC
- Columbia Theater Cultural Resources Center -- Columbia, NC
- Roanoke/Cashie River Center -- Windsor, NC
- Tyrrell County Visitor's Center (includes Main Office) – Columbia, NC

Related facilities we have worked with include the Octagon House in Hyde County and the Walter B. Jones Sr., Center for the Sounds in Columbia.

Prior to the formation of the Partnership these communities lacked sites specifically dedicated to fostering tourism and thus were unable to generate significant economic benefit from it. In the early 1990s local and regional leaders recognized that the A-P's most valuable assets are its natural and cultural heritages, and so worked together to develop a network of facilities that would help promote the entire peninsula as a destination for eco/heritage tourism. This marked a unique moment of collaboration between local governments competing for the same resources, and thus it was nurtured by state leaders who saw inherent wisdom in the willingness of small communities to support themselves by supporting their neighbors.

2. **CUSTOMER/ TARGET POPULATION**

There are two specific ways we classify the people who benefit from our existence. Most directly are those who visit our facilities – travelers, day-trippers, local residents, students. Our goal is to ensure that everyone who comes through our doors feels a sense of welcome to eastern North Carolina and that our exhibits and programs provide them meaningful, accurate information in an engaging and empowering way. Less direct but equally important customers are the communities where our facilities are located. By offering quality visitor experiences we bring the economic stimulus of tourism to this remote, overlooked region and provide hubs of activity, local identity, and community pride.

3. **ORGANIZATION INCEPTION**

PfS was incorporated as a private non-profit organization in 1993 and began operations in 1994. We have been active on a full time basis since then. Our facilities opened to the public as follows:

- Tyrrell County Visitor's Center -- 1995
- North Carolina Estuarium -- 1998
- Columbia Theater Cultural Resources Center -- 1998
- Roanoke/Cashie River Center – 2000
- WBJ Center for the Sounds – 2002

4. **FOOTPRINT**

Partnership operations directly involve Beaufort, Bertie, Hyde, and Tyrrell counties, and we have participated with and supported a variety of related activities in neighboring Martin and Washington counties through the years. Our programmatic footprint extends to all 100 North Carolina counties, all of the other 49 states, and the over 50 foreign countries from where our visitors have come. Nothing else in this region can showcase the people and resources of the "Inner Banks" the way our facilities do.

5. **BUDGET**

The Partnership operates on a fiscal year beginning July 1 and ending June 30. (See Attached.)

PARTNERSHIP FOR THE SOUNDS
5-Year Organizational Budget Summary

	Actuals for FY 6/30/2009	% of Total	Actuals for FY 6/30/2010	% of Total	Actuals for FY 6/30/2011	% of Total	Actuals for FY 6/30/2012	% of Total	Budget for FY 6/30/2013	% of Total
Income										
NC Dept of Environment & Natural Resources	517,250	50.5%	506,905	52.4%	481,560	52.6%	-	0.0%	-	0.0%
NC Dept of Commerce	-	0.0%	-	0.0%	-	0.0%	409,326	45.3%	391,941	49.0%
NC Dept of Transportation	150,000	14.6%	150,000	15.5%	150,000	16.4%	150,000	16.6%	150,000	18.8%
Town of Columbia NC	4,500	0.4%	5,000	0.5%	5,000	0.5%	5,000	0.6%	5,000	0.6%
Tyrrell County NC	13,000	1.3%	13,000	1.3%	14,000	1.5%	14,000	1.5%	14,000	1.8%
Tyrrell County Tourism Development Authority	1,500	0.1%	-	0.0%	750	0.1%	1,500	0.2%	1,500	0.2%
Town of Windsor NC	13,268	1.3%	13,300	1.4%	13,300	1.5%	29,700	3.3%	29,700	3.7%
Bertie County NC	6,000	0.6%	3,000	0.3%	3,000	0.3%	3,000	0.3%	5,000	0.6%
Hyde County NC	3,000	0.3%	3,000	0.3%	3,000	0.3%	3,000	0.3%	3,000	0.4%
Fundraising and Contributions	16,695	1.6%	40,765	4.2%	18,368	2.0%	10,496	1.2%	21,815	2.7%
Sales, Admissions, and Program Fees	127,805	12.5%	122,908	12.7%	110,457	12.1%	110,115	12.2%	121,125	15.1%
Grants Revenues	-	0.0%	-	0.0%	10,290	1.1%	3,700	0.4%	-	0.0%
Interest Income	17,274	1.7%	1,010	0.1%	497	0.1%	438	0.0%	500	0.1%
Refunds and Reimbursements	11,706	1.1%	2,139	0.2%	1,629	0.2%	5,784	0.6%	8,360	1.0%
Capital and Marketing Reserves	142,815	13.9%	106,285	11.0%	68,605	7.5%	146,023	16.2%	-	0.0%
Restricted Membership Reserves	-	0.0%		0.0%	-	0.0%	2,441	0.3%	2,483	0.3%
Insurance Claims	-	0.0%	-	0.0%	33,385	3.6%	9,210	1.0%	-	0.0%
Sale of Equipment	-	0.0%	-	0.0%	1,300	0.1%	200	0.0%	-	0.0%
Fund Balance Appropriated	-	0.0%	-	0.0%	-	0.0%	-	0.0%	45,174	5.6%
Total Revenues	**1,024,813**	**100.0%**	**967,312**	**100.0%**	**915,141**	**100.0%**	**903,933**	**100.0%**	**799,598**	**100.0%**
Expenses										
Salaries and Related Expenses	781,514	76.4%	733,472	75.3%	710,726	74.3%	648,999	74.9%	577,200	72.2%
Governance	752	0.1%	845	0.1%	699	0.1%	697	0.1%	770	0.1%
Programs and Events	11,449	1.1%	10,290	1.1%	13,421	1.4%	12,044	1.4%	25,305	3.2%
Equipment Repairs and Maintenance	15,915	1.6%	26,809	2.8%	13,302	1.4%	11,688	1.3%	3,990	0.5%
Gift Shop Expenses	52,937	5.2%	51,035	5.2%	45,989	4.8%	47,541	5.5%	45,030	5.6%
Grant Expenses	458	0.0%	-	0.0%	10,106	1.1%	4,560	0.5%	783	0.1%
Facility Operating Expenses	115,600	11.3%	108,226	11.1%	120,506	12.6%	101,943	11.8%	103,835	13.0%
Marketing, P/R and Promotions	283	0.0%	1,078	0.1%	2,280	0.2%	2,424	0.3%	3,375	0.4%
Other Operating Expenses	44,506	4.3%	41,944	4.3%	39,135	4.1%	37,127	4.3%	39,310	4.9%
Total Expenses	**1,023,414**	**100.0%**	**973,699**	**100.0%**	**956,164**	**100.0%**	**867,023**	**100.0%**	**799,598**	**100.0%**
Revenues Over (Under) Expenses	**1,399**		**(6,387)**		**(41,023)**		**36,910**		**-**	

6. **SALARY COMPLIANCE**
The Partnership does not have any state-supported positions with annual salaries above $120,000. The Partnership currently provides employer paid health insurance and SIMPLE IRA retirement match. Budget cuts have made it necessary to reduce our workweek from a standard 40 hour week to a 36 hour week. For 2013/14, we plan additional cuts to benefits including the elimination of employer paid health insurance benefits.

7. **LOBBYING SERVICES**
The Partnership has never contracted with any firm to provide lobbying services. No Partnership employee is a registered lobbyist with the State of NC.

8. **KEY PERFORMANCE INDICATORS**
Visitation is an essential performance indicator for us, but our numbers must be viewed in relative terms. This region has never been considered a tourism destination and has generally been seen as a pass-through to the beach. The Partnership was a pioneer in trying to raise the A-P region's tourism profile and continues to be a leader in this effort. In assessing visitation at our facilities we feel we have two important constituencies: the traveling public (reflecting our role in tourism) and school groups (reflecting our role as a provider of meaningful educational experiences).

At least as important, though, is how much our home communities value our presence. For example we were recently named the 2012 Nonprofit Organization of the Year by the Washington/Beaufort County Chamber of Commerce, and we have continued to receive annual appropriations from all the local governments in our hometowns and counties for over a decade, which clearly demonstrates their support of our existence. And it is worth noting that the North Carolina Estuarium in Washington was identified as the best local tourism attraction and received remarkably high positive ratings in a professional visitor survey commissioned by the Washington Tourism Development Authority in 2009. In a region of small towns with limited ways to capture tourists and promote local identity, we provide a recognizable presence that has been bringing communities together for almost two decades.

9. **SIMILAR ORGANIZATIONS**
We are unaware of any other organization that serves as wide a variety of roles as the Partnership. For one, we are unique in our exclusive focus on the Albemarle/Pamlico sounds and North Carolina's estuaries, which comprise the second largest system of estuaries in the U.S. These waters and surrounding lands have huge ecological and historical significance to North Carolina but have struggled economically for generations. Uniting the goals of environmental stewardship, local economic development, and community collaboration remains a widely supported vision in this region, and we are very much the embodiment of that. Other organizations promote those objectives independently, but none have the nearly 20-year track record that we do of bringing disparate constituencies together for a common cause.

This value is multiplied by the fact that the A-P peninsula encompasses some 3,200 square miles but has a population of barely 100,000. The Partnership's professional, technical, and physical infrastructure is rare out here and it is integral to our mission to share these assets in

supporting the activities of a wide variety of groups, including local Chambers of Commerce, local governments, schools and universities, environmental organizations, tourism development authorities, community development organizations, agricultural interests, state agencies, historic and cultural councils, and more.

10. **BUDGETARY IMPACT**

The Partnership funding from the State has been cut by 24.23% since 2009. These reductions have had the greatest impact on salaries, benefits, hours of facility operations, travel, and technology upgrades and repairs. We have cut staff hours, eliminated some part-time positions, repositioned work locations of staff, and imposed mandatory furloughs without pay. Our primary focus has been to absorb these cuts in areas having the least affect on our programs, facilities, community outreach, and visitor experience. We have NOT diluted implementation of our mission.

We have generated revenue from our gift shop sales, program sponsorships, admissions, and memberships but certainly not enough to offset the state appropriation reductions. Salaries have been cut for the last 5 years but we have not raised admission or program fees. We feel that every child and every family in North Carolina should be able to afford a visit to one of our facilities and learn about the environmental issues that affect all of us in a welcoming and entertaining way. Additional revenues generated through our membership program have been diverted to defray admission and program costs for schools so that classes from across the state will be able to visit at little or no expense.

The goal of becoming self-supporting, while desirable, is unrealistic for our organization at this time. Our facilities are located in rural Tier 1 counties with some of the smallest populations in the state. We are very proud of the fact that even in a distressed area of the state, our local governments in 4 counties commit funding to the Partnership every year from their stressed budgets. The inception of the Partnership galvanized around the concept that a healthy environment was a local, regional, and state responsibility as we *all live downstream from somebody* and our actions have wider impact than our own backyards. If the Partnership is to continue to deliver the message of environmental stewardship to such a wide audience, we need for that message to be accessible to everyone. We cannot bear that cost without the State's help and recognition of its importance. Our appropriation is crucial to our ability to maintain the integrity of that message with current science and continuing discussion of the issues facing our area.

Because we operate facilities, we must have on-going funding for operations on a recurring basis. Our "specific program" goals are to bring visitors into the region and into our facilities. As such we must have permanent staff, standard operating hours, maintained buildings, equipment and exhibits, and the support services that are necessary to facilities open to the public.

VISITOR REGISTRATION SHEET

Senate Appropriations on Natural and Economic Resources

2/27/13
Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Andrew Blackburn	SSG
Susanna Davis	Williams Mullen
Kristen Lester	SSG

09-21-201

VISITOR REGISTRATION SHEET

Senate Appropriations on Natural and Economic Resources

2/27/13
Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Jim Prosser	Centralina COG
Bert Banks	Albemarle Commission - COG
Henry M Lancaster	LCA
Jennifer Haigwood	NCDOL
Edgar Miller	CTVC
Ha Nguyen	NCCCBB
Evan Picard	RTI International
David Myers	RTI International
Rob Lamm	RLA
Patrick A. Yancey	LLPP
Dawn Battiste	Land Loss Prevention Project
Doreen Richter	Partnership for Sounds
Thomas B Rochester	" " "
Jackie Woodard	Partnership for the Sounds
Allen Hardison	CIESWMA
Meg Holland	UCPCOG, WRSW/NC

09-21-201

VISITOR REGISTRATION SHEET

Senate Appropriations on Natural and Economic Resources

2/27/13
Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Jim Edwards	Isothermal Planning + Development Commission Rutherfordton 28139-0841
Rick Herndon	Regional Council of Governments Boone NC 28607
Judy Hills	Eastern Carolina Council of Gov. PO Box 717 New Bern, NC 28563-171
Kathy Brelsford	Citizens Constitutional Caucus www.citizensconstitutionalcaucus.com
George Shuler	WPT@NC.RR.Com
Wynne Coleman	Interested Citizen Wynnecoleman@nc.rr.com
Cindy Plante	League of Municipalities
Jimmy Baynes	Mid East Commission
JUSTIN HEMBREE	LAND-OF-SKY REGIONAL COUNCIL
Kirby Bowers	Triangle J Council of Govts
Betty Huskins	Ridgetop Associates
H. DEWITT BLACKWELL JR	WESTERN PIEDMONT COUNCIL OF GOVTS
RYAN SHERBY	Southwestern Commission COG
Will Morgan	TNC
Lori Ann Harris	LMTA

Joint Appropriations Subcommittee on NER
Agenda
Tuesday, March 5, 2013, 8:30 A.M.
Room 423, Legislative Office Building

Sen. Brock, Presiding

1. **Welcome & Introductions**
   Sen. Brock

2. **Conservation Trust Fund Overview**
   Jennifer Hoffmann, Fiscal Analyst, *Fiscal Research Division*
   Timothy Dale, Fiscal Analyst, *Fiscal Research Division*

3. **DENR Conservation Trust Funds**
   Brad Ives, Assistant Secretary for Natural Resources, *DENR*

4. **Parks and Recreation Trust Fund (PARTF)**
   Lewis Ledford, Director, *NC State Parks and Recreation, DENR*

5. **Natural Heritage Recreation Trust Fund (NHTF)**
   Lisa Riegel, Executive Director, *Natural Heritage Trust Fund, DENR*

6. **Clean Water Management Trust Fund (CWMTF)**
   Richard Rogers, Director, *Clean Water Management Trust Fund*

7. **Agricultural Development and Farmland Preservation Trust Fund (ADFP)**
   Dewitt Hardee, Director, *Environmental/ADFP Programs, DACS*

8. **Committee Discussion**

9. **Adjourn**

House Appropriations Subcommittee on NER
Rep.McElraft (Chair)
Rep. West (Chair)
Rep. Dixon (Vice Chair)
Rep. Pierce (Vice Chair)
Rep. Presnell (Vice Chair)
Rep. Brandon, Bumgardner, Catlin, Dobson, Langdon, Millis, Richardson, Wilkins, Wray

Senate Appropriations Committee on NER
Sen. Brock (Chair)
Sen. Jackson (Chair)
Sen. Bryant, Cook, McLaurin, Rabin, Tarte, Walters

Joint Committee on Appropriations on Natural and Economic Resources
Tuesday, March 5, 2013 at 8:30 AM
Room 423 of the Legislative Office Building

MINUTES

The Joint Committee on Appropriations on Natural and Economic Resources met at 8:30 AM on March 5, 2013 in Room 423 of the Legislative Office Building. 18 members were present.

Senator Andrew C. Brock, Chair, presided.

Sen. Brock called the meeting to order at 8:37 AM.

Sen. Brock thanked the members, audience and introduced the House and Senate Pages and House and Senate Sgt. At Arms.

Sen. Brock yielded the floor to Mrs. Jennifer Hoffman, Fiscal Research Division

Mrs. Hoffman gave an overview of the Conservation Trust Fund: 4 trust funds; they provide a vehicle for state agencies, local governments, and nonprofits to gain land and pieces of property; acquire land on one time basis; Parks and Recreation Trust Fund: no general funds, funded primarily because they receive 75% of the Deed State Tax, $5 from personalized license plates, and they are allowed to gain interest from the fund; Natural Heritage Trust Fund: serve as funding source for state agencies to protect lands and heritage value; state does not dictate how much the Board must spend on projects, allowed to pay for Natural Heritage program, no limitation on administrative costs, allowed to keep interest; Clean Water Management Trust Fund: acquire land or conservation easements, repair failing wastewaters, improve stormwater control, restore degraded land, facilitate pollution control, state agencies, nonprofits and local governments can receive their funds, limit of 3% on administration costs, owe $1.6 million on debt issuances, receives general fund appropriation.

Sen. Brock yielded floor to Mr. Timothy Dale, Fiscal Research Division.

Mr. Dale gave an overview of the Agricultural Development and Farmland Preservation Fund: purpose is to purchase conservation easements; Board members; 2 full time and 5 part time employees; general fund appropriations; $1.7 million appropriation; discuss consideration for subcommittee members; would it make sense to merge certain aspects or all parts of trusts funds?

Sen. Brock yielded the floor to Rep. Wilkins.

Rep. Wilkins: I have a request; we are going to need to know unencumbered funds at some point.

Sen. Brock said staff was working on it.

Sen. Brock yielded the floor to Mr. Brad Ives, Assistant Secretary for Natural Resources, DENR

Mr. Ives discussed DENR Conservation Trust Funds: these trusts protect and benefit our state; money is used to make sure our land, animals and plants, military and tourism are positively impacted; State projected to grow to 12 million residents.

Sen. Brock yielded the floor to Mr. Lewis Ledford, Director, NC State Parks and Recreation, DENR.

Mr. Ledford discussed the Parks and Recreation Trust Fund (PARTF); visitation up; provided grants to 99 of 100 counties; May and July are when awards are announced; 370 local governments have received grants; half of those grants are with towns with less than 5000 residents; very few grants have been turned back by local governments; grant accountability, inspections; impacts PARTF has on local governments, have created an estimated 10,000 jobs, $5-10 million on sport tournaments, benefits to the health of the population, increases property value, helps with crime prevention; tourism impact; NCST economic value on State Parks; performance measurements: record year for visitation, great efficiency; 600 projects completely local.

Sen. Brock asked the committee if any members had questions.

Rep. Dobson: As a county commissioner, I can attest to how invaluable of a resource PARTF is to local communities.

Sen. Brock yielded the floor to Mrs. Lisa Riegel, Executive Director, Natural Heritage Trust Fund, DENR.

Mrs. Riegel discussed the Natural Heritage Recreation Trust Fund (NHTF); broad mission to protect significant state historical sites and iconic sites; streamlined, efficient grant process, fall and spring, trustees visit sites; priorities: significance; citizen appointed board; residents who want to give back will sell property at a reduced rate; cycle money quickly: it only takes 60-90 days before money is dispersed after a grant has been given; monitor grants monthly and every 6 months; all information is available in state property office; economic impact: every $1 invested, $4 return; military buffers; Red Tract project discussed; helps balance portfolios of local governments; Redlair Farm and Forest discussed.

Sen. Brock asked the committee if any members had questions.

Sen. Brock yielded the floor to Mr. Richard Rogers, Director, Clean Water Management Trust Fund

Mr. Rogers discussed the Clean Water Management Trust Fund (CWMTF); non regulatory program; provide quality surface and drinking water; businesslike approach to processes; 4 areas: acquisition program, restoration program, storm water program, waste water program; funded 1500 projects, over 3000 proposals; nonrecurring funds; applications are due in February; main criteria: applications must improve water quality, reasonable unit costs, matching funds required; grants approved immediately after General Assembly awards money; work on reimbursement

process with invoices; quarterly progress report; NCST collaboration; stewardship programs; threat to surface water with population growth.

Sen. Brock asked the committee if any members had questions.

Rep. Catlin: What is your relationship with the Clean Water Program?

Mr. Rogers: We do not have a relationship with them, but we do work collaboratively on certain projects.

Sen. Brock yielded the floor to Mr. Dewitt Hardee, Director, Environmental/ADFP Programs, DACS

Mr. Hardee discussed the Agricultural Development and Farmland Preservation Fund (ADFP); he spoke on behalf of the Chairman of the Board, Commissioner Troxler; different kinds of grants; landowners still have property rights; agriculture working lands, does have to remain in private ownership, have to be in NC, monitoring has to be a local government or nonprofit; annual proposal collection, advisory committee makes recommendations, Commissioner of Agriculture makes final decision; time requirements: 2 year contracts, possible 1 year extension; quarterly review of project if its $250,000 or more, every 6 months if project is under $250,000; performance measures: 10% goal increase by 2016; public awareness campaign; funding comes through DAGCS instead of DENR; Market Based Conservation Initiative, pilot program with military; 270 applicants total, 144 contracts awarded; 3:1 match; Farmland Protection Plans.

Sen. Brock asked the committee if any members had questions.

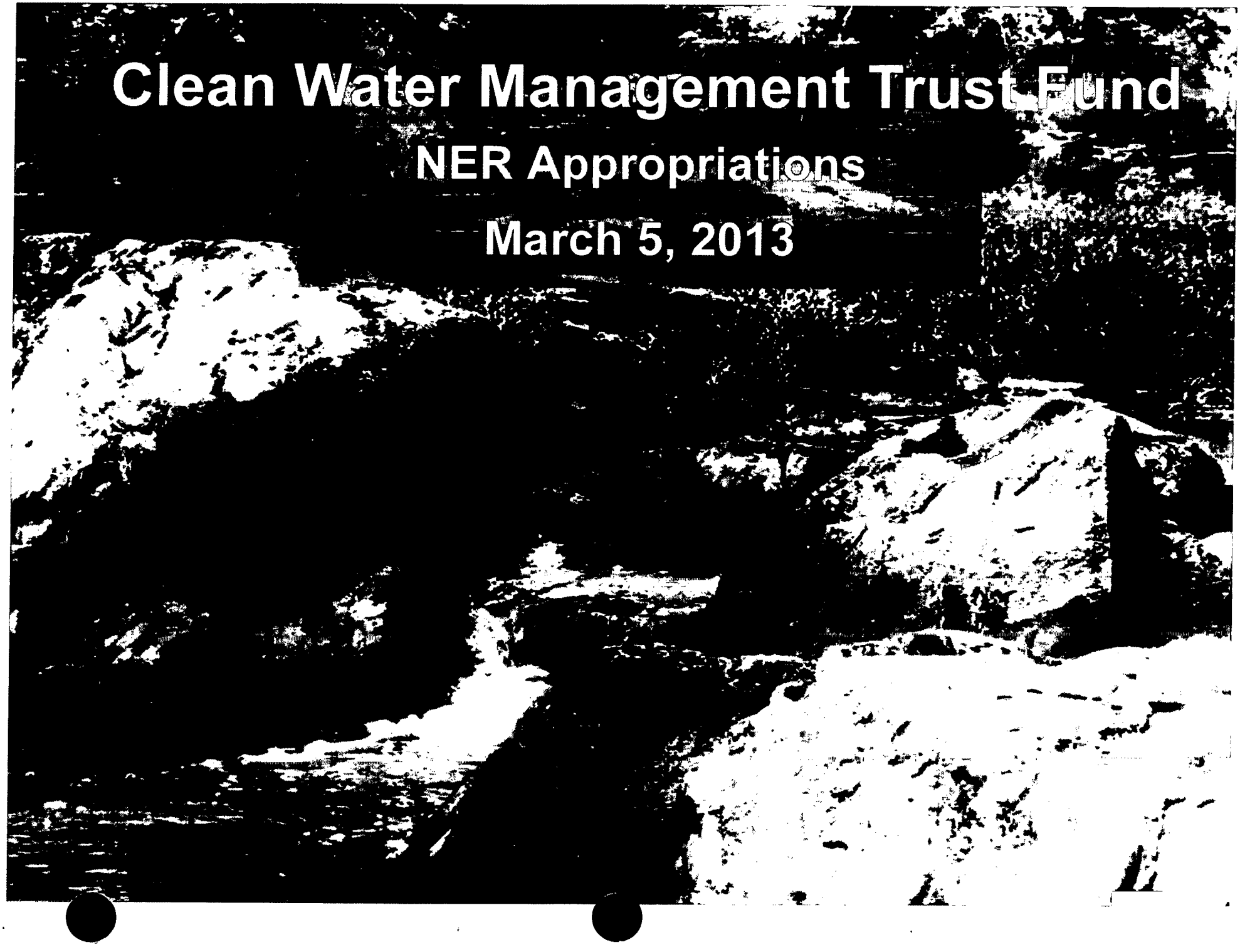
Sen. Brock asked if the other co-chairs had anything to discuss.

Sen. Brock thanked the presenters, staff, and audience and committee members.

The meeting adjourned at 9:57 AM.

Senator Andrew C. Brock, Chair
Presiding

Towers Mingledorff, Committee Clerk


Clean Water Management Trust Fund
NER Appropriations
March 5, 2013

Background

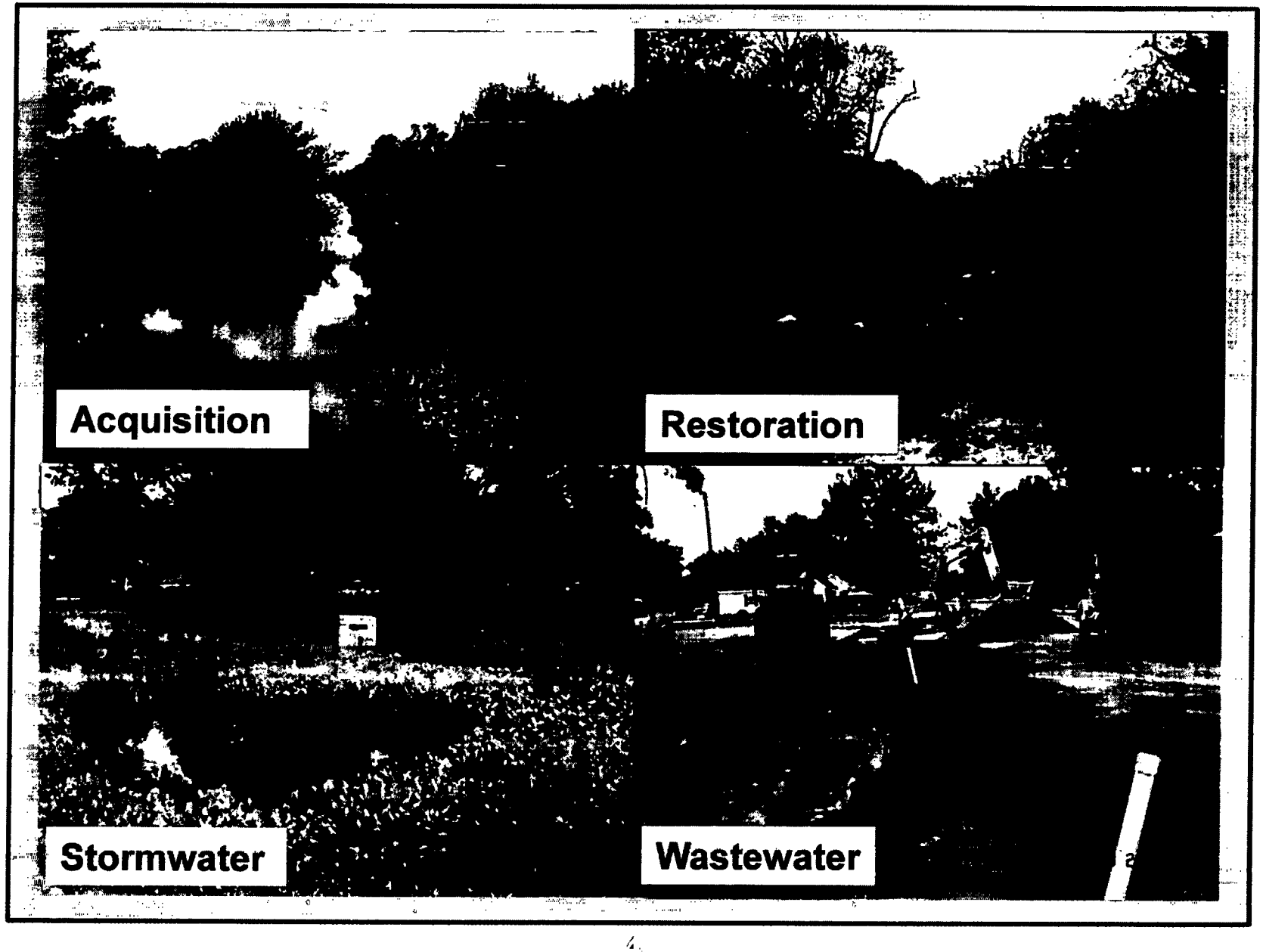
- Non-regulatory community-based program
- Board of Trustees consists of 21 appointed members
- Business-like approach to stewarding state funds

Priorities

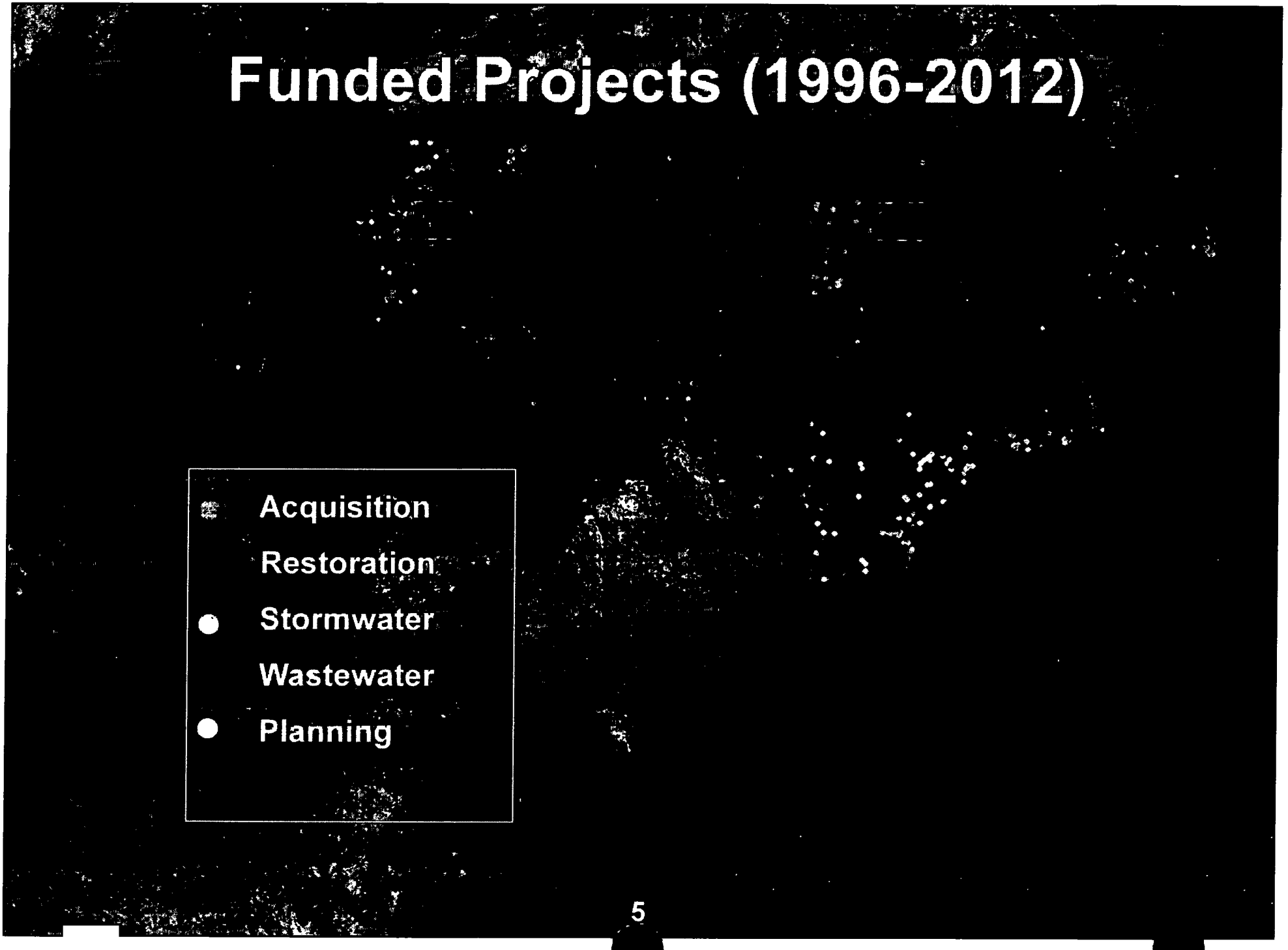
- Restore / enhance degraded waters
- Protect / conserve unpolluted waters
- Create network of riparian buffers and greenways
- Enhance / develop drinking water supplies
- Accountability
- Focus on grant recipients' needs

cleanwater
MANAGEMENT TRUST FUND

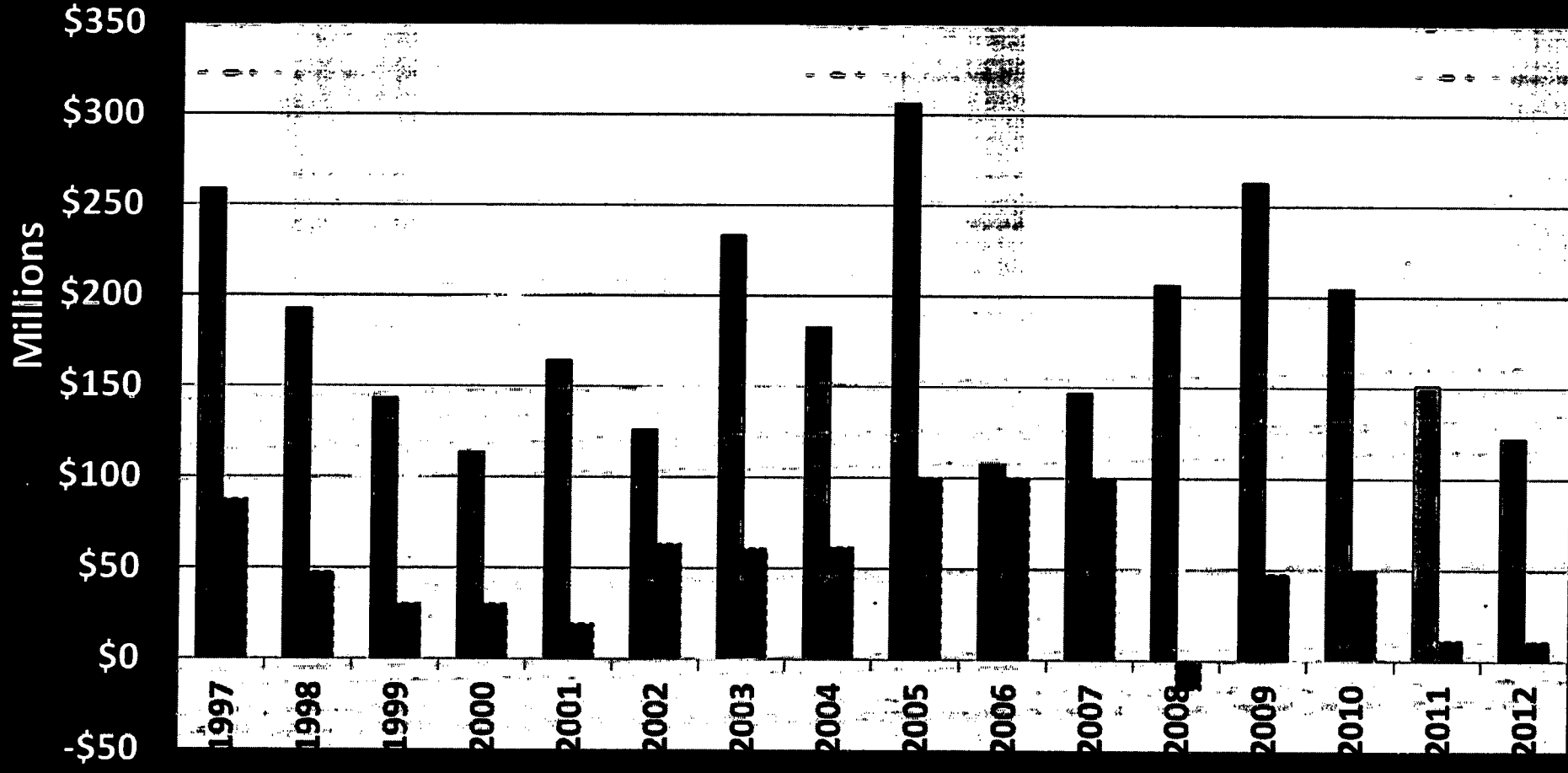
Program Areas



Funded Projects (1996-2012)

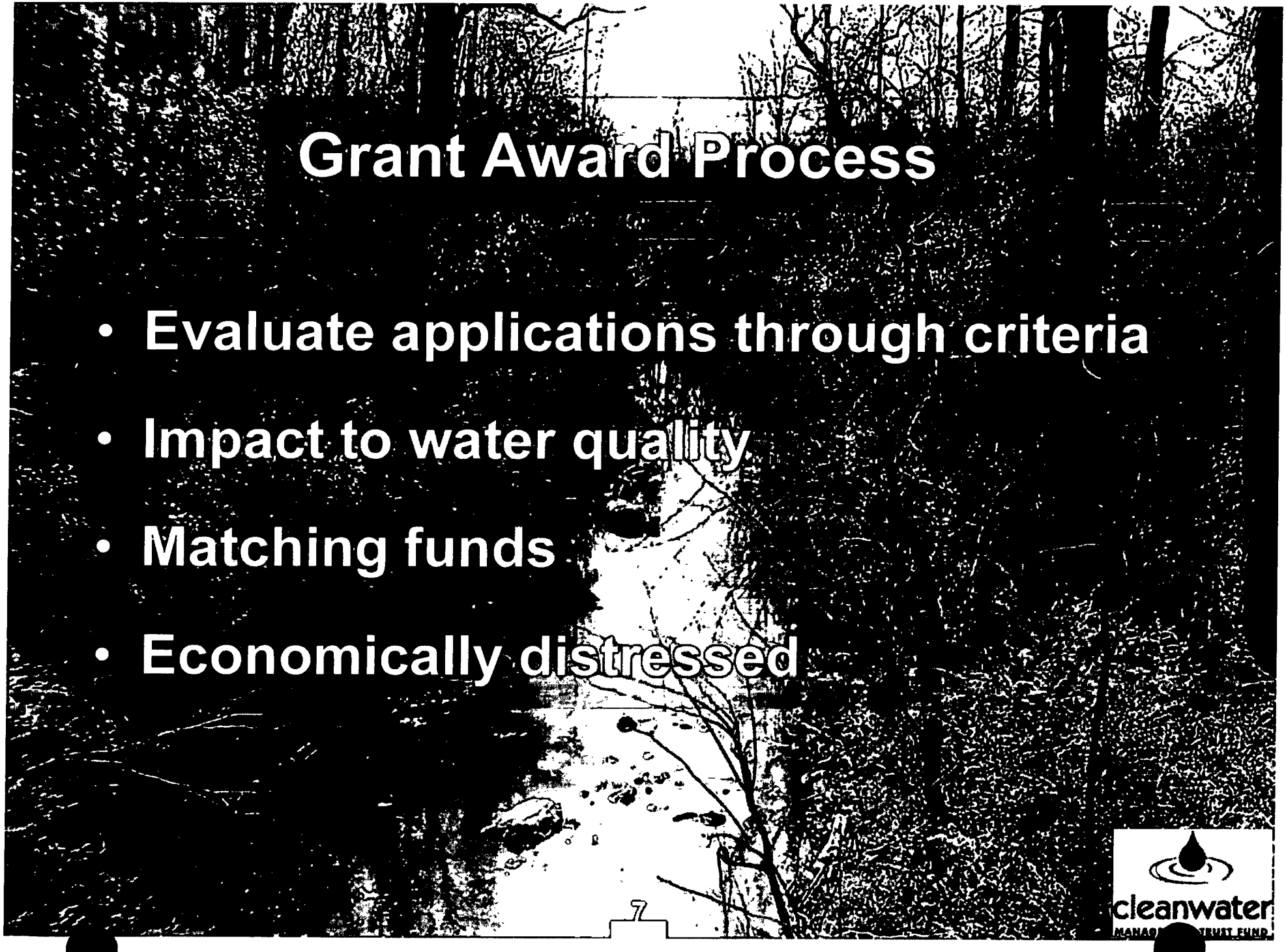


Gap Between Funds Received and Requested in Applications



Total Funds Requested In Applications

Total CWMTF Funds Received in FY


Grant Award Process
• Evaluate applications through criteria
• Impact to water quality
• Matching funds
• Economically distressed
7
cleanwater

Grant Monitoring Process
Steward state funds

- Disburse funds over 2-3 years
- Ensure scope of work and contract conditions are followed to meet water quality benefits
- Reimbursement-based grant

cleanwater
MANAI RUST FUND

How do we know we are doing a good job?

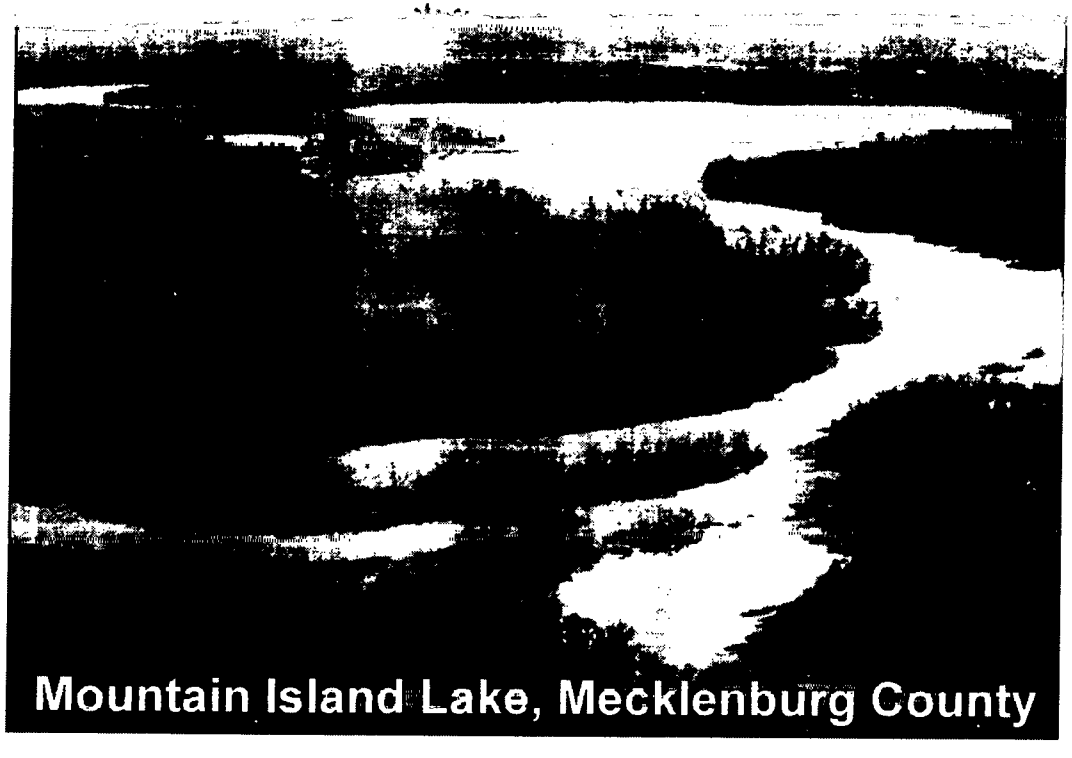
- Ensure project completeness and compliance with scope of work
  - Wastewater
  - Restoration/Stormwater
  - Land Acquisition

Impact of Trust Fund's Investments

- Leveraged $1 billion in private, local and federal funds
- Comprehensive program that meets local needs
- Protected critical drinking water supplies

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MANAI UST FUND

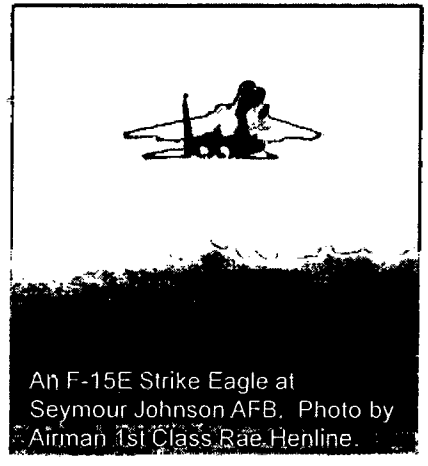
Investment in Protection of Surface Drinking Water Supplies



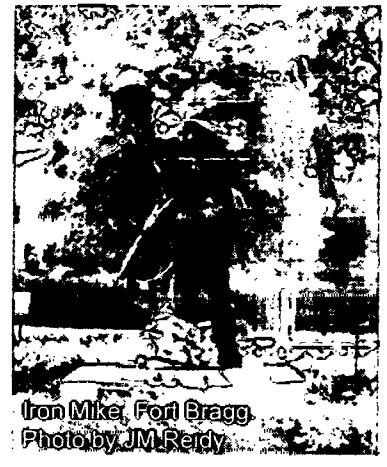




Investment in Military



An F-15E Strike Eagle at Seymour Johnson AFB. Photo by Airman 1st Class Rae Henline.



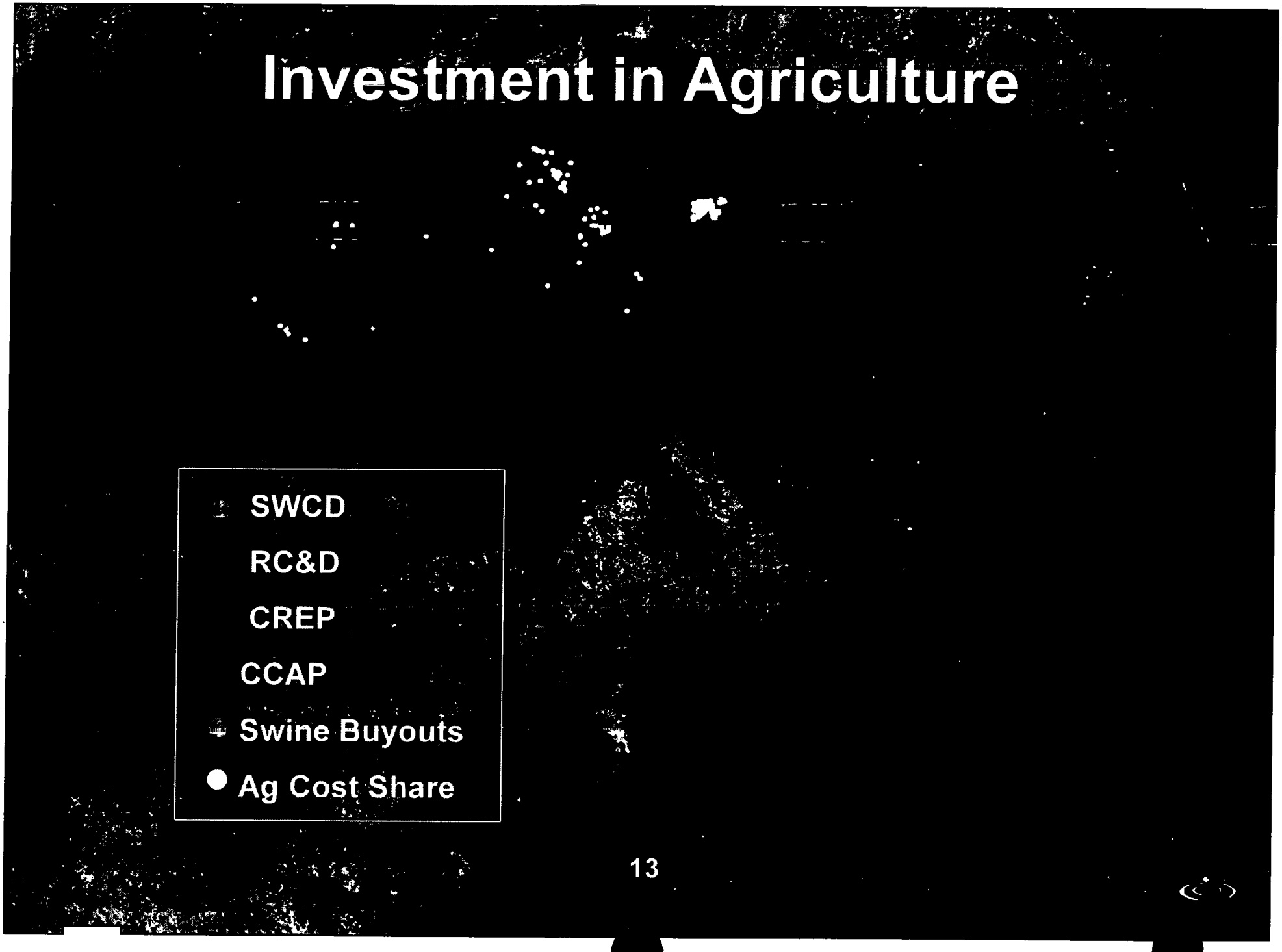
Iron Mike, Fort Bragg. Photo by JM Reidy



- Invested close to $40M
- Helps to secure future of vital military economy

The Croatan National Forest buffers Cherry Point MCAS. Photo from carteretcrossroads.org

Investment in Agriculture



Clean Water Management Trust Fund

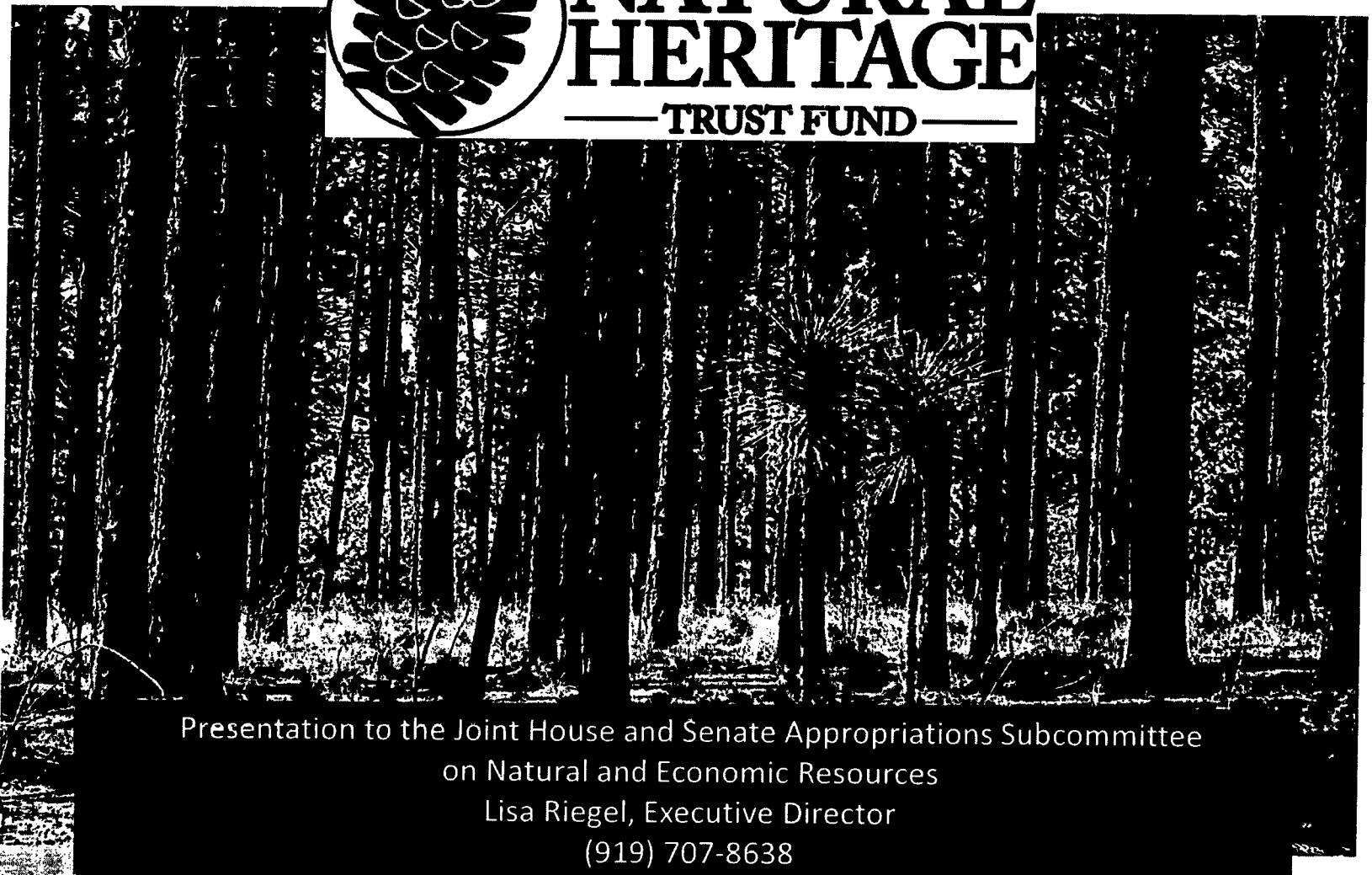
- Comprehensive non-regulatory program
- Helps meet local infrastructure needs
- Increases recreational opportunities
- Enhances quality of life
- Helps communities obtain competitive edge in their economic development

cleanwater

NORTH CAROLINA

NATURAL HERITAGE

TRUST FUND



Presentation to the Joint House and Senate Appropriations Subcommittee
on Natural and Economic Resources

Lisa Riegel, Executive Director
(919) 707-8638

March 5, 2013

NHTF MISSION

Protect Natural & Cultural Heritage Lands

- Recreation, scientific, education, cultural and aesthetic purposes
- Additions to state parks, trails, forests, wildlife areas
- Historic properties program
- Other beneficial use and enjoyment by the public



GRANT PROCESS

- Rules – Use Statute
- Grant Application
- 2 Cycles/year – Fall and Spring
- Trustee Site Visits
- Board Meeting
  - Review and Award grants







How Board Sets Priorities

- Based on Statute
  - Natural and/or Cultural Significance
  - Agency Priority
    - DENR (Environment and Natural Resources)
    - Agriculture
    - Wildlife Resources
    - Cultural Resources
- Economic Impact
- Urgency (threat) and Readiness
- Matching Funds



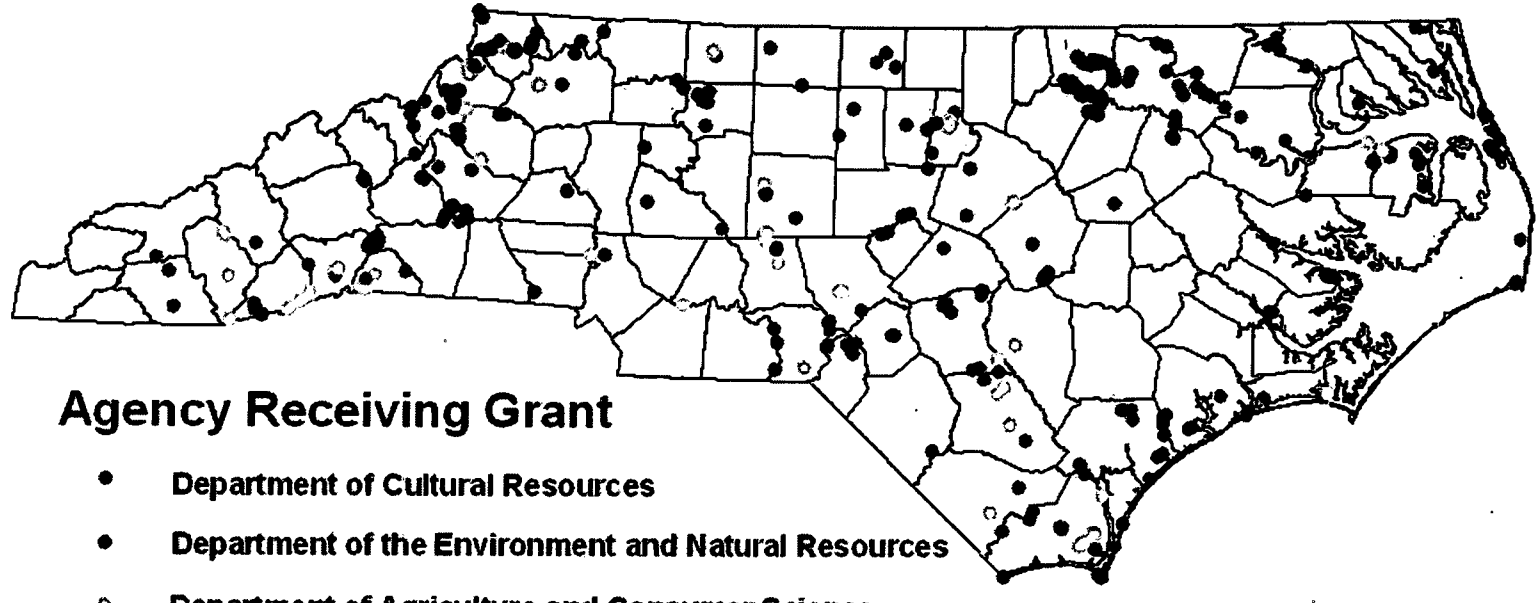
Dispersement of Funds

- NHTF can disperse funds as soon as:
  - Contract prepared
  - Concurrently, Title Opinion, Legislative (Governmental Operations) & Council of State approval of acquisition

Grant Monitoring Process

- Status Reports
- Dedication Process
- State Property Office Database
- State Agency – Long Term Management

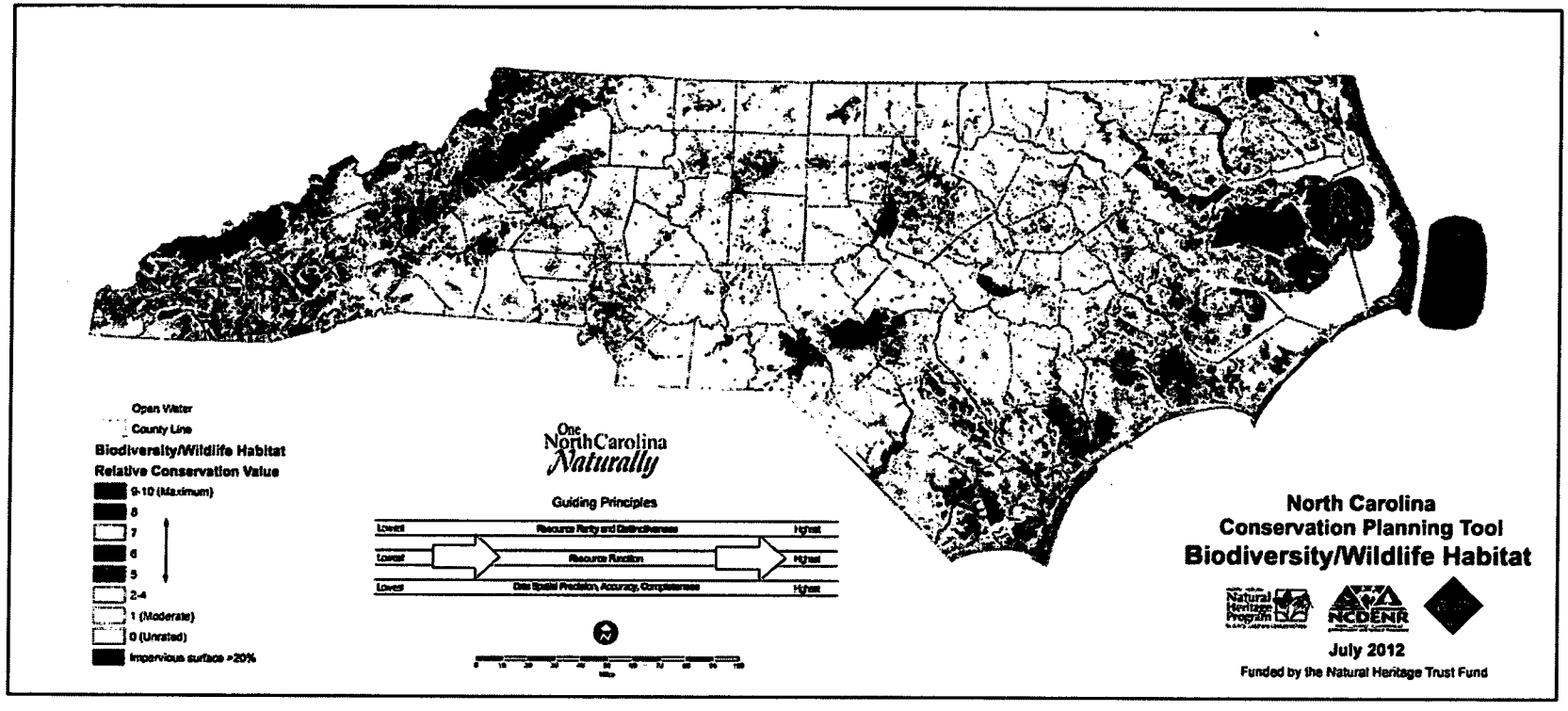
Natural Heritage Trust Fund
Project Awards
1988- Spring 2013



Agency Receiving Grant

- Department of Cultural Resources
- Department of the Environment and Natural Resources
- Department of Agriculture and Consumer Science
- Wildlife Resources Commission

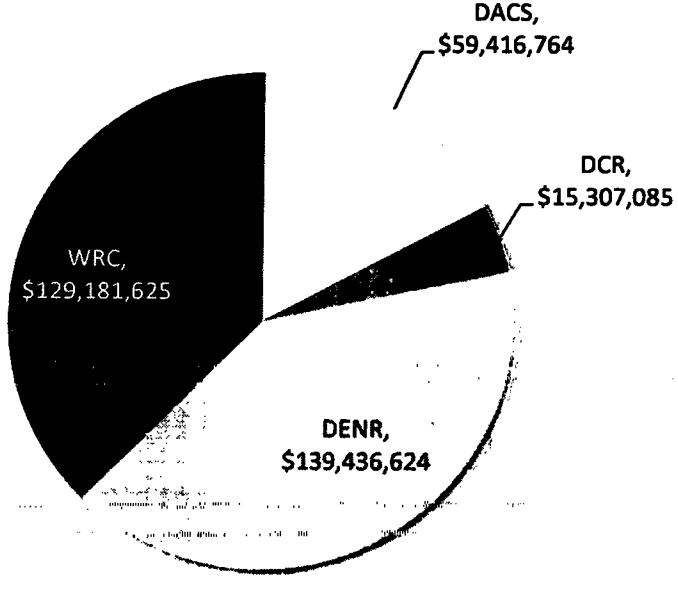
One NC *Naturally*
Conservation Planning Tool



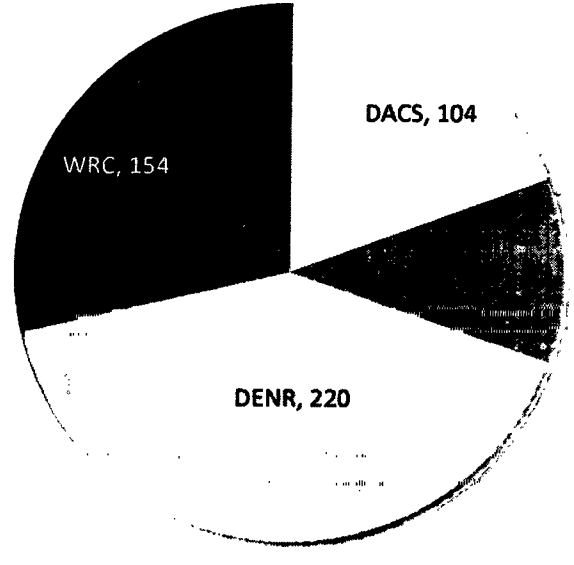
Biodiversity / Wildlife Habitat Assessment

DISTRIBUTION BY AGENCY

Dollar Amount of Grants by Agency
1988-2012



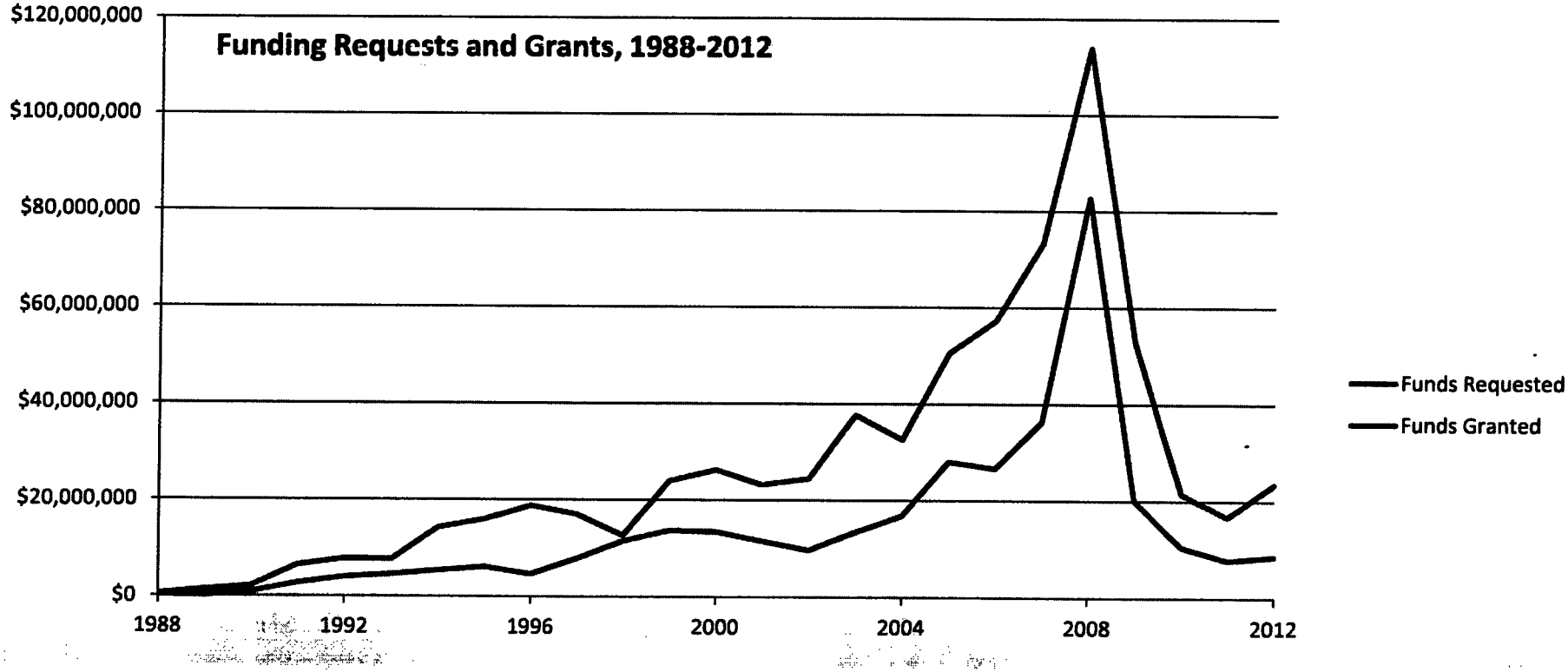
Number of Grants per Agency
1988-2012



WRC = Wildlife Resources Commission
DENR – Environment and Natural Resources
DACS = Agriculture and Consumer Services
DCR = Cultural Resources

PENT UP DEMAND

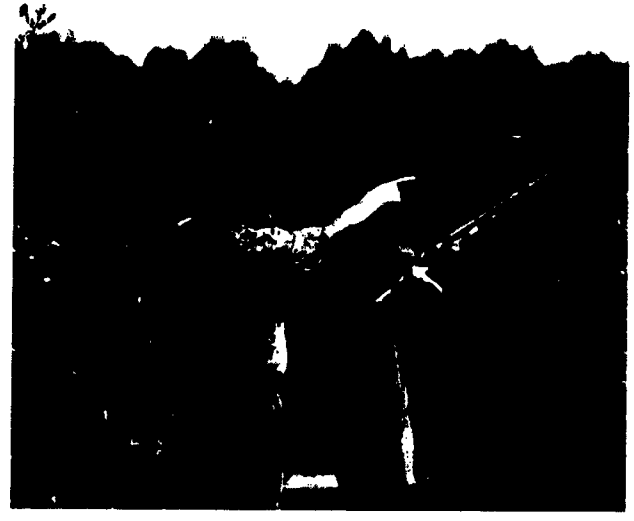
Immediate response to availability of funds shows pent up demand.
Historically only 50% of requests are funded as Applicants only submit top projects and know level of funding available.
$673 million requested vs. $343 million awarded





ECONOMIC IMPACT

- **Tourism**
- **Military Buffer**
- **Health Benefits**
- **Quality of Life - Attracts Businesses**
- **$4:$1 return on investment**



Hunting in state gameland



Chimney Rock

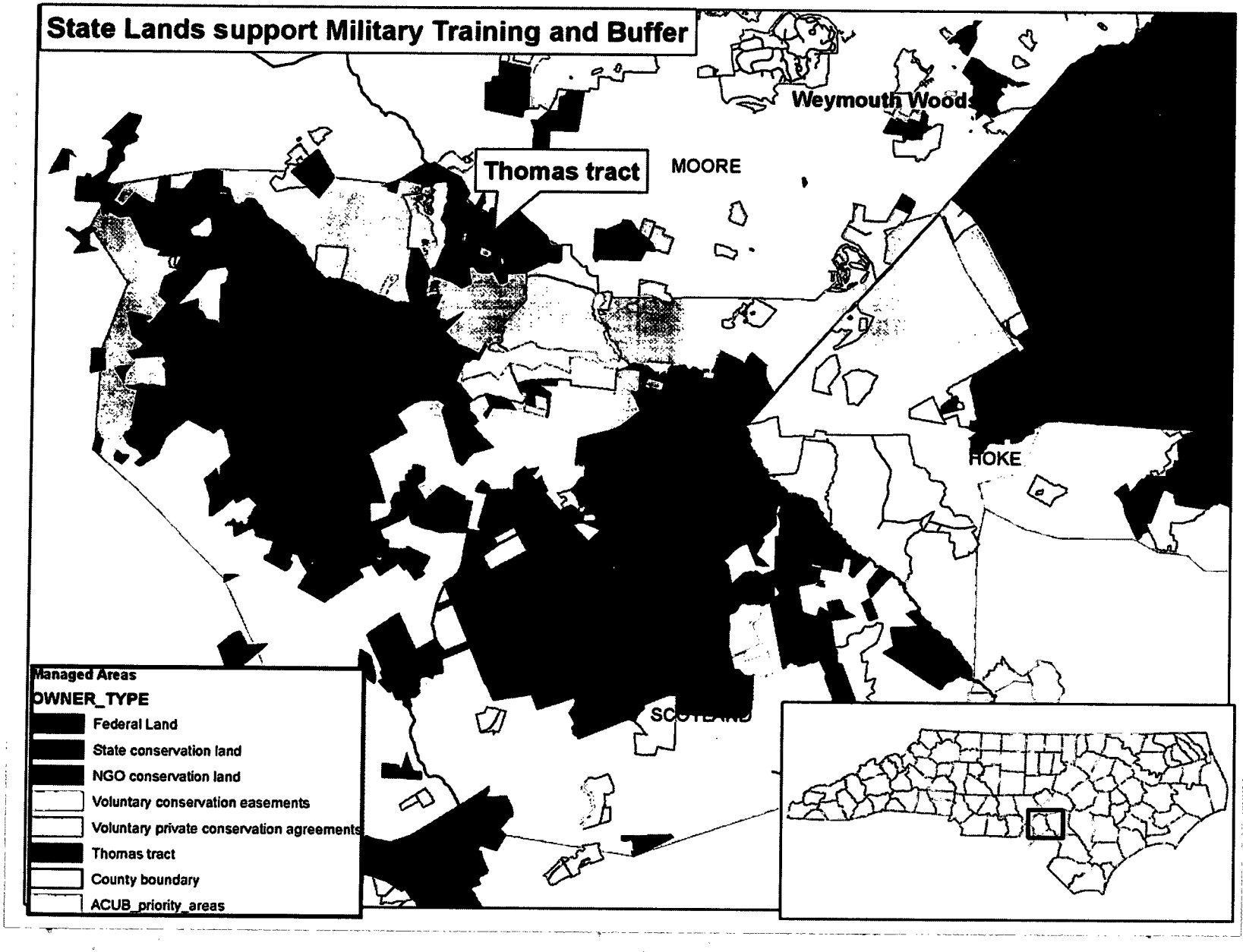


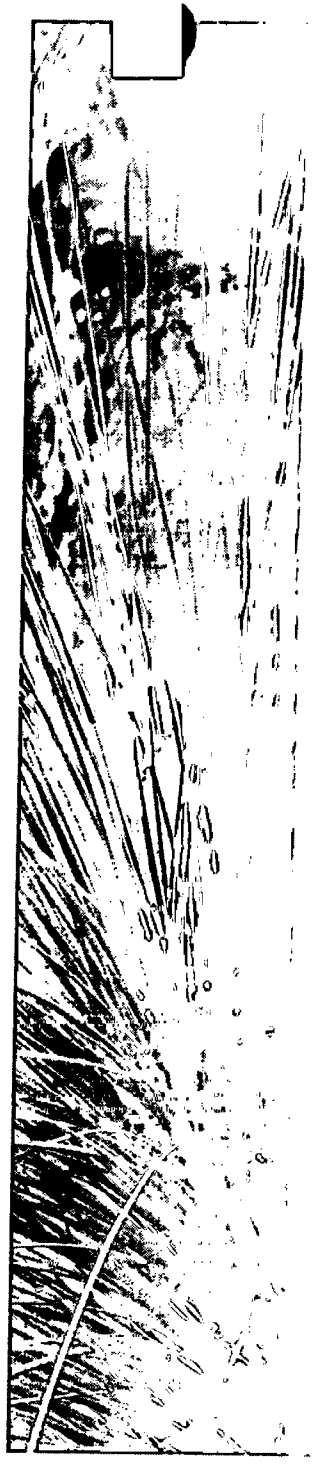
Jockey's Ridge

MILITARY TRAINING GAME LANDS






State Lands support Military Training and Buffer
Weymouth Woods
Thomas tract
MOORE
HOKE
SCOTLAND
Managed Areas
OWNER_TYPE
Federal Land
State conservation land
NGO conservation land
Voluntary conservation easements
Voluntary private conservation agreements
Thomas tract
County boundary
ACUB_priority_areas



RARE SPECIES



Current foraging habitat & future nesting habitat for Red Cockaded Woodpecker



Juvenile southern hognose snake found on property



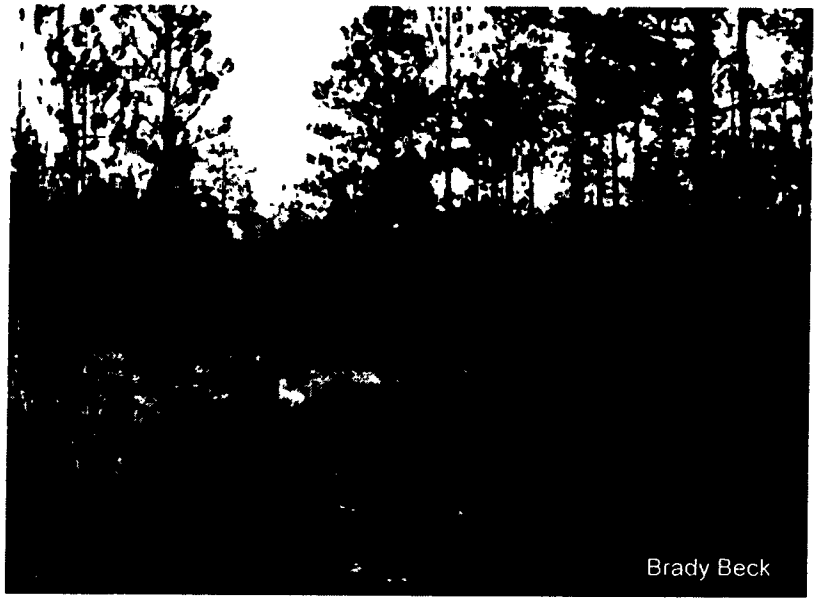
Bachman's sparrow found on property



Michaux's sumac on adjacent Game Lands



LONGLEAF WOODLAND





40% - The Nature Conservancy/Fort Bragg
$472,000

60% - NHTF $708,000

Total: $1,180,000 ($4,500/acre for 262 acres)



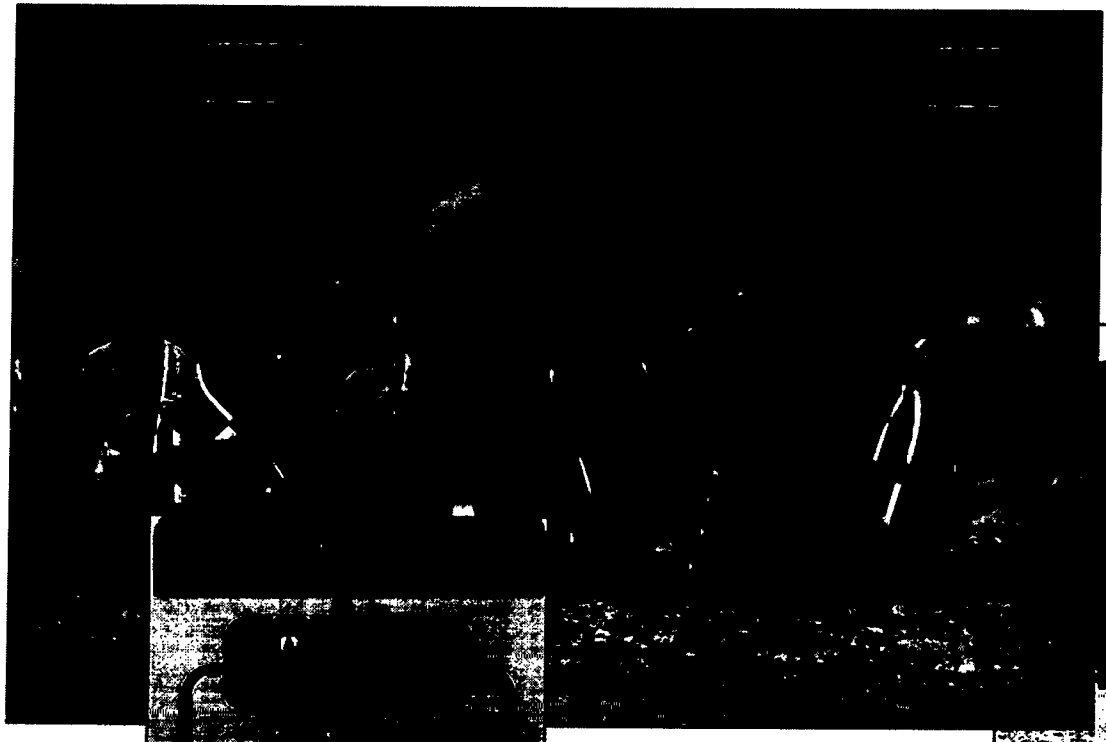
WRC GAME LANDS ECONOMIC IMPACT

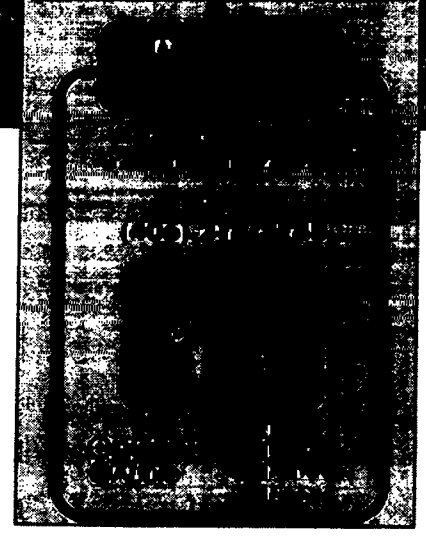
- **$2.4 billion – Fishing and Hunting**
  - 335,000 Hunters
  - 1,525,000 Anglers
- **$930,000 million – Wildlife Watching**
  - 2.4 million Wildlife watchers

Source: USFWS National Survey of Fishing, Hunting, and Wildlife-Associated Recreation in 2011

Bentonville Civil War Battlefield

Four Oaks, Johnston County

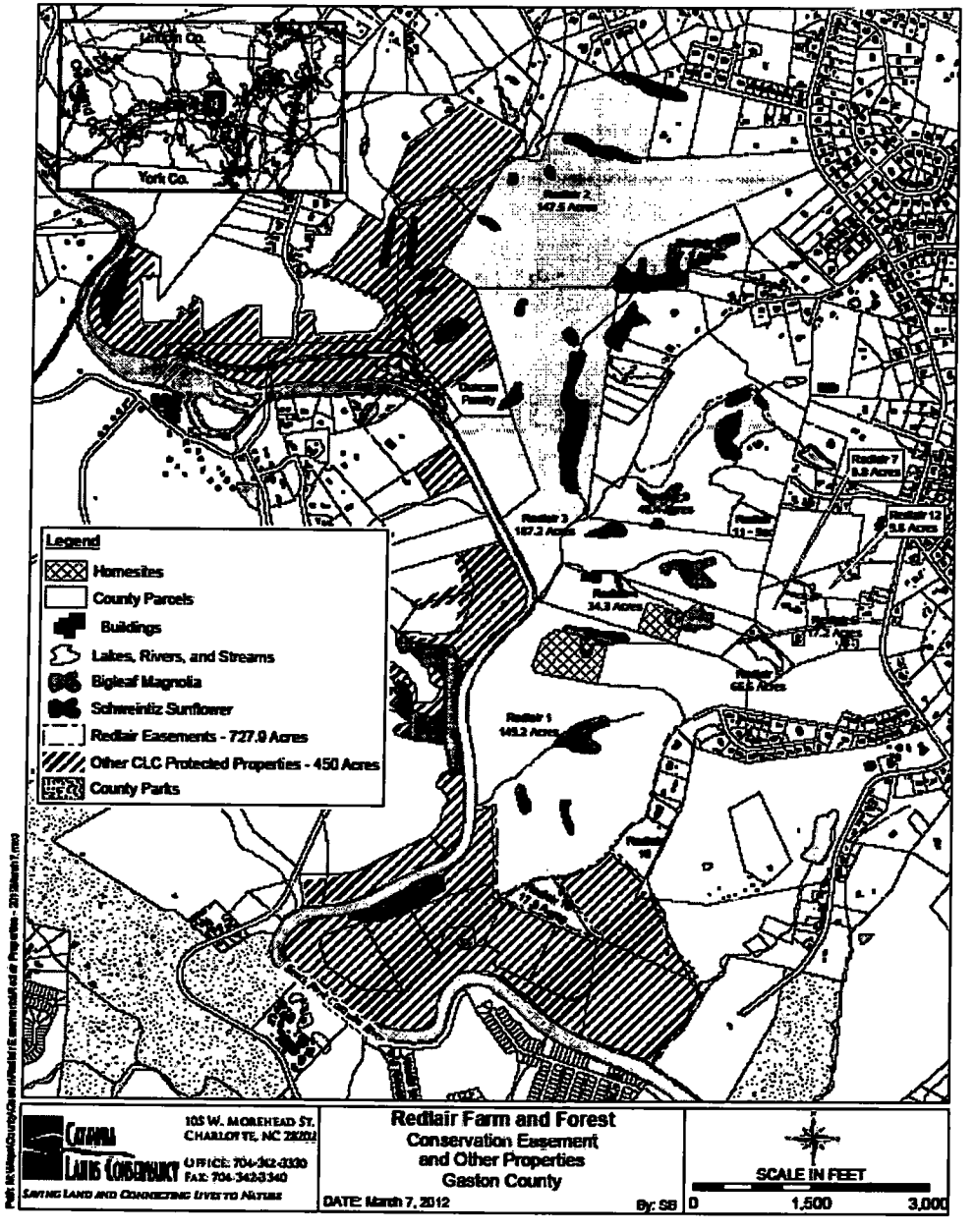




37,326
visitors in 2011



Cell phone tour under development



REDLAIR FARM & FOREST

Total Size: 737 acres

Adjacent Conserved Land: 450 acres

NHTF: $1.4 million

Private : $810,000

Bargain Sale: $2,084,010

Previous Easement: $2,397,500

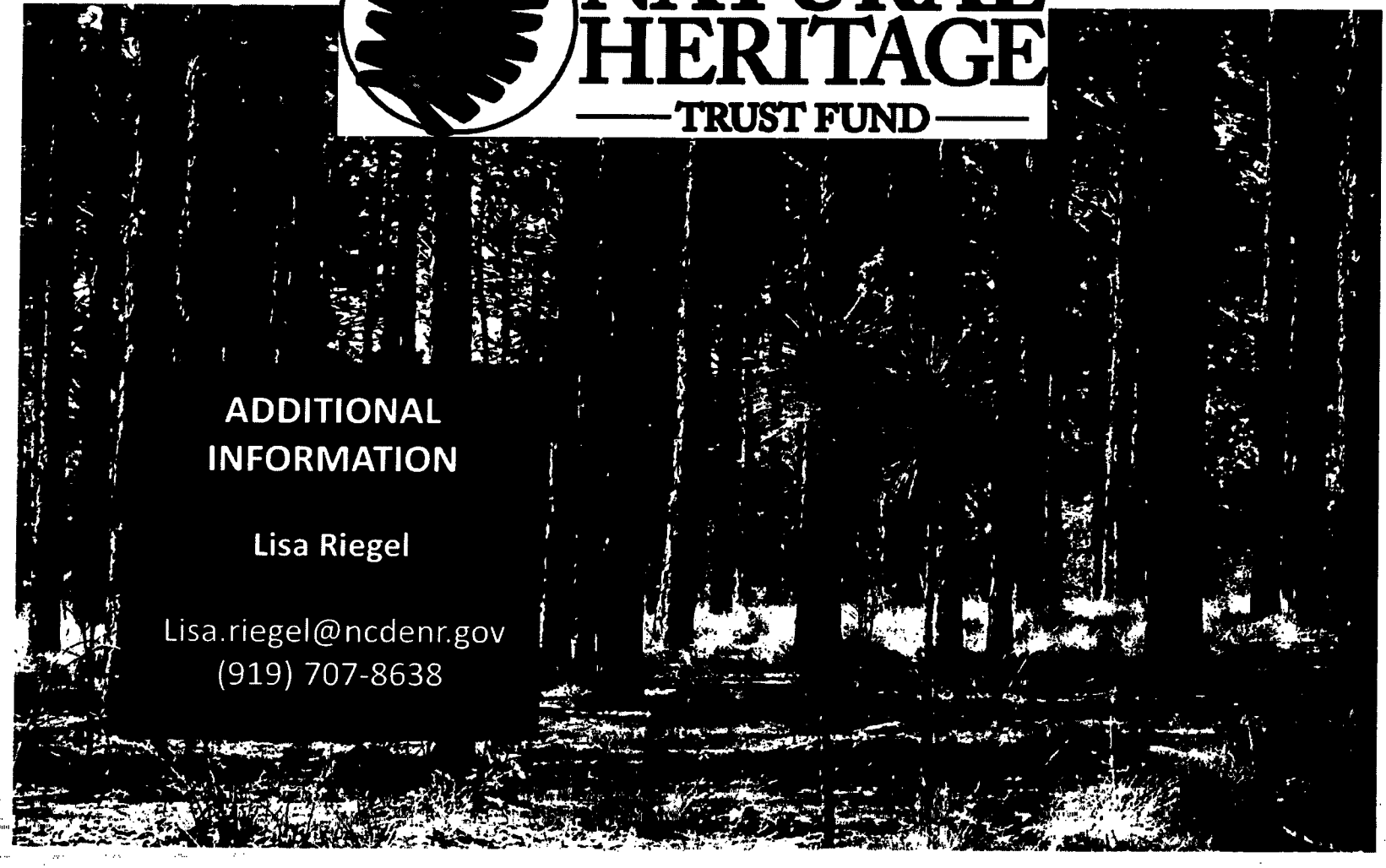
Total: Proceeds going to Stewardship Foundation

REDLAIR FARM & FOREST

(*Magnolia macrophylla* – Big Leaf Magnolia)



NORTH CAROLINA
NATURAL HERITAGE
TRUST FUND



ADDITIONAL INFORMATION

Lisa Riegel

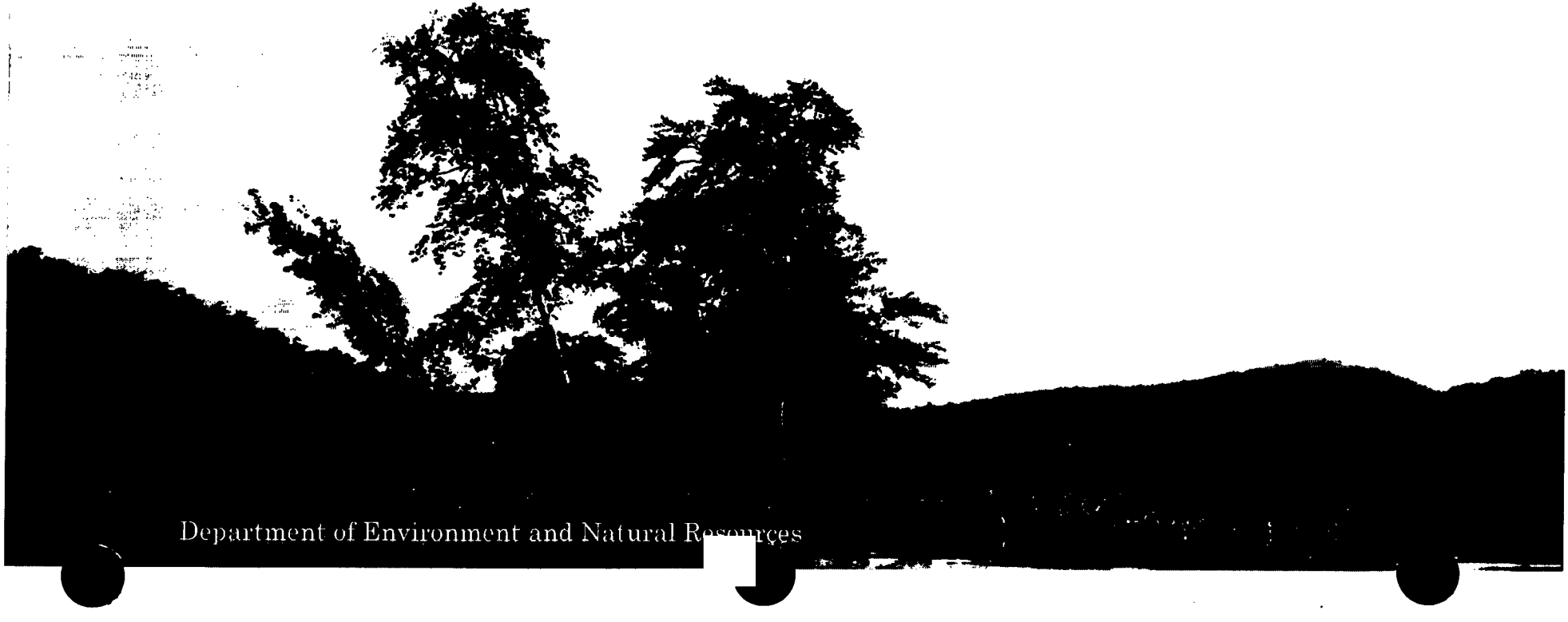
Lisa.riegel@ncdenr.gov
(919) 707-8638

Presentation to NER

March 5, 2013

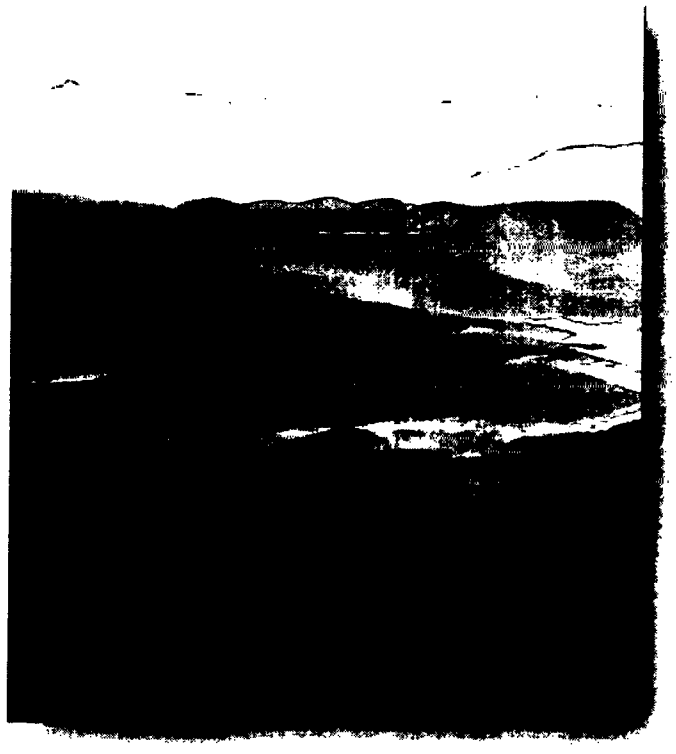
Brad Ives

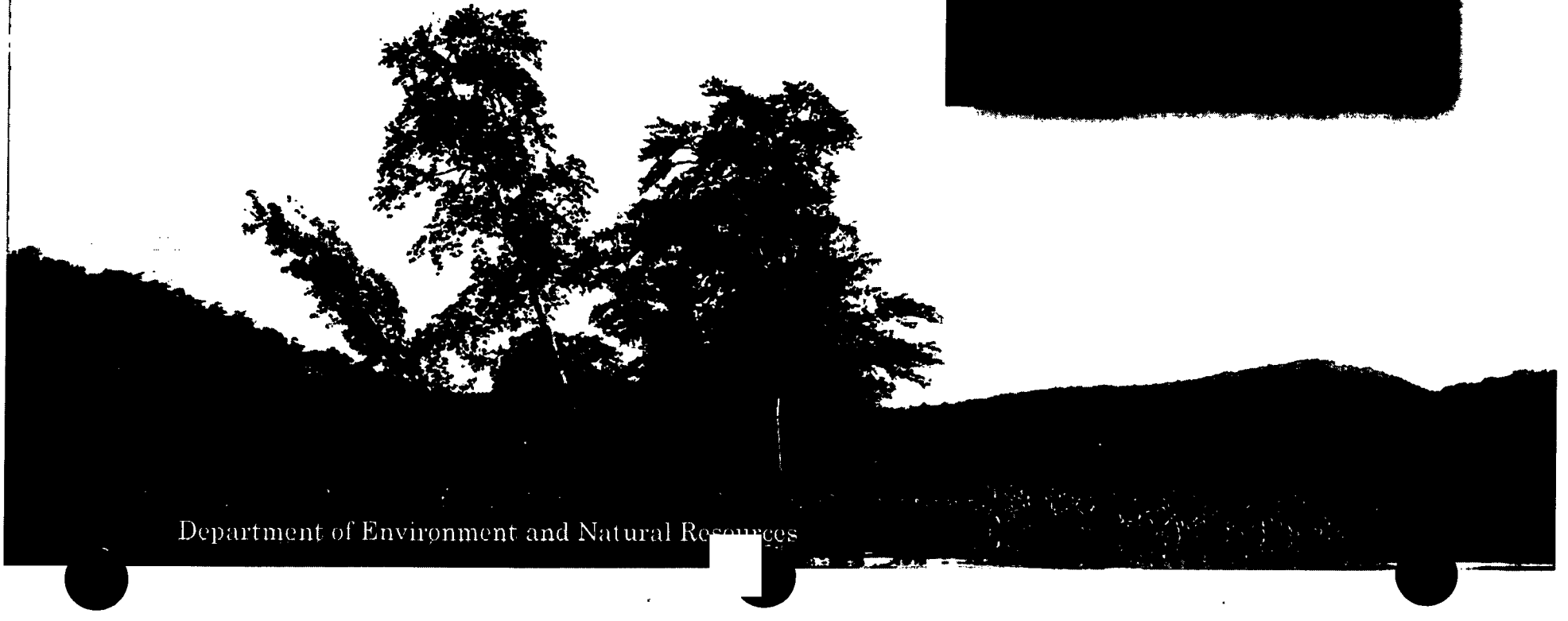
Assistant Secretary For Natural Resources



"...it shall be the proper function of the state to acquire and preserve park, recreational and scenic areas (forests, wetlands, estuaries, beaches, historical sites, open lands and places of beauty) and to control pollution of air and water..."

–North Carolina Constitution





Department of Environment and Natural Resources

DENR Conservation Trust Funds

cleanwater
MANAGEMENT TRUST FUND

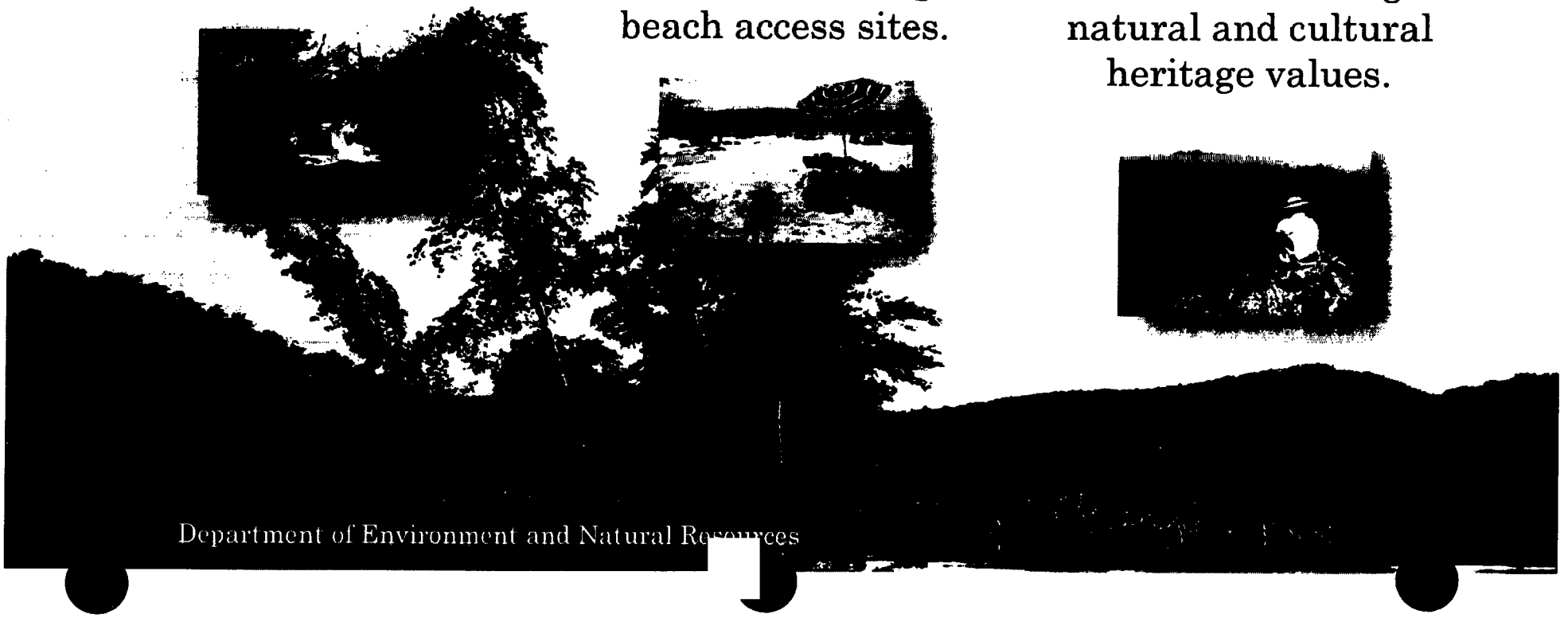
North Carolina
Parks & Recreation
Trust Fund

NORTH CAROLINA
NATURAL
HERITAGE
TRUST FUND

CWMTF
Protection of surface water quality.

PRTF
State and Local Parks, including beach access sites.

NHTF
Protection of land with outstanding natural and cultural heritage values.



Department of Environment and Natural Resources

Common approach and mission

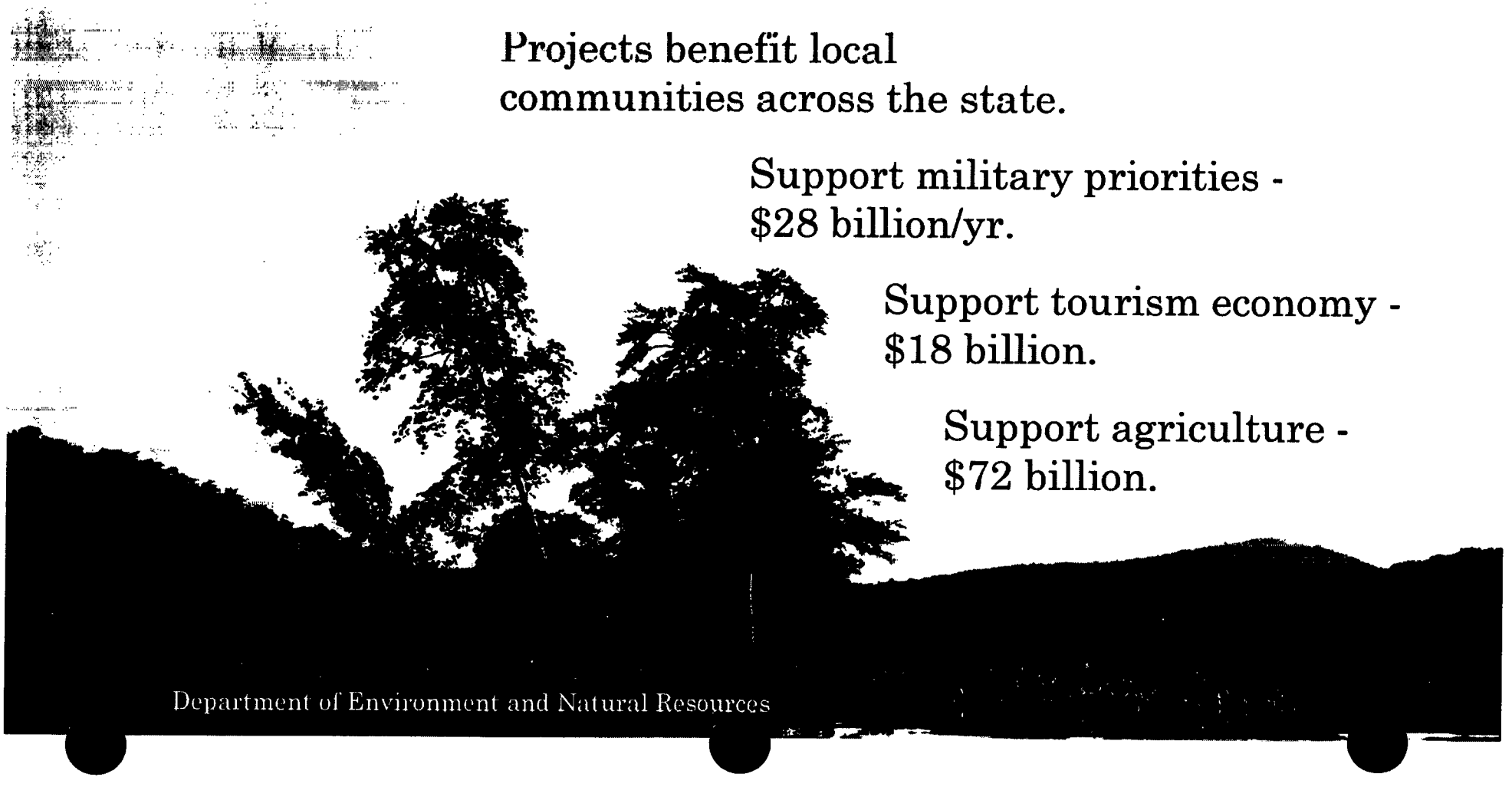
Citizen boards with significant expertise represent local perspectives.

Projects benefit local communities across the state.

Support military priorities - $28 billion/yr.

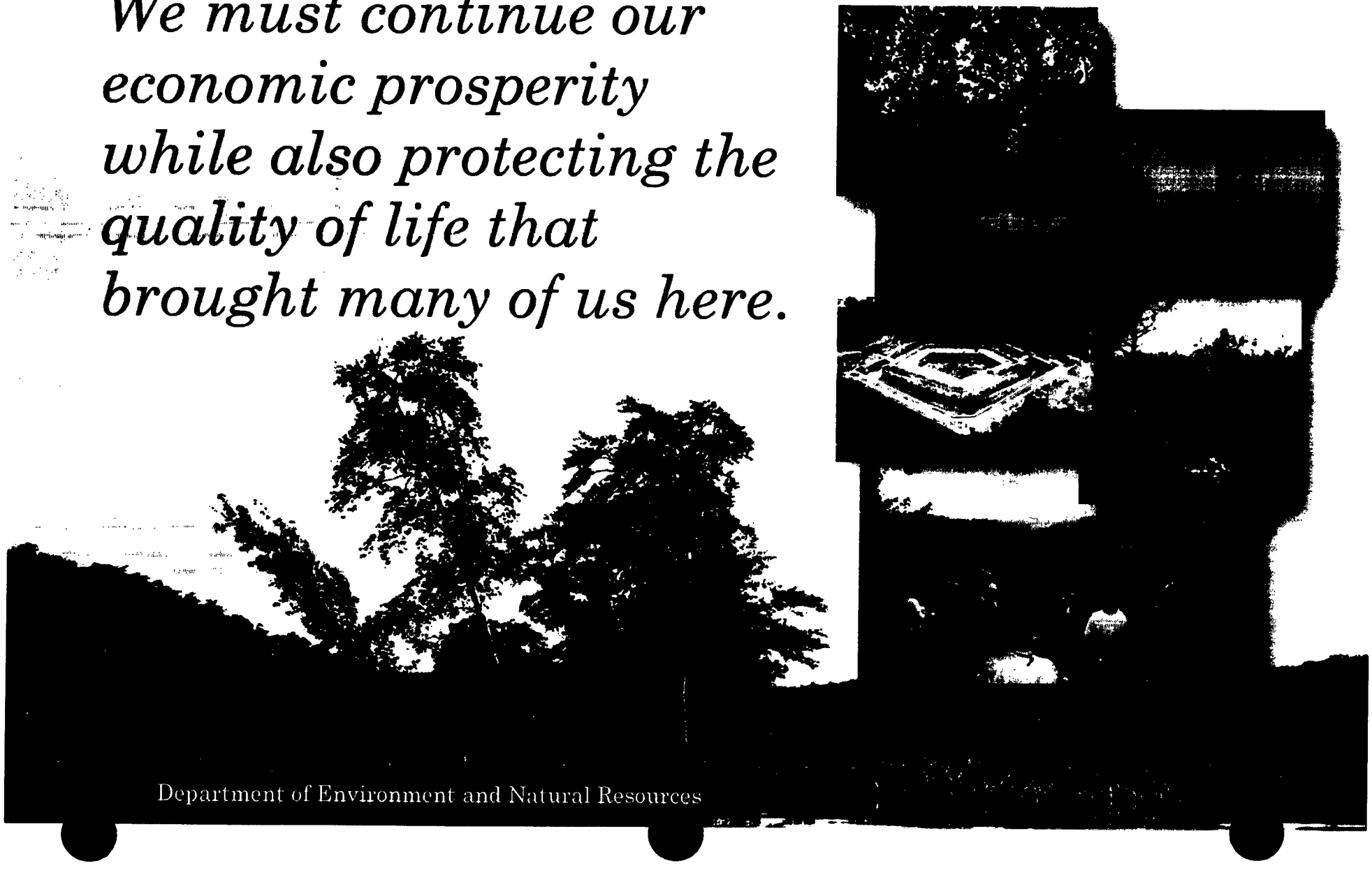
Support tourism economy - $18 billion.

Support agriculture - $72 billion.



9.5 million people in 2010

We must continue our economic prosperity while also protecting the quality of life that brought many of us here.



Department of Environment and Natural Resources





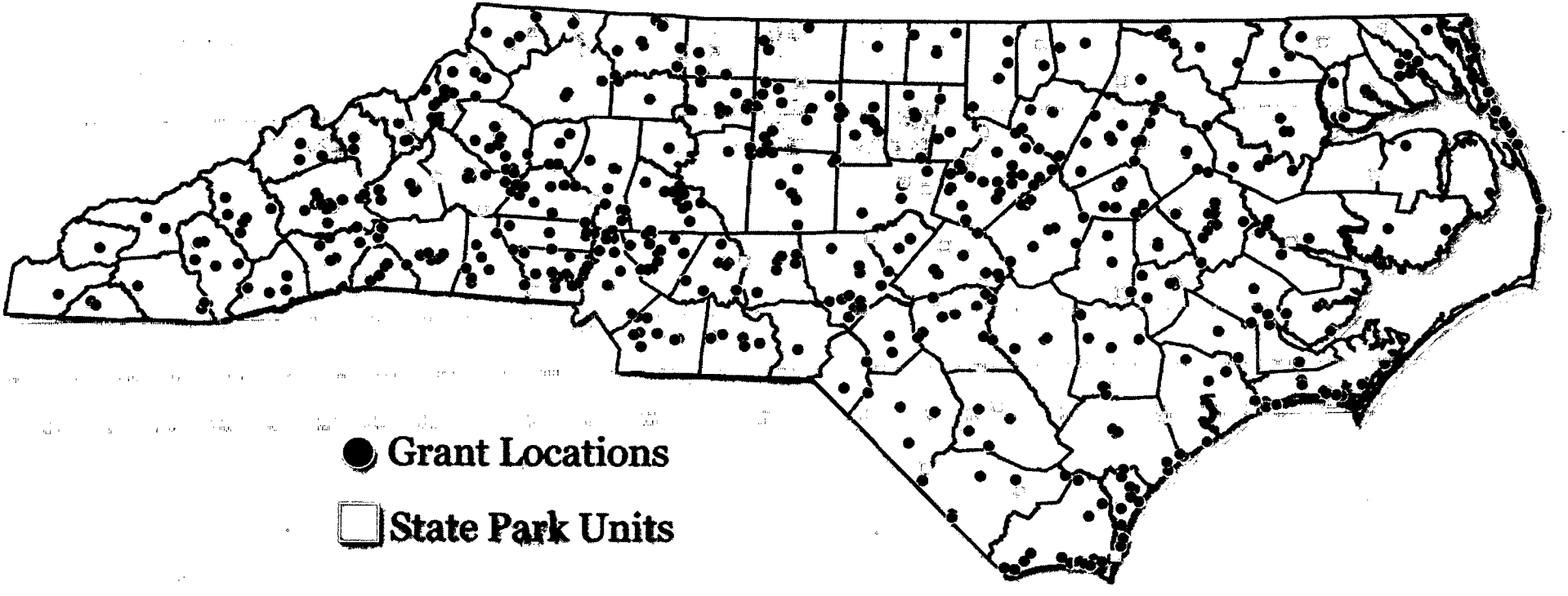
Parks and Recreation Trust Fund
Program Overview

NER Subcommittee
Raleigh, NC

Lewis Ledford, Director
Division of Parks and Recreation

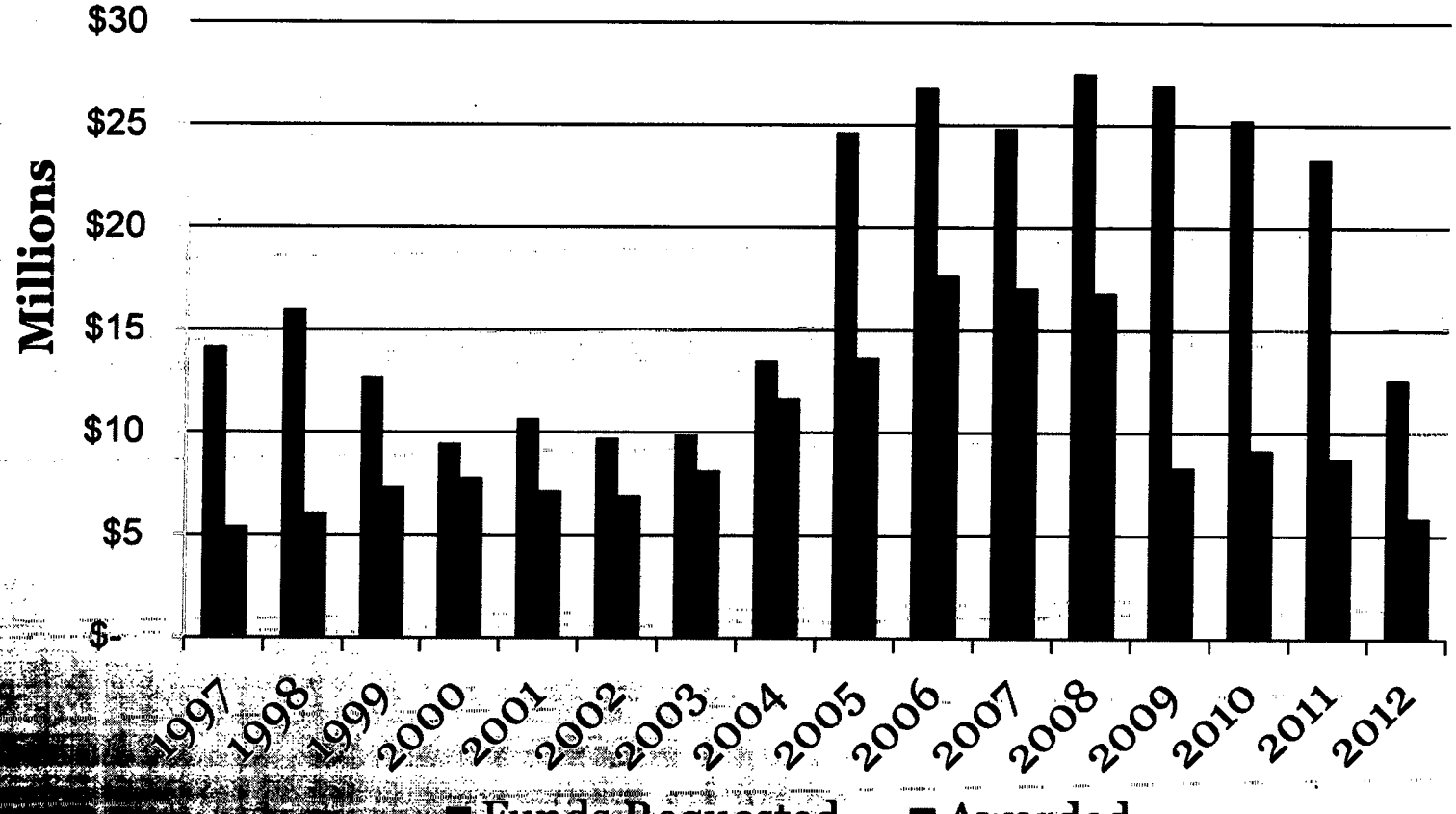
Parks and Recreation Trust Fund

Distribution of State and Local Projects: 1996 - 2012



NORTH CAROLINA
STATE PARKS

PARTF Local Grant Funds Requested and Awarded



Totals: Applications: 1351 Grants: 722

NORTH CAROLINA
STATE PARKS

PARTF Local Grant Process

- *August* **Announcement to all local governments**
- *September* **Application workshop – technical assistance**
- *January 31* **Application Deadline**
- *Feb. – Mar.* **Staff evaluates grants**
- *April* **Evaluations forwarded to Parks and Recreation Authority**
- *May & July* **Parks and Recreation Authority select grant recipients**

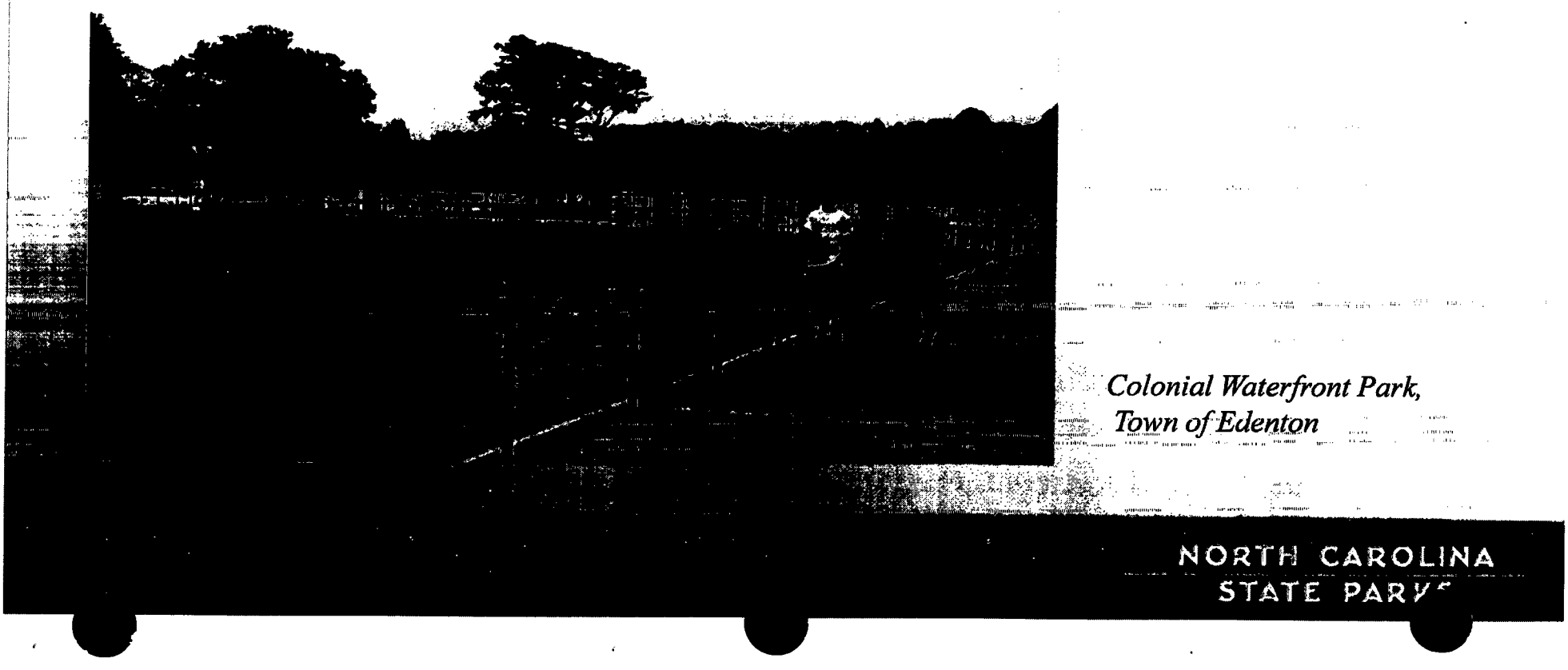


Alexander County,
Rocky Face Mountain Recreation Area

NORTH CAROLINA
STATE PARKS

Parks and Recreation Trust Fund
1995 - 2012

- **722 Grants Awarded in 99 counties**
- **370 local governments have received a PARTF grant.**
- **Half of the cities or towns with a grant have less than 5000 residents.**
- **$2 in local matching funds for every $1 in PARTF funding**



Colonial Waterfront Park, Town of Edenton

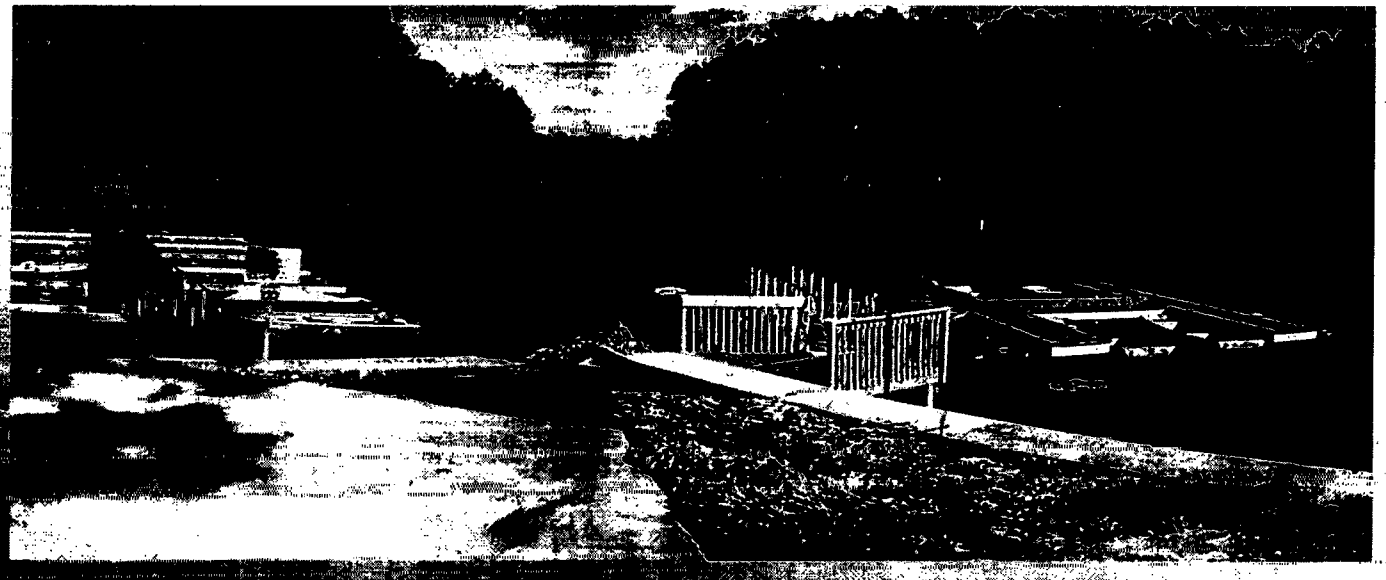
Selecting Grant Recipients

Factors used to select grant recipients:

- Rank by the scoring system
- Geographic distribution
- Population of the applicant
- Funds requested vs. funds available

Parks and Recreation Authority:

- Votes using a 4-point system
- Selects grant recipients based on average points received.

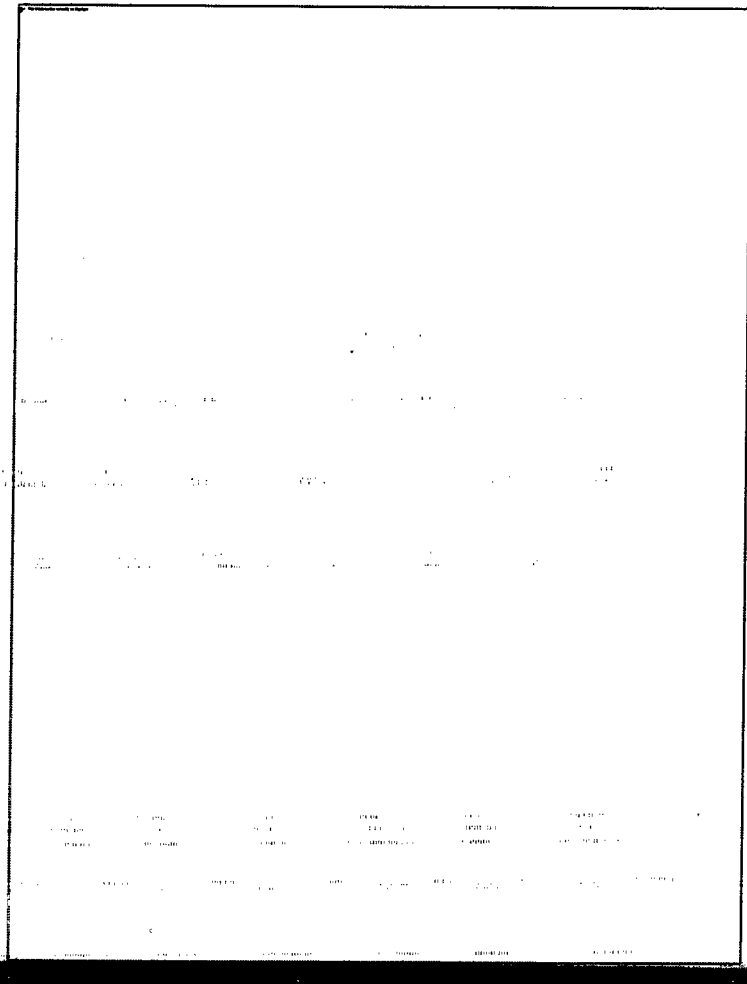


City of Asheboro, Boat docks at Lake Lucas Park

NORTH CAROLINA
STATE PARKS

Grant Administration
Length of Contract

- **Two Year Contract**
- **Typical grant process:**
  - Permitting
  - Conceptual design and construction plans
  - Bidding Process
  - Construction



Sensory Garden, City of Salisbury

Grant Accountability

Grant Project Monitoring

- Pre-award inspection
- Annual on-site inspections
- Closeout inspection
- As-built site plans

Reimbursement Requests

- Reviewed for consistency with project scope.



Impact of PARTF Investment – Local Grants

Jobs / Economy

- **PARTF** has created an estimated 10,000 jobs, many benefiting distressed businesses such as construction and landscaping.
- **Athletic Tournaments** = Tourist Spending. Soccer and softball tournaments account for $5- $10 million annually in Raleigh, Rocky Mount, Hickory and other cities.

Skate Park, City of Jacksonville,



Health benefits

- More active lifestyles help reduce medical costs to treat chronic conditions – hypertension, diabetes, heart disease.
- PARTF is helping address these problems by providing opportunities for public recreation at state and local parks across North Carolina.

NORTH CAROLINA
STATE PARKS

Impact of PARTF Investment – Local Grants

Local Tax Base

- Local parks can help pay for themselves in increased tax revenue.
- Research shows property within 500 feet of a park or greenway can be worth 5% to 20% more than more distance property.

Crime Prevention

- Cities have documented decreases in juvenile crime when new community centers with recreation programs are opened.

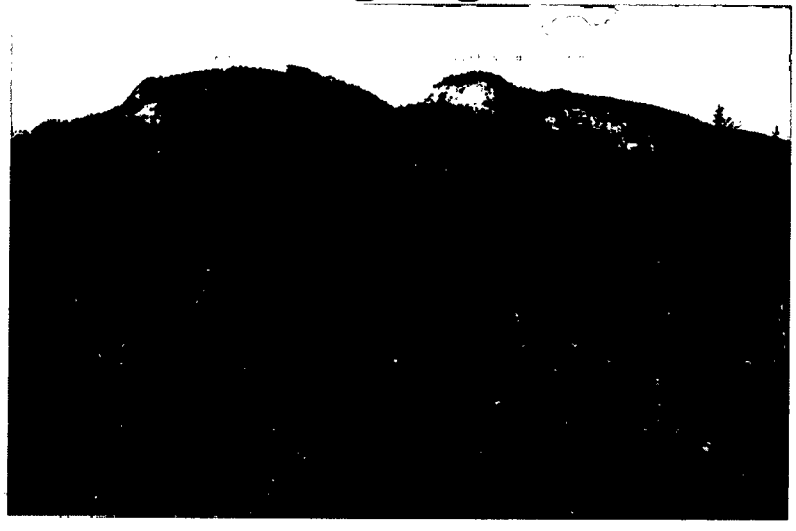


Gateway Gardens, Greensboro

NORTH CAROLINA
STATE PARKS

Impact of PARTF Investment – State Parks

- **State Parks and Natural Resource Protection Highlights:**
  - Grandfather Mountain State Park,
  - Chimney Rock State Park
  - Lake James State Park
  - Carvers Creek State Park
  - Mayo River State Park
  - Carvers Creek State Park and
  - Major additions to the Mountains-to-Sea State Trail.



Grandfather Mountain State Park

- **Capital improvement projects:**
  - Visitor centers and exhibit halls
  - Campgrounds, picnic areas, boating facilities
  - Trails and swimming beaches.

NORTH CAROLINA
STATE PARKS

Impact of PARTF Investment – State Parks

- **Tourism Destination:**
  - State parks help make North Carolina an ideal destination.
  - $ 1.5 billion industry in North Carolina
  - Each tourist to a state park spends an average of $23.56 per day.

- **Economic Impact:**

  Annual impact to local economies

  More than $400 million in sales & income

  Nearly 5000 jobs.



Stone Mountain State Park

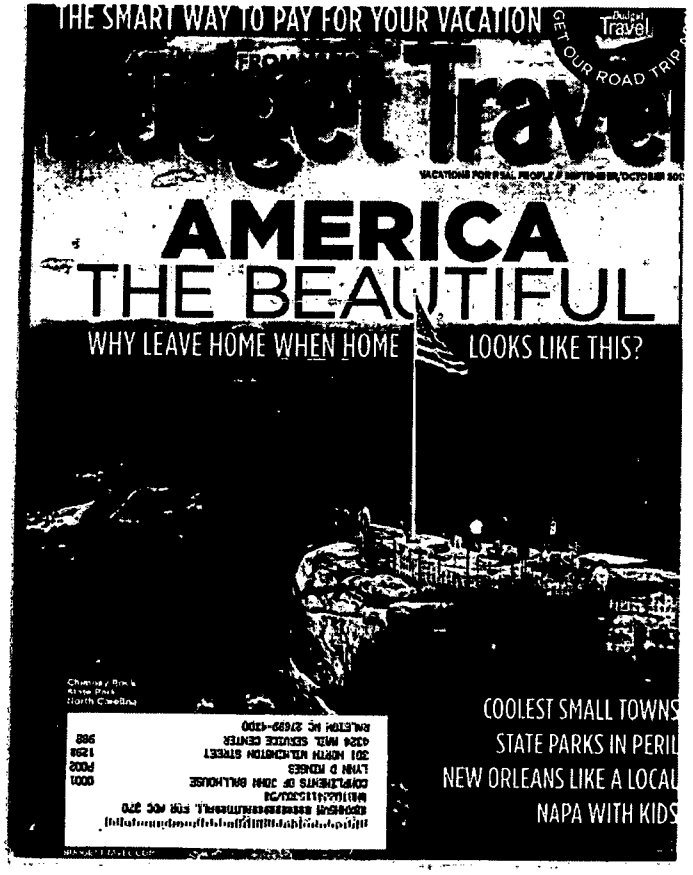
NORTH CAROLINA
STATE PARKS

Performance Measures– State Parks

- **Record Visitation**
  - State parks experiencing record visitation:
  - **14.2 million** in 2012
  - Up 25 % since PARTF was established

- **Efficiency**
  - North Carolina – **47th in the nation**
  - in per capita state park operating expenses.

- **Economic Impact:** For each dollar invested by the state, Between $1.80 and $25.10 are generated for local economies.
  Economic Impact Study, NCSU





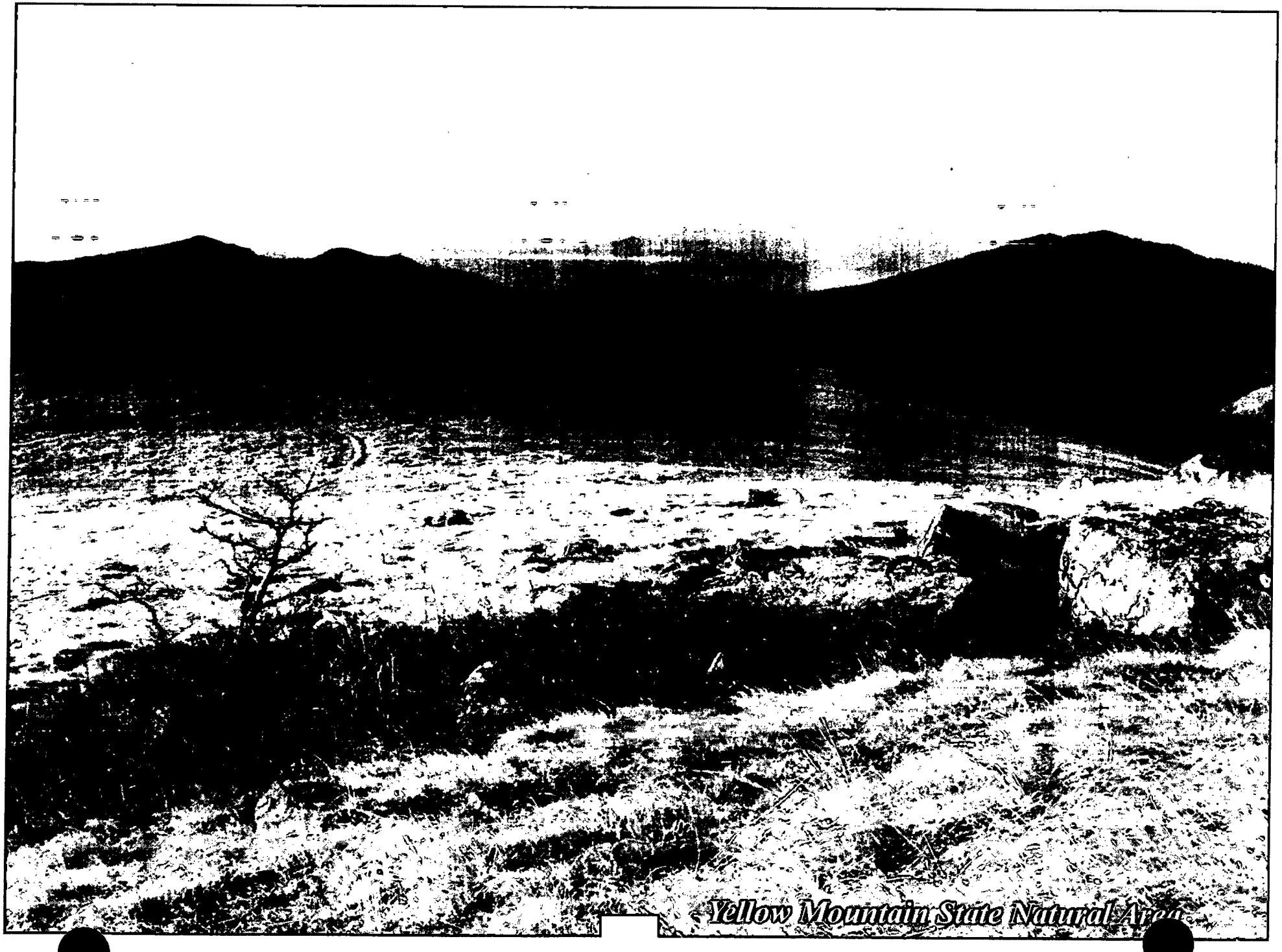
NORTH CAROLINA
STATE PARKS

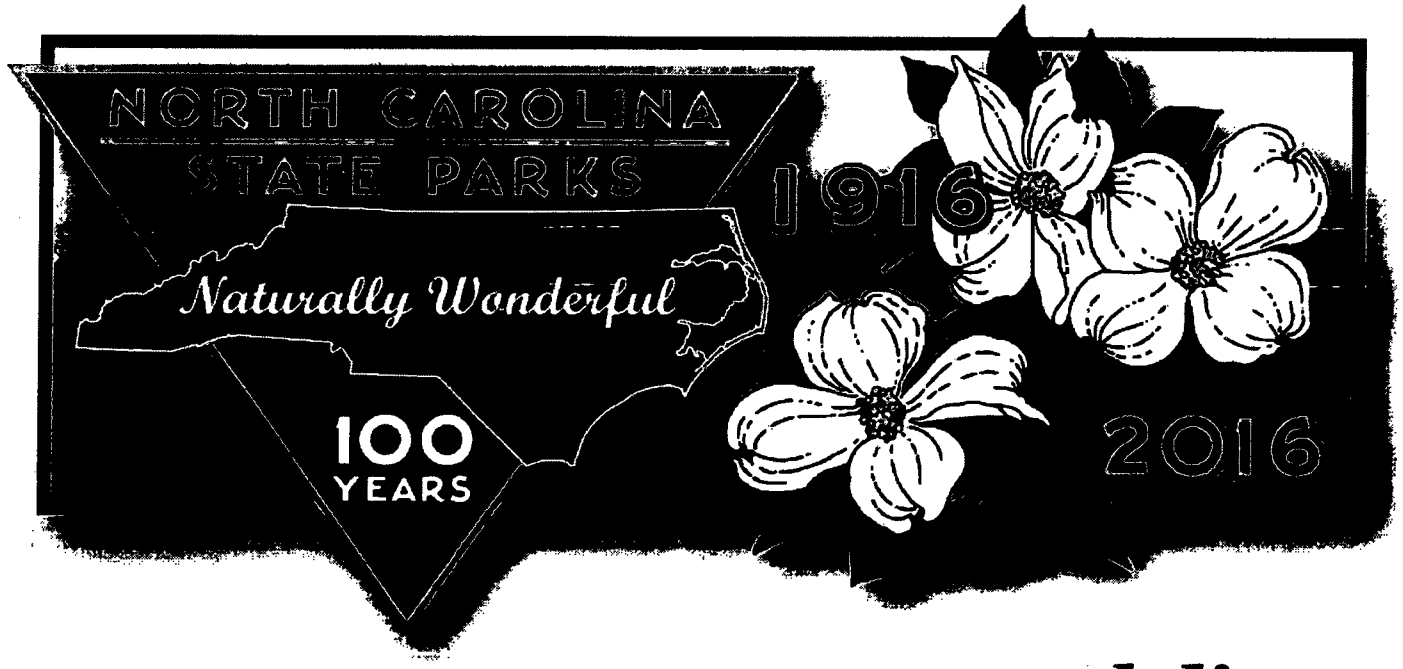
Performance Measures– Local Grants

- **600 completed projects**
- **Every $1 of state funding is matched by $2 of local matching funds**
- **More than 200 inspections and 100 reimbursements processed annually**



Lake Tomahawk Park,
Town of Black Mountain


Yellow Mountain State Natural Area



...to protect North Carolina's natural diversity;

...to provide and promote outdoor recreation opportunities throughout North Carolina; and

...to exemplify and encourage good stewardship of North Carolina's natural resources for all citizens and visitors

NORTH CAROLINA
STATE PARKS

VISITOR REGISTRATION SHEET

Senate Appropriations on Natural and Economic Resources

3/5/13
Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Henry Lancaster	LCA
Andy Chase	KMA
Neal Robbins	DENR
Carr McLamb	DENR
Katherine Skinner	The Nature Conservancy
Tommy Sevier	Moore and Van Allen
Jimmy Broughton	Womble
Reid Wilson	CTNC
Ha Nguyen	NCCOB
Lewis Ledford	STATE PARKS
Elizabeth Biser	Brooks Pierce
Michelle Wells	NC Recreation & Park Assn
Carol Tingley	NC State Parks
Linda Pearsall	DENR
MALLORY MARTIN RICHARD EDWARDS	WRC
GORDON MYERS JOHN COLEY	"
Jack Brinson	LABOR

09-21-201

VISITOR REGISTRATION SHEET

Senate Appropriations on Natural and Economic Resources

3/5/13
Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
BRAD IVES	DENR
Doug Lentz	NCSTA
Will Morgan	TNC
Joy Hicks	NCDACS
Dewitt Hardison	NCDACS
Edgar Miller	CTNC
DAVID HUSKINS	COGs
LISA RIEGEL	NHTF
R Rogers	CWMTF
John McMillan	NFGS
Kathy Bredahoeft	Citizens Constitutional Caucus
Sharon Marshall	DENR
Doug Lewis	DENR BPA
Quinton McNeal	DENR.
Helen McLennan	NC Farm Bureau

VISITOR REGISTRATION SHEET

Senate Appropriations on Natural and Economic Resources

3/5/13
Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Jim Holmes	TCF
Bob Allen	NMRS
Alan Briggs	~~AHTI~~ NCAFAFB
Mickael Clinton	Comm Bks.
Cassie Gavin	Sierra Club

Joint Appropriations Subcommittee on NER

Agenda

Thursday, March 7, 2013, 8:30 A.M.
Room 423, Legislative Office Building

Senator Jackson, Presiding

1. **Welcome & Introductions**

   Sen. Jackson

2. **Commerce Presentations**

   Commerce Overview & Presentation Schedule
   Aubrey Incorvaia, *Fiscal Research Division*

   Tourism, Film & Sports Development and Welcome Centers
   Aubrey Incorvaia, *Fiscal Research Division*
   Wit Tuttell, Director of Tourism Marketing
   Bryan Gupton, Director of Operations and Industry Relations

   Marketing
   Aubrey Incorvaia, *Fiscal Research Division*
   David Rhoades, Director of Marketing

   Business & Industry
   Aubrey Incorvaia, *Fiscal Research Division*
   Susan Fleetwood, Director of Business & Industry Development

   Business Link North Carolina
   Aubrey Incorvaia, *Fiscal Research Division*
   Scott Daugherty, Small Business Commissioner

   NC Broadband
   Aubrey Incorvaia, *Fiscal Research Division*
   Angie Bailey, NC Broadband Director

3. **Committee Discussion**

4. **Adjourn**

House Appropriations Subcommittee on NER
Rep.McElraft (Chair)
Rep. West (Chair)
Rep. Dixon (Vice Chair)
Rep. Pierce (Vice Chair)
Rep. Presnell (Vice Chair)
Rep. Brandon, Bumgardner, Catlin, Dobson, Langdon, Millis, Richardson, Wilkins, Wray

Senate Appropriations Committee on NER
Sen. Brock (Chair)
Sen. Jackson (Chair)
Sen. Bryant, Cook, McLaurin, Rabin, Tarte, Walters

Joint Committee on Appropriations on Natural and Economic Resources
Thursday, March 7, 2013 at 8:30 AM
Room 423 of the Legislative Office Building

MINUTES

The Joint Committee on Appropriations on Natural and Economic Resources met at 8:30 AM on March 7, 2013 in Room 423 of the Legislative Office Building. 19 members were present.

Senator Brent Jackson, Chair, presided.

Sen. Jackson called the meeting to order at 8:32 AM.

Sen. Jackson welcomed the committee and audience. He welcomed the House and Senate pages and House and Senate Sgt. At Arms.

Sen. Jackson yielded the floor to Secretary Sharon Decker, Department of Commerce.

Secretary Decker introduced the Department of Commerce and spoke about her excitement to have the opportunity to present the different agencies within Commerce. She discussed the message that North Carolina is open for business and the main objective is to create jobs. She thanked the committee.

Sen. Jackson yielded the floor to Mrs. Aubrey Incorvaia, Fiscal Research Division.

Mrs. Incorvaia gave an overview of the Department of Commerce: basics; historical expenditures; authorized appropriations by division; recent department-wide budget adjustments; presentation schedule.

Mrs. Incorvaia gave an overview of the division of Tourism, Film & Sports Development and Welcome Centers: primary responsibilities; recent budget adjustments; actual authorized budget; fiscal year 2012-13; Special License Plate agency historical actuals and current year authorized budget; Advertising expenditures historical actuals and current year authorized budget; Welcome Center historical actuals and current year authorized budget; Welcome Center appropriations in 2012-2013.

Sen. Jackson yielded the floor to Mr. Wit Tutttell, Director of Tourism Marketing.

Mr. Tuttell discussed the Tourism Film & Sports Development and Welcome Centers: program overview; program goals; measuring success; 2011 record year for North Carolina tourism; 2012 year end lodging report; promoting travel in North Carolina; division programs; North Carolina's tourism brand; Project 543; the division in media; 2012-13 media strategy; NCVISIT.COM; partnerships leverage resources; tourism budget; 2011-12 budget.

Sen. Jackson yielded the floor to Mr. Bryan Gupton, Director of Operations and Industry Relations.

Mr. Gupton discussed the Welcome Centers and Call Center; Welcome Centers budget for 2012-13; North Carolina Division of Tourism, Film and Sports Development.

Sen. Jackson asked the committee if there were any questions or comments.

Rep. Catlin: Who is your international person?

Mr. Tuttell: Heidi Walters.

Rep. Catlin: Where are the three overseas offices?

Mr. Tuttell: We have an office in Canada, Frankfurt and the UK.

Rep. Catlin: I have an overall comment on tourism and how important it is to our economy. We have a real problem with loss of federal funding at the beaches and we have to stop the litter on our roadways.

Mr. Tuttell: I have seen that South Carolina has started a billboard program to stop littering.

Sen. Cook: The Coast is interested in tourism, and we are proud of the money we generate for the state, and I am pretty sure we send back more tax dollars then we use. How does infrastructure impact our Coast, specifically crowded highways?

Mr. Tuttell: The traffic does have an impact, and it hurts that other states have issues as well. A good example of that is tourists struggle to get here due to the I-95 renovations in Virginia.

Sen. Bryant: I was really thinking about Rep. Catlin's remarks about litter. I have observed resistance to trash receptacles. What can we do to encourage businesses to have trash cans at locations?

Mr. Tuttell: That is a program idea we can bring up at the Governor Conference.

Rep. Presnell: Haywood County has a program where retired people get together to pick up trash. "Newfound Road" takes care of 9 miles and has won awards.

Sen. Rabin: Is it cruel and inhumane to have prisoners pick it up?

Sen. Brock: We are getting into DOT issues.

Rep. Wilkins: I have received a crash course in the difference between Welcome Centers and other centers. It might be good to explain the difference.

Mr. Gupton: The nine Welcome Centers run by our division are on Interstates at entrance points into the state. The larger centers and rest areas are run by other agencies.

Rep. Wilkins: Your FTE's do not man these welcome centers, correct?

Mr. Gupton: Correct.

Sen. Jackson thanked Mr. Tuttell and Mr. Gupton and yielded the floor to Mrs. Incorvaia.

Mrs. Incorvaia gave an overview of Marketing: primary responsibilities; actual historical expenditures and current year authorized budget; marketing expenditures for 2012-13.

Sen. Jackson yielded the floor to Mr. David Rhoades, Director of Marketing.

Mr. Rhoades discussed the Marketing Division: division's purpose; "Thrive"; marketing environment: source of projects and media relations; performance indicators; executive perceptions; site selection consultant's perceptions; other states' marketing spend; division budget line not "paid media" only; "Branding" North Carolina as a business location; "Thrive" Development Research Rationale; Flexible and Believable Brand Message; Current Opportunities.

Sen. Jackson asked the committee if there were any questions or comments.

Rep. Catlin: North Carolina has another asset we need to market, the Brown Field program. It puts vacant, unused pieces of property back in play for businesses to use.

Sen. Rabin: The recovery of the economy and businesses wanting to relocate here are tied together. Where do we stand with regards to other states?

Mr. Rhoades: We have that data; I just don't have it at hand. As for our state ranking, we perform fairly well and are consistently on the short lists of companies wanting to move.

Sen. Jackson requested that Mr. Rhoades send the discussed information to Mrs. Incorvaia.

Mr. Rhoades: Of course.

Rep. Wilkins: Do you have a take on if Louisiana is using their money wisely?

Mr. Rhoades: They are visible and have raised awareness over time. Any one effort is hard to pin down, but my sense is that they are consistent at advertising over time. It is all about your reach and frequency you reach those people. On that score, they have done a good job.

Sen. McLaurin: Sometimes we lose a business to another state when competing. Do we have a process of capturing that evidence and learning from it?

Mr. Rhoades: Absolutely. We have a very systematic process on capturing that info.

Sen. Walters: Can that info be shared?

Sen. Jackson yielded the floor to Secretary Decker.

Secretary Decker: We do postmortems on all projects we lose.

Sen. Rabin: That process is the battleground in winning businesses. We need to have a lock on that to win these bids. I do not believe a website is the best tool for bringing businesses here.

Mr. Rhoades: I agree. We have to have an integrated system.

Sen. Jackson thanked Mr. Rhoades and yielded the floor to Mrs. Incorvaia.

Mrs. Incorvaia gave an overview of Business and Industry Development: key points; historical actuals and current year authorized budget, expenditures in 2012-13; nine regional offices; international investment offices.

Sen. Jackson yielded the floor to Susan Fleetwood, Director of Business & Industry Development.

Mrs. Fleetwood discusses the Business and Industry Development: fiscal year 2011-12; historical and current year appropriations; expenditures; nine regional offices; international investment offices: Canada, Frankfurt, Tokyo and Shanghai.

Sen. Jackson asked the committee if there were any questions or comments.

Rep. Wilkins: I have a request. As we go forward, it would be good if we had information broken out for us regarding project goals, funds broken down.

Sen. Jackson: Staff will assist with that.

Sen. Walters: With the success we had last year, why did we lose jobs? Was there a common thread?

Mrs. Fleetwood: Here are the 2012 losses: 24% because of lack of sites, 21% because of lack of incentives, 21% because the company stayed put, 11% because of transportation logistics. Those programs are very important and the Biotech Center is important and they all play an important role.

Rep. Catlin: I have a lot of questions.

Sen. McLaurin: I want to understand. Of the top 10 site selection factors, one that was said was because of the corporate tax rate; and it was the 11th factor in all companies determining what was most important in terms of issues.

Mrs. Fleetwood: Correct.

Sen. Rabin: This list is important because this is what drives advertising. The most important factors and the quality of life factors.

Sen. Jackson thanked Mrs. Fleetwood. Announced that Business Link and Broadband would be moved to Tuesday.

Sen. Jackson thanked the committee and audience.

The meeting adjourned at 9:54 AM.

Senator Brent Jackson, Chair
Presiding

Towers Mingledorff, Committee Clerk

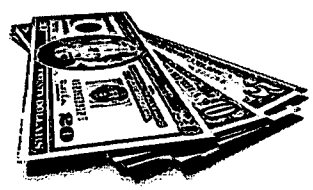
Commerce Overview

March 7, 2013

FISCAL RESEARCH DIVISION
A Staff Agency of the North Carolina General Assembly

Presentation Outline

- Commerce Basics
- Division Overview
- Recent Department-Wide NCGA Budget Adjustments
- Presentation Schedule



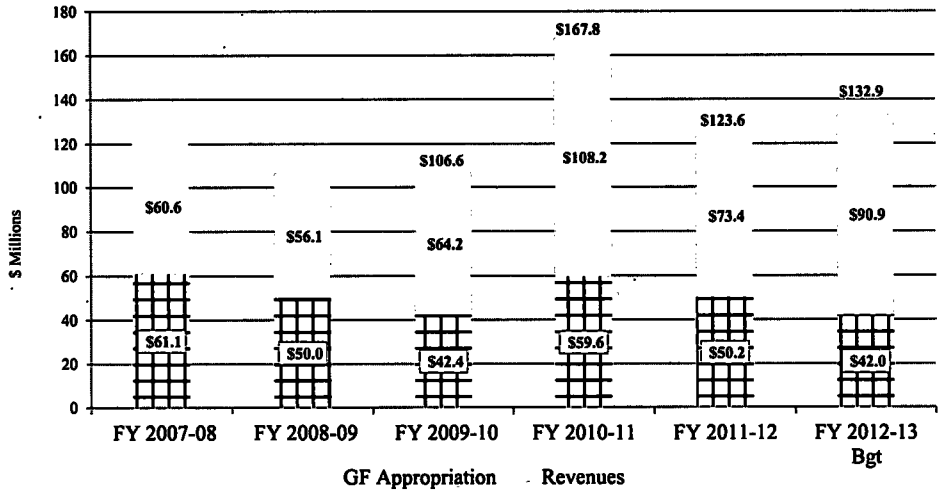
Commerce Basics

- Primary economic development agency for the State
- Activities target businesses, communities, & citizens
- Over 3,000 FTE
- $42 million in General Fund appropriation
  - Varies due to nonrecurring economic development funding

To improve the economic well being and quality of life for all North Carolinians.

Department of Commerce

Actual Historical Expenditures & Current Year Authorized Budget



Organization

Administration
- Public Affairs
- General Counsel
- Legislative Affairs
- Management Information Systems
- Human Resources & Fiscal Management

Business & Industry Development

Business Link North Carolina (BLNC)

International Trade

Finance Center
- Job Development Investment Grant (JDIG)
- One NC
- Industrial Development Fund (IDF)
- Job Maintenance & Capital Development Fund (JMAC)
- Community Development Block Grant for Economic Development (CDBG-ED)

Labor & Economic Analysis Division

Office of Science and Technology

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

Marketing & Customer Service

Energy

Community Assistance and Office of Urban Development

NC Broadband

Workforce Solutions
- One Stop/JobLink Centers
- 23 Workforce Development Boards

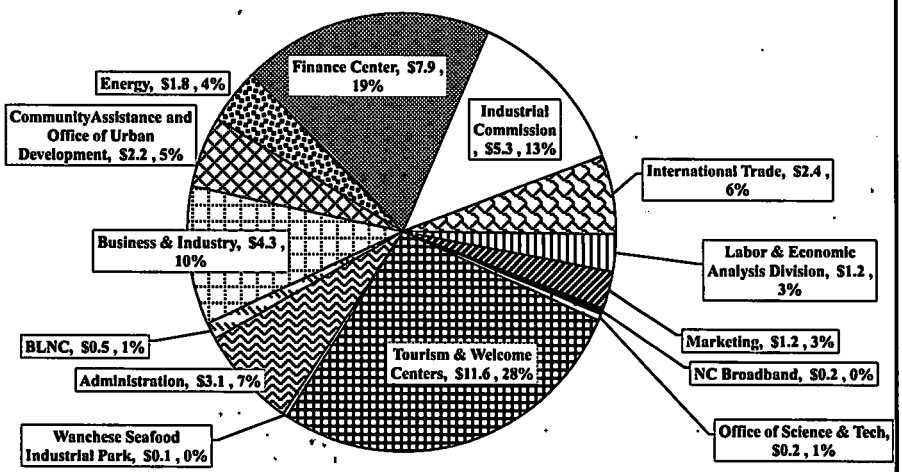
Employment Security

Wanchese Seafood Industrial Park

Industrial Commission

Authorized Appropriation by Division

Fiscal Year 2012 -2013 ($ in Millions)



Recent Department-Wide

NCGA Budget Adjustments

FY 2012-13

- Implemented Management Flexibility Reduction of 2%, R

FY 2011-12

- Merged with the Employment Security Commission, R
- Reduced Cell Phone Expenditures 30%, R
- Reduced Motor Fleet Management Expenses 10%, R

Presentation Schedule

Today

- Tourism & Welcome Centers
- Marketing
- Business & Industry
- Business Link North Carolina
- NC Broadband

Tuesday, March 12th

- International Trade
- Office of Science & Technology
- Energy
- Community Investment & Assistance & Office of Urban Development

Thursday, March 13th

- Commerce Finance Center: Incentives
- Employment Security
- Division of Workforce Solutions
- Labor & Economic Analysis Division

Tourism, Film & Sports Development and Welcome Centers

March 7, 2013



Tourism, Film & Sports Development and Welcome Centers

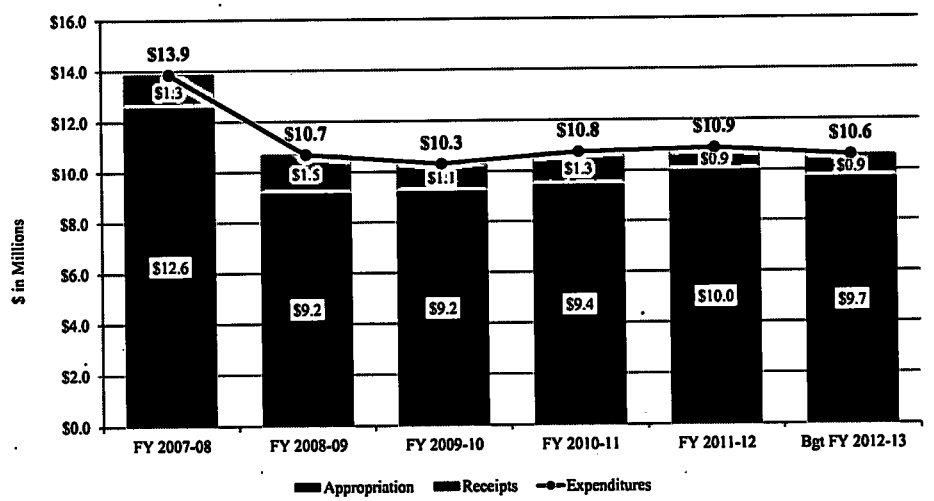
- Works to develop and promote North Carolina as a primary travel destination
- Provides technical assistance to communities seeking to develop tourism as an economic development strategy
- Recruits sporting events
- Markets North Carolina to recruit film production projects
- Staffs Welcome Centers, which promote tourism-related business to visitors traveling on Interstate highways

Tourism, Film & Sports Development and Welcome Centers

- Recent NCGA Budget Adjustments
  - FY 2012-13
    - Allocated Additional Funding to Promote Tourism, NR
    - Transferred Wine & Grape Growers Council to Dept of Agriculture, along with support position, R
  - FY 2011-12
    - Eliminated Welcome Center Position, R
    - Allocated Funding for Winery Promotion, NR
- Governor's Continuation Budget removed NR funding for Tourism promotion

Tourism, Film & Sports Development

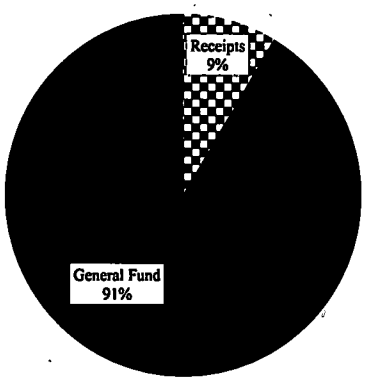
Actual Historical Expenditures & Current Year Authorized Budget



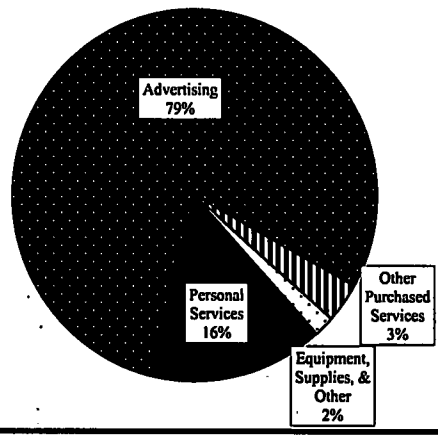
Tourism, Film & Sports Development

Fiscal Year 2012 -2013

Source of Funds



Expenditure of Funds

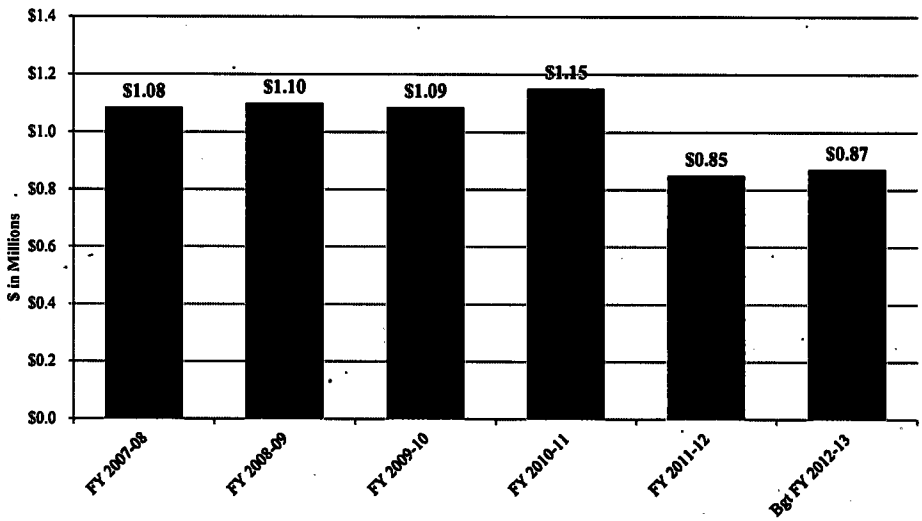


FISCAL RESEARCH DIVISION
A Staff Agency of the North Carolina General Assembly

March 7, 2013, 5

Special License Plate Revenue

Historical Actuals & Current Year Authorized

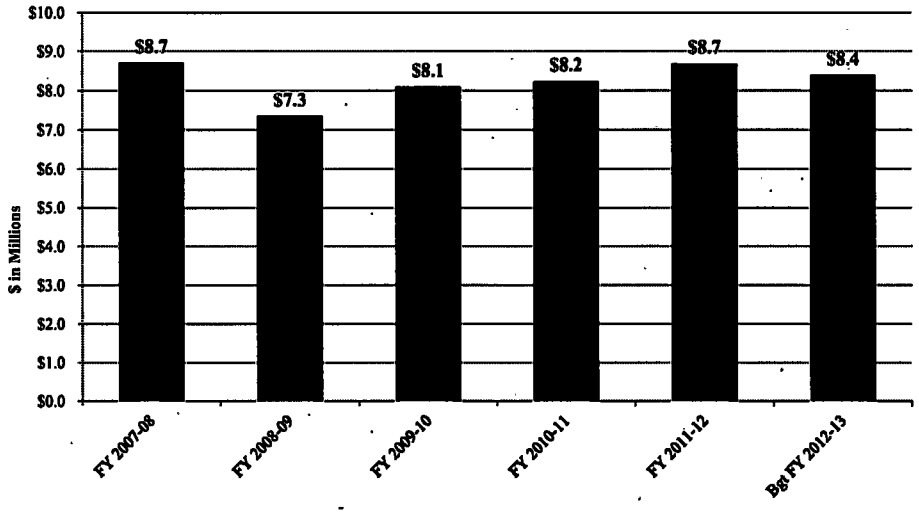


FISCAL RESEARCH DIVISION
A Staff Agency of the North Carolina General Assembly

March 7, 2013, 6

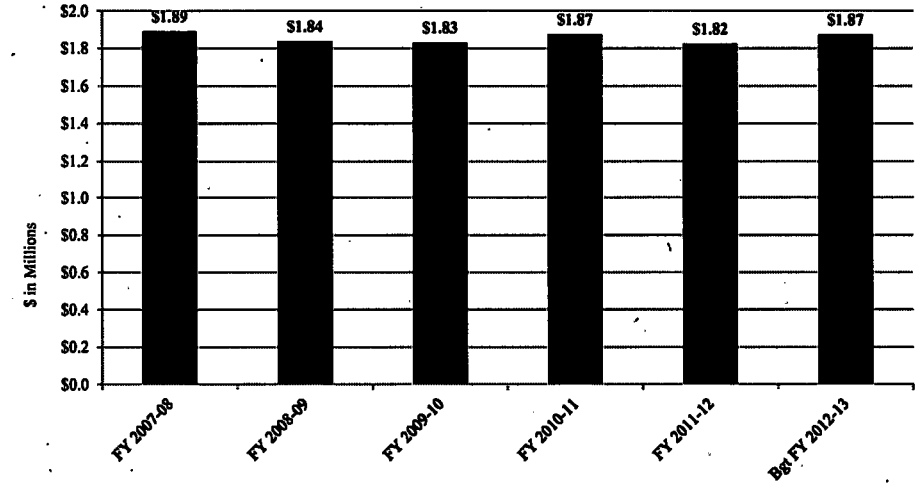
Advertising Expenditures

Historical Actuals & Current Year Authorized



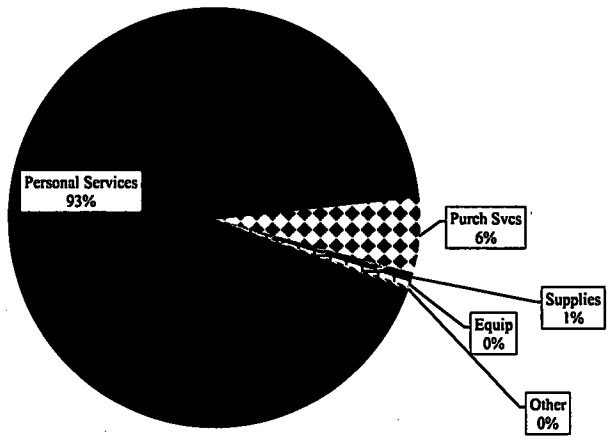
Welcome Center Appropriations

Historical Actuals & Current Year Authorized



Welcome Center Appropriations

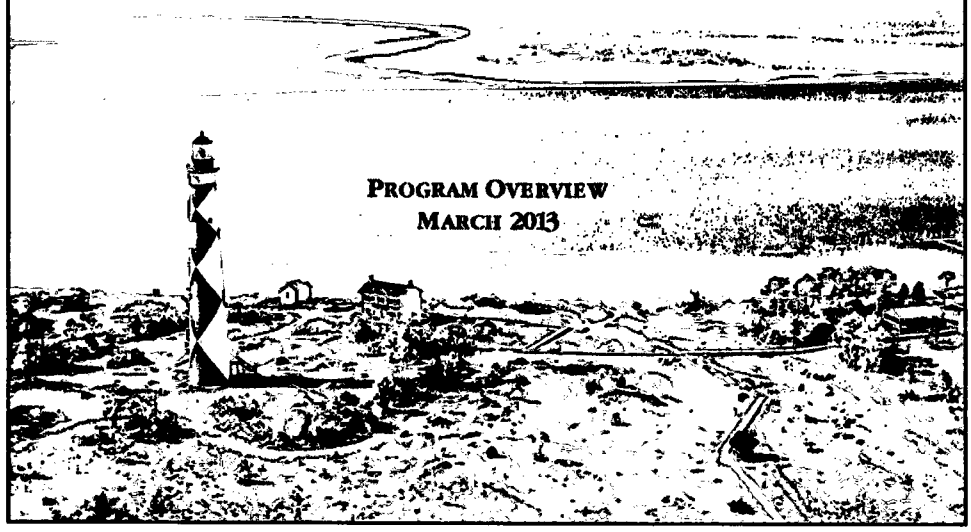
Fiscal Year 2012 -2013



FISCAL RESEARCH DIVISION
A Staff Agency of the North Carolina General Assembly

March 7, 2013, 9

North Carolina Division of Tourism, Film and Sports Development



Program Overview
March 2013

Program Goals

More people, staying longer, spending more money

Strategic marketing investments

Leveraging resources through partnerships





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MEASURING SUCCESS

Visitor research (demographics, activities, attitudes)

Economic impact

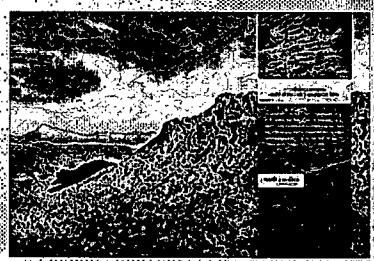
ROI/attitude and awareness

Web analytics

Cost per activity

Social engagement

Partner investment



2011 RECORD YEAR FOR NC TOURISM

$19 Billion in Visitor Spending

$994 Million in State Tax Revenues

$581 Million in Local Tax Revenues

196,100 Jobs

$4.4 Billion in Direct Tourism Payroll

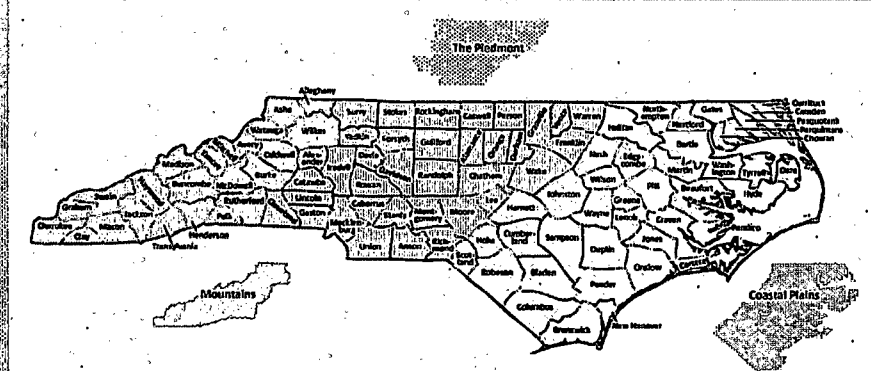
Increased Visitor Spending In All 100 Counties

2012 Year End Lodging Report

	NC	US	S. Atlantic
Occupancy	Up 2.5%	Up 2.5%	Up 2.5%
Room Rates	Up 4.5%	Up 4.2%	Up 3.1%
RevPAR	Up 7.1%	Up 6.8%	Up 5.7%
Room Revenues	Up 7.9%	Up 7.3%	Up 5.7%
Room Demand	Up 3.2%	Up 3.0%	Up 2.6%
Room Supply	Up 0.7%	Up 0.5%	Flat

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Promoting Travel In NC



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DIVISION PROGRAMS

- Advertising
- Public Relations
- Domestic Marketing
- Sports Event Recruitment
- International Marketing
- Publications
- VisitNC.com
- State Photographer
- Tourism Development
- Certified Retirement Program
- Call Center/Fulfillment
- Welcome Centers
- Research
- Community Outreach
- Social Media Outreach
- Film



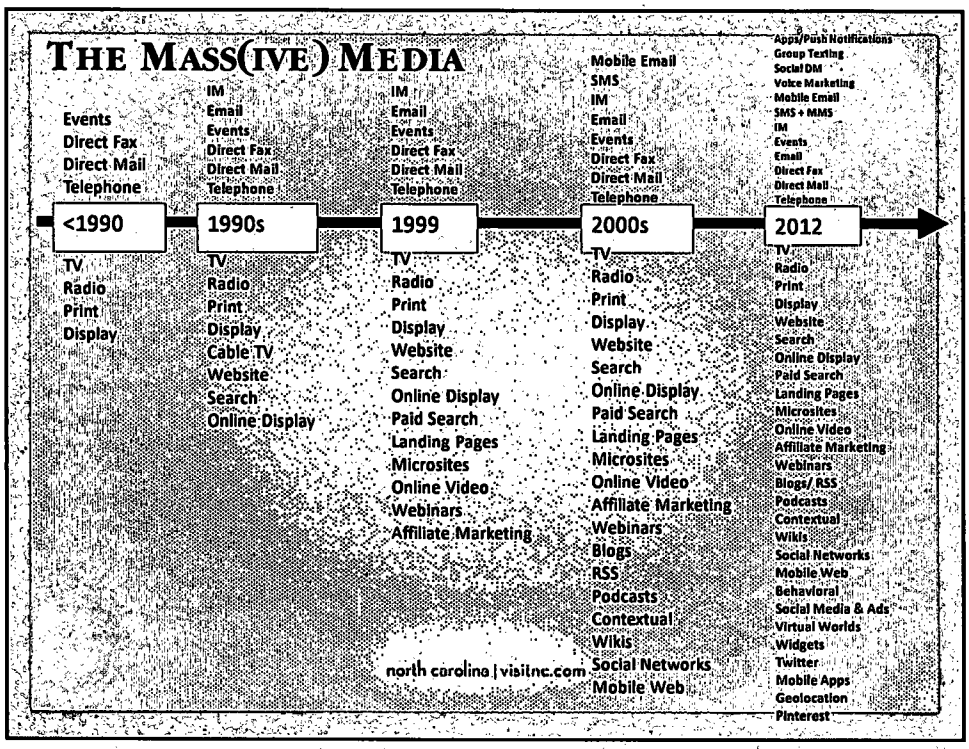
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NORTH CAROLINA'S TOURISM BRAND

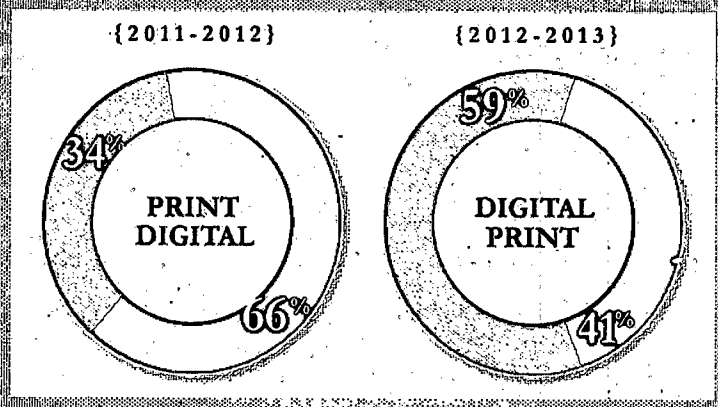


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SO MANY STORIES TO SHARE
Project 543
visitnc.com
LOVE VALLEY
Huntsville
NORTH CAROLINA
BLUE RIDGE parkway
LOOKOUT
COLTRANE
APPALACHIAN TRAIL
north carolina | visitnc.com

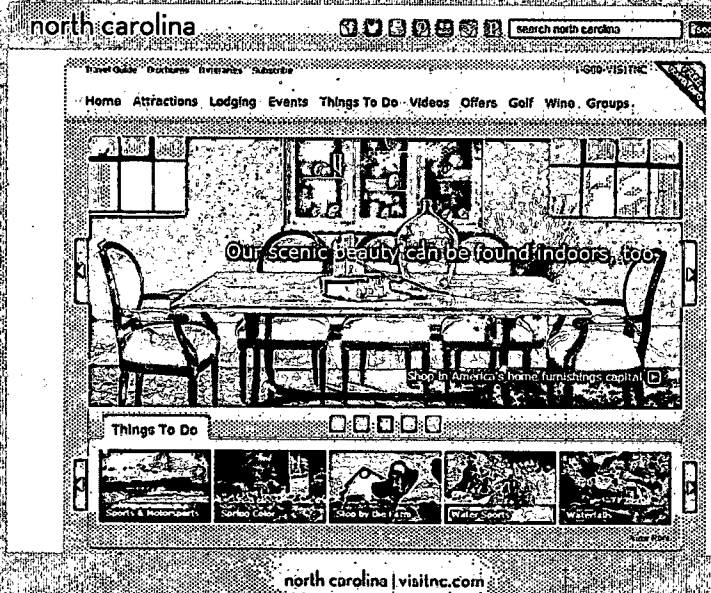

THE MASS(IVE) MEDIA
<1990
Events
Direct Fax
Direct Mail
Telephone
TV
Radio
Print
Display
1990s
IM
Email
Events
Direct Fax
Direct Mail
Telephone
TV
Radio
Print
Display
Cable TV
Website
Search
Online Display
1999
IM
Email
Events
Direct Fax
Direct Mail
Telephone
TV
Radio
Print
Display
Website
Search
Online Display
Paid Search
Landing Pages
Microsites
Online Video
Webinars
Affiliate Marketing
2000s
Mobile Email
SMS
IM
Email
Events
Direct Fax
Direct Mail
Telephone
TV
Radio
Print
Display
Website
Search
Online Display
Paid Search
Landing Pages
Microsites
Online Video
Affiliate Marketing
Webinars
Blogs
RSS
Podcasts
Contextual
Wikis
Social Networks
Mobile Web
2012
Apps/Push Notifications
Group Texting
Social DM
Voice Marketing
Mobile Email
SMS + MMS
IM
Events
Email
Direct Fax
Direct Mail
Telephone
TV
Radio
Print
Display
Website
Search
Online Display
Paid Search
Landing Pages
Microsites
Online Video
Affiliate Marketing
Webinars
Blogs/ RSS
Podcasts
Contextual
Wikis
Social Networks
Mobile Web
Behavioral
Social Media & Ads
Virtual Worlds
Widgets
Twitter
Mobile Apps
Geolocation
Pinterest
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2012-2013 MEDIA STRATEGY



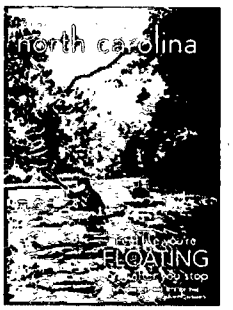
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VISITNC.COM



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PARTNERSHIPS LEVERAGE RESOURCES





UNC TV

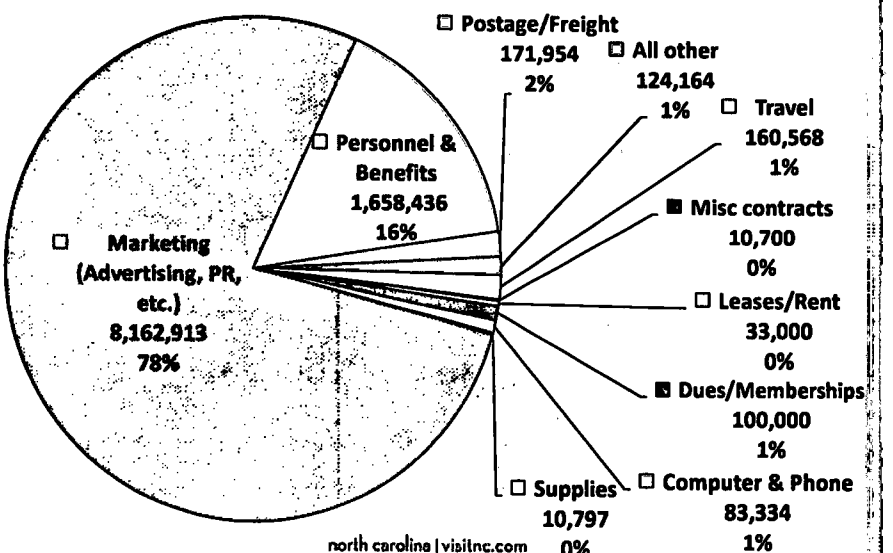
NCAB
THE NORTH CAROLINA ASSOCIATION OF BROADCASTERS

NCPA

Time Warner Cable

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TOURISM BUDGET 2012 – 2013



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2011-2012 BUDGET

STATE TOURISM OFFICE TOTAL BUDGETS BY FY2011-12 BUDGET

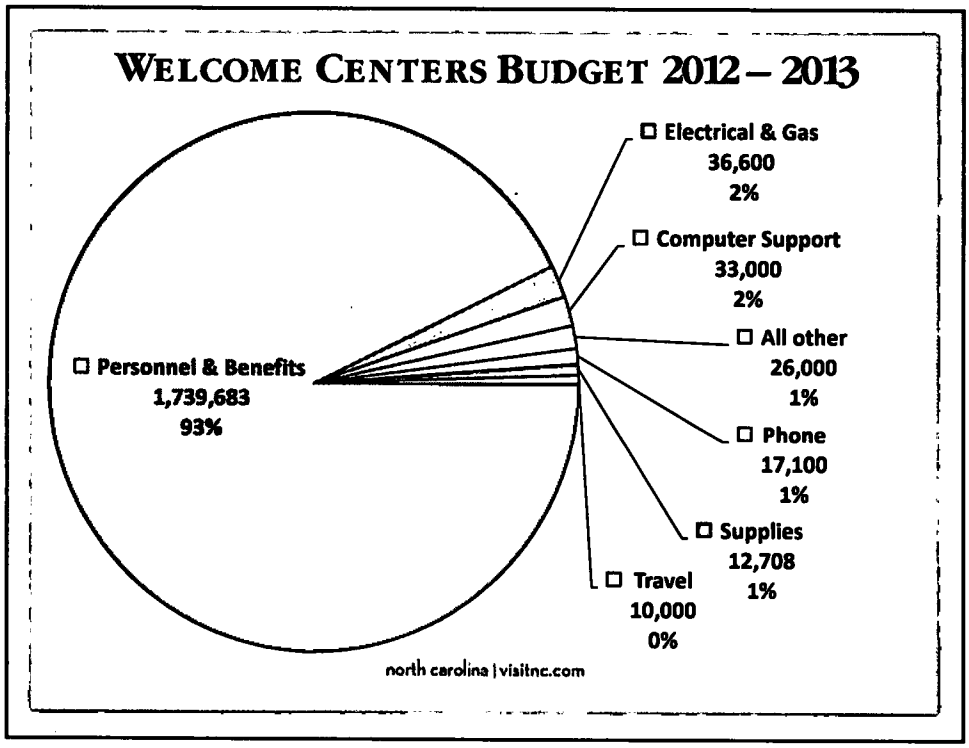
Rank	State	Provisional Final FY2010-11 Budget	Preliminary FY2011-12 Budget	% Change
1	Hawaii	$82,962,000	$69,000,000	-16.8%
2	California	$58,540,562	$61,000,000	4.2%
3	Illinois	$34,161,844	$54,000,000	58.1%
4	Florida	$29,414,783	$38,036,380	29.3%
5	Texas (including TXDOT)	$40,248,955	$35,733,678	-11.2%
6	Michigan	$27,440,000	$27,040,000	-1.5%
7	Louisiana	$31,991,680	$21,066,294	-34.2%
8	Virginia	$16,720,743	$17,492,628	4.6%
9	Montana	$13,567,334	$17,080,817	25.9%
10	Wisconsin	$12,965,600	$17,000,000	31.1%
11	Connecticut	$1,091,217	$15,469,164	1317.6%
12	Alaska	$18,700,000	$14,700,000	-21.4%
13	Alabama	$11,322,808	$14,483,053	27.9%
14	Arkansas	$13,342,263	$14,068,658	5.4%
15	South Carolina	$11,554,000	$13,052,385	13.0%
16	Wyoming	$11,397,164	$12,905,309	13.2%
17	New Mexico	$14,476,200	$12,522,939	-13.5%
18	Colorado	$18,115,043	$12,500,000	-31.0%
19	Missouri	$12,344,699	$12,380,000	0.3%
20	Tennessee	$12,122,000	$12,195,300	0.6%
21	Kentucky	$11,904,400	$11,959,700	0.5%
22	South Dakota	$11,508,000	$11,624,000	1.0%
23	Oregon	$11,190,053	$11,090,995	-0.9%
24	Nevada	$11,188,655	$10,990,758	-1.8%
25	Utah	$10,503,600	$10,553,600	0.5%
26	Oklahoma	$10,209,157	$10,283,456	0.7%
27	North Carolina	$10,480,649	$10,149,957	-3.0%
28	Maryland	$9,010,109	$9,961,136	10.6%

WELCOME CENTERS AND CALL CENTER









NORTH CAROLINA DIVISION OF TOURISM, FILM AND SPORTS DEVELOPMENT



PROGRAM OVERVIEW
MARCH 2013

Marketing

March 7, 2013

FISCAL RESEARCH DIVISION
A Staff Agency of the North Carolina General Assembly

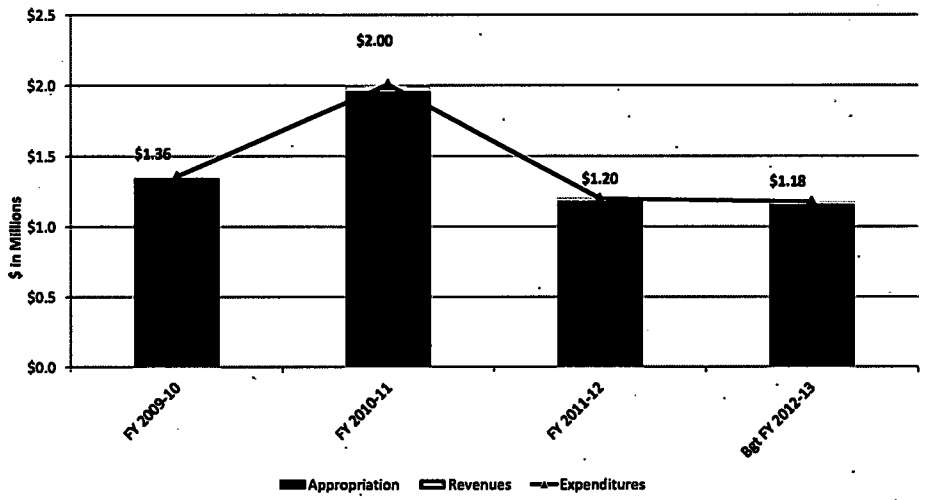
Marketing

- Markets the State for business recruitment & expansion
- No recent NCGA Budget Adjustments
- Governor's Continuation Budget made no changes to the budget



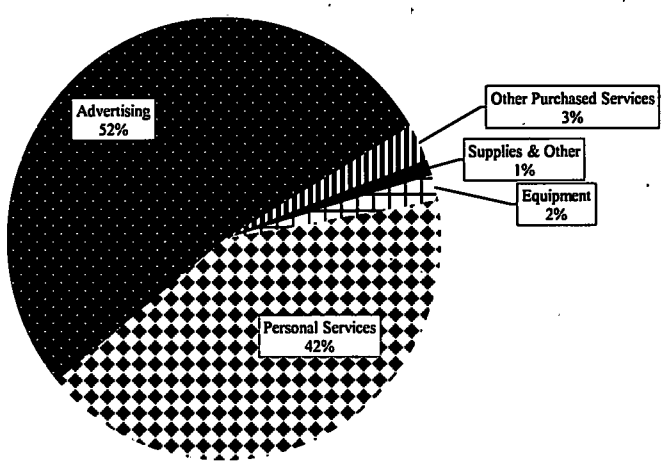
Marketing

Actual Historical Expenditures & Current Year Authorized Budget



Marketing Expenditures

Fiscal Year 2012 -2013



NORTH CAROLINA DEPARTMENT OF COMMERCE

Marketing Division Overview

DAVID RHOADES | DIRECTOR OF MARKETING

Joint Appropriations Subcommittee on NER
March 7, 2013

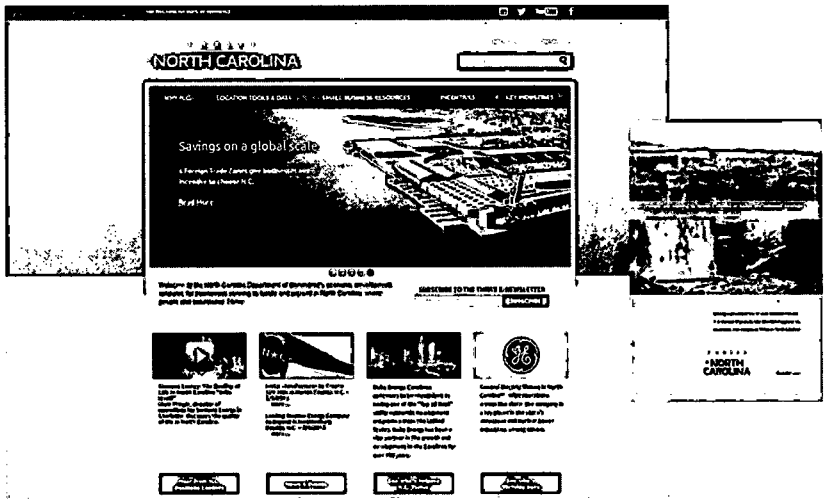
THRIVE in NORTH CAROLINA

Division's Purpose

Market the State of North Carolina as a business location

- **Drive awareness** of the state's advantages for business
- **Generate inquiries and leads**
- **Educate prospects** about the state's value proposition
- Provide ways for in-state partners to leverage the state's marketing programs
- Support for international business development events

THRIVE in NORTH CAROLINA

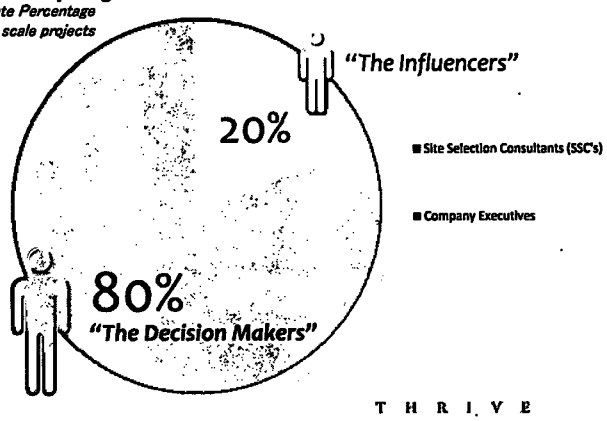


THRIVE
in NORTH CAROLINA

Marketing Environment

Source of projects

Approximate Percentage
SSC's often bring larger scale projects



THRIVE
in NORTH CAROLINA

Marketing Environment

- **Highly competitive**
- **Cluttered media and marketing channels**
- **Websites and Internet-based media critical to success**
- **Long decision cycles** *(months or years)*
- **Relationship building a necessary focus**

THRIVE in NORTH CAROLINA

Performance Indicators

- Topline
  - $3.5 billion in capital investment in 2012
  - 16,487 new jobs announced in 2012
- Marketing specific metrics, Jan. 2009–Dec. 2012
  - Attracted 252,553 visitors to ThriveNC.com website
    - 11,200 people on average visit each month
  - Generated 9,311 inquiries
  - Hosted 466 site consultants at 15 N.C. hospitality events
  - Hosted 1,838 business executives at 14 industry-specific events
  - Hosted 565 foreign-based business executives at 11 N.C. hospitality and seminar events
  - Managed or supported N.C. themed exhibits at 22 domestic and international trade shows
    (excludes trade-only exhibits)

THRIVE in NORTH CAROLINA

Performance Indicators

Executive Perceptions

Consistently ranked as one of the top business climates in the nation

Forbes CNBC Chief Executive SITE Selection



Named No. 2 Best Economic Development Organization (*DCI, September 2011*)

THRIVE in NORTH CAROLINA

Performance Indicators

Site Selection Consultants' Perceptions

Frequent contact and outreach from N.C.

Most see Commerce as visible, accessible and capable

N.C. cited as

- One of most frequently considered states
- A diverse state with positive business climate and appealing quality of life
- One of the states "doing the best job at marketing economic development"

Stronger bond with Atlanta vs. NY

The Thrive platform is relevant, appealing, and unique

Positive about ThriveNC.com and found it useful, though somewhat skeptical about EDO websites – they're a 'starting point'

December 2012
Focus Group Research
New York & Atlanta

Source: ANR, December 2012

THRIVE in NORTH CAROLINA

Other States' Marketing Spend

Analysis of 'paid media' only

STATE	PAID MEDIA $
Louisiana	$2,448,216
New York	$780,387
Indiana	$617,045
South Carolina	$162,251
Georgia	$114,568
Florida	$83,886
Tennessee	$34,163
Texas	$33,843
Virginia	$33,840
North Carolina	$13,538

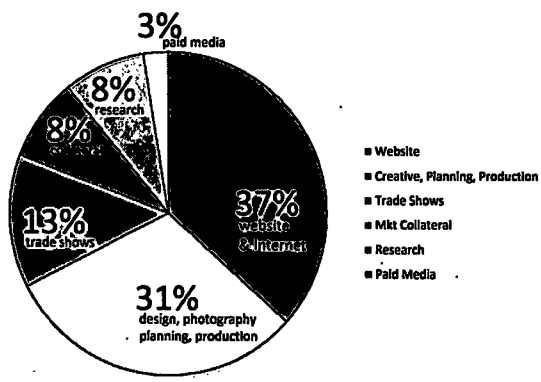
Source: Media Mix; Oct. 2011 – Dec. 2012

THRIVE in NORTH CAROLINA

'Advertising' ≠ Advertising

Division budget line not 'paid media' only

$600 k
Agency contract



FY 2012-2013 Budget

THRIVE in NORTH CAROLINA

'Branding' North Carolina
as a business location

1992 - 1998 | 1999 - 2002 | 2002 | 2003 - 2009

NORTH CAROLINA
A better place to be™

NORTH CAROLINA
The State of Minds

NORTH CAROLINA
the state of minds

NORTH CAROLINA

'Branding' North Carolina
as a business location

2009 - Present

THRIVE
in NORTH CAROLINA



'Thrive' Development Research Rationale

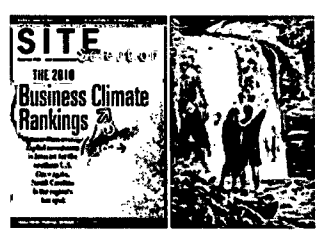
Many factors in project decisions
Every project is different
Bottom line: The search for competitive advantage

Low Overall Costs	Incentives/Tax Exemptions	Business Friendly Gov't
Low Overall Tax Burden	Skilled Workers Available	K–12 Schools
Worker Training	Efficient Transportation Systems	Financing
Quality of Life	Research Universities	Construction Costs

Flexible and Believable Brand Message

North Carolina gives you a competitive advantage because we have a better climate for your business and your people

For Business
Ranked Best Business Climate in America 10 out of the last 12 years by *Site Selection* magazine



For Employees
Affordable housing, world-class healthcare, educational opportunities, and an attractive lifestyle

THRIVE
in NORTH CAROLINA

Current Opportunities

Expand efforts to reach and persuade corporate executives

- **Consultants only involved with small percentage of projects**
  Executives are ultimate decision-makers
- **Good working model with consultants could be expanded to industry executives**
  Current budget has limited ability to reach c-suite with the same impact and frequency
- **Opportunity to influence executives at the beginning of selection process, expand North Carolina's presence on short lists**

THRIVE in NORTH CAROLINA

NORTH CAROLINA DEPARTMENT OF COMMERCE

Marketing Division Overview

DAVID RHOADES | DIRECTOR OF MARKETING

Joint Appropriations Subcommittee on NER
March 7, 2013

THRIVE in NORTH CAROLINA

Business & Industry Development

March 7, 2013

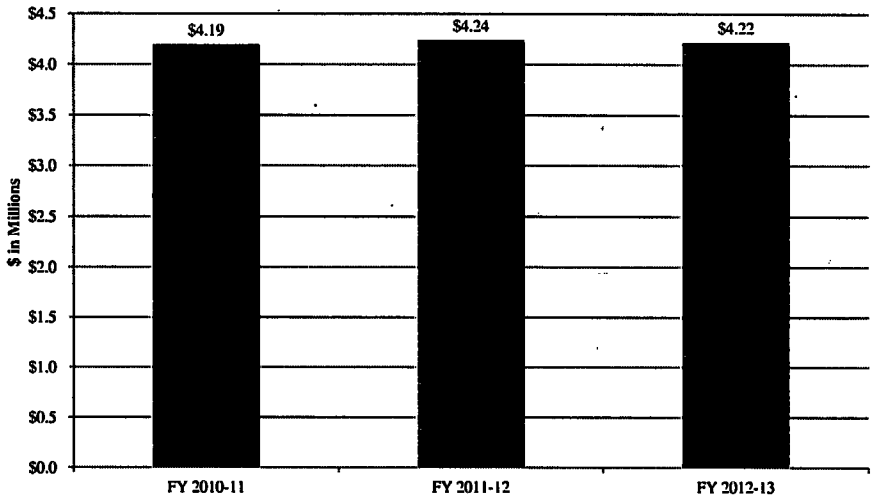
FISCAL RESEARCH DIVISION
A Staff Agency of the North Carolina General Assembly

Business & Industry Development

- Leads North Carolina's business recruitment and expansion efforts
- In FY 2011-12, the NCGA:
  - Eliminated the salary and benefits for one vacant position - Client Development Manager ($83K), R
  - Reduced Trade Show funds ($50K), R
- Governor's Continuation Budget made no changes to the budget

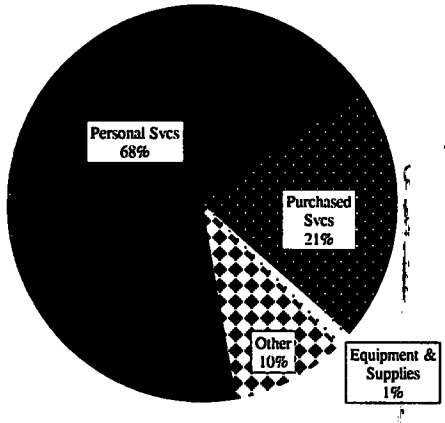
Business & Industry Development

Appropriations: Historical Actuals & Current Year Authorized

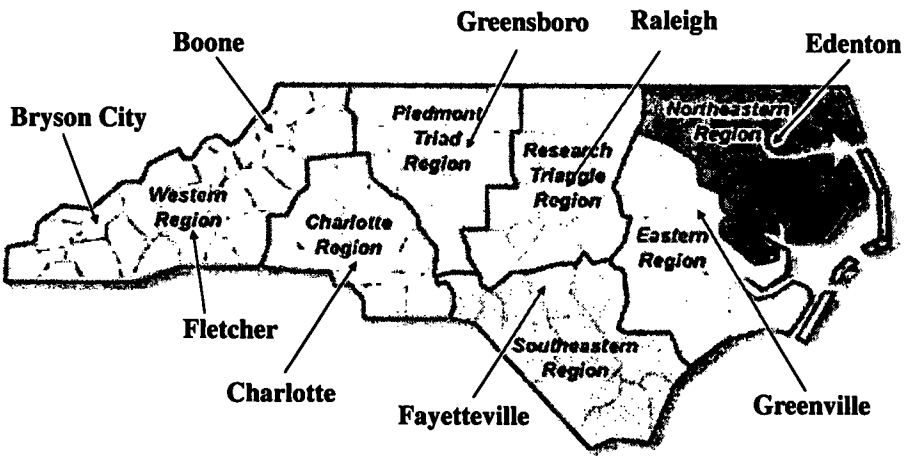


Business & Industry Development Expenditures

Fiscal Year 2012 -2013



Nine Regional Offices



International Investment Offices



Toronto, Canada*

Frankfurt, Germany

Tokyo, Japan*

Shanghai, China*

* Shared Resources with International Trade Division

N.C. Department of Commerce Business & Industry Development Division

Presentation to Joint Appropriations Subcommittee on Natural and Economic Resources

March 7, 2013

THRIVE NORTH CAROLINA

Business & Industry Division

- N.C. Department of Commerce is the state's lead economic development organization
- B&I Division leads Department's efforts to recruit new companies and help existing companies grow and expand
- Collaborate and coordinate efforts with county economic developers, regional partnerships and other key allies
- Key job functions include: statewide project managers, regional project managers, regional existing industry specialists and international investment office representatives
- Offer comprehensive location services from initial contact through site location to future growth and expansion

THRIVE NORTH CAROLINA

Location Services

- Sites and/or buildings that meet company specifications
- Utility infrastructure (availability, capacity, cost, reliability)
- Transportation infrastructure (interstates, airports, ports)
- Demographics
- Labor markets (availability, quality, costs)
- Recruiting, screening and training resources and delivery
- Education (primary, community colleges, universities)
- Taxes (state and local)
- Financing opportunities
- Quality of life (medical services, housing, recreation, etc.)
- Leadership and political climate (state and local)
- Incentives (statutory and discretionary)

Source: McCallum Sweeney Consulting

THRIVE in NORTH CAROLINA

Existing Industry Services

- Serve as **primary point of contact** – gather information about business challenges and barriers to growth
- **Facilitate expansion projects** – work confidentially with county economic developers and company executives
- **Broker support** from network of service providers
- Communicate special programs and **provide feedback for policy development** – periodic crisis management
- **Support local engagement** efforts – especially for counties without dedicated staff

THRIVE in NORTH CAROLINA

2012 Sales Results

Developer Assigned Leads	449
Leads Converted	109
Projects Assigned	389
Projects Announced	146
Jobs Retained	5,194
Tax Base Saved	$159 M
Existing Industries Visited	1,439
Jobs Announced	**16,487**
Investment Announced	**$3.5 B**

THRIVE in NORTH CAROLINA

Focus on Foreign Direct Investment



- Since 2001 the B&I European Office has:
  - Directly contacted 1,586 companies
  - Qualified 283 leads
  - Worked to assist 43 companies with a NC announcement
  - Representing 3,804 jobs announced and $590 million capital investment announced

THRIVE in NORTH CAROLINA

Top Sources for 2012 Projects

New Projects

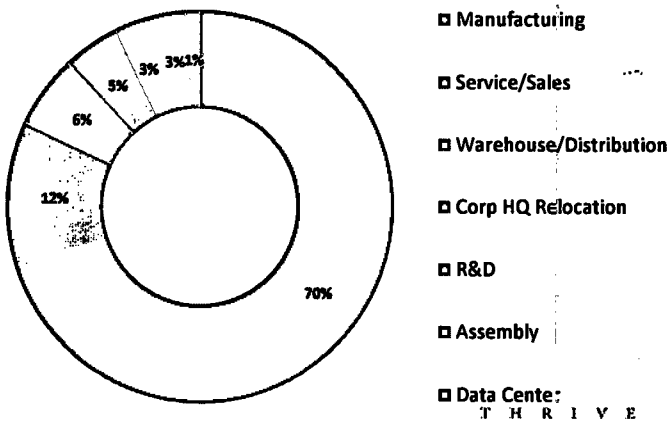
1. Site Selection Consultants
2. Local/County Developer
3. Direct Call from Company
4. Foreign Office
5. Regional Partnership/Proactive Lead Development

Expansion Projects

1. Local/County Developer
2. Direct Call from Company
3. Site Selection Consultant
4. Proactive Lead Development
5. Internal Referral

THRIVE in NORTH CAROLINA

Project Assignment by Activity



THRIVE in NORTH CAROLINA

2012 Top U.S. Competitors

1. South Carolina: 21%
2. Virginia: 13%
3. Georgia: 9%
4. Tennessee: 7%
5. Florida, Indiana and Texas: 3%

International competitors include: China, Brazil, Czech Republic, France, Germany, India, Indonesia, Ireland, Italy, Mexico and The Netherlands

THRIVE in NORTH CAROLINA

Very Important Site Selection Factors

1. Low Union Profile/Right-to-Work State: 69%
2. Local incentives: 68%
3. Availability of Skilled Labor: 62%
4. Labor Costs: 57%
5. Training Programs: 56%
6. State Tax Exemptions and Tax Credits: 53%
7. Occupancy and Construction Costs: 48%
8. Energy Availability and Costs: 48%
9. Availability of Buildings: 45%
10. Transportation Infrastructure: 41%

THRIVE in NORTH CAROLINA

Recent Budget Cuts

09-10 Budget

- Statewide project manager position eliminated
- Regional office assistant position eliminated
- $75,000 budget reduction

10-11 Budget

- Two administrative support positions eliminated
- One time increase in marketing funds
- $30,000 budget reduction

11-12 Budget

- Client development manager position eliminated
- $114,125 budget reduction

THRIVE in NORTH CAROLINA

Key Take-Aways

- Department of Commerce is lead economic development agency – partnering closely with allies
- Business & Industry Division works directly with company executives and consultants to inform them of all the benefits and advantages of a North Carolina location
- B&I Division uses tools provided by NC General Assembly to attract and retain companies
- Existing industry support is provided to communities in need and to a large number of companies each year
- International investment strategy is integral to encouraging foreign direct investment
- Ultimately, support of B&I Division is reflection of state's commitment to job growth and creation

THRIVE in NORTH CAROLINA

Susan Fleetwood
Director, Business & Industry Development
North Carolina Department of Commerce
919.733.9304
sfleetwood@nccommerce.com
www.thrivenc.com

THRIVE in NORTH CAROLINA

Committee Sergeants at Arms

NAME OF COMMITTEE JT NER

DATE: 3-07-2013 Room: 423

House Sgt-At Arms:

1. Name: JOE CROOK
2. Name: BILL BASS
3. Name: _____
4. Name: _____
5. Name: _____

Senate Sgt-At Arms:

1. Name: RONALD SPANN
2. Name: BILL FRITSCHER
3. Name: _____
4. Name: _____
5. Name: _____

House Pages

Thursday, March 7	Room	Time
APPROPRIATIONS NATURAL & ECONOMIC RESOURCES	423	8:30 am

Name	County	Sponsor
DeMarcus Lucas	Wake	Lucas
John Reynolds	Alamance	Saine

PAGES ATTENDING

COMMITTEE: Joint: Nat'l & Econ. Resources ROOM: 423

DATE: 3-7 TIME: 8:30

PLEASE PRINT LEGIBILY!!!!!!!!!!!!!

Page Name	Hometown	Sponsoring Senator
1 Ellie Howell	Cherryville	Daniel
2 Lizzie Tart	Clayton	Brock
3		
4		
5		
6		
7		
8		
9		
10		

Do not add names below the grid.

Pages: Present this form to either the Committee Clerk at the meeting or to the Sgt-at-Arms.

VISITOR REGISTRATION SHEET

Senate Appropriations on Natural and Economic Resources

3/07/13
Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Scott Daugherty	NC DOC
John Hardin	NC DOC
Jennifer Mallory	NLBIO
[illegible]	NCVC / NCCA
Doug [illegible]	NCSTA
Beth Gargan	NCDOC
Jimmy Broughton	Womble
Kathy Bredehoeft	Citizens Constituent Council
Rick Zechini	Williams Mullen
Liz Parton	Commerce
Abby Hammond	NCIC
Josh Levy	NC DOC
Faith Bynum	NC Com Dev. Initiative
Danny Roberson	TVA
Catherine Moya Bryant	DWS - NC Com.
Steve Wall	Biotech Center
William B. [illegible]	DWS - NC Commerce

09-21-201

VISITOR REGISTRATION SHEET

Senate Appropriations on Natural and Economic Resources

3/07/13

Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
SJ Dickinson	NC-DOC / CFC
Mark Poole	NC-DOC
Ha Nguyen	NCCoB
Cindy Plaut	NC League of Municipalities
Karen West	NC-DOC
Sam Davis	
Amy McCoukey	NC BEV ASSN
Mashley Christenson	NCRLA

09-21-201

VISITOR REGISTRATION SHEET

Senate Appropriations on Natural and Economic Resources

3/07/13
Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Angie Bailey	DOCommerce
Shannon Hobby	Commerce
Donna Barnes	Commerce
McNeil Chestnut	Fayetteville Comm. Relations
WIT TUTTLE	COMMERCE
Bryan Gupton	Commerce
DAVID RHODES	COMMERCE
Ward Lenz	Commerce
RICHARD SELF	Commerce
Susan Fleetwood	Commerce
Stephanie McGarvey	Commerce
Joy Hicks	NCDA
Elizabeth Hammond	NC Comm of Banks
Lauren Whaley	NCCUL
Jennifer Haigwood	News
Jack Bunson	NCDOL
Elizabeth Bis	Brooks Pierce

09-21-201

VISITOR REGISTRATION SHEET

Senate Appropriations on Natural and Economic Resources

3/07/13
Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Steven Pennington	Dept. of Commerce - LEAD
R Rogers	-CW mTK
[illegible]	NCTA
Jaime Kemp Fugney	NCEI
Henry M Lancaster	LCA

09-21-201

Joint Appropriations Subcommittee on NER
Agenda
Wednesday, March 13, 2013, 8:30 A.M.
Room 423, Legislative Office Building

Senator Brock, Presiding

1. **Welcome & Introductions**

   Sen. Brock

2. **Commerce Presentations**

   Division of Community Assistance & Office of Urban Development Introduction
   Aubrey Incorvaia, *Fiscal Research Division*

   Division of Community Assistance
   Richard Self, Community Assistance Director

   Office of Urban Development
   Liz Parham, Office of Urban Development Director

   Labor and Economic Analysis Division
   Aubrey Incorvaia, *Fiscal Research Division*
   Stephanie McGarrah, Assistant Secretary for Labor and Economic Analysis

3. **Committee Discussion**

4. **Adjourn**

House Appropriations Subcommittee on NER
Rep.McElraft (Chair)
Rep. West (Chair)
Rep. Dixon (Vice Chair)
Rep. Pierce (Vice Chair)
Rep. Presnell (Vice Chair)
Rep. Brandon, Bumgardner, Catlin, Dobson, Langdon, Millis, Richardson, Wilkins, Wray

Senate Appropriations Committee on NER
Sen. Brock (Chair)
Sen. Jackson (Chair)
Sen. Bryant, Cook, McLaurin, Rabin, Tarte, Walters

Joint Committee on Appropriations on Natural and Economic Resources
Wednesday, March 13, 2013 at 8:30 AM
Room 423 of the Legislative Office Building

MINUTES

The Joint Committee on Appropriations on Natural and Economic Resources met at 8:30 AM on March 13, 2013 in Room 423 of the Legislative Office Building. 16 members were present.

Senator Brent Jackson, Chair, presided.

Sen. Jackson called the meeting to order at 8:34 AM.

Sen. Jackson introduced and thanked the Senate and House Sgt. At Arms and House Pages.

Sen. Jackson yielded the floor to Mrs. Aubrey Incorvaia, Fiscal Research Division.

Mrs. Incorvaia introduced the Division of Community Assistance & Office of Urban Development: water and sewer infrastructure; scattered site housing for critical housing needs; economic development; North Carolina Catalyst; small business/entrepreneurship for local business; state administration; Neighborhood Stabilization Program; Main Street program; Small Town Main Street program; Main Street Solutions fund; fiscal year 2012-13; six offices in five regions.

Sen. Jackson yielded the floor to Rep. Wilkins.

Rep. Wilkins: When you say you anticipate funds in the Governor's budget, have you been given a head's up?

Mrs. Incorvaia: No. We base our assumptions on the base budget we have been given.

Sen. Jackson yielded the floor to Mr. Richard Self, Community Assistance Director.

Mr. Self presented the Division of Community Assistance: planning and investment; planning projects 2007-2012; land use planning; this year the General Assembly has designated residential infrastructure as a priority; $42,500,00 through grants to local governments: water and sewer infrastructure; Small Business Entrepreneurial Assistance; Scattered Site Housing; Catalyst grants; Talent Enhancement Capacity Building; residential infrastructure; Community Development Block Grant Authorized Categories; HUD National Objectives: benefiting low- and moderate Income persons; addressing slums and blight; meeting a particular urgent community development need; housing rehabilitation; key measurements; CDBG Program; impact of historical budgetary changes; consequence of future budget reductions.

Sen. Jackson thanked Mr. Self and asked the committee if there were any questions or comments.

Sen. Bryant: Can you explain the 11 positions that were eliminated?

Mrs. Incorvaia: Details of elimination are included, but not reasoning.

Sen. Bryant: Do we know the history of those cuts? They seem deep to me.

Mr. Self: I will plead ignorance, but we will look into it.

Sen. Bryant: Given the amount of help this agency does, it is cruel and unusual punishment to hamstring them in this way.

Sen. Rabin: The redundancy between what is being presented today and the nonprofits we heard from last week gives me a bad impression.

Mr. Self: We do coordinate very closely with the public and private sector. We do a good job of not duplicating. There is a master list of all projects, so we share information.

Rep. Catlin: What percentage do we match and what is the total we fund?

Mrs. Incorvaia: The match is 3% of $42.5 million

Mr. Self: Correct. It is $1.375 million.

Rep. Wilkins: Talk a minute on your relationship with the Rural Center.

Mr. Self: We work closely with the Rural Center on projects like Loss Reserves. We keep in constant contact with them.

Sen. Bryant: Back to the duplication, these funds are a drop in the bucket when you look at the overall budget. Remember that the Rural Center and nonprofits have broader reach than CDBG.

Sen. Jackson yielded the floor to Mrs. Liz Parham, Office of Urban Development Director.

Mrs. Parham presented the Office of Urban Development: staff locations; timeline of program; Main Street program; Main Street Communities; Small Town Main Street; Small Town Main Street communities; designation year of both Main Street Communities and Small Town Main Street communities; service to NC downtowns: 155 communities directly served in 2011-12; training and education; Downtown Revitalization process; Façade and Public Space Design Assistance; impact on the Main Street Program on NC downtowns; impact of the Small Town Main street program on NC downtowns; Main Street Solutions Fund program; Main Street Solution Fund grant recipients; impact of the Main Street Solutions Fund program; partner agencies; Office of Urban development budgets.

Sen. Jackson thanked Mrs. Parham and asked the committee if there were any questions or comments.

Rep. Millis: You are mostly funded by the federal government?

Mrs. Parham: We are funded by the state completely.

Rep. Millis: The impact on downtowns, $96 million of public and private investment to create jobs, is that correct?

Mrs. Parham: That is correct.

Rep. Presnell: Is this a duplicate of the Step Program?

Mrs. Parham: We work with Step Program, but those communities have not yet applied for our grants and we zero in on the downtown work.

Rep. McElraft: Do you ask for any matching funds from local governments for your services?

Mrs. Parham: We do not ask for payment for our design services, but local governments pay for our travel.

Sen. Bryant: Once you go into a town to set up a plan, they have to fund everything after that, right?

Mrs. Parham: Outside our grants, we cannot fund anything further than the design stage.

Sen. Jackson yielded the floor to Mrs. Incorvaia.

Mrs. Incorvaia introduced the Labor and Economic Analysis Division (LEAD): Fiscal year 2012-13; the General Assembly reduced operating expenditures in 2011-12; Governor's budget makes no changes to budget; Common Follow Up System.

Sen. Jackson yielded the floor to Mrs. Stephanie McGarrah, Assistant Secretary for Labor and Economic Analysis.

Mrs. McGarrah presented LEAD: overview; role and customers; operated 5 cooperative programs with the US Bureau of Labor Statistics; conduct economic and fiscal impact analyses for economic development projects; collects and reports on performance measures for Commerce divisions, educational and workforce programs; provides community, demographic and buildings and sites data through AccessNC; historical Budget changes: merger of Commerce's Policy, Research and Strategic Planning Division with ESC's Labor Market Information Division to create LEAD.

Sen. Jackson thanked Mrs. Parham and asked the committee if there were any questions or comments.

Sen. Jackson: Is that done in every county?

Mrs. Parham: We do have data on every county, yes. We can run the migration and customized maps.

Sen. Jackson: That is on the website as well?

Mrs. Parham: Yes, it is easy to request via a link on our website.

Rep. Catlin: Do you have any info on the total incentives North Carolina provides?

Mrs. Parham: In the October report, yes. We tracked it for the Commerce side, but taxes change the equation.

Rep. Catlin: I will be doing a research request.

Rep. Bumgardner: Speak about who your customer base is.

Mrs. Parham: It is very broad. Our customers include the different Commerce divisions, work force boards, local regional and state developers, and the university system.

Rep. Millis: In the last few weeks, we have heard about yields, do you help with those calculations?

Mrs. Parham: We track yields for agencies, we collect all that data.

Rep. Millis: I am concerned about the possibility that there is an overlap on ROI. Are we overstating positive yields?

Mrs. Parham: There can be some overlap. Information on Commerce is hard because of the many agencies.

Rep. Wilkins: Do you track the impacts on grants?

Mrs. Parham: We do have that information. The Commerce Finance Center administers that program and we help them analyze the information.

Rep. Wilkins: 3J tracked by revenue?

Mrs. Parham: There is a report every 2 years by 3J. We have to get that information from Revenue.

Rep. Wilkins: So, to get a fair comparison, we need you, Revenue and staff, correct?

Mrs. Parham: Correct, but we work closely together.

Rep. Wilkins: We need to see the difference impacts. I ask that the Chairs would request that.

Sen. Jackson: I will.

Sen. Jackson yielded the floor to Mrs. Incorvaia to show the Committee the links on the website.

Rep: McElraft: Can we take Tourism's economic impact and break it down to what Public Trust beaches bring, and the actual tax dollars that are brought in?

Mrs. Parham: Tourism is very hard to track because it is found in numerous agency funds and we take a percentage from each as we find appropriate.

Sen. Rabin: Would it be within your charter to measure effectiveness on jobs created. We need a standardized formula for specific areas to derive "jobs created" understanding.

Mrs. Incorvaia: It would be helpful with ROI on our nonprofits to objectively standardize that data.

Sen. Jackson: I want our members to know, if you have any questions, we have a wealth of knowledge with our staff.

Sen. Jackson thanked the Committee members and audience.

The meeting adjourned at 9:45 AM.

Senator Brent Jackson, Chair
Presiding

Towers Mingledorff, Committee Clerk

Division of Community Assistance & Office of Urban Development

March 13, 2013



Division of Community Assistance

- Administers Community Development Block Grants to local governments that benefit low and moderate income families ($42.5 M)
  - Water & Sewer Infrastructure $20 M
  - Scattered Site Housing for critical housing needs $7.2 M
  - Economic Development $7 M (Commerce Finance)
  - North Carolina Catalyst $4.5 M
  - Small Business/ Entrepreneurship for local businesses $2.5 M
  - State Administration $1 M
- Administers Neighborhood Stabilization Program ($10.8 M)
- Provides planning and growth management services to local government

Office of Urban Development

- Provides support and technical assistance to downtown revitalization organizations for purposes of economic development & historic preservation:
  - Main Street program serves selected communities with less than 50,000 in population
  - Small Town Main Street program works with designated communities of up to 7,500 without downtown directors
- Main Street Solutions Fund (§ 143B-472.35) provides planning and economic development assistance and grant support to small businesses in designated communities:
  - FY 2009-10 $2 M, NR
  - FY 2010-11 $1.5, M

Division of Community Assistance

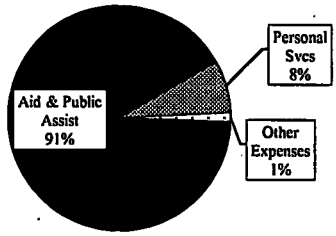
- Recent NCGA Budget Adjustments
  - FY2012-13: Eliminated Assistant Secretary Position; division now reports to Assistant Secretary for Energy & Community Assistance
  - FY 2011-12: Eliminated 11 positions
    - Director of Rural Development Programs
    - Senior Advisor
    - 7 Planners
    - 2 Office Assistants
- Governor's Continuation Budget made no changes to the budget

Division of Community Assistance & Office of Urban Development

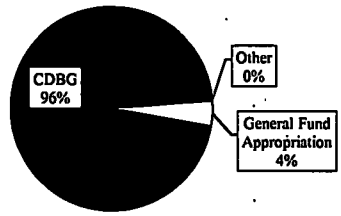
Fiscal Year 2012 - 2013

Expenditures:	**$55.7 M**
Receipts:	**$53.3 M**
Appropriation:	**$2.2 M**

Expenditure of Funds



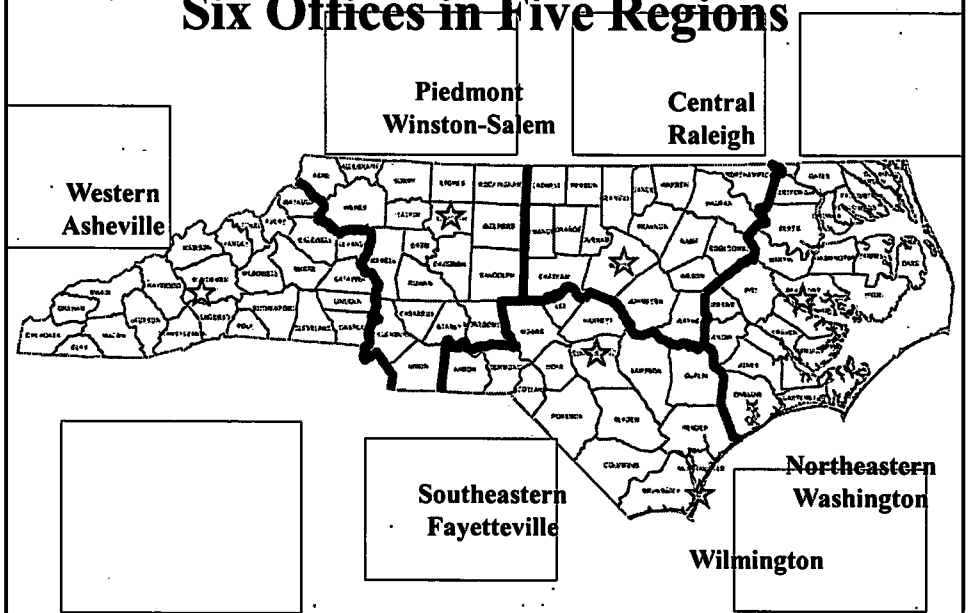
Source of Funds



FISCAL RESEARCH DIVISION
A Staff Agency of the North Carolina General Assembly

March 12, 2013, 5

Six Offices in Five Regions



FISCAL RESEARCH DIVISION
A Staff Agency of the North Carolina General Assembly

March 13, 2013, 6

Presentation to Joint Appropriations Subcommittee on Natural and Economic Resources N. C. General Assembly

by

Division of Community Assistance & Planning

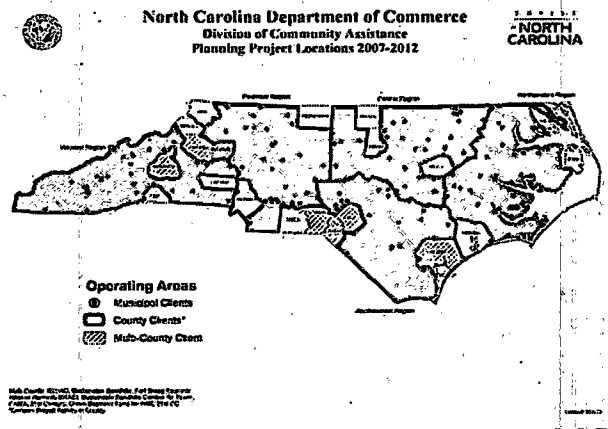
NORTH CAROLINA
DEPARTMENT OF COMMERCE

Planning & Investment

- Many local governments do not have adequate planning staffs and rely on DCA
- Planning services for small NC towns and counties have been provided for over 50 years
- These services are provided utilizing 4 regional offices and the Raleigh office
- Planning services are coordinated with NCDOT, Council of Governments, Universities, ARC, etc.

NORTH CAROLINA
DEPARTMENT OF COMMERCE

Planning Projects 2007 - 2012



NORTH CAROLINA
DEPARTMENT OF COMMERCE

Planning & Investment

- Land Use Planning, Zoning, Strategic Planning, Development Ordinance assistance, Economic and Market Studies; Downtown Revitalization Planning; GIS Mapping and Spatial Analysis
- Planning and CDBG increase the quality of life and improves the economy for NC citizens

NORTH CAROLINA
DEPARTMENT OF COMMERCE

Planning & Investment

- N.C. utilizes the existing DCA Planning staff as match for $42,500,000 annually in Housing and Urban Development (HUD) funds
- Currently 20% of the funds are provided to the Commerce Finance Center for Economic Development
- This year, the General Assembly has designated residential infrastructure as a priority

NORTH CAROLINA
DEPARTMENT OF COMMERCE

Planning & Investment

- N.C. received and administered $42,500,000 through grants to local governments
  - Water & Sewer Infrastructure
  - Small Business Entrepreneurial Assistance
  - Scattered Site Housing
  - Catalyst grants
  - Talent Enhancement Capacity Building
- These programs stimulate the local economy, help create private sector jobs

NORTH CAROLINA
DEPARTMENT OF COMMERCE

Residential Infrastructure



NORTH CAROLINA
DEPARTMENT OF COMMERCE

Community Development Block Grant Authorized Categories

- Long Term Job Creation through CDBG – 70% must be Low to Moderate Income
- All grants must be allocated to non-entitlement local governments
  - This represents 60% of the state's population
- All grants must meet the National Objectives
- Compliance with State Plan

NORTH CAROLINA
DEPARTMENT OF COMMERCE

HUD National Objectives

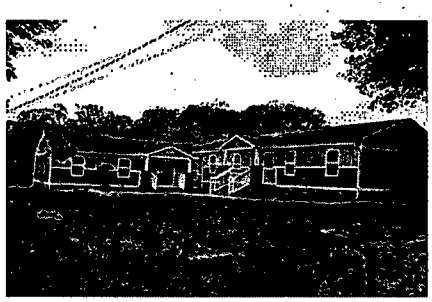
- Benefiting Low- and Moderate Income persons (LMI)
- Addressing slums and blight
- Meeting a particular urgent community development need

NORTH CAROLINA
DEPARTMENT OF COMMERCE

Housing Rehabilitation

-





NORTH CAROLINA
DEPARTMENT OF COMMERCE

Key Measurements

- Planning
  - Implementation of land use plans
  - Grant application utilizing the plans
  - Increased commerce with zoning changes
  - Surveys after completing work and at one year

NORTH CAROLINA
DEPARTMENT OF COMMERCE

Key Measurements

- CDBG Program
  - Jobs created and retained
  - Infrastructure installed
  - New or Improved housing units
  - Amount of funds dispersed
  - Number of grants closed

NORTH CAROLINA
DEPARTMENT OF COMMERCE

Impact of Historical Budgetary Changes

- HUD funds to administer the Programs were reduced by the General Assembly effective with the 2013 HUD allocation.
  - Not enough funding to adequately administer the programs and keep NC in compliance
  - Need to restore Federal Funding to $1,375,000
- $19,740,000 is designated for infrastructure

NORTH CAROLINA
DEPARTMENT OF COMMERCE

Consequence of Future Budget Reductions

- Any further reduction of state funding will further reduce service and jeopardize match requirement for HUD funds

NORTH CAROLINA
DEPARTMENT OF COMMERCE





NORTH CAROLINA
DEPARTMENT OF COMMERCE

QUESTIONS

NORTH CAROLINA
DEPARTMENT OF COMMERCE

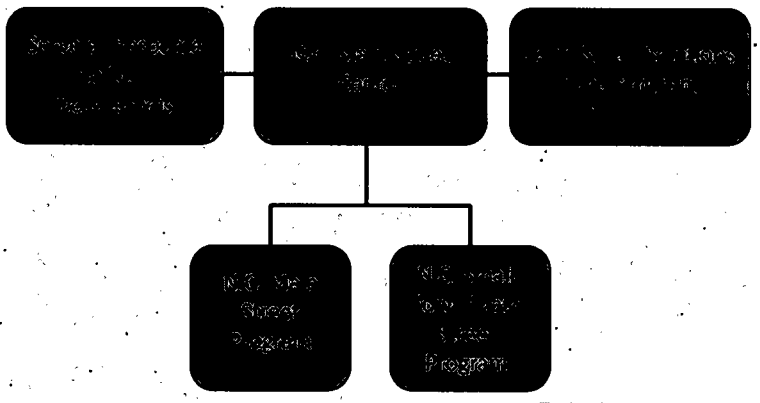
Office of Urban Development

Overview

THRIVE
NORTH CAROLINA

Elizabeth H. Parham, CMSM Director

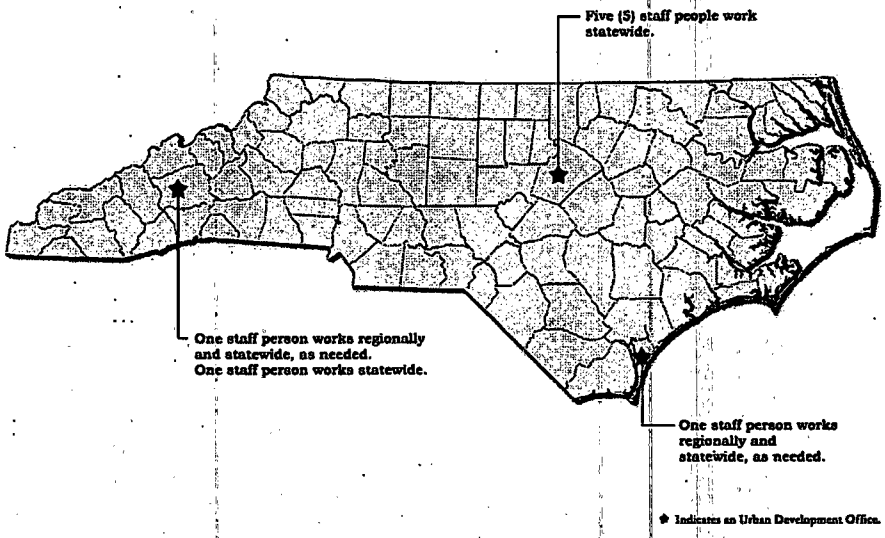
N.C. Department of Commerce
Office of Urban Development



THRIVE
NORTH CAROLINA

North Carolina Main Street

North Carolina Urban Development Staff



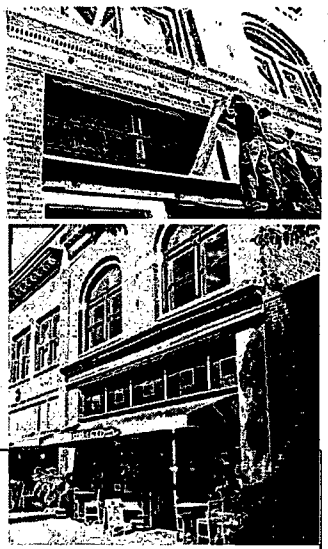
Timeline of Program

1980	N.C. Main Street Center/Program Began. 5 communities originally designated for participation.
Every 2-3 years	Up to 5 additional communities designated
1989	Main Street Financial Incentive Fund State Appropriation (1 M)
2002	Office of Urban Development established for broader downtown economic development assistance
2002	Small Town Main Street Program Began in eastern N.C.
2003	Urban Redevelopment Grant - Unspent CDBG Economic Development Funds ($3.7 M)
2004	Urban Redevelopment Grant - Unspent CDBG Economic Development Funds ($1.7 M)
2007	Small Town Main Street Program Expanded to western N.C.
2009-10	Main Street Solutions Fund State Appropriation ($2 M)
2010-11	Main Street Solutions Fund State Appropriation ($1.5 M)
2011-12	Main Street Designer for Small Town Main Street (west) eliminated in budget

National Main Street Center
a subsidiary of the National Trust for Historic Preservation

Main Street®

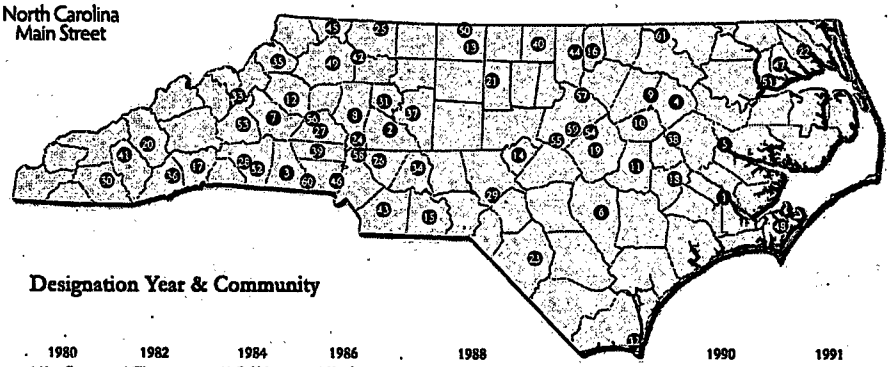
- Created by the National Trust for Historic Preservation, a national non-profit.
- Downtown Economic Development within the context of historic preservation.
- North Carolina was one of 6 states originally selected for participation in 1980.
- Today, 46 states and over 1100 communities with Main Street® programs.



128 E. Innes Street, Salisbury

North Carolina Main Street

North Carolina Main Street Communities



Designation Year & Community

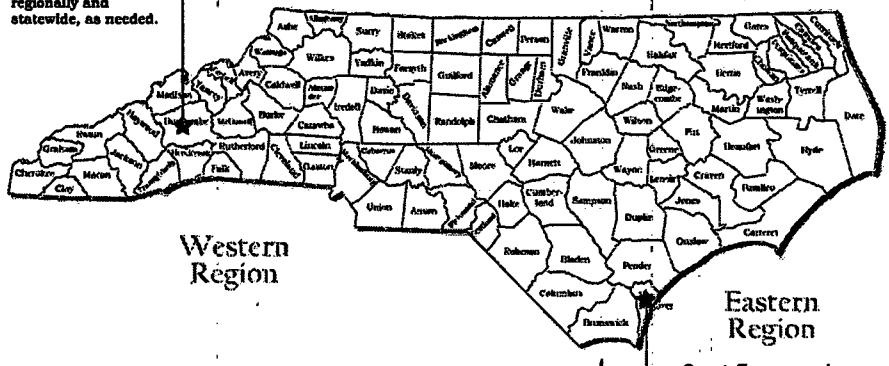
1980	1982	1984	1986	1988	1990	1991
1 New Bern	6 Clinton	11 Goldsboro	16 Henderson	21 Burlington	26 Concord	31 Mocksville
2 Salisbury	7 Morganton	12 Lenoir	17 Hendersonville	22 Elizabeth City	27 Newton	32 Southport
3 Shelby	8 Statesville	13 Reidsville	18 Kinston	23 Lumberton	28 Rutherfordton	33 Spruce Pine
4 Tarboro	9 Rocky Mount	14 Sanford	19 Smithfield	24 Mooresville	29 Aberdeen (N-A)	
5 Washington	10 Wilson	15 Wadesboro	20 Waynesville	25 Mount Airy (N-A)	30 Franklin	

1993	1995	1998	2000	2003	2006	2009
34 Albemarle	38 Farmville	42 Elkin	46 Belmont (N-A)	50 Eden	54 Clayton	58 Davidson
35 Boone	39 Lincolnton	43 Monroe	47 Hertford	51 Edenton	55 Pisgah-Varina	59 Garner
36 Brevard	40 Roxboro	44 Oxford	48 Morehead City	52 Forest City	56 Hickory	60 Kings Mountain
37 Lexington	41 Sylva	45 Sparta	49 North Wilkesboro	53 Marion	57 Wake Forest	61 Roanoke Rapids

● Main Street Community
(N-A) indicates community is 'not active' in the program

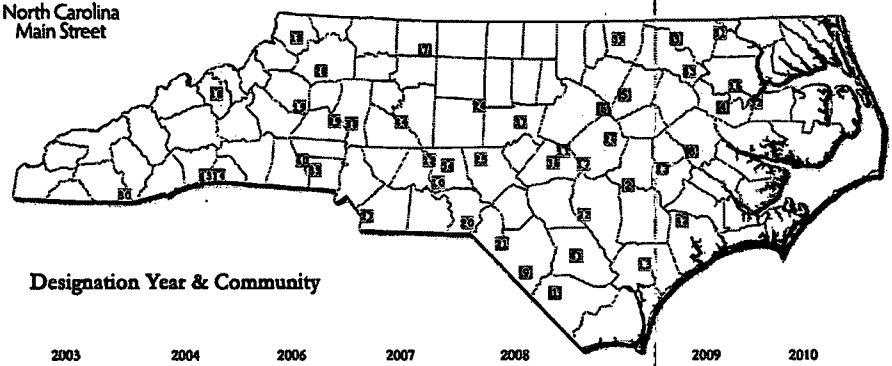
North Carolina Main Street

North Carolina Small Town Main Street



North Carolina Main Street

Small Town Main Street Communities



Designation Year & Community

2003
1 Chadbourn (N-A)
2 Mount Olive
3 Weldon
4 Williamston

2004
5 Spring Hope
6 Zebulon (N-A)

2005
7 Walnut Cove

2006
8 Ayden
9 Fairmont
10 Mount Gilead

2007
11 Angier
12 Badin
13 Burgaw
14 Tryon
15 West Jefferson
16 Windsor

2008
17 Benson
18 Buxton
19 Granite Falls
20 Hamlet (N-A)
21 Marion (N-A)
22 Roseboro

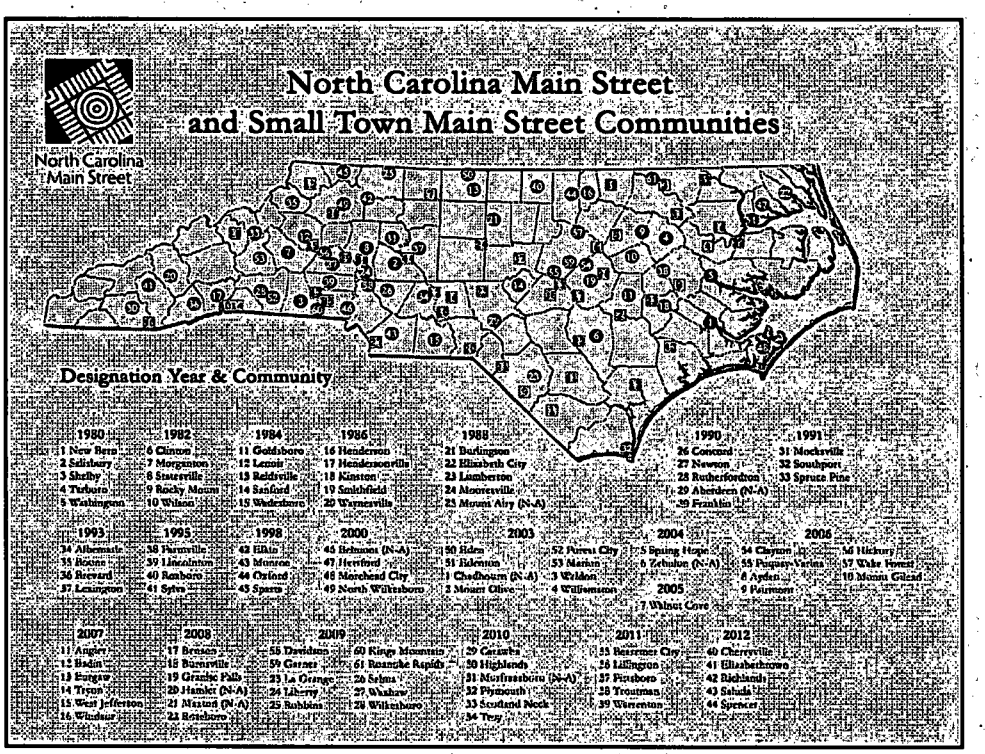
2009
23 La Grange
24 Liberty
25 Robbins
26 Selma
27 Waxhaw
28 Wilkesboro

2010
29 Catawba
30 Highlands
31 Murfreesboro (N-A)
32 Plymouth
33 Scotland Neck
34 Troy

2011
35 Bessemer City
36 Lillington
37 Pittsboro
38 Troutman
39 Warrenton

2012
40 Cherryville
41 Elizabethtown
42 Richlands
43 Sahalia
44 Spencer

(N-A) indicates community is 'not active' in the program



Service to N.C. Downtowns

155 Communities Directly Served in 2011-2012:

- Provide Downtown Revitalization Training, Education and Networking
- Facilitate the Downtown Revitalization Process
- Provide Downtown Resources and Funding Information
- Administer the Main Street Program for N.C. and Offer Main Street Four-Point Program® guidance
- Provide Main Street and Small Town Main Street Façade and Public Space Conceptual Design Assistance
- Administer the Main Street Solutions Fund Program

Training & Education

- N.C. Main Street Conference & Awards Ceremony
- Main Street Basic Training
- Main Street Managers' Meetings
- On-Site Community Specific Education



Main Street Conference



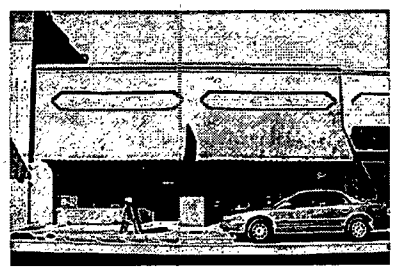
Main Street Awards (Burnsville)



Main Street Basic Training

Downtown Revitalization Process

- Downtown Strategic Planning
- Public-Private Partnership Development
- Downtown Studies and Business Development Plans
- Tools for Development
- Knowledge and Resources and Funding

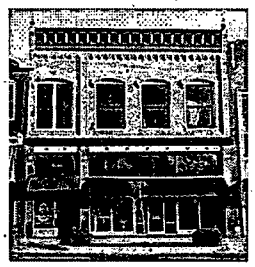




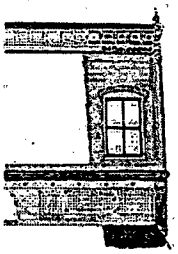
Roseboro Business Recruitment Efforts, as result of studies.

Façade and Public Space Design Assistance

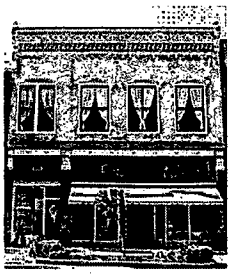
109 Broad Street, Statesville



Before - Full Façade



Conceptual Design



After – Full Façade



After – Cornice Detail

- Main Street and Small Town Main Street Façade and Public Space Design Assistance, resulting in economic benefit.
- Knowledge of Historic Preservation, Architecture and Materials
- Knowledge of Resources and Funding

Impact of the Main Street Program on N.C. Downtowns

FY 2011-12

- $96 Million in public/private investment
- 334 Buildings Renovated
- 242 Façade Improvements
- 259 Businesses Net Gain
- 1,029 Jobs Net Gain

THRIVE NORTH CAROLINA

Impact of the Small Town Main Street Program on N.C. Downtowns

FY 2011-12

- $20 Million in public/private investment
- 66 Buildings Renovated
- 81 Façade Improvements
- 105 Businesses Net Gain
- 278 Jobs Net Gain

THRIVE in NORTH CAROLINA

Main Street Solutions Fund Program

- State Appropriation
  N.C. Gen. Stat. § 143B-472.35
- 2009-2010 Appropriation - $2 Million
- 2010-2011 Appropriation - $1.5 Million
- Communities have 3 Years to complete projects

- A reimbursable, matching grant program (non state or federal 1:2 local match)
- Min. $25,000; Max. $200,000 Grants

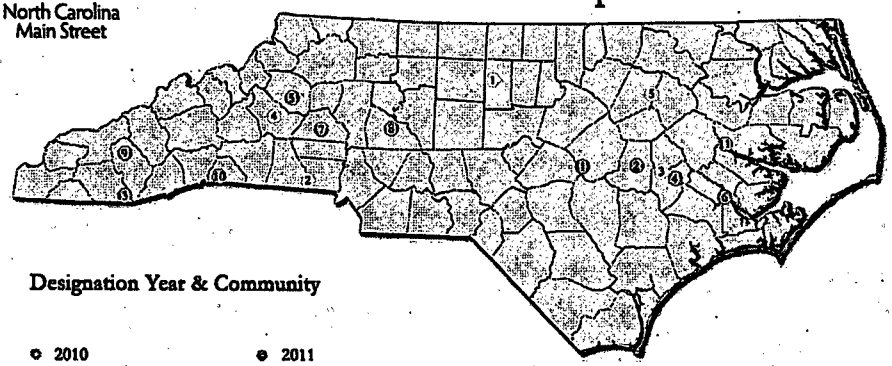
Main Street Solutions Fund Program

The Goals of this Program are:

- To provide direct financial benefit to small businesses.
- To retain and create jobs in association with small business.
- To spur private investment in association with small business.

North Carolina Main Street

North Carolina Main Street Solution Fund Grant Recipients



Designation Year & Community

2010

1 Burlington
2 Kings Mountain
3 La Grange
4 Morganton
5 Rocky Mount

2011

1 Benson
2 Goldsboro
3 Highlands
4 Kinston
5 Lenoir
6 New Bern
7 Newton
8 Salisbury
9 Sylva
10 Tryon
11 Washington

Communities eligible to receive this grant must meet at least ONE of the following designations:
a. Designated as a micropolitan in Tier 2 and 3 counties OR
b. Designated as an ACTIVE North Carolina Main Street community in Tier 1, 2 or 3 counties OR
c. Designated as an ACTIVE Small Town Main Street community in Tier 1, 2 or 3 counties

Main Street Solutions Fund Program

Company Shops Market, 268 East Front Street, Burlington



Before

- 7,000 sq. ft, vacant 10 years
- $3.2 Million
- $298,000 MSSF Grant
- 13 FTE, 16 PTE
- Catalyst for 8 additional businesses



After

Impact of the Main Street Solutions Fund Program

- 16 Communities/15 Counties Benefit
- $13.7 Million in Total Projects
- $2.4 Million Grants Awarded to Date
- $7.8 Million in Private Funds Spurred
- 54 Businesses Benefit
- 238 FTE's, 158 PTE's Retained or Created
- For every $1 invested by the state, $4.52 is invested by the local community.

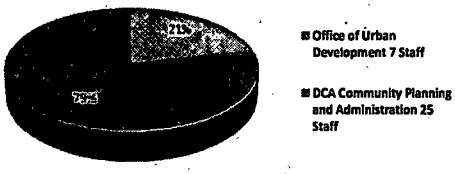
Partner Agencies

A Few Examples:

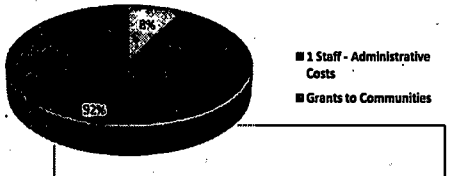
- State Government Departments and Divisions:
  - Commerce
  - Cultural Resources
  - Transportation
  - Health & Human Services
- Nonprofits:
  - National Main Street Center
  - North Carolina League of Municipalities
  - Council of Governments
  - Preservation North Carolina

Office of Urban Development Budgets

SHARED BUDGET



MAIN STREET SOLUTIONS FUND



Questions

- Elizabeth H. Parham, CMSM
  Director
  N.C. Department of Commerce, Office of Urban Development
  (o) 919-571-4900
  http://www.nccommerce.com/cd/urban-development/main-street-program

THRIVE in NORTH CAROLINA

Labor & Economic Analysis Division (LEAD)

March 13, 2013



LEAD

Commerce's *Policy, Research, & Strategic Planning* (PRSP)

+

Employment Security Commission's
Labor Market Information (LMI)

- Surveys/ Bureau of Labor Statistics (BLS)
- Information Delivery
- Occupational & Policy Analysis
- Economic Analysis
- Workforce Research & Evaluation

LEAD

FY 2012-2013 Authorized Budget	
Expenditures:	$7.9 Million
Receipts:	$6.8 Million
GF Approp:	$1.1 Million
FTEs 86.5	

- In FY 2011-12 the NCGA reduced operating expenditures, R
- The Governor's Continuation Budget makes no changes to LEAD's budget

Common Follow Up System

(§ 96-32)

- "tracking the performance measures related to current and former participants in State job training, education, and placement programs"
- Special Provision, Non-recurring Funding from Employment Security Reserve Fund for system operation and evaluation

FY 2005-06	FY 2006-07	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-13
$ 300,000	$ 300,000	$ 300,000	$ 300,000	$ 500,000	$1,700,000	$ 500,000	$ 500,000

- Recent UI legislation restricts use of Employment Security Reserve Fund going forward

NC Department of Commerce Main Street Solutions Fund Grant Awards

Year	Number	County	Name of Community	Total Project Cost	Main Street Solutions Funds Grant	# of Bus. To Directly Benefit from Grant	Anticipated Permanent Full Time & Part Time Jobs Retained or Created
2009-2010	1	Alamance	Burlington	$3,254,937.00	$298,460.00	1	13FTE, 16 PTE
2009-2010	2	Burke	Morganton	$1,109,404.00	$271,455.00	9	35 FTE, 40 PTE
2009-2010	3	Cleveland	Kings Mountain	$509,502.00	$135,000.00	3	5 FTE, 1 PTE
2009-2010	4	Lenoir	La Grange	$229,102.00	$93,581.00	3	4 FTE, 5 PTE
2009-2010	5	Edgecombe	Rocky Mount	$520,500.00	$100,000.00	4	14 FTE, 0 PTE
			Totals	$5,623,445.00	$898,496.00	20	78 FTE, 73 PTE
2010-2011	1	Johnston	Benson	$124,166.00	$41,389.00	1	2 FTE
2010-2011	2	Wayne	Goldsboro	$1,446,381.00	$200,000.00	4	10 FTE, PTE 29
2010-2011	3	Macon	Highlands	$1,267,000.00	$200,000.00	6	23 FTE, 10 PTE
2010-2011	4	Lenoir	Kinston	$1,200,000.00	$200,000.00	2	8 FTE
2010-2011	5	Caldwell	Lenoir	$822,590.00	$200,000.00	3	18 FTE, 12 PTE
2010-2011	6	Catawba	Newton	$242,500.00	$80,830.00	2	4 FTE, 3 PTE
2010-2011	7	Rowan	Salisbury	$455,541.00	$111,626.00	2	5 FTE
2010-2011	8	Jackson	Sylva	$142,147.00	$47,382.00	9	57 FTE, 9 PTE
			Totals	$5,700,325.00	$1,081,227.00	29	127 FTE, 65 PTE
2011-2012	1	Craven	New Bern	$427,240.00	$100,000.00	2	6 FTE, 4 PTE
2011-2012	3	Polk	Tryon	$675,000.00	$150,000.00	2	11 FTE, 2 PTE
2011-2012	4	Beaufort	Washington	$1,350,000.00	$200,000.00	1	8 FTE, 10 PTE
			Totals	$2,452,240.00	$450,000.00	5	33 FTE, 20 PTE

Labor and Economic Analysis Division

Stephanie McGarrah

NER Committee

March 13, 2013

NORTH CAROLINA
DEPARTMENT OF COMMERCE

Overview

- Role of Division and its Customers
- Division's Work and Performance
- Historical Budget Changes

LEAD
NC DEPARTMENT OF COMMERCE
LABOR & ECONOMIC ANALYSIS DIVISION

NORTH CAROLINA
DEPARTMENT OF COMMERCE

2

LEAD's Role and Customers

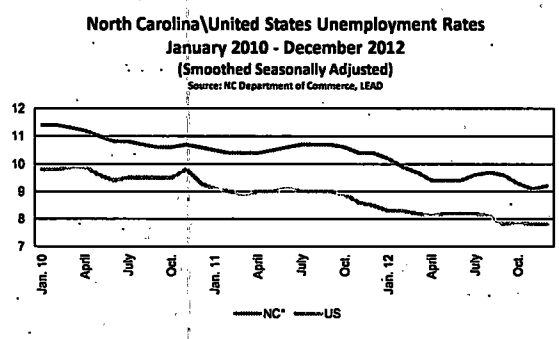
- Collects key economic data and conducts analyses for:
  - Commerce Divisions
  - Local, Regional, and Statewide economic developers
  - Workforce Boards
  - Educational Partners and Researchers
  - General Public

NORTH CAROLINA
DEPARTMENT OF COMMERCE

3

LEAD's Work

- Operates 5 cooperative programs with the US Bureau of Labor Statistics, includes monthly unemployment rate release and jobs statistics

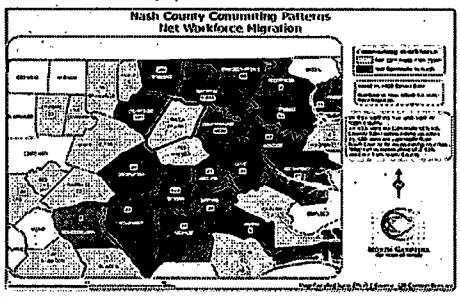


NORTH CAROLINA
DEPARTMENT OF COMMERCE

4

LEAD's Work, continued

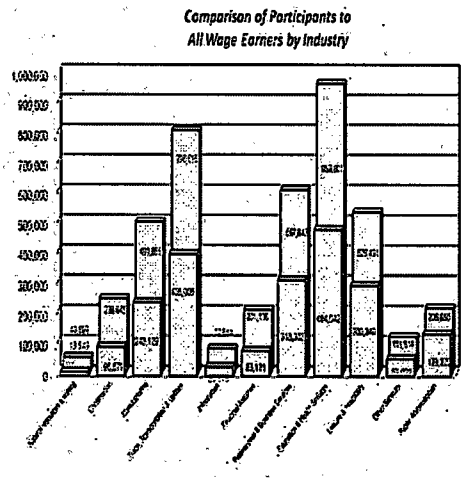
- Conducts economic and fiscal impact analyses for economic development projects
- Completes industry research and labor market analyses for economic developers and workforce boards



5

LEAD's Work, continued

- Conducts policy analyses and strategic planning
- Collects and reports on performance measures for Commerce divisions, educational, and workforce programs

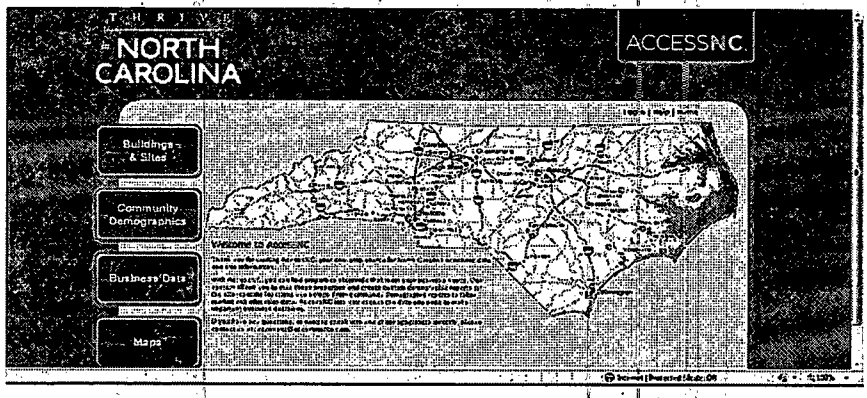


DEPARTMENT OF COMMERCE

6

LEAD's Work, continued

- Provides community, demographic and buildings and sites data through AccessNC



7

Historical Budget Changes

- December 2012 - Merger of Commerce's Policy, Research and Strategic Planning Division with ESC's Labor Market Information Division to create LEAD
- Used federal funds to offset state costs
- Leverage labor market information for economic development

NORTH CAROLINA
DEPARTMENT OF COMMERCE

8

North Carolina Department of Commerce
Division of Community Assistance

Office of Community Planning
Fact Sheet

DCA's Office of Community Planning has provided service to North Carolina's small towns and rural communities for more than 50 years by: 1) ensuring effective utilization of grant funds; 2) supplying solid customer service; and 3) providing an efficient and high rate of return on the State's investment.

1. Effective utilization of grant funds

Through pre-planning, we help towns and counties position themselves for grant funds and investments from CDBG, NC Rural Center, USDA, NCDOT, ARC and many others. Community Planning has helped communities leverage over $100 million in grant funding over the past 5 years.

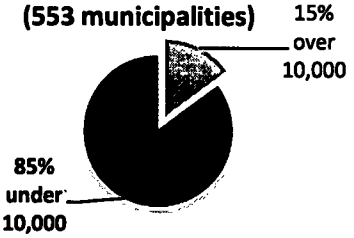
PMP pilotmountainpride™
A local food movement

One example of the benefits of our pre-planning work is Pilot Mountain Pride. Following a strategic plan the town developed this facility to sell locally grown food. Numerous granting agencies provided funding and support and today more than 50 farms sell produce at PMP.

2. Solid Customer Service to the State's smallest communities

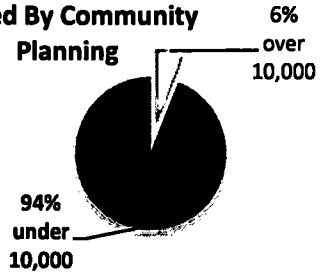
North Carolina is a state of small towns and rural counties that lack financial resources to plan for their future. Community Planning utilizes its resources to provide planning assistance to the states low/moderate income communities, ensuring these communities enjoy the same quality of life as North Carolina's more urban counties and cities. Over the past 5 years, Community Planning has worked in 71% of the State's counties and collaborated with over 30 federal, state, and local partner agencies.

NC Municipal Population (553 municipalities)



North Carolina is a collection of rural counties and small towns. Communities can plan for their future regardless of size and lack of resources through Community Planning Assistance

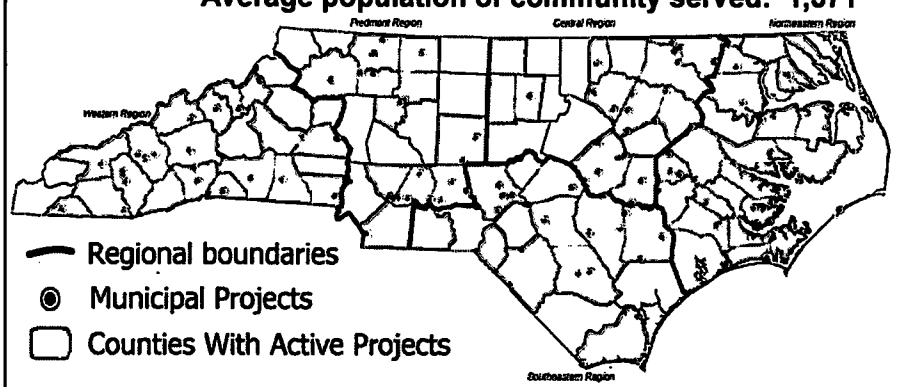
Municipalities Served By Community Planning



Types of services we provide:

- ❖ Economic/Market Studies
- ❖ Land Development Planning
- ❖ Development Ordinance Assistance
- ❖ Strategic Planning
- ❖ Group Facilitation and Goal Setting
- ❖ Downtown Revitalization Planning
- ❖ Board Training
- ❖ Brownfield Assistance
- ❖ GIS Mapping / Spatial Analysis

Average population of community served: 1,371



3. Efficient service is provided with a high rate of return on the State's investment

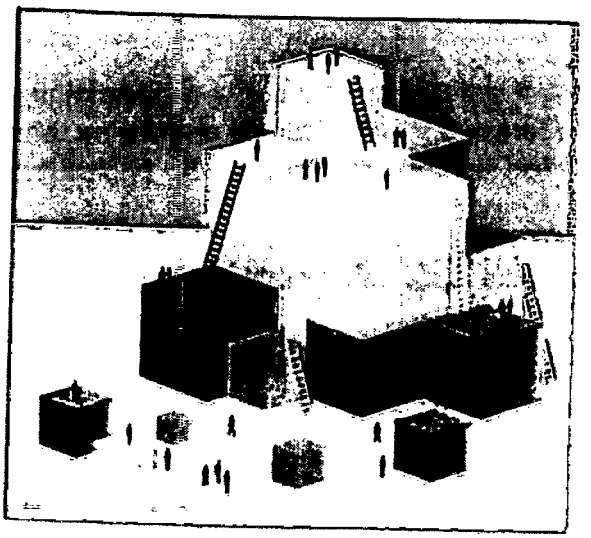
For every $1 the State invests in Community Planners we provide a return of nearly $6 in services to small towns and rural counties.

585% return on investment

Helping communities build a better future

www.nccommerce.com/cd/community-planning *January 2012*

North Carolina's Community Development Block Grant Program Overview



The primary purpose of the State of North Carolina's Community Development Block Grant (CDBG) Program is to ***provide grants to non-entitlement local governments to develop viable communities by providing decent housing and a suitable living environment to expand economic opportunities, principally for persons of low and moderate income.*** The CDBG Program is administered by the North Carolina Department of Commerce, Division of Community Assistance. All municipalities except the 23 entitlement cities that receive funds directly from the US Department of Housing and Urban Development (HUD) are eligible to apply for State CDBG funds. North Carolina's 23 entitlement cities are: Asheville, Burlington, Cary, Chapel Hill, Charlotte, Concord, Durham, Fayetteville, Gastonia, Goldsboro, Greensboro, Greenville, Hickory, High Point, Lenoir, Jacksonville, Kannapolis, Morganton, Raleigh, Rocky Mount, Salisbury, Wilmington, and Winston-Salem. All counties except Cumberland, Mecklenburg, and Wake Counties, which have been designated as urban counties, are eligible to receive State CDBG funds. As urban counties, their municipalities are ineligible, with the exceptions of Holly Springs (Wake County) and Linden (Cumberland County). All programs developed using CDBG funds will promote the goals of the North Carolina Consolidated Plan. The North Carolina CDBG Program is comprised of four primary grant categories: Small Business and Entrepreneurial Assistance (SBEA), Scattered Site Housing (SSH), Infrastructure (IF), and NC Catalyst.

The Small Business and Entrepreneurial Assistance (SBEA) program provides funding to eligible local governments to assist existing small businesses and entrepreneurs expand their businesses, create jobs and establish outreach efforts to market available forms of economic development assistance that would foster an entrepreneurial environment within the community. The primary purpose of this competitive grant program is to provide funding to local governments to jumpstart growth of existing small businesses, thus creating new jobs or retaining existing jobs. The proposed project must also include a plan for creating an entrepreneurial environment in the community that would support and sustain continued economic development and job creation even after funding for this program has been expended. Small businesses are not eligible to apply for direct funding under the SBEA program. Only eligible local governments may apply for SBEA funds.

The **Scattered Site Housing (SSH)** program makes CDBG funds available through non-competitive grants to each non-entitlement county every three years throughout North Carolina. The primary objective of the SSH program is for local governments to address the most critical housing needs of very low-income households by improving the housing conditions of households with incomes at or below 50% of area median income. Eligible activities must meet at least one of three national objectives: (1) benefiting low-and-moderate income (LMI) persons; (2) preventing or eliminating slums or blight; and (3) meeting other community development needs having a particular urgency because

existing conditions pose a serious and immediate threat to the health and welfare of the community and other financial resources are not available to meet the need.

The purpose of the Infrastructure (IF) program is to improve the quality of life in a residential area (target area project) or in a local government's jurisdiction (area-wide jurisdictional project) by using CDBG funds to eliminate severe water and wastewater (sewer) problems with health and environmental consequences. Activities include:

- the installation of new public water or sewer lines;
- the replacement of public water or sewer lines or appurtenances where the condition threatens public health or the environment; and
- improvements to water or sewer treatment plants that have specific problems such as being under moratoriums or special orders of consent.

The North Carolina Catalyst program (NC Catalyst for short) offers a non-entitlement municipality or county the opportunity to tailor a project to meet the community development needs specific and most critical to their locality, primarily for their low- and moderate-income residents. The NC Catalyst Program incorporates several previous CDBG programs and activities such as Housing Development, Individual Development Accounts, Community Revitalization, and Infrastructure Hook-Up. Below are the four program categories available under the NC Catalyst Program.

- **Housing Activities:** This category includes homeownership, rental for multi-family developments and scattered site rehabilitation. In 2012, this category also includes projects that receive NC Housing Finance Agency's Supportive Housing Development funds.
- **Community Revitalization:** This category allows rehabilitation and reconstruction in identified neighborhoods where comprehensive revitalization is taking place.
- **Special Project Public Facilities and Improvements:** This category is for buildings and improvements that are publicly owned or that are traditionally provided by the government, or owned and operated by a nonprofit provided that the building is open to the general public. These funds are provided to local governments to carry out activities that assist at risk populations (homeless, victims of domestic violence, at risk youth, etc). The funds will pay for shelters, transitional housing, senior centers, and neighborhood recreational centers.
- **Public Service:** Eligible activities include foreclosure prevention assistance and Individual Development Accounts for homeownership.

For more information about North Carolina's CDBG programs and to view program guidelines and applications, please visit the North Carolina Department of Commerce website:

http://www.nccommerce.com/communitydevelopment/investment-assistance/grant-categories

Committee Sergeants at Arms

NAME OF COMMITTEE JT. NER

DATE: 3-13-2013 Room: 423

House Sgt-At Arms:

1. Name: JOE CROOK
2. Name: BILL BASS
3. Name: _____
4. Name: _____
5. Name: _____

Senate Sgt-At Arms:

1. Name: RONNSPANN
2. Name: _____
3. Name: _____
4. Name: _____
5. Name: _____

Wednesday, **March 13**	**Room**	**Time**
APPROPRIATIONS NATURAL & ECONOMIC RESOURCES (JOINT)	423	8:30 am

Name	County	Sponsor
Macey Harrison	Alamance	Riddell
Tanner Velten	Carteret	McElraft

SENATE PAGES ATTENDING

COMMITTEE: Joint: Nat'l & Co. Resources ROOM: 423

DATE: 3-13 TIME: 8:30

PLEASE PRINT LEGIBILY!!!!!!!!!!!!!

Page Name	Hometown	Sponsoring Senator
1 Milizhia Mills	Winston-Salem	Parmon
2 Kianna Bracer	Rural Hall	Parmon
3		
4		
5		
6		
7		
8		
9		
10		

Do not add names below the grid.

Pages: Present this form to either the Committee Clerk at the meeting or to the Sgt-at-Arms.

VISITOR REGISTRATION SHEET

Approp. Subcommittee on Natural & Economic Resources — 3/13/13

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Terry Haddock	NCDC / NCCCA
Richard Self	DOC
Liz Parham	Commerce
Suellen Aldina	Commerce - LEAD
William Johnson	Commerce - DWS
Shannan Holley	Commerce
Elizabeth McGrath	Commerce - LEAD
Josh Levy	Commerce - LEAD
Jennifer Haigwood	NCDOL
H McInnis	NC Rural Center
Elizabeth Hammond	NCLOB

VISITOR REGISTRATION SHEET

Approp. Subcommittee on Natural & Economic Resources — 3/13/13

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Karen West	Commerce
Josh Ellis	Commerce
Stephanie McGavah	Commerce
Lockhart Taylor	DES - Commerce
Kevin Carlson	DES - Commerce

VISITOR REGISTRATION SHEET

Approp. Subcommittee on Natural & Economic Resources — 3/13/13

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Erin Wynia	NCLM

Joint Appropriations Subcommittee on NER
Agenda
Thursday, March 14, 2013, 8:30 A.M.
Room 423, Legislative Office Building

Senator Andrew Brock, Presiding

1. **Welcome & Introductions**

   Sen. Brock

2. **Water and Sewer Infrastructure Presentations**

   Overview
   Jennifer Hoffmann, *Fiscal Research Division*

   NC Water and Sewer Issues and Programs
   Bill Holman, NC State Director, *The Conservation Fund*
   Jennifer Hoffmann, *Fiscal Research Division*

3. **Committee Discussion**

4. **Adjourn**

House Appropriations Subcommittee on NER
Rep.McElraft (Chair)
Rep. West (Chair)
Rep. Dixon (Vice Chair)
Rep. Pierce (Vice Chair)
Rep. Presnell (Vice Chair)
Rep. Brandon, Bumgardner, Catlin, Dobson, Langdon, Millis, Richardson, Wilkins, Wray

Senate Appropriations Committee on NER
Sen. Brock (Chair)
Sen. Jackson (Chair)
Sen. Bryant, Cook, McLaurin, Rabin, Tarte, Walters

Joint Committee on Appropriations on Natural and Economic Resources
Tuesday, March 19, 2013 at 8:30 AM
Room 423 of the Legislative Office Building

MINUTES

The Joint Committee on Appropriations on Natural and Economic Resources met at 8:30 AM on March 19, 2013 in Room 423 of the Legislative Office Building. 18 members were present.

Senator Andrew C. Brock, Chair, presided.

Sen. Brock began the meeting at 8:33 AM.

Sen. Brock thanked the Senate and House Pages and Senate and House Sgt. At Arms.

Sen. Brock yielded the floor to Mrs. Jennifer Hoffman, Fiscal Research Division.

Mrs. Hoffman introduced the issues and programs surrounding North Carolina Water and Sewer: infrastructure overview: 2009 Program Evaluation Report, 2010 Report to Joint Legislative Commission on Water and Wastewater (WW) Infrastructure; progress made, changes implemented; role of State Water Infrastructure Commission (SWIG); state programs and funding sources; acronym definitions.

Sen. Brock yielded the floor to Bill Holman, North Carolina State Director, The Conservation Fund.

Mr. Holman presented issues and programs surrounding Water and Sewer: $2 billion+/year business; capital intensive; local and decentralized: water utilities, local governments and electric utilities lead; traditional state role: technical and financial assistance, financial oversight of public utilities by Treasurer, financial oversight of private utilities by Utilities Commissions, environmental regulation by Department of Environment and Natural Resources (DENR); water challenges and opportunities: future scarcity in Research Triangle, Charlotte and other regions require regional solutions, aging infrastructure needs renewal, declining per capita demand for water services but increasing population, water rates increasing faster than inflation, too many public and private water systems; background on SWIC; SWIC's Board; SWIC's work: forum for water finance issues, forum for founders to coordinate, financial health of water utilities; 2009 program evaluation report: SWIC has fallen short of achieving its mission, no statewide strategic plan, funding skewed towards grants versus loans; 2010 Legislative Study Commission: improvement estimates of need, regionalization, establish water infrastructure database, fund critical needs, Virginia and Georgia Environmental Finance Authority; water policy issues for discussion: state water strategy, the need for SWIC; water finance issues for discussion: loans, grants, state role in regional water, wastewater and stormwater, dedicated revenue source; 2013 SWIC recommendations: review SWIC, appropriate funds for water structure.

Sen. Brock asked the committee if there were any questions or comments.

Sen. Rabin: If the local governments do most of the work and the state is mostly in an advisory role, how comes local governments are not represented on the SWIC Board?

Mr. Holman: Local governments are represented on the Board through regional representatives.

Rep. Wilkins: Is there currently an appointee from the Department of Agriculture?

Mr. Holman: No, SWIC has expanded to think of both public and private use and know how important water is to the industry. If the General Assembly would like to expand SWIC and add a Department of Agriculture representative, that would be fine.

Rep. Wilkins: Specifically, is there an appointee who is close to Soil and Water?

Mr. Holman: No.

Rep. Wilkins: I've always looked at SWIC as a filter for who is doing what. Most of the players are at table. Am I right that SWIC helps prevent overlap?

Mr. Holman: Yes. All funders sit at the table. They have a Funders Forum that meets regularly to share information on applicants. There is a database that lists all projects funded in a given year. There is a high degree of coordination.

Rep. Dixon: There are 6,000+ systems; does that include water and sanitary districts?

Mr. Holman: Yes, they could be publically or privately owned. Any system used by the public. There has been an evolution over the years to how we provide water to our residents.

Rep. Catlin: Water is going to be the new gold. I appreciate your efforts and look forward to working with you.

Mr. Holman: Thank you. I'll come by your office.

Sen. Brock thanked Mr. Holman and yielded the floor to Mrs. Hoffman to finish the presentation on the issues and programs surrounding North Carolina Water and Sewer.

Mrs. Hoffman responded to questions directed at Mr. Holman: Members of SWIC are laid out in General Assembly statute. If you would like to add qualifications and positions, you are able to do that. Presented a database spreadsheet as an example of the coordination.

Mrs. Hoffman continued the presentation on the issues and programs surrounding North Carolina Water and Sewer: State funding sources: DENR, Clean Water Management Trust Fund (CWMTF), Department of Commerce, Rural Economic Development Center; DENR Water and WW programs; DENR's state revolving funds (SRF): Clean Water State Revolving Fund, base program, Federal-State program, funding in Fiscal Year 2012-13, loan max, intended use plan, Clean Water SRF special programs, principal forgiveness, funding, Green Project Reserve, Drinking Water SRF, private and public funding, loan max, Fiscal Year 2012-13, Drinking

Water SRF set-asides, program administration, technical assistance for small systems, drinking water state program management, local assistance; DENR Drinking and Wastewater Reserves, no new funds in many years; project limit; eligibility; criteria in G.S. 159G-23.

Sen. Brock yielded the floor to Rep. Pierce.

Rep. Pierce: Do you have criteria that constitute an emergency loan?

Mrs. Hoffman: There is a general definition in statute, but I would defer to the representative from DENR.

Sen. Brock yielded the floor to Mr. Kim H. Colson, Section Chief, Infrastructure Finance Section, DENR.

Mr. Colson: On the clean water side, the statute generally refers to a health threat; but generally a regional office will assess the situation and report back to DENR.

Sen. Brock yielded the floor to Mrs. Hoffman to continue her presentation on the issues and programs surrounding North Carolina Water and Sewer.

Mrs. Hoffman continued with the Clean Water Management Trust Fund, two infrastructure programs, eligibility, criteria found in G.S. 159 G; Community Development Block Grant (CDBG) at the Department of Commerce, Infrastructure Program (IP), total funding from HUD via NC Department of Commerce, $20.3 million to IP, water/wastewater grants; Industrial Development Fund (IDF) and IDF Utility Fund, no longer active, IDF Utility, eligibility, criteria, max grant, source of funding; Rural Economic Development Center: two main water and sewer programs, Economic Infrastructure Program.

Sen. Brock yielded the floor to Sen. Bryant.

Sen. Bryant: Explain the dollar-to-dollar requirement.

Mrs. Hoffman: As I understand it, for every project there is a dollar-to-dollar match; and local governments have to commit 5% of the funds needed for the project.

Sen. Brock yielded the floor to Mrs. Hoffman to continue her presentation on the issues and programs surrounding North Carolina Water and Sewer.

Mrs. Hoffman continued with the Rural Economic Development Center: Critical Need Grants, supplemental and planning grants, sources of funds, Clean Water Partners, recurring General Fund appropriation; other funding sources, federal and nonprofit: Federal Government, USDA Rural Development, Economic Development Administration, Appalachian Regional Commission; Nonprofits, Golden LEAF; issues for upcoming Biennium: consolidation of funding sources, loans versus grants, recurring versus nonrecurring funding for SFRs.

Sen. Brock thanked Mrs. Hoffman and asked the committee if there were any questions or comments.

Rep. Catlin: With the Safe Drinking Water Act, are any funds intended to provide fire protection?

Mrs. Hoffman: No.

Rep. Catlin: That's a problem then. When they design water lines, they design them for fire protection, that is something we need to look at.

Sen. Brock yielded the floor to Mrs. Jessica Godreau, Drinking Water, Environmental Health, DENR.

Mrs. Godreau: They are allowed to size the lines for firefighting.

Rep. Wilkins: It appears over the last Biennium we spent $1.6-1.7 billion; but our needs are a $60.6 billion investment. Are we a dog chasing its tail?

Mr. Holman: Yes sir. Ideally, by 2035 we can get that money. We need to get better at systematically finding solutions to these water problems. That $60.6 billion number is based on a project by the Rural Center. It is the best number we got and the Rural Center research is backed up by EPA findings. The question is how does the state help these communities meet their needs? The rate payers will bare much of the cost.

Rep. Bumgardner: Does the EPA loan have to be paid back?

Mrs. Hoffman: Yes, but not to the Federal Government. DENR gets money from the Federal Government and that money must stay in the program. The State has to petition the EPA to use those funds for State matching.

Rep. Bumgardner: So the EPA money wasn't doing loan originality, is that correct?

Mrs. Hoffman: Yes sir.

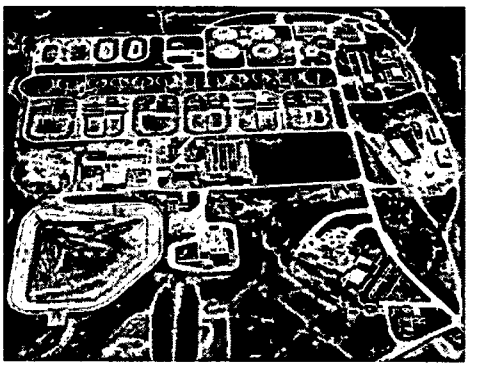
Sen. Brock asked the committee if there were additional questions and thanked the presenters and audience.

The meeting adjourned at 9:49 AM.

Senator Andrew C. Brock, Chair
Presiding

Towers Mingledorff, Committee Clerk

Water & Sewer Infrastructure in North Carolina



Joint Appropriations Subcommittee on Natural and Economic Resources

March 19, 2013

FISCAL RESEARCH DIVISION
A Staff Agency of the North Carolina General Assembly

Agenda

- Infrastructure Overview
- Highlights from recent reports
  - 2009 Program Evaluation Report
  - 2010 Report to Joint Legislative Commission on Water and Wastewater (WW) Infrastructure
- Progress made, Changes implemented
- Role of State Water Infrastructure Commission
- State Programs and Funding Sources

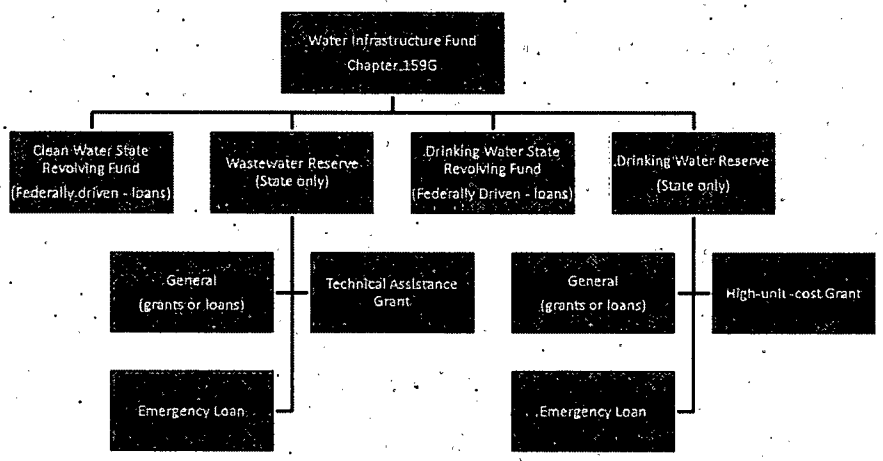
Acronyms

SWIC	State Water Infrastructure Commission
DENR	Dept. of Environment & Natural Resources
CDBG	Community Development Block Grant
CWSRF	Clean Water State Revolving Fund
DWSRF	Drinking Water State Revolving Fund
CWMTF	Clean Water Mgmt. Trust Fund
IDF	Industrial Development Fund
EPA	Environmental Protection Agency
HUD	Housing & Urban Development
LGU	Local Governmental Unit

State Funding Sources

- **Dept. of Environment & Natural Resources**
  - Clean Water State Revolving Fund (CWSRF)
  - Drinking Water State Revolving Fund (DWSRF)
  - Wastewater Reserve & Drinking Water Reserve
- **Clean Water Management Trust Fund** (CWMTF)
- **Department of Commerce**
  - Community Development Block Grant
  - Industrial Development Fund (IDF)
  - Industrial Development Fund Utility Account
- **Rural Economic Development Center**

DENR Water and WW Programs

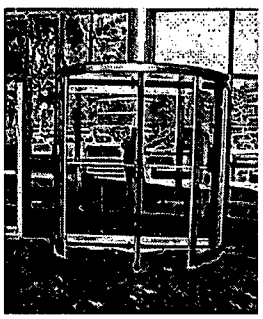


DENR - State Revolving Funds (SRF)

Clean Water State Revolving Fund (1989)

- Base program – low interest loans to LGUs to assist with sanitary sewers, wastewater treatment facilities, stormwater quality projects and non-source pollution projects
- Offers loans at 1/2 the market rate - 2%
- Max term= 20 years
- Federal-State program (80%-20%)
- FY 2012-13 = $25,507,000 - $5,101,400

80% Federal Capitalization Grant:	604,857,548
20% State Match:	120,971,510
Total NC Investment:	**$ 725,829,058**



DENR - State Revolving Funds (SRF)

- **Loan Max:** $50 mil, but averages just under $3mil
- **Intended Use Plan** – identifies the goals and objectives of the program
- **Clean Water SRF Special Programs**
  - Principal forgiveness (9%) – must be specifically authorized by federal legislation, and LGU must meet certain qualifications
  - 0% Funding (17%)
  - Green Project Reserve (5%)

DENR - State Revolving Funds (SRF)

Drinking Water SRF (1996)

- Loans to private and public drinking water systems to enhance infrastructure improvements needed to comply with federal Safe Drinking Water Act
  - Emphasis on small and disadvantaged communities & programs that encourage pollution prevention
- Loan Max: $3 mil
- FY 12-13 = $23.54M -$4.7M



80% Federal:	328,356,900
20% State:	65,671,380
Total Invested:	**$394,028,280**

DENR - State Revolving Funds (SRF)

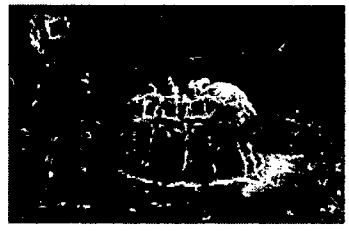
- **Drinking Water SRF Set-Asides**
  - Program Administration (4%)
  - Technical Assistance for Small Systems (2%)
  - Drinking Water State Program Mgmt (10%)
    - » Public Water Supply Supervision Program
    - » Source Water Protection Program
    - » Capacity Development Strategy
  - Local Assistance (15%)
    - » Wellhead protection
    - » Capacity Development at local level

DENR: Drinking & Wastewater Reserves

- Established in G.S. 159G
- No new funds in many years
- Loans or Grants
  - General (Loan or Grant)
  - High Unit Cost (1.5%) Grant
  - Tech. Assistance Grant
  - Emergency Loans
- Project limit: $3mil annually
- Eligibility: LGU & non-profit water corporations
- Criteria in G.S. 159G-23
  - Public necessity
  - Effect on impaired waters
  - Efficiency
  - Comprehensive land use plan
  - Flood hazard ordinance
  - Sound management
  - Capital improvement plan
  - Coastal habitat protection
  - Asset Management Plan
  - High-Unit Cost Threshold
  - Regionalization
  - State Water Supply Plan
  - Water conservation measures

Clean Water Management Trust Fund

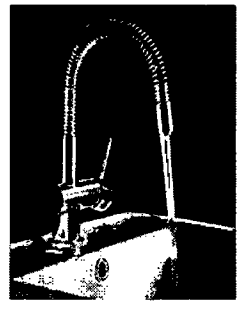
- Two Infrastructure programs:
  - Wastewater infrastructure grants (max: $3 mil)
  - Stormwater projects grants (max: $3 mil)
- Eligibility: State agencies, **local governments,** nonprofits
- Criteria: G.S. 159G (common criteria) + Board
  - "Economically distressed"
  - High water quality benefits
  - High Unit Cost
  - Recent: Ready for construction



Total WW Grants = $257.2 m (26%)
Total SW Grants = $59.7 m (6%)
Total Awarded = $316.9 m (32%)

Community Development Block Grant

CDBG– Infrastructure Program (IP)



- Total Funding from HUD via NC Dept. of Commerce ~ $42 mil/year
- GA directed $20.3 mil to IP in 2013
- Water/Wastewater Grants for LGU
- Target: Residential areas to improve quality of life or jurisdictional-wide to eliminate severe problems with health & environmental consequences
- 70% of residents low & mod. income
- Grants: Max $750k, 5% match Tier 2 & 3 counties

Funds Awarded FY 2011-12: $2,099,172

Community Development Block Grant

CDBG–Economic Development

- *Includes* Water/Wastewater Grants for installation of public water/sewer lines and improvements to plants
- Tied to job retention or creation primarily for low and moderate income people
- Grants: Max is $1 mil in Tier 1&2, $750k in Tier 3 counties
- 25% match for all projects except 25 most distressed counties
- GA appropriated $7 mil in 2013



Funds Awarded FY 2011-12: $3,007,646

Industrial Development Fund (IDF) & IDF Utility Fund

- IDF no longer active, $ eliminated in FY 11-12
- IDF Utility
  - Grants for public infrastructure including water, sewer, and other infrastructure uses
- Eligibility
  - Local gov't in the 65 most economically distressed counties to recruit new or expanding businesses
- Criteria
  - Job creation expected but no specific requirement
  - Subset of companies eligible for 3J tax credits

IDF Utility Fund

- Max grant: $500,000/project or $10,000/job
- LGU match: 25% for public facility projects except for 25 most distressed counties
- Source of funding
  - Statutory deductions from JDIG payments
  - 25% for Tier 3 county projects; 15% for Tier 2
  - Amount transferred in FY 2011-12 = $4,694,826
  - Amount awarded for water/sewer in FY 2011-12 = $2,102,367

Rural Economic Development Center

Two Main Water & Sewer Programs

- **Economic Infrastructure Program** (2004)
  - Recurring GF appropriation = $13,462,043
  - Grants only
  - Local governments
  - Water, wastewater, other infrastructure needs that lead to new private sector job creation
    - Up to $10,00 per job
    - Capped at $1 million/project
    - 5% match

Funds Awarded FY 2011-12: $8,039,258

Rural Economic Development Center

Critical Need Grants

- Supplemental & Planning Grants
  - Address environmental and public health critical needs
  - Supplemental grants for construction; Max $500k, & $1 mil
  - Planning grants; Max: $40k
  - Eligibility: Local governments & regional agencies for planning
  - Match required
- Sources of Funds
  - Clean Water Partners (2007): $150 mil NR
  - Recurring GF appropriation of $572,512

Funds Awarded FY 2011-12: $4,124,335

Other Funding Sources Federal & Nonprofit

- **Federal Government**
  - USDA Rural Development (FFY 2012 = $51.6 M)
  - Economic Development Administration
  - Appalachian Regional Commission
- **Nonprofits**
  - Golden LEAF



Issues for Upcoming Biennium

- Consolidation of funding sources?
  - Any areas of duplication/overlap?
- Loans vs. grants
- Recurring vs. nonrecurring funding for SRFs

State Water Infrastructure Commission

Bill Holman, Chairman

Presentation to

Joint Appropriations Subcommittee

on Natural & Economic Resources

March 19, 2013

Water Services in NC

- $2 billion+/year business
- Capital intensive
- Local & decentralized: water utilities, local governments & electric utilities lead
- Traditional State role:
  - technical & financial assistance;
  - financial oversight of public utilities by Treasurer;
  - financial oversight of private utilities by Utilities Commission;
  - environmental regulation by DENR

Water Challenges & Opportunities

- Future scarcity in Research Triangle, Charlotte and other regions require regional solutions
- Aging infrastructure needs renewal
- Declining per capita demand for water services but increasing population
- Water rates increasing faster than inflation
- Too many public & private water systems
  - Scale, access to talent & capital matter

Water Challenges & Opportunities

- New reclaimed water and stormwater reuse technologies
  - No wastewater only wasted water
- Nutrient and energy recovery
- Public-private partnerships
- Decreasing federal and state funding
- Water – an economic & environmental asset and advantage for NC
- $16.6 billion needed for investment by 2030
- New business models/rate structures needed

Background on SWIC

- Established by 2005 General Assembly (GS 159G-65)
- Advisor to Governor & General Assembly on State Role in water infrastructure
- Common criteria and high-unit cost requirement set for grants
- Increase coordination and cooperation by water funding agencies

Who serves on SWIC?

* Commerce, DENR, Rural Center, State Treasurer, Water Resources Research Institute, NC State University School of Engineering, NC League of Municipalities, NC Association of County Commissioners, NC Chapter of American Council of Engineering Companies, Governor, NC Senate, & NC House of Representatives

* Private utilities, NC Utilities Commission, USDA Rural Development, and UNC-CH Environmental Finance Center also participate

SWIC's Work

- Participation is voluntary
- Forum for water finance issues
  - Water 2030 -- $16.6 billion needed
  - State and federal appropriations
- Forum for Funders to coordinate
  - Common application form
- Financial health of water utilities
  - Water audits
  - Water rates
  - Asset management
  - Capital planning

2009 Program Evaluation Report

- SWIC has fallen short of achieving its mission
- No statewide strategic plan for water and wastewater infrastructure funding
- NC's infrastructure funding system is complex, fragmented and burdensome
- Funding skewed towards grants versus loans

2010 Legislative Study Commission

- Improve estimates of need
  - Local asset management and water supply plans
- Regionalization
- High Unit Cost threshold
- Include water supply projects
- LGC provide financial information to funders
- Establish water infrastructure database
- Fund critical needs
- VA and GA Environmental Finance Authority

Water Policy Issues for Discussion

- State Water Strategy?
  - Policy and funding?
  - Public-private partnerships?
  - Who implements?
- Is SWIC needed?
- Should SWIC be broadened?
  - Private water utilities & Public Staff?
  - Public health agencies?
  - USDA Rural Development?

Water Finance Issues for Discussion

- How many $ for loans? How many for grants?
- High unit cost threshold for grants?
  - What's affordable water service?
- State role in regional water, wastewater and stormwater investments
- Dedicated revenue source for water?

2013 SWIC Recommendations

- Review SWIC; reaffirm, modify or replace as appropriate
- Appropriate funds for water infrastructure
  - DENR Clean Water SRF -- $1:$5 match
  - DENR Drinking Water SRF -- $1:$5 match
  - CWMTF
  - Rural Economic Development Center

More information

Bill Holman
NC State Director
The Conservation Fund
919-967-2223 x 137
bholman@conservationfund.org
www.conservationfund.org

VISITOR REGISTRATION SHEET

Approp. Subcommittee on Natural & Economic Resources — 3/19/13

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Michael Adamio	DENR/DWQ/IFS Archdale Bldg Raleigh
Doug Lewis	DENR/BPA
Kim Colson	DOWR/IFS
Patrick Woodie	NC Rural Center
Billy Guillet	NCRC
George Sherrill	Dept. of Commerce
Mark Poole	Dept of Commerce
Billy Raghall	NC Rural Center
Oliver Bass	Dept of Commerce
T Reeder	NC DWR
Jaime King Fluvay	NCEL

VISITOR REGISTRATION SHEET

APPROP. SUBCOMMITTEE ON NATURAL & ECONOMIC RESOURCES
Name of Committee

Date 3/19/13

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Glenn Morris	ENVIRECON – 118 Nottingham Dr Chapel Hill, NC
Doug Lassiter	NCSTA
Tiffany Hurdle	NCPC/NCCA
Bill Holman	TCF
Joy Wells	NCDA
Jessica Godreau	NCDENR Public Water Supply
Jennifer Haigwood	NCDOL
Nancy Carter	NCS&WCD exec. committee
R Rogers	CWMTF
Tom Benn	EDF, NCSEA, NCWF
Erin Wynia	NCLM

VISITOR REGISTRATION SHEET

APPROP. SUBCOMMITTEE ON NATURAL & ECONOMIC RESOURCES

Name of Committee

Date 3/19/13

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Peter Rader	American Rivers
Will Morgan	TWC
John Bode	BOS
Rob Lamm	REA
Mel Chestnut	Fed Telecom Bldrs.
Jim Johnson	BSA

SENATE PAGES ATTENDING

COMMITTEE: Approp. Nat'l & Eco. Resources ROOM: 423

DATE: 3-19 TIME: 8:30

PLEASE PRINT LEGIBILY!!!!!!!!!!!!!

Page Name	Hometown	Sponsoring Senator
1 Kevin Upadhaya	Durham	Tillman
2		
3		
4		
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9		
10		

Do not add names below the grid.

Pages: Present this form to either the Committee Clerk at the meeting or to the Sgt-at-Arms.

Committee Sergeants at Arms

NAME OF COMMITTEE JT. NER

DATE: 3-19-2013 Room: 423

House Sgt-At Arms:

1. Name: BILL BASS
2. Name: JOE CROOK
3. Name:
4. Name:
5. Name:

Senate Sgt-At Arms:

1. Name: RONALD SPANN
2. Name: CANTON LEWIS
3. Name:
4. Name:
5. Name:

Tuesday, March 19	**Room**	**Time**
APPROPRIATIONS NATURAL & ECONOMIC RESOURCES (JOINT)	423	8:30 am

Name	County	Sponsor
Rachel Martin	Wilson	Martin
James McGee, III	Jamestown	Faircloth, Jr.

Joint Appropriations Subcommittee on NER

Agenda

Tuesday, March 26, 2013, 8:30 A.M.
Room 423, Legislative Office Building

Senator Jackson, Presiding

1. **Welcome & Introductions**

   Sen. Jackson

2. **Office of State Budget & Management (OSBM) Budget Overviews**

   OSBM Introduction & Context
   Jennifer Hoffmann, *Fiscal Research Division*

   Overview of Continuation Budget for NER
   David Brown, Deputy Director for Budget, *OSBM*

   Overview of Governor's Recommended Budget for NER
   Cheryl Reed, Budget Analyst, *OSBM*

3. **Agency Responses to Governor's Recommended Budget**

   Commissioner Cherie Berry, *Department of Labor*
   Commissioner Steve Troxler, *Dept. of Agriculture and Consumer Services*

4. **Committee Discussion**

5. **Adjourn**

House Appropriations Subcommittee on NER
Rep.McElraft (Chair)
Rep. West (Chair)
Rep. Dixon (Vice Chair)
Rep. Pierce (Vice Chair)
Rep. Presnell (Vice Chair)
Rep. Brandon, Bumgardner, Catlin, Dobson, Langdon, Millis, Richardson, Wilkins, Wray

Senate Appropriations Committee on NER
Sen. Brock (Chair)
Sen. Jackson (Chair)
Sen. Bryant, Cook, McLaurin, Rabin, Tarte, Walters

Joint Committee on Appropriations on Natural and Economic Resources
Tuesday, March 26, 2013 at 8:30 AM
Room 423 of the Legislative Office Building

MINUTES

The Joint Committee on Appropriations on Natural and Economic Resources met at 8:30 AM on March 26, 2013 in Room 423 of the Legislative Office Building. 19 members were present.

Senator Brent Jackson, Chair, presided.

Sen. Jackson began the meeting at 8:31 AM.

Sen. Jackson introduced the Senate and House Sgt. At Arms and Senate and House Pages.

Sen. Jackson yielded the floor to Mrs. Jennifer Hoffman, Fiscal Research Division.

Mrs. Hoffman gave overview of the Office of State Budget & Management (OSBM) Budget: OSBM introduction and context; Governor's recommended budget; base or continuation budget; expansion budget; reductions to base; General Assembly deliberations.

Sen. Jackson yielded the floor to Mr. David Brown, Deputy Director for Budget, OSBM.

Mr. Brown gave overview of the continuation budget for NER: Gov. believes state funds should be used for state services, R&R and rainy day fund; reductions taken from all state agencies; base budget department adjustments: Agriculture and Consumer Services: non-recurring items; Labor: no changes; Environment and Natural Resources: non-recurring items, operating reserves, approved exemption requests; Clean Water Management Trust Fund: non-recurring items; Wildlife Resources Commission: no changes; Commerce: non-recurring items; Commerce-State Aid: non-recurring items.

Sen. Jackson asked the committee if there were any questions or comments.

Sen. Jackson yielded the floor to Mrs. Cheryl Reed, Budget Analyst, OSBM.

Mrs. Reed gave overview of the Governor's recommended budget for NER: Department of Agriculture and Consumer Services: base budget, reductions, total recommended reductions, expansions, total recommended expansions, total recommended adjustments for fiscal years 2013-15; Department of Labor: base budget, reductions, total recommended reductions, expansions, total recommended expansions, total recommended adjustments for fiscal years 2013-15; Department of Environment and Natural Resources: base budget, reductions, total recommended reductions, expansions, total recommended expansions, total recommended adjustments for fiscal years 2013-15; Wildlife Resources Commission: base budget, reductions, total recommended reductions, expansions, total recommended expansions, total recommended adjustments for fiscal years 2013-15; NC Education Lottery: base budget, reductions, total recommended reductions, expansions, total recommended expansions, total recommended

adjustments for fiscal years 2013-15; General Fund recommended adjustments: reserves, debt service and other adjustments.

Sen. Jackson asked the committee if there were any questions or comments.

Rep. Catlin: Why are JDIG and the NC Fund in the Reserve fund and not in the Commerce budget?

Mrs. Reed: The JDIG program has always been in the Reserve fund and the OneNC fund in the current budget is required to operate just like JDIG.

Rep. Dobson: I want to make sure I am reading this correctly, in the OneNC Fund, there is $0 in the first year and $2.8 million in the second?

Mrs. Reed: They currently have a current cash balance of $12.2 million and this will be used to cover the need.

Rep. Dobson: The need is for the second year, not the first year?

Mrs. Reed: Yes.

Rep. Wilkins: Will you please give me a full explanation of JDIG's line item of current commitments.

Mrs. Reed: JDIG is at $27.4 million and the total need is $60 million. The allocated $32.6 million allows them to address their need in the first year and $72 million in the second year.

Rep. Wilkins: Is Gordon Meyers in the room?

Sen. Jackson: No.

Rep. Wilkins: Is anyone from Wildlife present?

Sen. Jackson: Chris Miller is here.

Rep. Wilkins: The 26 positions that are currently vacant, are they vacant because they are not needed or because they are not funded?

Sen. Jackson yielded the floor to Mr. Chris Miller, Wildlife Resources Commission.

Mr. Miller: We are going through an internal reorganization and those positions were intentionally left vacant until we finished. Now that we are done, we are filling those positions.

Rep. Wilkins: Mr. Chair, can you request that Chris give us a list of those vacant positions?

Sen. Jackson asked Mr. Miller to send a list of the vacant positions to NER staff.

Rep. Millis: Is it true that JDIG is allowed to exceed what is given to them in the budget?

Mrs. Reed: I do not have that answer.

Sen. Jackson yielded the floor to Commissioner Sharon Decker, Department of Commerce.

Commissioner Decker: Can you please repeat your questions.

Rep. Millis: Are those rewards allowed to exceed what is currently appropriated?

Secretary Decker: That is true. We are trying to sure up the budget and anticipate what will be paid out, that has not historically been done. About 70-80% of funds are usually paid out compared to what is actually allocated. We have asked for an appropriation that would be the maximum amount given in grants.

Rep. Millis: So in the past, we have been promising more than what we can deliver?

Sen. Jackson yielded the floor to Mrs. Aubrey Incorvaia, Fiscal Research Division.

Mrs. Incorvaia: There is a cap in the statutes for rewards every year. Grants started accumulating in 2003 and this grant sunsets in 2015. This is the first year that payments have gone over $27 million. As the economy gets better, the metrics have changed due to companies exceeding their goals.

Sen. Jackson yielded the floor to Commissioner Cherie Berry, Department of Labor.

Commissioner Berry gave Department of Labor response to the Governor's recommended budget: over realized receipts; opposition to budget: Elevator and Amusement Device bureau is a new expense; loss in appropriations represents a 3.1% reduction; Department ready to contribute an equitable portion; continued reductions will severely diminish Labor's ability to execute its core responsibilities; help determine the least painful options for the upcoming biennial budget.

Sen. Jackson asked the committee if there were any questions or comments.

Sen. Jackson yielded the floor to Commissioner Steve Troxler, Department of Agriculture and Consumer Services.

Commissioner Troxler gave Department of Agriculture and Consumer Services response to the Governor's recommended budget: recommended expansion items; additional expansion items requested, recommended reductions.

Sen. Jackson asked the committee if there were any questions or comments.

Rep. Brandon: How is the farm school program working out? How can we get more young people interested? I see a web portal, but you still can't order anything off it. Is that in the near future?

Commissioner Troxler: We are proud of that program. It is a national program. The grant from BlueCross BlueShield allowed us to replace tractors and trailers; and that has helped us expand our program. We don't want to overgrow it and have to come to the General Assembly and ask for additional funds. We are growing it gradually, and there is a tremendous potential. We have to have young people coming into agriculture. Agriculture research and efficiency is going to be key along with young people's knowledge of technology.

Sen. Jackson thanked Mr. Art Pope for his attendance.

Sen. Jackson thanked the committee, presenters and audience.

The meeting adjourned at 9:54 AM.

Senator Brent Jackson, Chair
Presiding

Towers Mingledorff, Committee Clerk

Budget Terms Reviewed

Presentation to Joint
NER Appropriations Subcommittee

March 26, 2013



FISCAL RESEARCH DIVISION
A Staff Agency of the North Carolina General Assembly

Governor's Recommended Budget

- Combination of continuation or base budget, expansion & reductions
  - Continuation typically represents 96-98% of total recommended budget

Governor's Budget	FY 2012-13		FY 2014-15	
Base	20.24 B	98.3%	20.43 B	95.8%
Reductions	(.68 B)		(.72 B)	
Expansion	1.03 B		1.62 B	
Recommended	$20.6 B		$21.33 B	

- Presentation of Recommended Budget
  - Typically a single volume with reference to the continuation

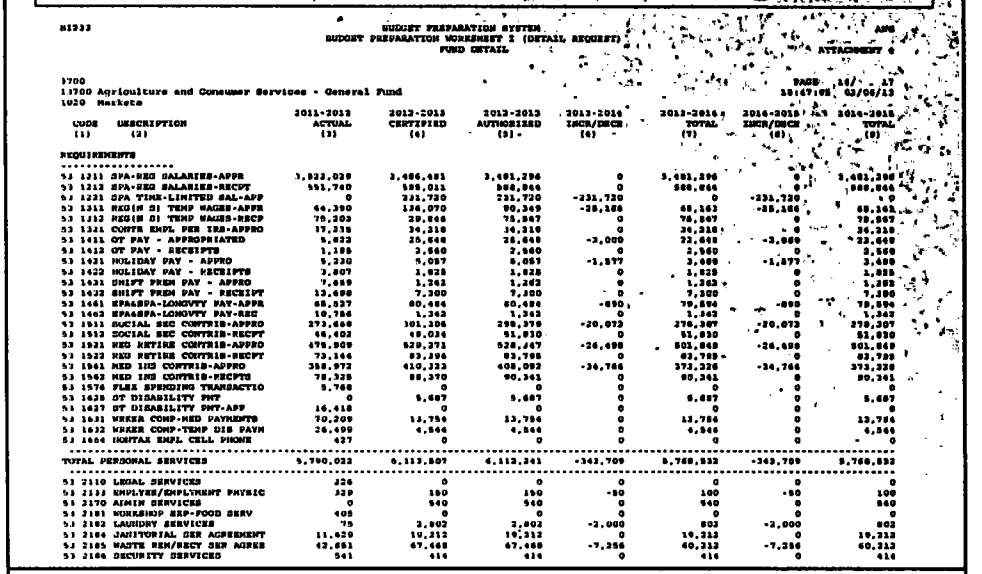
Base or Continuation Budget

- The portion of the Governor's Recommended Budget that outlines costs required to provide the same level of services in the next biennium as is provided in the current FY
- Starting point: 2012-13 Authorized budget of $20.16 billion
- Typically includes:
  - Mandated enrollment increases (education, Medicaid, prisons)
  - Annualizations
  - Operating reserves
  - Adjustments to non-recurring items
  - Funds to replace worn out equipment, vehicles
  - Inflationary adjustments (fuel, medical, utilities, leases, etc.)

Base or Continuation Budget

- What is looks like
  - Line-item detail for each program/purpose
  - Actual expenditures/receipts for FY 2011-12
  - Certified budget for FY 2012-13
  - Authorized budget for FY 2012-13
  - Allowable increase/decreases
  - Continuation budget for FYs 2013-14 & 2014-15

Base or Continuation Budget



BUDGET PREPARATION SYSTEM
BUDGET PREPARATION WORKSHEET 2 (DETAIL REQUEST)
FUND DETAIL

ATTACHMENT 4

1700
11700 Agriculture and Consumer Services - General Fund
1020 Markets

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CODE	DESCRIPTION	2011-2012 ACTUAL	2012-2013 CERTIFIED	2012-2013 AUTHORIZED	2013-2014 INCR/DECR	2013-2014 TOTAL	2014-2015 INCR/DECR	2014-2015 TOTAL
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
REQUIREMENTS								
51 1211	SPA-REG SALARIES-APPR	3,922,029	3,486,481	3,481,296	0	3,481,296	0	3,481,296
51 1212	SPA-REG SALARIES-RECPT	591,740	586,011	968,966	0	968,966	0	968,966
51 1221	SPA TEMP-LIMITED SAL-APP	0	231,720	231,720	-231,720	0	-231,720	0
51 1311	REG(H S) TEMP WAGES-APPR	44,390	126,070	90,345	-28,186	62,163	-28,186	62,163
51 1312	REG(H S) TEMP WAGES-RECP	75,203	29,646	75,867	0	75,867	0	75,867
51 1321	CONTR EMPL PER IRS-APPRO	17,315	34,310	34,310	0	34,310	0	34,310
51 1411	OT PAY - APPROPRIATED	5,822	25,668	25,668	-2,000	23,668	-2,000	23,668
51 1412	OT PAY - RECEIPTS	1,185	2,560	2,560	0	2,560	0	2,560
51 1421	HOLIDAY PAY - APPRO	5,230	5,057	5,057	-1,577	3,480	-1,577	3,480
51 1422	HOLIDAY PAY - RECEIPTS	2,807	1,828	1,828	0	1,828	0	1,828
51 1431	SHIFT PREM PAY - APPRO	7,689	1,262	1,262	0	1,262	0	1,262
51 1432	SHIFT PREM PAY - RECEIPT	13,498	7,300	7,300	0	7,300	0	7,300
51 1461	SPA&SPA-LONGVTY PAY-APPR	68,537	80,486	80,486	-890	79,596	-890	79,596
51 1462	SPA&SPA-LONGVTY PAY-REC	10,786	1,362	1,362	0	1,362	0	1,362
51 1511	SOCIAL SEC CONTRIB-APPRO	273,668	301,206	298,378	-28,072	270,306	-28,072	270,306
51 1512	SOCIAL SEC CONTRIB-RECPT	46,402	48,034	51,930	0	51,930	0	51,930
51 1521	RED RETIRE CONTRIB-APPRO	478,809	529,271	528,167	-26,498	501,669	-26,498	501,669
51 1522	RED RETIRE CONTRIB-RECPT	73,146	83,396	83,798	0	83,798	0	83,798
51 1561	RED IHS CONTRIB-APPRO	368,972	410,232	408,092	-34,766	373,326	-34,766	373,326
51 1562	RED IHS CONTRIB-RECPTS	78,328	88,370	90,341	0	90,341	0	90,341
51 1576	FLEX SPENDING TRANSACTIO	5,768	0	0	0	0	0	0
51 1631	ST DISABILITY PMT	0	5,667	5,667	0	5,667	0	5,667
51 1637	ST DISABILITY PMT-APP	16,418	0	0	0	0	0	0
51 1631	WRKER COMP-REG PAYMENTS	70,209	13,756	13,756	0	13,756	0	13,756
51 1632	WRKER COMP-TEMP DIS PAYM	26,499	6,566	6,566	0	6,566	0	6,566
51 1666	NONTAX EMPL CELL PHONE	427	0	0	0	0	0	0
TOTAL PERSONAL SERVICES		5,790,032	6,113,507	6,113,241	-343,709	5,768,532	-343,709	5,768,532
51 2110	LEGAL SERVICES	226	0	0	0	0	0	0
51 2133	EMPLYEE/EMPLYMENT PHYSIC	329	150	150	-50	100	-50	100
51 2170	ADMIN SERVICES	0	540	540	0	540	0	540
51 2181	WORKSHOP EXP-FOOD SERV	405	0	0	0	0	0	0
51 2182	LAUNDRY SERVICES	75	2,802	2,802	-2,000	802	-2,000	802
51 2184	JANITORIAL SER AGREEMENT	11,629	19,212	19,212	0	19,212	0	19,212
51 2185	WASTE REM/RECY SER AGREE	42,661	67,468	67,468	-7,256	60,212	-7,256	60,212
51 2186	SECURITY SERVICES	541	414	414	0	414	0	414

Expansion Budget

- Outlines costs required to:
  - Expand Existing programs
  - Start-up new programs
  - Provide salary and benefits increases for state employees, local school employees and community college staff
  - Continue programs previously operated with non-state funds
  - Provide for one-time, major equipment purchases (new, not replacement)

Reductions to Base

- Outlines reductions to:
  - Existing programs
  - Existing line-items
  - Management flexibility reserves
  - Increases receipts to offset General Fund supported items

General Assembly Deliberations

- Governor presents Recommended Budget
- Joint Subcommittee reviews agencies programs and budgets, considers Governor's recommendations
- Senate develops budget
- House fails to concur, develops budget
- Conference committee develops budget
- General Assembly enacts a biennial budget which becomes certified budget for FYs 2013-14, 2014-15

2013-14 and 2014-15 GF Appropriation Base Budget Summary
Natural & Economic Resources

		2013-14 Adjustment	2014-15 Adjustment
Agriculture and Consumer Services			
1 NR Items - Water Resources Assistance Program		$ (500,000)	$ (500,000)
2 NR Items - Grape Growers Council		(500,000)	(500,000)
3 NR Items - Southeastern NC Agriculture Center & Farmer's Market		(362,230)	(362,230)
4 NR Items - Marketing Funds		(250,000)	(250,000)
5 NR Items - Tobacco Trust Fund		(2,000,000)	(2,000,000)
	Total	**(3,612,230)**	**(3,612,230)**
Labor			
1 No Changes		-	-
	Total	-	-
Environment and Natural Resources			
1 NR Items - Noncommercial Leaking Underground Storage		(4,883,796)	(4,883,796)
2 NR Items - Parks & Recreation Trust Fund (Eliminate Receipt Tsf)		6,000,000	6,000,000
3 NR Items - Oyster Sanctuary Funds		(100,000)	(100,000)
4 NR Items - Parks & Recreation Trust Fund (Restore Receipt Tsf for 2013-15)		(6,000,000)	(6,000,000)
5 Operating Reserve for Zoo		45,958	122,985
6 Operating Reserve for Parks and Recreation		843,000	806,000
7 Approved Exception Requests - IT Operations & Maintenance		533,160	533,160
8 Approved Exception Requests - Leases - Regional Field Offices		115,902	155,966
	Total	**(3,445,776)**	**(3,365,685)**
lean Water Management Trust Fund			
1 NR Items - Clean Water Management Trust Fund		(10,750,000)	(10,750,000)
	Total	**(10,750,000)**	**(10,750,000)**
Wildlife Resources Commission			
1 No changes		-	-
	Total	-	-
Commerce			
1 NR Items - Military Support Funds		(500,000)	(500,000)
2 NR Items - Job Maintenance & Capital Development Funds (JMAC)		(7,500,000)	(7,500,000)
3 NR Items - Marketing Funds		(250,000)	(250,000)
	Total	**(8,250,000)**	**(8,250,000)**
Commerce - State Aid			
1 NR Items - Management Flexibility Reduction		28,000	28,000
2 NR Items - Biofuels Center - TVA Settlement Receipt		2,240,000	2,240,000
3 NR Items - Johnson & Wales		(500,000)	(500,000)
4 NR Items - RTI International		(500,000)	(500,000)
5 NR Items - Regional Economic Development Commission		(2,339,500)	(2,339,500)
6 NR Items - Rural Economic Development Center		(2,000,000)	(2,000,000)
7 NR Items - Defense & Security Technology Accelerator		(700,000)	(700,000)
8 NR Items - Emergency Rural Jobs Infrastructure Fund		(5,000,000)	(5,000,000)
9 NR Items - Management Flexibility Reduction (Continue Reduction)		(28,000)	(28,000)
10 NR Items - Biofuels Center - TVA Settlement Receipt - (Restore for 2013-14)		(2,240,000)	-
	Total	**(11,039,500)**	**(8,799,500)**
Grand Total - Natural & Economic Resources		**$ (37,097,506)**	**$ (34,777,415)**

2013-14 and 2014-15 General Fund Appropriation Natural & Economic Budget Summary

	2011-12 Actual	2012-13 Authorized	Base Budget Adjustments	2013-14 Recommended Base Budget	Recommended Reductions	Recommended Expansion	2013-14 Recommended Appropriation	% Change Over 2012-13
Natural and Economic Resources								
Agriculture and Consumer Services	110,527,132	112,530,564	(3,612,230)	108,918,334	(3,427,946)	1,427,368	106,917,756	-5.0%
Labor	14,086,065	16,196,339	-	16,196,339	(500,000)	-	15,696,339	-3.1%
Environment and Natural Resources	114,670,847	112,586,367	(3,445,776)	109,140,591	(3,184,786)	11,305,720	117,261,525	4.2%
Clean Water Mgmt Trust Fund	11,439,197	10,750,000	(10,750,000)	-	-	6,750,000	6,750,000	-37.2%
Wildlife Resources Commission	17,031,857	18,476,588	-	18,476,588	(589,609)	-	17,886,979	-3.2%
Commerce	50,185,500	41,719,442	(8,250,000)	33,469,442	(7,058,093)	12,956,975	39,368,324	-5.6%
Commerce - State Aid	75,779,461	70,754,314	(11,039,500)	59,714,814	(32,012,172)	750,000	28,452,642	-59.8%
Total Natural and Economic Resources	**393,720,059**	**383,013,614**	**(37,097,506)**	**345,916,108**	**(46,772,606)**	**33,190,063**	**332,333,565**	

	2011-12 Actual	2012-13 Authorized	Base Budget Adjustments	2014-15 Recommended Base Budget	Reductions	Expansion	2014-15 Recommended Appropriation	% Change Over 2012-13
Natural and Economic Resources								
Agriculture and Consumer Services	110,527,132	112,530,564	(3,612,230)	108,918,334	(3,427,946)	1,426,568	106,916,956	-5.0%
Labor	14,086,065	16,196,339	-	16,196,339	(500,000)	-	15,696,339	-3.1%
Environment and Natural Resources	114,670,847	112,586,367	(3,365,685)	109,220,682	(3,184,786)	3,750,000	109,785,896	-2.5%
Clean Water Mgmt Trust Fund	11,439,197	10,750,000	(10,750,000)	-	-	-	-	-100.0%
Wildlife Resources Commission	17,031,857	18,476,588	-	18,476,588	(589,609)	-	17,886,979	-3.2%
Commerce	50,185,500	41,719,442	(8,250,000)	33,469,442	(7,058,093)	14,469,145	40,880,494	-2.0%
Commerce - State Aid	75,779,461	70,754,314	(8,799,500)	61,954,814	(36,468,590)	750,000	26,236,224	-62.9%
Total Natural and Economic Resources	**393,720,059**	**383,013,614**	**(34,777,415)**	**348,236,199**	**(51,229,024)**	**20,395,713**	**317,402,888**	

THE GOVERNOR'S RECOMMENDED BUDGET



Pat McCrory
Governor

The State of North Carolina
2013-2015

Recommended Adjustments

Natural and Economic Resources

Department of Agriculture and Consumer Services

Department of Labor

Department of Environment and Natural Resources

DENR - Clean Water Management Trust Fund

Wildlife Resources Commission

Department of Commerce

Commerce - General State Aid

NC Education Lottery Proceeds

NC Education Lottery Commission

Department of Agriculture and Consumer Services

Governor's Recommended Adjustments to Base Budget

Department of Agriculture and Consumer Services (13700)

Recommended General Fund Budget and Positions

	2013-14	2014-15
Base Budget		
Requirements	$163,526,567	$163,526,567
Receipts	$54,608,233	$54,608,233
Appropriation	$108,918,334	$108,918,334
Adjustments		
Requirements	($2,000,578)	($2,001,378)
Receipts	-	-
Appropriation	($2,000,578)	($2,001,378)
Total		
Requirements	$161,525,989	$161,525,189
Receipts	$54,608,233	$54,608,233
Recommended Appropriation	$106,917,756	$106,916,956
Positions		
Base Budget Positions	1,831.830	1,831.830
Continuation	-	-
Reductions	(24.000)	(24.000)
Expansion	8.000	8.000
Recommended Positions	1,815.830	1,815.830

Appropriation Items -- Recommended Adjustments

Reductions

	2013-14	2014-15
Department-wide		
1. **Management Flexibility Reserve**		
This item establishes a management flexibility reserve, allowing the Department to determine where efficiencies can be achieved.		
Appropriation	**($2,000,000)**	**($2,000,000)**
2. **Adjust the Number of Positions Vacant More than Six Months**		
This item adjusts the number of positions within the Department of Agriculture and Consumer Services that have been vacant more than six months.		
Appropriation	**($1,427,946)**	**($1,427,946)**
Positions	**(24.000)**	**(24.000)**

Total Recommended Reductions

	2013-14	2014-15
Recurring		
Requirements	($3,427,946)	($3,427,946)
Receipts	-	-
Appropriation	($3,427,946)	($3,427,946)
Positions	(24.000)	(24.000)
Nonrecurring		
Requirements	-	-
Receipts	-	-
Appropriation	-	-
Positions	-	-

Expansion

	2013-14	2014-15

1. **Establish a Food Compliance Officer Position**

To expand the capabilities of the Food Inspection and Compliance Program, a Food Compliance Officer position will be established. This position will help integrate the regulatory oversight of the Grade A Milk Program transferred from the Department of Environment and Natural Resources into the compliance function within the food program.

Appropriation	**$64,338**	**$64,338**
Appropriation - Nonrecurring	**$800**	**-**
Positions	**1.000**	**1.000**

2. **Restore Funding for Agriculture Water Resources Assistance Program**

The request provides recurring funding for the Agriculture Water Resources Assistance Program. This program was established to assist farmers and landowners in identifying opportunities to increase water use efficiency, availability and storage; implement best management practices (BMPs) to conserve and protect water resources; and increase water storage and availability for agricultural purposes. Funding was designated as nonrecurring by the 2012 General Assembly, S.L. 2012-142.

Appropriation	**$500,000**	**$500,000**

3. **Restore Funding for the Southeastern North Carolina Agriculture Center and Farmers Market**

This recommendation restores recurring funding for the Southeastern North Carolina Agriculture Center and Farmer's Market located in Lumberton. This state of the art, multi-faceted facility has a 10,380 square foot climate controlled Meeting Center Exposition Hall and the recently completed 55,000 square foot Pavilion that includes a 32,660 square foot show ring, vending concourse and seating area, show office, concession area and hospitality suite. The facility is adaptable to a wide range of events, including horse shows, livestock events, trade shows and motor sports events. Funding was designated as nonrecurring by the 2012 General Assembly, S.L. 2012-142.

Appropriation	**$362,230**	**$362,230**
Positions	**6.000**	**6.000**

4. **Restore Funding for the Wine and Grape Growers Council**

This request provides recurring funding for the Wine and Grape Growers Council. The Council's mission is to facilitate the development of North Carolina grape and wine industries by enhancing product quality for consumers, and encouraging economic viability and opportunity for growers and processors through education, marketing, and research. Funding was designated as nonrecurring by the 2012 General Assembly, S.L. 2012-142.

Appropriation	**$500,000**	**$500,000**
Positions	**1.000**	**1.000**

Total Recommended Expansion

	2013-14	2014-15
Recurring		
Requirements	$1,426,568	$1,426,568
Receipts	-	-
Appropriation	$1,426,568	$1,426,568
Positions	8.000	8.000
Nonrecurring		
Requirements	$800	-
Receipts	-	-
Appropriation	$800	-
Positions	-	-

Total Recommended Adjustments for Department of Agriculture and Consumer Services (13700) 2013-15

	2013-14	2014-15
Recurring		
Requirements	($2,001,378)	($2,001,378)
Receipts	-	-
Appropriation	($2,001,378)	($2,001,378)
Positions	(16.000)	(16.000)
Nonrecurring		
Requirements	$800	-
Receipts	-	-
Appropriation	$800	-
Positions	-	-
Total Appropriation Adjustments	($2,000,578)	($2,001,378)
Total Position Adjustments	(16.000)	(16.000)

Department of Labor

Governor's Recommended Adjustments to Base Budget

Department of Labor (13800)

Recommended General Fund Budget and Positions

	2013-14	2014-15
Base Budget		
Requirements	$33,574,252	$33,574,252
Receipts	$17,377,913	$17,377,913
Appropriation	$16,196,339	$16,196,339
Adjustments		
Requirements	-	-
Receipts	$500,000	$500,000
Appropriation	($500,000)	($500,000)
Total		
Requirements	$33,574,252	$33,574,252
Receipts	$17,877,913	$17,877,913
Recommended Appropriation	$15,696,339	$15,696,339
Positions		
Base Budget Positions	405.250	405.250
Continuation	-	-
Reductions	-	-
Expansion	-	-
Recommended Positions	405.250	405.250

Appropriation Items -- Recommended Adjustments

Reductions

	2013-14	2014-15
1. **Budget Overrealized Receipts**		
This request budgets overrealized receipts generated through elevator inspections, boiler inspections and amusement inspections, reducing the need for appropriation. Actual receipts have exceeded the budgeted amount for the past two years.		
Requirements	-	-
Receipts	**$500,000**	**$500,000**
Appropriation	**($500,000)**	**($500,000)**

Total Recommended Reductions

	2013-14	2014-15
Recurring		
Requirements	-	-
Receipts	500,000	500,000
Appropriation	($500,000)	($500,000)
Positions	-	-
Nonrecurring		
Requirements	-	-
Receipts	-	-
Appropriation	-	-
Positions	-	-

Total Recommended Adjustments for Department of Labor (13800) 2013-15

	2013-14	2014-15
Recurring		
Requirements	-	-
Receipts	500,000	500,000
Appropriation	($500,000)	($500,000)
Positions	-	-
Nonrecurring		
Requirements	-	-
Receipts	-	-
Appropriation	-	-
Positions	-	-
Total Appropriation Adjustments	($500,000)	($500,000)
Total Position Adjustments	-	-

Department of Environment and Natural Resources

Governor's Recommended Adjustments to Base Budget

Department of Environment and Natural Resources (14300)

Recommended General Fund Budget and Positions

	2013-14	2014-15
Base Budget		
Requirements	$215,343,785	$215,423,876
Receipts	$106,203,194	$106,203,194
Appropriation	$109,140,591	$109,220,682
Adjustments		
Requirements	$8,649,877	$2,394,157
Receipts	$528,943	$1,828,943
Appropriation	$8,120,934	$565,214
Total		
Requirements	$223,993,662	$217,818,033
Receipts	$106,732,137	$108,032,137
Recommended Appropriation	$117,261,525	$109,785,896
Positions		
Base Budget Positions	2,335.050	2,335.050
Continuation	-	-
Reductions	(35.100)	(35.100)
Expansion	2.000	2.000
Recommended Positions	2,301.950	2,301.950

Appropriation Items -- Recommended Adjustments

Reductions

		2013-14	2014-15
Department-wide			
1. **Adjust the Number of Positions Vacant More than Six Months**			
This recommendation adjusts the number of positions within the Department that have been vacant more than six months.			
	Appropriation	**($1,008,610)**	**($1,008,610)**
	Positions	**(20.000)**	**(20.000)**
2. **Achieve Agency-wide Operating Budget Efficiencies**			
Agency-wide efficiencies can be achieved by re-evaluating the level of need in various operating accounts, travel, office supplies and maximizing lease opportunities.			
	Appropriation	**($365,293)**	**($365,293)**
3. **Achieve Operating Efficiencies in Information Technology**			
This request achieves operating efficiencies in the information technology fund as a result of reduced costs associated with Active Directory and NCID charges.			
	Appropriation	**($284,262)**	**($284,262)**
	Positions	**(3.400)**	**(3.400)**
Aquariums			
1. **Budget Overrealized Admission Fee Receipts**			
This budgets overrealized admission fee receipts to offset the cost of electrical expenditures at Roanoke Island, Fort Fisher and Pine Knoll Shores aquariums.			
	Requirements	**-**	**-**
	Receipts	**$100,000**	**$100,000**
	Appropriation	**($100,000)**	**($100,000)**
Conservation, Planning, and Community Affairs			
1. **Achieve Operating Efficiencies within the Sustainable Communities Task Force**			
In an effort to achieve operating efficiencies, work performed by the Sustainable Communities Task Force's community planner position will be reallocated to existing staff.			
	Appropriation	**($95,331)**	**($95,331)**
	Positions	**(1.000)**	**(1.000)**

Environmental Assistance and Outreach

1. **Fund Shift FTE to Receipt Support**

To maximize the use of receipts, it is recommended that .30 FTE of a senior environmentalist position be fund shifted to receipt support. This position supports the Small Business Assistance Program, which helps small businesses comply with the requirements of the Clean Air Act.

Requirements	-	-
Receipts	**$19,422**	**$19,422**
Appropriation	**($19,422)**	**($19,422)**
Positions	**(.300)**	**(.300)**

Marine Fisheries

1. **Achieve Operational Efficiencies within Marine Fisheries**

Marine Fisheries will achieve various operational efficiencies by re-evaluating the NCSU Sea Grant Program and making adjustments to temporary wages, various operating line items and staffing needs.

Appropriation	**($364,788)**	**($364,788)**
Positions	**(1.000)**	**(1.000)**

Water Quality

1. **Amend Need for the Ground Water Investigation Unit**

Session Law 2011-145, Section 13.4 required DENR to use the Division of Water Quality's Groundwater Investigation Unit's well drilling services in other divisions for Fiscal Years 2011-12 and 2012-13. At the end of FY 2012-13, this requirement will no longer be in effect and funding will not be needed.

Appropriation	**($251,236)**	**($251,236)**
Positions	**(4.000)**	**(4.000)**

Water Resources

1. **Fund Shift Existing Staff to Receipt Support and Promote Operational Efficiency**

This request fund shifts a total of 4.4 FTEs from appropriation to receipt support, and achieves other efficiencies by re-evaluating the well-drilling contract and abolishing a vacant position.

Requirements	**($75,000)**	**($75,000)**
Receipts	**$409,521**	**$409,521**
Appropriation	**($484,521)**	**($484,521)**
Positions	**(5.400)**	**(5.400)**

Zoological Park

1. Achieve Operational Efficiencies within the Zoological Park

This item reallocates existing resources to fund temporary wages, worker's compensation and equipment needs.

Appropriation	**($211,323)**	**($211,323)**

Total Recommended Reductions

	2013-14	2014-15
Recurring		
Requirements	($2,655,843)	($2,655,843)
Receipts	528,943	528,943
Appropriation	($3,184,786)	($3,184,786)
Positions	(35.100)	(35.100)
Nonrecurring		
Requirements	-	-
Receipts	-	-
Appropriation	-	-
Positions	-	-

Expansion

	2013-14	2014-15

1. Drinking Water State Revolving Fund Match

To satisfy the 20% state match requirement to draw down approximately $23.54 million in federal funds for the Drinking Water State Revolving Fund, a nonrecurring appropriation of $1,225,720 is recommended. The total match requirement is approximately $4.71 million. The Department has identified approximately $3.8 million in available funds to help meet the match requirement. Funds within this program are used primarily to provide low and zero interest loans to water systems in order to provide safe and adequate water supplies for citizens and visitors to the state served by public water systems. In addition, the federal funds support activities for technical assistance, wellhead protection, capacity development and loan program administration. State funds are available solely for infrastructure needs.

Appropriation - Nonrecurring	**$1,255,720**	-

2. **Clean Water State Revolving Fund Match**

This request provides the required 20% state match for the Clean Water State Revolving Fund Program. In order to leverage $25 million in federal funds, $5 million in state funds is required. Funds within this program are used to help finance projects that specifically address water pollution problems and focus on upgrading surface waters, eliminating pollution, and protecting, preserving, and conserving unpolluted surface waters, including enhancement or development of drinking water supplies.

Appropriation - Nonrecurring	**$5,000,000**	**-**

3. **Conduct a Data Management and Monitoring Study for Inactive Hazardous Sites**

This recommendation appropriates funds to conduct a data management and monitoring study for inactive hazardous sites. These funds will support two positions responsible for evaluating areas with known water supply well contamination and areas with wells in close proximity to contaminated sites, and determine response actions needed. In addition, this request includes operating funds for contaminant testing expenses and emergency alternative drinking water.

Appropriation	**$250,000**	**$250,000**
Positions	**2.000**	**2.000**

4. **Funding for the Non-Commercial Underground Storage Tank Program**

This provision of recurring funds replaces funding eliminated in S.L. 2011-145 for the Non-Commercial Underground Storage Tank program. Funds were previously provided from a portion of the gasoline inspection tax revenue that is deposited in the Highway Fund.

Appropriation	**$3,500,000**	**$3,500,000**

5. **Nonrecurring Funding for the At-Sea Observer Program**

This item provides a nonrecurring appropriation for the At-Sea Observer Program for FY 2013-14. Additional revenue will be generated for the program in FY 2014-15 by increasing existing fees and establishing new fees. The proposed fee changes will generate approximately $1.3 million in fiscal year 2014-15, allowing the program to be totally receipt supported.

Requirements		**$1,300,000**
Requirements - Nonrecurring	**$1,300,000**	**-**
Receipts		**$1,300,000**
Appropriation - Nonrecurring	**$1,300,000**	**-**

Total Recommended Expansion

	2013-14	2014-15
Recurring		
Requirements	$3,750,000	$5,050,000
Receipts	-	1,300,000
Appropriation	$3,750,000	$3,750,000
Positions	2.000	2.000

Nonrecurring		
Requirements	$7,555,720	-
Receipts	-	-
Appropriation	$7,555,720	-
Positions	-	-

Total Recommended Adjustments for Department of Environment and Natural Resources (14300) 2013-15

	2013-14	2014-15
Recurring		
Requirements	$1,094,157	$2,394,157
Receipts	528,943	1,828,943
Appropriation	$565,214	$565,214
Positions	(33.100)	(33.100)
Nonrecurring		
Requirements	$7,555,720	-
Receipts	-	-
Appropriation	$7,555,720	-
Positions	-	-
Total Appropriation Adjustments	$8,120,934	$565,214
Total Position Adjustments	(33.100)	(33.100)

Governor's Recommended Adjustments to Base Budget

DENR - Clean Water Management Trust Fund (14301)

Recommended General Fund Budget and Positions

	2013-14	2014-15
Base Budget		
Requirements	-	-
Receipts	-	-
Appropriation	-	-
Adjustments		
Requirements	$6,750,000	-
Receipts	-	-
Appropriation	$6,750,000	-
Total		
Requirements	$6,750,000	-
Receipts	-	-
Recommended Appropriation	$6,750,000	-
Positions		
Base Budget Positions	-	-
Continuation	-	-
Reductions	-	-
Expansion	-	-
Recommended Positions	-	-

Appropriation Items -- Recommended Adjustments

Expansion

	2013-14	2014-15
1. Provide Nonrecurring Appropriation for the Clean Water Management Trust Fund		
This request provides a nonrecurring appropriation for the Clean Water Management Trust Fund, which helps finance projects that specifically address water pollution problems and focus on upgrading surface waters, eliminating pollution, and protecting, preserving and conserving unpolluted surface waters.		
Appropriation - Nonrecurring	**$6,750,000**	-

Total Recommended Expansion

	2013-14	2014-15
Recurring		
Requirements	-	-
Receipts	-	-
Appropriation	-	-
Positions	-	-
Nonrecurring		
Requirements	$6,750,000	-
Receipts	-	-
Appropriation	$6,750,000	-
Positions	-	-

Total Recommended Adjustments for
DENR - Clean Water Management Trust Fund (14301)
2013-15

	2013-14	2014-15
Recurring		
Requirements	-	-
Receipts	-	-
Appropriation	-	-
Positions	-	-
Nonrecurring		
Requirements	$6,750,000	-
Receipts	-	-
Appropriation	$6,750,000	-
Positions	-	-
Total Appropriation Adjustments	$6,750,000	-
Total Position Adjustments	-	-

Wildlife Resources Commission

Governor's Recommended Adjustments to Base Budget

Wildlife Resources Commission (14350)

Recommended General Fund Budget and Positions

	2013-14	2014-15
Base Budget		
Requirements	$61,851,417	$61,851,417
Receipts	$43,374,829	$43,374,829
Appropriation	$18,476,588	$18,476,588
Adjustments		
Requirements	($1,460,559)	($1,460,559)
Receipts	($870,950)	($870,950)
Appropriation	($589,609)	($589,609)
Total		
Requirements	$60,390,858	$60,390,858
Receipts	$42,503,879	$42,503,879
Recommended Appropriation	$17,886,979	$17,886,979
Positions		
Base Budget Positions	649.000	649.000
Continuation	-	-
Reductions	(26.000)	(26.000)
Expansion	-	-
Recommended Positions	623.000	623.000

Appropriation Items -- Recommended Adjustments

Reductions

	2013-14	2014-15
1. Adjust the Number of Positions Vacant More than Six Months		
This recommendation adjusts the number of positions within the Wildlife Resources Commission that have been vacant more than six months.		
Requirements	**($1,460,559)**	**($1,460,559)**
Receipts	**($870,950)**	**($870,950)**
Appropriation	**($589,609)**	**($589,609)**
Positions	**(26.000)**	**(26.000)**

Total Recommended Reductions

	2013-14	2014-15
Recurring		
Requirements	($1,460,559)	($1,460,559)
Receipts	(870,950)	(870,950)
Appropriation	($589,609)	($589,609)
Positions	(26.000)	(26.000)
Nonrecurring		
Requirements	-	-
Receipts	-	-
Appropriation	-	-
Positions	-	-

Total Recommended Adjustments for Wildlife Resources Commission (14350) 2013-15

	2013-14	2014-15
Recurring		
Requirements	($1,460,559)	($1,460,559)
Receipts	(870,950)	(870,950)
Appropriation	($589,609)	($589,609)
Positions	(26.000)	(26.000)
Nonrecurring		
Requirements	-	-
Receipts	-	-
Appropriation	-	-
Positions	-	-
Total Appropriation Adjustments	($589,609)	($589,609)
Total Position Adjustments	(26.000)	(26.000)

Department of Commerce

Governor's Recommended Adjustments to Base Budget

Department of Commerce (14600)

Recommended General Fund Budget and Positions

	2013-14	2014-15
Base Budget		
Requirements	$96,308,495	$94,068,495
Receipts	$62,839,053	$60,599,053
Appropriation	$33,469,442	$33,469,442
Adjustments		
Requirements	$11,167,034	$12,679,204
Receipts	$5,268,152	$5,268,152
Appropriation	$5,898,882	$7,411,052
Total		
Requirements	$107,475,529	$106,747,699
Receipts	$68,107,205	$65,867,205
Recommended Appropriation	$39,368,324	$40,880,494
Positions		
Base Budget Positions	515.430	515.430
Continuation	-	-
Reductions	(8.000)	(8.000)
Expansion	13.000	23.000
Recommended Positions	520.430	530.430

Appropriation Items -- Recommended Adjustments

Reductions

	2013-14	2014-15
Department-wide		
1. **Amend the Number of Positions within Commerce**		
Amends the total number of positions within Commerce to include the Director of Internal Operations, an Economic Developer, Commissioner and Processing Assistant.		
Appropriation	**($408,758)**	**($408,758)**
Positions	**(4.000)**	**(4.000)**
2. **Maximize Use of Indirect Cost Receipts**		
Maximizes the use of indirect costs receipts to help offset the use of appropriation in the Administrative Services and Labor and Economic Analysis Divisions.		
Requirements	**-**	**-**
Receipts	**$205,786**	**$205,786**
Appropriation	**($205,786)**	**($205,786)**
3. **Maximize the Use of the JDIG Utility Account Fund Balance**		
Substitutes general fund appropriation with a transfer from the JDIG Utility Account on a nonrecurring basis.		
Requirements - Nonrecurring	**-**	**-**
Receipts - Nonrecurring	**$5,000,000**	**$5,000,000**
Appropriation - Nonrecurring	**($5,000,000)**	**($5,000,000)**
4. **Achieve Agency-wide Operating Budget Efficiencies**		
Achieves agency-wide operating efficiencies by re-evaluating the level of need in various operating accounts to include travel, phones, motor fleet, office equipment, miscellaneous contracts, etc. These realignments bring the budgets more in line with FY 2012 actual expenditures.		
Appropriation	**($395,674)**	**($395,674)**
Community Assistance		
1. **Adjust Staffing Level and Operating Budget Needs**		
This request adjusts the staffing level in the Community Assistance program and operating budget needs. This adjustment includes converting a full-time position to part-time, adjusting the operating budget to be more in line with actual expenditures and re-evaluating other staffing needs.		
Appropriation	**($43,481)**	**($43,481)**
Positions	**(1.000)**	**(1.000)**

Wanchese Seafood Industrial Park

1. **Amend Funding for the Wanchese Seafood Industrial Park**

   This recommendation removes all recurring funding provided for the Wanchese Seafood Industrial Park.

Requirements	**($527,715)**	**($527,715)**
Receipts	**($387,634)**	**($387,634)**
Appropriation	**($140,081)**	**($140,081)**
Positions	**(3.000)**	**(3.000)**

International Trade

1. **Achieve Advertising Efficiencies for Trade Shows**

   Achieves efficiencies in advertising expenses for trade show activities. This change in funding brings the budget more in line with prior year actual expenditures.

Appropriation	**($48,347)**	**($48,347)**

Travel and Tourism

1. **Achieve Advertising Efficiencies for Travel and Tourism**

   Achieves efficiencies in advertising for travel and tourism related activities.

Appropriation	**($815,966)**	**($815,966)**

Total Recommended Reductions

	2013-14	2014-15
Recurring		
Requirements	($2,239,941)	($2,239,941)
Receipts	(181,848)	(181,848)
Appropriation	($2,058,093)	($2,058,093)
Positions	(8.000)	(8.000)
Nonrecurring		
Requirements	-	-
Receipts	5,000,000	5,000,000
Appropriation	($5,000,000)	($5,000,000)
Positions	-	-

Expansion

	2013-14	2014-15
1. Job Maintenance and Capital Development Program (JMAC)		
Provides funds to support grant payments under the JMAC Program to three eligible grantees (Goodyear, Bridgestone, and Domtar) pursuant to their agreement with the Department. The purpose of the JMAC grant funds is to encourage businesses to maintain high-paying jobs and make further capital investments in the state.		
Appropriation - Nonrecurring	**$6,705,473**	**$7,500,000**
2. Resume Funding for the One North Carolina Small Business Program		
Restores funding for the One NC Small Business Program. This program is designed to help small businesses obtain and leverage highly competitive federal funding from the Small Business Innovative Research Program and the Small Business Technology Transfer Program.		
Appropriation - Nonrecurring	**$900,000**	**$900,000**
3. Recapitalization of Main Street Solutions Fund		
Provides additional funds to recapitalize the Main Street Solutions Fund and to continue funding a time-limited position responsible for the administration of the program. The Main Street Solutions Fund helps small business growth and development in small cities.		
Appropriation - Nonrecurring	**$900,000**	**$900,000**
4. Resume Funding for Broadband Connectivity Incentive Grant Program		
Provides funding to incentivize private sector broadband providers to extend connectivity to unserved areas that are otherwise not economically feasible for deployment.		
Appropriation - Nonrecurring	**-**	**$350,000**
5. Development of Strategic Economic Growth Plan		
Provides funds to develop a strategic economic growth plan for North Carolina. The plan will include an agency reorganization of the department into a public/private partnership with the assistance of a consultant.		
Appropriation - Nonrecurring	**$200,000**	**$200,000**
6. Development of a Comprehensive Branding Strategy		
Provides funding for the Department of Commerce to develop a comprehensive branding strategy to promote North Carolina as the best place to live, work and play.		
Appropriation	**$2,500,000**	**$2,500,000**
7. 2014 Southeastern U.S. Canadian Strategic Trade and Investment Partnership Event		
Provides funds for the 2014 Southeastern U.S. Canadian Strategic Trade and Investment Partnership Event. In an agreement signed in 2006, North Carolina agreed to host the event, which will identify opportunities to grow trade and investment between six southeastern U.S. States and seven Canadian provinces. The total cost is estimated at $400,000, and it is expected that the remaining $250,000 will be raised from private sponsors.		
Appropriation - Nonrecurring	**$150,000**	**-**

8. **Provide Recurring Funding for the Common Follow-Up System for Accountability**

Provides recurring funding for the Common Follow-Up System managed by the Labor and Economic Analysis Division (LEAD). The system is used to track performance measures related to current and former participants in State job training, education and placement programs. The system provides for the automated collection, organization, dissemination and analysis of data obtained from State-funded programs that provide job training, education and job placement services to program participants. Previously, the Worker Training Trust Fund provided the funding for the system; however, House Bill 4 (S.L. 2013-2) redirected those funds to help resolve the unemployment insurance insolvency issue.

Appropriation	**$500,000**	**$500,000**

9. **Restore Funding for Office of Information Technology Services (OITS) Charges**

Restores funding to pay for ITS provided services by reinstatement of lost salary and fringes for positions transferred to ITS as part of consolidation. Under consolidation, the positions were to be transferred and agencies were allowed to keep the funds budgeted for the position to be utilized to pay for services. These funds were inadvertently taken and should be reinstated.

Appropriation	**$75,000**	**$75,000**

10. **Administrative Cap Increase for the Community Development Block Grant Program (CDBG)**

Permits the Department of Commerce to utilize $450,000 from federal block grant funds for State technical assistance within the Community Development Block Grant Program that was eliminated by S.L. 2012-142.

Requirements	**$450,000**	**$450,000**
Receipts	**$450,000**	**$450,000**
Appropriation	**-**	**-**

11. **Data Integration and Insurance Compliance Program for the Industrial Commission**

Provides funds to the Industrial Commission to implement policies, procedures and processes similar to other states to proactively identify noncompliant businesses and ensure these businesses obtain and maintain the required worker's compensation coverage.

Appropriation	**$901,502**	**$1,469,145**
Positions	**13.000**	**23.000**

12. **Advanced Analytics Platform Solution for the Industrial Commission**

Provides funding for the Industrial Commission to develop an advanced analytics platform solution to allow comparison and analysis of data with data from other agencies. This technology will help identify potential compliance enforcement cases, provide better evidence to support sanctions or prosecution of non-compliant employers, compare existing available coverage data with data about employers from other agencies and provide a more efficient use of staff resources.

Appropriation	**$75,000**	**$75,000**
Appropriation - Nonrecurring	**$50,000**	**-**

Total Recommended Expansion

	2013-14	2014-15
Recurring		
Requirements	$4,501,502	$5,069,145
Receipts	450,000	450,000
Appropriation	$4,051,502	$4,619,145
Positions	13.000	23.000
Nonrecurring		
Requirements	$8,905,473	$9,850,000
Receipts	-	-
Appropriation	$8,905,473	$9,850,000
Positions	-	-

Total Recommended Adjustments for Department of Commerce (14600) 2013-15

	2013-14	2014-15
Recurring		
Requirements	$2,261,561	$2,829,204
Receipts	268,152	268,152
Appropriation	$1,993,409	$2,561,052
Positions	5.000	15.000
Nonrecurring		
Requirements	$8,905,473	$9,850,000
Receipts	5,000,000	5,000,000
Appropriation	$3,905,473	$4,850,000
Positions	-	-
Total Appropriation Adjustments	$5,898,882	$7,411,052
Total Position Adjustments	5.000	15.000

Governor's Recommended Adjustments to Base Budget

Commerce - General State Aid (14601)

Recommended General Fund Budget and Positions

	2013-14	2014-15
Base Budget		
Requirements	$61,954,814	$61,954,814
Receipts	$2,240,000	-
Appropriation	$59,714,814	$61,954,814
Adjustments		
Requirements	($31,262,172)	($35,718,590)
Receipts	-	-
Appropriation	($31,262,172)	($35,718,590)
Total		
Requirements	$30,692,642	$26,236,224
Receipts	$2,240,000	-
Recommended Appropriation	$28,452,642	$26,236,224
Positions		
Base Budget Positions	-	-
Continuation	-	-
Reductions	-	-
Expansion	-	-
Recommended Positions	-	-

Appropriation Items -- Recommended Adjustments

Reductions

	2013-14	2014-15
State Aid		
1. **Pass-Through Funding Adjustment**		
Adjusts state appropriations to the various non-state entities as shown below:		
1. Regional Economic Development Commissions	(389,394)	(389,394)
2. Wake Forest Institute of Regenerative Medicine	(3,824,949)	(7,649,897)
3. High Point Furniture Market	(55,472)	(355,472)
4. NC Minority Support Center	(250,000)	(250,000)
5. NC Association of Community Development Corporations	(797,102)	(797,102)
6. NC Community Development Initiative	(3,806,180)	(3,806,180)
7. Land Loss Prevention Project	(575,050)	(575,050)
8. NC Institute of Minority Economic Development	(200,000)	(200,000)
9. Council of Governments	(82,026)	(164,053)
10. North Carolina Agricultural Foundation, Inc.	(35,855)	(35,855)
11. NC Farm Bureau Foundation for Agriculture in the Classroom, Inc.	(21,175)	(21,175)
12. NC Indian Economic Development Initiatives, Inc.	(86,004)	(86,004)
13. Partnership for the Sounds	(195,704)	(391,408)
14. Grassroot Science Museums	(693,261)	(747,000)
Appropriation	**($11,012,172)**	**($15,468,590)**
1. NC Biotechnology Center	(10,000,000)	(10,000,000)
2. NC Rural Economic Development Center	(10,000,000)	(10,000,000)
3. Biofuels Center of NC	(1,000,000)	(1,000,000)
Appropriation - Nonrecurring	**($21,000,000)**	**($21,000,000)**

Total Recommended Reductions

	2013-14	2014-15
Recurring		
Requirements	($11,012,172)	($15,468,590)
Receipts	-	-
Appropriation	($11,012,172)	($15,468,590)
Positions	-	-
Nonrecurring		
Requirements	($21,000,000)	($21,000,000)
Receipts	-	-
Appropriation	($21,000,000)	($21,000,000)
Positions	-	-

Expansion

	2013-14	2014-15
1. Johnson and Wales University		
Provides nonrecurring funding to Johnson and Wales University. A $10 million incentive grant was awarded to help offset the costs associated with constructing facilities for a campus located in Charlotte. The current outstanding commitment is $1,365,000. Providing this level of funding will reduce the remaining commitment by $1 million leaving a balance of $365,000. Funding was designated as nonrecurring by the 2012 General Assembly, S.L. 2012-142.		
Appropriation - Nonrecurring	**$500,000**	**$500,000**
2. Research Triangle Institute International		
Provides nonrecurring funding to the Research Triangle Institute (RTI) International. Funding received from the State will be used to leverage federal funding to help RTI advance energy research in North Carolina and create green jobs. Funding was designated as nonrecurring by the 2012 General Assembly, S.L. 2012-142.		
Appropriation - Nonrecurring	**$250,000**	**$250,000**

Total Recommended Expansion

	2013-14	2014-15
Recurring		
Requirements	-	-
Receipts	-	-
Appropriation	-	-
Positions	-	-

Nonrecurring		
Requirements	$750,000	$750,000
Receipts	-	-
Appropriation	$750,000	$750,000
Positions	-	-

Total Recommended Adjustments for Commerce - General State Aid (14601) 2013-15

	2013-14	2014-15
Recurring		
Requirements	($11,012,172)	($15,468,590)
Receipts	-	-
Appropriation	($11,012,172)	($15,468,590)
Positions	-	-
Nonrecurring		
Requirements	($20,250,000)	($20,250,000)
Receipts	-	-
Appropriation	($20,250,000)	($20,250,000)
Positions	-	-
Total Appropriation Adjustments	($31,262,172)	($35,718,590)
Total Position Adjustments	-	-

NC Education Lottery

Governor's Recommended Adjustments to Base Budget

NC Education Lottery Proceeds (54641)

Recommended General Fund Budget and Positions

	2013-14	2014-15
Base Budget		
Requirements	$1,605,825,000	$1,605,825,000
Receipts	$1,605,825,000	$1,605,825,000
Appropriation	-	-
Adjustments		
Requirements	($350,000)	($350,000)
Receipts	($350,000)	($350,000)
Appropriation	-	-
Total		
Requirements	$1,605,475,000	$1,605,475,000
Receipts	$1,605,475,000	$1,605,475,000
Recommended Appropriation	-	-
Positions		
Base Budget Positions	-	-
Continuation	-	-
Reductions	-	-
Expansion	-	-
Recommended Positions	-	-

Appropriation Items -- Recommended Adjustments

Reductions

		2013-14	2014-15
1. **Adjust Retailer Incentives**			
Adjusts retailer incentives to be more in line with FY 2012 actual expenditures.			
	Requirements	**($350,000)**	**($350,000)**
	Receipts	**($350,000)**	**($350,000)**
	Appropriation	**-**	**-**

Total Recommended Reductions

	2013-14	2014-15
Recurring		
Requirements	($350,000)	($350,000)
Receipts	(350,000)	(350,000)
Appropriation	-	-
Positions	-	-
Nonrecurring		
Requirements	-	-
Receipts	-	-
Appropriation	-	-
Positions	-	-

Total Recommended Adjustments for
NC Education Lottery Proceeds (54641)
2013-15

	2013-14	2014-15
Recurring		
Requirements	($350,000)	($350,000)
Receipts	(350,000)	(350,000)
Appropriation	-	-
Positions	-	-
Nonrecurring		
Requirements	-	-
Receipts	-	-
Appropriation	-	-
Positions	-	-
Total Appropriation Adjustments	-	-
Total Position Adjustments	-	-

Governor's Recommended Adjustments to Base Budget

NC Education Lottery Commission (54670)

Recommended General Fund Budget and Positions

	2013-14	2014-15
Base Budget		
Requirements	$76,270,000	$76,270,000
Receipts	$76,270,000	$76,270,000
Appropriation	-	-
Adjustments		
Requirements	($9,871,892)	($9,871,892)
Receipts	($9,871,892)	($9,871,892)
Appropriation	-	-
Total		
Requirements	$66,398,108	$66,398,108
Receipts	$66,398,108	$66,398,108
Recommended Appropriation	-	-
Positions		
Base Budget Positions	237.000	237.000
Continuation	-	-
Reductions	(4.000)	(4.000)
Expansion	-	-
Recommended Positions	233.000	233.000

Appropriation Items -- Recommended Adjustments

Reductions

		2013-14	2014-15
1. Adjust Personnel Expenditures			
Adjusts the number of positions within the Agency that have been vacant more than six months.			
	Requirements	**($201,150)**	**($201,150)**
	Receipts	**($201,150)**	**($201,150)**
	Appropriation	**-**	**-**
	Positions	**(4.000)**	**(4.000)**
2. Adjust Gaming System Services			
Makes adjustments to gaming system services expenditures.			
	Requirements	**($59,264)**	**($59,264)**
	Receipts	**($59,264)**	**($59,264)**
	Appropriation	**-**	**-**
3. Adjusts Advertising Costs			
Currently, North Carolina Education Lottery advertising expenses cannot exceed one percent (1%) of the total annual revenues as outlined in the G.S. 18C-162(a)(3). This item recommends that advertising expenses be limited to no more than one-half percent (.50%) of total annual revenues and adjusts the advertising budget accordingly.			
	Requirements	**($7,426,892)**	**($7,426,892)**
	Receipts	**($7,426,892)**	**($7,426,892)**
	Appropriation	**-**	**-**
4. Adjusts Marketing Budget			
Adjusts the level of funds provided for marketing expenses.			
	Requirements	**($800,000)**	**($800,000)**
	Receipts	**($800,000)**	**($800,000)**
	Appropriation	**-**	**-**

5. **Adjusts Budget for License and Permit Costs**

Adjusts the budget for license and permit costs related to instant tickets.

Requirements	**($4,477)**	**($4,477)**
Receipts	**($4,477)**	**($4,477)**
Appropriation	**-**	**-**

6. **Achieve Agency-wide Operating Budget Efficiencies**

Achieves agency-wide operating budget efficiencies by re-evaluating the level of need in various operating accounts to include other services, furniture, fixtures, equipment, vehicle replacement, and other general and administrative expenses.

Requirements	**($1,380,109)**	**($1,380,109)**
Receipts	**($1,380,109)**	**($1,380,109)**
Appropriation	**-**	**-**

Total Recommended Reductions

	2013-14	2014-15
Recurring		
Requirements	($9,871,892)	($9,871,892)
Receipts	(9,871,892)	(9,871,892)
Appropriation	-	-
Positions	(4.000)	(4.000)
Nonrecurring		
Requirements	-	-
Receipts	-	-
Appropriation	-	-
Positions	-	-

Total Recommended Adjustments for
NC Education Lottery Commission (54670)
2013-15

	2013-14	2014-15
Recurring		
Requirements	($9,871,892)	($9,871,892)
Receipts	(9,871,892)	(9,871,892)
Appropriation	-	-
Positions	(4.000)	(4.000)
Nonrecurring		
Requirements	-	-
Receipts	-	-
Appropriation	-	-
Positions	-	-
Total Appropriation Adjustments	-	-
Total Position Adjustments	(4.000)	(4.000)

Recommended Adjustments

Reserves, Debt Service, and Other Adjustments

General Fund

Reserves, Debt Service, and Other Adjustments - General Fund (190xx)

Recommended General Fund Budget and Positions

	2013-14	2014-15
Base Budget		
Requirements	$800,773,169	$800,773,169
Receipts	$44,623,308	$44,623,308
Appropriation	$756,149,861	$756,149,861
Recommended Adjustments		
Requirements	$489,035,313	$655,987,881
Receipts	$8,000,000	-
Appropriation	$481,035,313	$655,987,881
Total		
Requirements	$1,289,808,482	$1,456,761,050
Receipts	$52,623,308	$44,623,308
Recommended Appropriation	$1,237,185,174	$1,412,137,742
Positions		
Base Budget Positions	-	-
Continuation	-	-
Reductions	-	-
Expansion	251.630	254.630
Recommended Positions	251.630	254.630

Appropriation Items -- Recommended Adjustments

Expansion

	2013-14	2014-15
1. Information Technology Reserve		
Establishes a reserve to address critical statewide information technology infrastructure and security deficiencies and provide additional resources to support statewide oversight and enterprise planning. Major items to be addressed with this reserve include: remediation of at-risk IT infrastructure; completion of a statewide security assessment; redesign and replacement of the state's distribution systems; remediation of obsolete desktop/laptop hardware and operating systems; and migration to a cloud-based solution for desktop productivity tools. This reserve will be managed by the Office of State Budget and Management. Project funds will be released to the State Chief Information Officer for implementation subsequent to the State Budget Director's review and approval of implementation costs and supporting business cases. The reserve will utilize $8 million from the E-Procurement fund balance.		
Requirements	**$6,635,000**	**$10,820,000**
Requirements - Nonrecurring	**$28,365,000**	**$21,180,000**
Receipts - Nonrecurring	**$8,000,000**	
Appropriation	**$27,000,000**	**$32,000,000**
Positions	**41.000**	**44.000**
2. Retirement System Contribution		
Funding is provided for the increase of the State's contribution to the Teachers' and State Employees' Retirement System and to the Consolidated Judicial Retirement System for the 2013-15 biennium, as recommended by the System's actuary.		
Appropriation	**$36,100,000**	**$36,100,000**
3. Pay Increase for All Teachers and State Employees		
Funds are provided for a 1% salary increase for State-funded public school system employees, community college employees, university system employees, and State agency employees, effective July 1, 2013.		
Appropriation	**$135,700,000**	**$135,700,000**
4. Cost of Living Adjustment for Retirees		
Funds are provided for a 1% cost-of-living adjustment to retirees of the Teachers' and State Employees' Retirement System and to retirees of the Consolidated Judicial Retirement System, effective July 1, 2013.		
Appropriation	**$35,000,000**	**$35,000,000**

State Health Plan

1. **State Health Plan Contribution**

   It is recommended that appropriations be provided to cover an estimated 4.7% premium increase in each year of the biennium to keep the State Health Plan structurally sound. Premium increases would take effect on January 1, 2014, and January 1, 2015. This increase is based on recommendation of the State Health Plan Board of Trustees and the Plan actuary.

Appropriation	**$45,000,000**	**$136,200,000**

Other Reserves and Adjustments

1. **Severance Reserve**

   A state appropriation is provided for severance payments to state employees who are subject to reduction in force (RIF) during the biennium.

Appropriation - Nonrecurring	**$7,500,000**	-

2. **Savings Reserve Account**

   Earmarks $200 million from the year-end credit balance to the savings reserve account, also known as the State's "Rainy Day Fund," raising its balance to $619 million for FY 2013-14. $131 million is earmarked from the year-end credit balance to the Savings Reserve account for FY 2014-15. An additional $69 million is appropriated in FY 2014-15, which will bring the total balance to $819 million.

Appropriation - Nonrecurring		**$69,174,764**

3. **Salary Adjustment Reserve**

   It is recommended that additional funds be appropriated to the Salary Adjustment Fund. This fund provides salary adjustments for job groups with state salaries that are not competitive in the market place and increases where the state is having difficulty recruiting and retaining employees. The Office of State Personnel may use up to $1 million over the biennium for a statewide compensation study.

Appropriation	**$20,000,000**	**$20,000,000**

4. **Natural Heritage Trust Fund**

   The Natural Heritage Trust fund receives twenty-five percent (25%) of the State's share of the excise tax levied on real estate conveyances. This item recommends that the State's share of the excise tax be retained by the General Fund and the Natural Heritage Trust Fund receive a direct appropriation to be used for operating costs, debt service payments and grants.

Appropriation	**$4,230,000**	**$4,230,000**

5. **Parks and Recreation Trust Fund**

   The Parks and Recreation Trust fund receives seventy-five percent (75%) of the State's share of the excise tax levied on real estate conveyances. This item recommends that the State's share of the excise tax be retained by the General Fund and the Parks and Recreation Trust Fund receive a direct appropriation. These funds will be used in accordance with G.S. 113-44.15(b) for operating costs, debt service payments, repair and renovation projects, land acquisition, matching funds to local government

entities and the Coastal and Estuarine Water Beach Access Program.

Appropriation	**$15,500,000**	**$15,500,000**

6. **Solid Waste Trust Fund**

The Solid Waste Trust Fund receives eight percent (8%) of the proceeds from the scrap tire disposal tax, eight percent (8%) of the proceeds from white goods disposal tax and twelve and one-half percent (12.5%) of the proceeds from the solid waste disposal tax. This item recommends that the net proceeds from scrap tire, white goods and the solid waste disposal tax for this program be retained by the General Fund and the Solid Waste Trust Fund receive a direct appropriation to be used for operating costs and aid and public assistance to local government units to improve recycling programs.

Appropriation	**$2,462,000**	**$2,462,000**

7. **Scrap Tire Program**

The Scrap Tire Program receives seventeen percent (17%) of the net proceeds from the scrap tire disposal tax used for operating and aid and public assistance to county governments. This item recommends that the net proceeds from the scrap tire disposal tax be retained by the General Fund and the Scrap Tire Program receive a direct appropriation to be used for operating costs and aid and public assistance to county government units in the form of grants to assist with their scrap tire management needs.

Appropriation	**$1,079,717**	**$1,079,717**

8. **Job Development and Investment Grants (JDIG)**

Additional appropriation is provided to fund current JDIG commitments. North Carolina's Job Development and Investment Grant program is a discretionary incentive program that provides sustained annual grants to new and expanding businesses.

Appropriation - Nonrecurring	**$32,600,000**	**$43,600,000**

9. **One North Carolina Fund**

Additional nonrecurring appropriation is provided for the One North Carolina Fund. One NC helps recruit and expand quality jobs in high value-added, knowledge-driven industries. It also provides financial assistance to those businesses or industries deemed vital to a healthy economy that are making significant efforts to expand in North Carolina.

Appropriation - Nonrecurring	**-**	**$2,800,000**

10. **Medicaid Risk Reserve**

The Medicaid Risk Reserve is established as a non-reverting fund to mitigate the risk to the state of unforeseen overruns in the Medicaid Program. Allocations from the risk reserve must be approved by the Director of the Budget. A report will be made to the President Pro Tempore, the Speaker of the House and the Joint Appropriations Chairs within 30 days of allocation of funds from the reserve.

Appropriation	**$90,000,000**	**$90,000,000**

11. **Reserve for Department of Justice Legal Positions**

A statewide reserve is established in the Office of State Budget and Management in order to facilitate the transfer of positions and operating

budgets for legal and support staff transitioning from the Department of Justice to the agencies they serve, effective October 1, 2013.

Appropriation	**$7,450,319**	**$9,933,759**
Positions	**210.630**	**210.630**

12. **NC Government Efficiency And Reform project (NC GEAR)**

A statewide reserve is established in the Office of State Budget and Management in order to build on past work to improve and transform state government to best serve our citizens. NC GEAR will utilize the expertise from the Government Performance Audit Committees, the General Assembly's Performance Evaluation Division, and the State Auditor, as well as utilize the expertise and best practices of the private sector, to make specific proposals for the transformation of government. NC GEAR will be conducted by the Office of State Budget and Management in coordination with the General Assembly.

Appropriation	**$2,000,000**	**$2,000,000**

13. **Disaster Relief Reserve**

Appropriation of emergency funds for the Disaster Relief Reserve Fund are provided. North Carolina is very familiar with severe weather and has seen firsthand the destructive nature of tornadoes and thunderstorms.

Appropriation	**$10,000,000**	**$10,000,000**

Debt Service

1. **Debt Service Requirements**

It is recommended that debt service appropriations be adjusted based on updated cash flow requirements.

Appropriation	**$9,413,277**	**$10,207,641**

Total Recommended Expansion

	2013-14	2014-15
Recurring		
Requirements	$420,570,313	$519,233,117
Receipts	-	-
Appropriation	$420,570,313	$519,233,117
Positions	251.630	254.630
Nonrecurring		
Requirements	$68,465,000	$136,754,764
Receipts	8,000,000	-
Appropriation	$60,465,000	$136,754,764
Positions	-	-

Total Recommended Adjustments for Reserves, Debt Service, and Other Adjustments - General Fund (190xx) 2013-15

	2013-14	2014-15
Recurring		
Requirements	$420,570,313	$519,233,117
Receipts	-	-
Appropriation	$420,570,313	$519,233,117
Positions	251.630	254.630
Nonrecurring		
Requirements	$68,465,000	$136,754,764
Receipts	8,000,000	-
Appropriation	$60,465,000	$136,754,764
Positions	-	-
Total Appropriation Adjustments	$481,035,313	$655,987,881
Total Position Adjustments	251.630	254.630

N.C. Department of Labor
Response to Governor McCrory's Recommended Budget Adjustments
Joint Appropriations Subcommittee on NER – Tuesday, March 26, 2013

1. Budget Overrealized Receipts		**2013-14**	**2014-15**
This request budgets overrealized receipts generated through elevator inspections, boiler inspections and amusement inspections, reducing the need for appropriation. Actual receipts have exceeded the budgeted amount for the past two years.			
	Requirements	-	-
	Receipts	$500,000	$500,000
	Appropriation	($500,000)	($500,000)

Why does the department oppose this recommendation?

- These bureaus are not currently generating – and will not generate - $500,000 in overrealized receipts. OSBM is using old numbers that don't accurately represent our current financial situation.
- While the department has generated excess receipts in the past, this money is now budgeted for new expenses in the Elevator and Amusement Device bureau including critical computer projects and increased operating expenses.
- Since there are no excess receipts to cushion the loss of general fund appropriations, we must find the money by cutting other areas of our department.
- A loss of $500,000 in appropriations represents a 3.1% reduction – a painful cut when taken in addition to the more than $4 million that the department has lost over the past four years.

Summary

- The Department of Labor has always been willing to take its fair share of reductions. If this year's budget requires the need for further reductions, we are ready to contribute an equitable portion.
- We ask that you take a close look at the amount of cuts we've sustained in recent years, particularly in comparison to other state agencies. Continued reductions will severely diminish the department's ability to execute its core responsibility of workplace safety.
- We're a small department with a small impact to the general fund and ask that you work with us to determine the least painful options for the upcoming biennial budget.

NCDA&CS

Response to the FY 2013-15 Governor's Recommended Budget

Expansion Items Recommended

• Agriculture Water Resources Assistance Program	$500,000 R	
• Southeastern NC Agricultural Events Center (SENCAEC)	$362,230 R	6.0 FTE
• Wine and Grape Growers Council	$500,000 R	1.0 FTE
• Food Compliance Officer – Grade A Milk Compliance	$ 64,338 R	1.0 FTE

Additional Expansion Items Requested

- SENCAEC- Operating Reserve for Pavilion $250,000 R 3.0 FTE
  - Needed to fund the operations and staffing of new pavilion.
  - Includes a full-time Marketing Specialist and two maintenance workers
- Marketing Funds for Domestic and International $1,000,000 R
- NC Forest Service Operating Support $1,200,000 R
  - Since FY 2008, GF Operating Budget has been cut by 19.6 %
- Research Stations System Modernization $5,000,000 NR
  - Includes upgrades of farm equipment and irrigation systems
- Tennessee Valley Authority Settlement Allocation
  - Current FY funds: Headwaters tract, ADFP grants, Education Center at DuPont State Forest, DuPont Forest Master Plan, WNCC Granting Program

Reductions

- Management Flexibility Reserve ($2,000,000) R
- Eliminate Positions Vacant More than Six Months ($1,427,946) R (24.0 FTE)
  - Currently: 12 Filled, 4 Reclassifications in Progress, 2 Recruitments in Progress, 2 Difficulty to Recruit (Veterinarian Positions) Total: $1,248,305

VISITOR REGISTRATION SHEET

JT. NER — 3.26.13

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Joy Hicks	NCDA&CS
Art Smith	NCDOL
Commissioner Cherie Berry	↓
Jennifer Haigwood	↓
Jack Brinson	↓
Jordan Smith	NCLM
Doug Lewis	DENR
Drew Elliot	"
Justin Fye	NC COB
Rita Harris	McGuireWoods
Shannan Hobby	Commerce

VISITOR REGISTRATION SHEET

JT. NER — 3-26-13

Name of Committee — Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Tommy Clark	NCWRC
Chris Dunn	" "
Doug Lassiter	NCSTA
Jennifer Haywood	NCDOL
Zan Hedgecock	NCDA&CS
Kara Weishaar	Smith Anderson
Alan Warner	Grandfather Scenic Mountain
J Bode	BCS
Phil Lamm	NCV
Dave Myers	NCTA

VISITOR REGISTRATION SHEET

JTNER
Name of Committee

3-26-13
Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
BRAD IVES	DENR
[illegible]	NCFB
K Rogers	CCOMTP
JAKE PARKER	NCFB
Cindy Plante	NC League of Municipalities
Tom BEERS	EDF
Joey Kirkman	Be the Miracle Network
Lori Ann Harris	LAMA
TJ Burbee	Nexsen Pruet
Jaime King Tuquay	NCEL
Neal Roberts	NCDENR

VISITOR REGISTRATION SHEET

JT. NER — 3/26/13

Name of Committee — Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Erin Wynia	NCLM
Ken Melton	R.M.A.
Yolanda K. Smith	Insource
Joe Colley	NMRS

Tuesday, March 26	Room	Time
APPROPRIATIONS NATURAL & ECONOMIC RESOURCES (JOINT)	423	8:30 am

Name	County	Sponsor
Brooklyn Harris	Forsyth	Tillis
Myles Heath	Wake	Gill

SENATE PAGES ATTENDING

COMMITTEE: Joint: Nat'l & Eco. Resources ROOM: 423

DATE: 3-26 TIME: 8:30

PLEASE PRINT LEGIBILY!!!!!!!!!!!!!!

Page Name	Hometown	Sponsoring Senator
1 Jackson Yelverton	Eurelia	Pate
2 Matt Taylor	Wilson.	Newton
3 Nick Thomas	Gaston	Harrington
4		
5		
6		
7		
8		
9		
10		

Do not add names below the grid.

Pages: Present this form to either the Committee Clerk at the meeting or to the Sgt-at-Arms.

Joint Appropriations Subcommittee on NER

Agenda

Thursday, March 28, 2013, 8:30 A.M.
Room 423, Legislative Office Building

Senator Brock, Presiding

1. **Welcome & Introductions**

   Sen. Brock

2. **Department of Agriculture and Consumer Services (Part 2 of 3)**

   Overview of Consumer Protection Division
   Timothy Dale, *Fiscal Research Division*

   Food & Drug
   Dan Ragan, Director, Food and Drug Division, *Department of Agriculture and Consumer Services*

   Responses to Follow-Up Questions
   Aubrey Incorvaia, *Fiscal Research Division*

3. **Committee Discussion**

4. **Adjourn**

House Appropriations Subcommittee on NER
Rep.McElraft (Chair)
Rep. West (Chair)
Rep. Dixon (Vice Chair)
Rep. Pierce (Vice Chair)
Rep. Presnell (Vice Chair)
Rep. Brandon, Bumgardner, Catlin, Dobson, Langdon, Millis, Richardson, Wilkins, Wray

Senate Appropriations Committee on NER
Sen. Brock (Chair)
Sen. Jackson (Chair)
Sen. Bryant, Cook, McLaurin, Rabin, Tarte, Walters

Joint Committee on Appropriations on Natural and Economic Resources
Thursday, March 28, 2013 at 8:30 AM
Room 423 of the Legislative Office Building

MINUTES

The Joint Committee on Appropriations on Natural and Economic Resources met at 8:30 AM on March 28, 2013 in Room 423 of the Legislative Office Building. 16 members were present.

Senator Andrew C. Brock, Chair, presided.

Sen. Brock called the meeting to order at 8:34 AM.

Sen. Brock introduced the Senate and House Pages and Senate and House Sgt. At. Arms.

Sen. Brock yielded the floor to Mr. Timothy Dale, Fiscal Research Division.

Mr. Dale gave an overview of the Department of Agriculture and Consumer Services (DACS): Division overview: Consumer Protection Division; North Carolina General Assembly (NCGA) Actions; Budget information; positions; organizational structure; consumer protection programs: emergency programs, Food and Drug Inspection, Meat and Poultry Inspection, Standards, Structural Pest Control/Pesticides, veterinary services; fiscal year 2011-12 total expenditures; fiscal year 2011-12 General Fund appropriation; emergency programs 5-year budget history; Food and Drug fiscal year 2011-13 NCGA actions; Food and Drug major revenue sources in fiscal year 2011-12; Food and Drug 5-year budget history; Meat and Poultry fiscal year 2001-13 NCGA actions; Meat and Poultry major revenue sources in fiscal year 2011-12; Meat and Poultry 5-year budget history; Standards fiscal year 2011-13 NCGA actions; Standards major revenue sources in fiscal year 2011-12; Standards 5-year budget history; Structural Pest Control/Pesticides fiscal year 2011-13 NCGA actions; Structural Pest Control/Pesticides major revenue sources in fiscal year 2011-12; Structural Pest Control/Pesticides 5-year budget history; Veterinary services fiscal year 2011-13 NCGA actions; Veterinary services major revenue sources in fiscal year 2011-12; Veterinary services 5-year budget history; key takeaways: large receipt support, especially for Standards and Structural Pest Control/Pesticides, interaction with federal programs/regulations (USDA, FDA, EPA).

Sen. Brock asked the committee if there were any questions or comments.

Sen. Brock: When the department passed the Spray and Neuter program, how much were they funded?

Sen. Brock yielded the floor to Mrs. Joy Hicks, Legislative Liaison, Department of Agriculture and Consumer Services.

Mrs. Hicks: The Spray and Neuter program was created when the Rabies fund stayed with the Department of Public Health, but money was sent to DA&CS. Also, $250,000 was allocated for the pet food inspection program, but the money was excessive. The General Assembly then allocated the unused money for the Spray and Neuter program.

Sen. Brock yielded the floor to Mr. Dan Ragan, Director, Food and Drug Division, Department of Agriculture and Consumer Services.

Mr. Ragan gave presentation on the DA&CS Food and Drug Protection Division: Food, Feed, Drug, Laboratory & Fiscal Sections: Mission Statement; Food Program: laws enforced: NC Food, Drug and Cosmetic Act, NC Dairy laws, NC Grade 'A' Milk Law (Pasteurized Milk Ordinance, NC Egg Law; proposed Food Safety Modernization Act—New fresh produce rules and preventive control rules; food programs administered: inspections, sampling and testing, food program achievements, food inspection activities from 2010-12, feed program objectives: regulatory program and forage testing program; feed inspections and sampling; drug program: function, in 2012 there were 389 annual inspections and only 2 inspectors statewide; Laboratory Program: Food and Drug Protection Division, NCDA, MOU, FERN—Food Emergency Response Network; ISO 17025: initial accreditation received in 2010, accreditation was recently renewed through March 2014, ISO is gold standard; Laboratory sample load in 2011-12; Fiscal Management Section: Food and Drug Protection Division's budget.

Sen. Brock asked the committee if there were any questions or comments.

Rep. Presnell: Regarding genetically modified foods, don't these foods need to be labeled?

Mr. Ragan: It really depends on what you consider a modified food.

Rep. Presnell: I am talking about companies like Monsanto and what they are doing now.

Mr. Ragan: You might not be able to go that far back. I don't know how to test that far back.

Rep. Catlin: Are mosquitos a problem for disease transfer. We have no vector control in North Carolina.

Mr. Ragan: Absolutely.

Sen. Brock yielded the floor to Mrs. Hoffman: Vector control use to be controlled by DENR, but that program was cut and sent to the Department of Agriculture. The General Assembly cut all the personnel that had to do with that program.

Rep. Dixon: Thank you for the work you do. When we talk about the FDA going into the fields, food safety starts in the field but ends in kitchen. We need to be reminded that food safety goes all the way into the kitchen.

Sen. Cook: Can you speak more about GMOs. I have had discussions with constituents about that.

Sen. Brock yielded the floor to Mr. Joe Reardon, Assistant Commissioner for Consumer Protection, Department of Agriculture and Consumer Services.

Mr. Reardon: GMOs are a hot topic. The FDA does not require labeling. There is a lot of communication at FDA about that position. As it is now, FDA is still reviewing their position regarding no labeling for GMO foods.

Sen. Cook: How prevalent are GMOs. It is my impression that it is in everything.

Mr. Reardon: I don't have the statistics, but it is true that it is significant in commodities.

Sen. Rabin: Are there any that aren't? I don't see it as a problem.

Rep. Presnell: We own a garden and our seeds can be used again. A bean from a store cannot be used again to grow another bean.

Sen. Brock yielded the floor to Mrs. Aubrey Incorvaia, Fiscal Research Division.

Mrs. Incorvaia presented the answers to follow-up questions. (1) For Non-profits, what is the percentage of State Funds dedicated to Salaries and how many FTEs does the organization have in total? (2) How many jobs & how much investment has been created by Article 3J Tax Credits and Job Development Investment Grants? (3) How many international offices does Commerce's Tourism Division have & what is the associated cost? (4) As a result of the recent UI Legislation (HB4), what is the impact on seasonal employees? (5) In which locations did the "Opportunity NC" Pilot Program take place and what were the associated outcomes? (6) Why did Commerce's Division of Community Assistance (DCA) experience 12 position reductions over the last biennium and how many of these positions did Commerce voluntary offer for reduction? (7) What are the current cash balances and encumbrances for the four conservation trust funds? (8) Will the elimination of the state supplement to the Earned Income Tax Credit (EITC) affect eligibility in the Individual Development Account program at the Department of Labor?

Sen. Brock asked the committee if there were any questions or comments.

Sen. Bryant: What is our plan for next week?

Sen. Brock yielded the floor to Mrs. Hoffman.

Mrs. Hoffman: On Tuesday, we will finish with presentations from the Department of Agriculture. On Wednesday. we will hear from the Wildlife Commission, Water Commission, and the Secretary of Commerce will give her opinion on the Governor's budget. On Thursday, DENR will begin presenting to this committee.

Sen. Brock thanked the committee, presenters and audience.

The meeting adjourned at 9:32 AM.

Senator Andrew C. Brock, Chair
Presiding

Towers Mingledorff, Committee Clerk

Department of Agriculture & Consumer Services (DACS)



March 28, 2013

FISCAL RESEARCH DIVISION
A Staff Agency of the North Carolina General Assembly

Today's Agenda

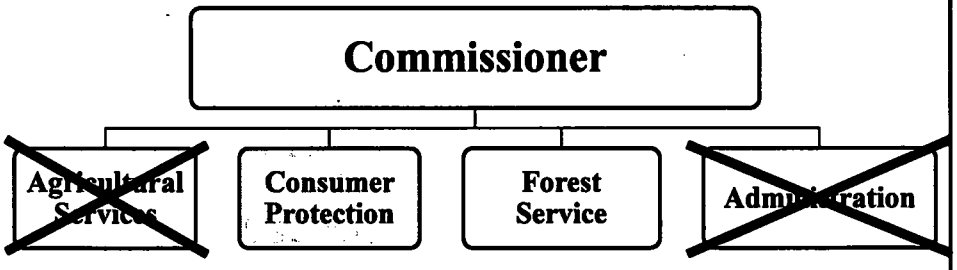
Division Overview

- Consumer Protection Division Overview
- NCGA Actions
- Budget Information
- Positions (FTEs)

DACS Presentation

Food and Drug

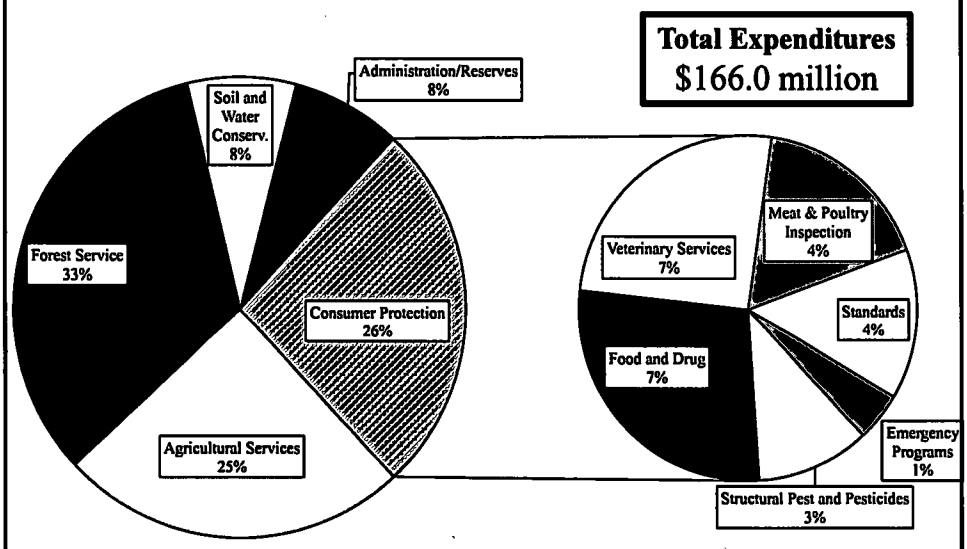
Organizational Structure



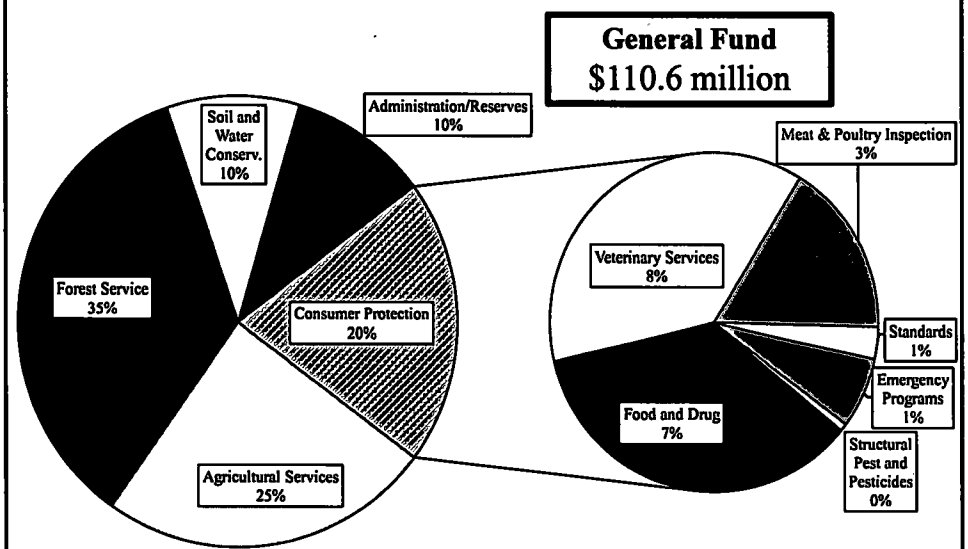
Consumer Protection Programs

- Emergency Programs
- Food and Drug Inspection
- Meat and Poultry Inspection
- Standards
- Structural Pest Control/Pesticides
- Veterinary Services

FY 2011-12 Total Expenditures



FY 2011-12 General Fund Appropriation



Emergency Programs

Program designed to assist agribusinesses in the event of:

- Natural disaster
- Disease outbreak
- Terrorist attack
- Other Force Majeure

Established in 2002 as part of the Homeland Security expansion.

Enforces G.S. 106-520.3A – Aedin's Law

FY 2011-12 (in millions)	
Expenditures	$ 2.01
Receipts	0.49
Appropriation	1.52
Positions	20

Emergency Programs

FY 2011-13 NCGA Actions

None

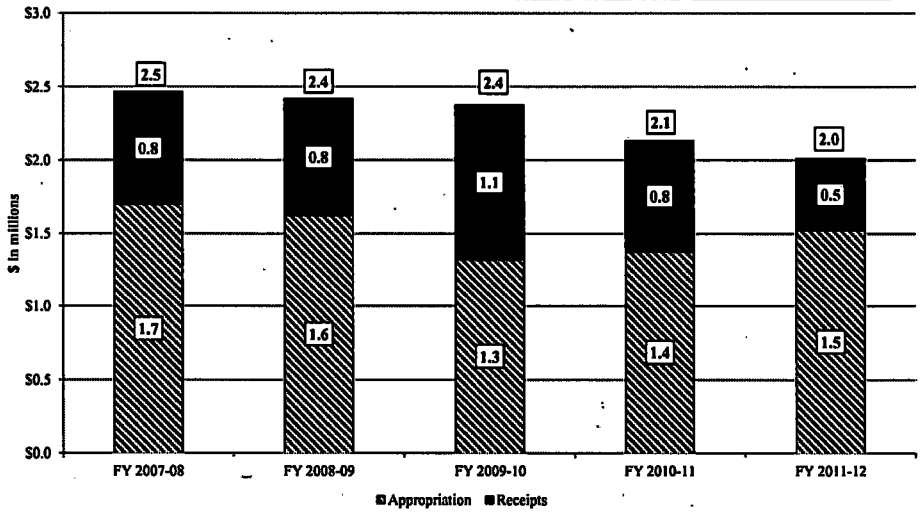
Major Revenue Sources

DHHS - $220,060

Federal Grants - $233,332



Emergency Programs
5-Year Budget History



Food and Drug

Regulate entities that store, manufacture, produce or distribute:

- Food
- Dairy
- Animal feed
- Medical gas
- Drugs

Constable Lab - ISO 17025 – Highest level of certification received for accuracy/quality of lab findings.

FY 2011-12 (in millions)	
Expenditures	$ 12.10
Receipts	4.13
Appropriation	7.97
Positions	153

Food and Drug

FY 2011-13 NCGA Actions

- Increases antifreeze registration fee from $250 to $500 ($75,000 R)
- Transferred Grade A Milk program from DENR ($811,175 R)

Food and Drug

Do Inspect

- Grocery Stores
- Distribution Facilities
- Seafood Markets
- Feed Mills
- Convenience Stores
- Eggs
- Grade "A" Milk
- Antifreeze

Do Not Inspect

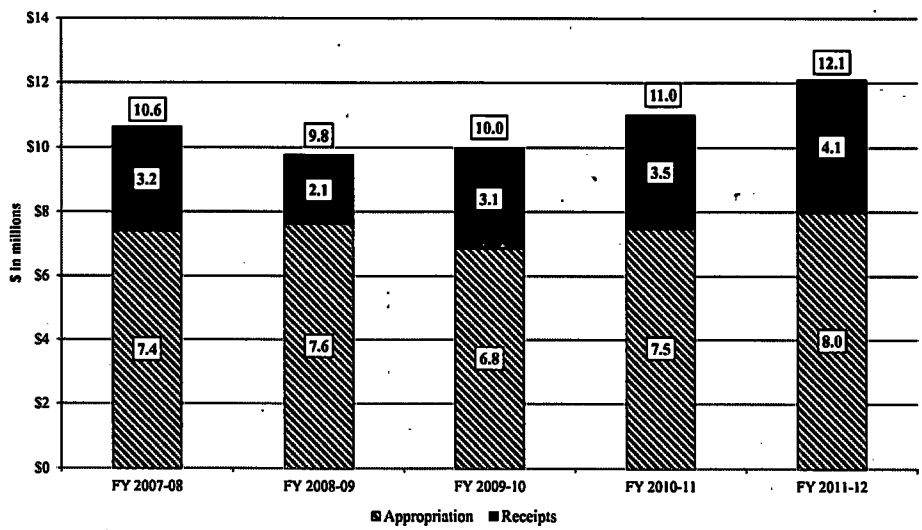
- Meat Processing Facilities
- Restaurants

Food and Drug

Major Revenue Sources (FY 2011-12)

- Federal Grants - $2,094,913
- DHHS - $58,887
- License/Fees/Assessments - $1,782,773

Food and Drug
5-Year Budget History



Meat and Poultry Inspection

Enforce state and federal laws to ensure meat and poultry production is safe for consumption.

2012 Inspection Statistics

Cattle/Calves
152,124

Swine
433,040

Livestock Condemned
2,383

FY 2011-12 (in millions)	
Expenditures	$ 7.46
Receipts	3.72
Appropriation	3.74
Positions	119

Meat and Poultry Inspection

Who is inspected?

- State-only facilities - (67)
  - Only sell products within NC
  - Subject to NC and Federal regulations
- Talmadge-Aiken (TA) – (95)
  - Can sell products inside and outside NC
- Custom Exempt – (18)
  - Animals slaughtered for family consumption

Meat and Poultry Inspection

Who is inspected?

- Poultry Exempt Operations – (98)
  - Poultry raised, slaughtered, and processed by one owner for sale within NC
  - Only feds inspect larger slaughterhouses
- Meat/Poultry Handlers – (625)
  - Individuals that distribute meat/poultry products produced under inspection

Meat and Poultry Inspection

Key Facts

- 1 of 27 state administered programs
- 50% USDA receipt supported
- Daily inspections of facility (State and TA)
- Inspection of each animal (pre and post mortem)
- Random sampling of slaughtered animals to test for harmful pathogens

Meat and Poultry Inspection

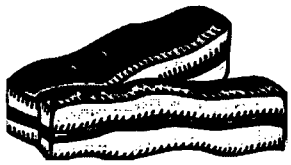
FY 2011-13 NCGA Actions

None

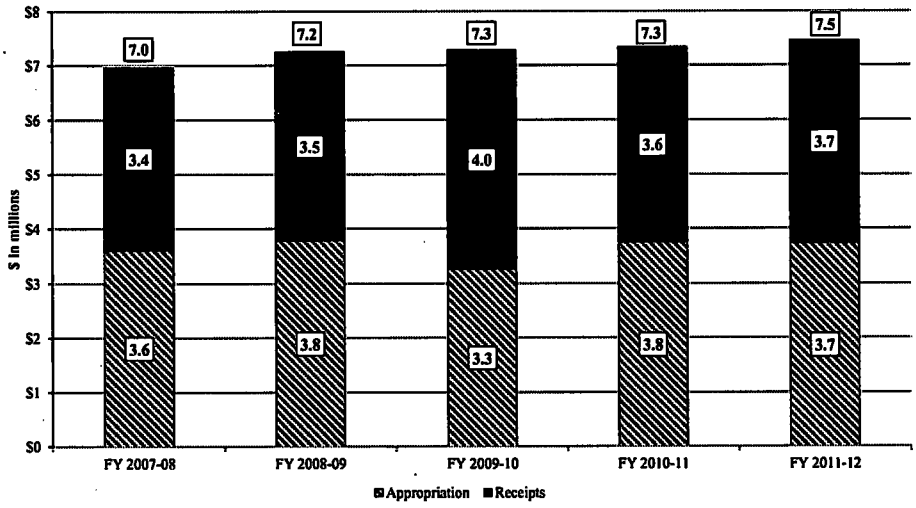


Major Revenue Sources (FY 2011-12)

USDA - $3,670,821



Meat and Poultry Inspection
5-Year Budget History



Standards

Responsible for testing all commercial weighing and measuring devices to ensure accuracy.



FY 2011-12 (in millions)	
Expenditures	$ 6.13
Receipts	5.44
Appropriation	0.69
Positions	92

Standards

What do they inspect?

- Motor/Liquid Fuels
  - Quality
  - Measurement accuracy
- Scales
- Register Scanners
- Other (Lottery balls, grain moisture meters, etc.)

Standards

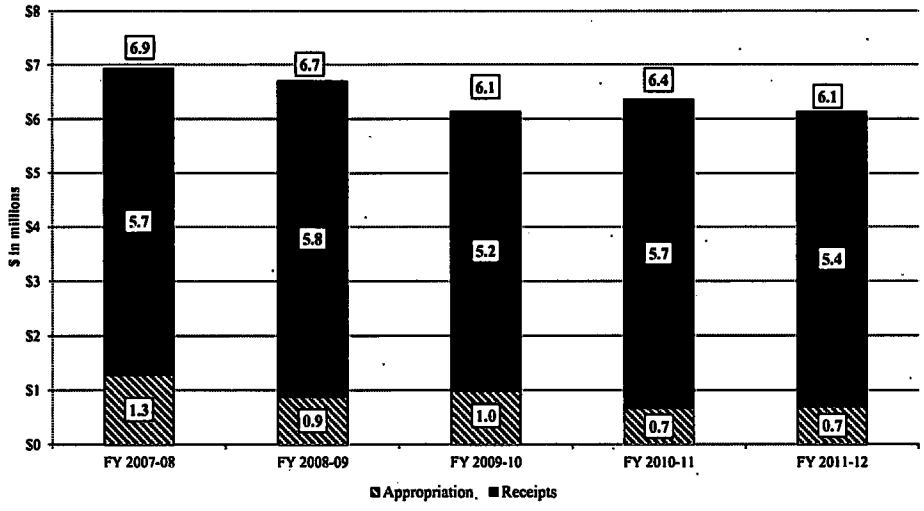
FY 2011-13 NCGA Actions

Funding transfer from the Highway Fund reduced by $261,888 (~5%)

Major Revenue Sources

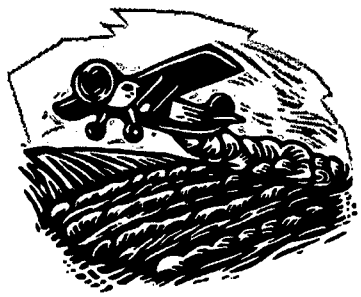
- ¼ of 1¢ per gallon tax - $4,778,498
- Inspection/Exam Fees – $339,583
- Fines/Penalties/Assessments - $138,861
- Transfer from DENR - $90,000

Standards
5-Year Budget History



Structural Pest Control/Pesticides

Regulates pest control industry by licensing commercial operators and administering state and federal laws regulating the industry.



FY 2011-12 (in millions)	
Expenditures	$ 4.72
Receipts	4.55
Appropriation	0.17
Positions	68

Structural Pest Control/Pesticides

Certifies, licenses, and monitors:

- Insecticide, rodenticide, and fungicide used in NC
- Commercial applicators
- Farmers/public operators
- Pesticide dealers

Pesticide Law of 1971: Article 52, GS 143
Structural Pest Control Law: Article 4C, GS 106

2012 Statistics
Registered Products
14,500

Certified Pesticide Producers
1,400

Licensed Pesticide Applicators
15,000

Structural Pest Control/Pesticides

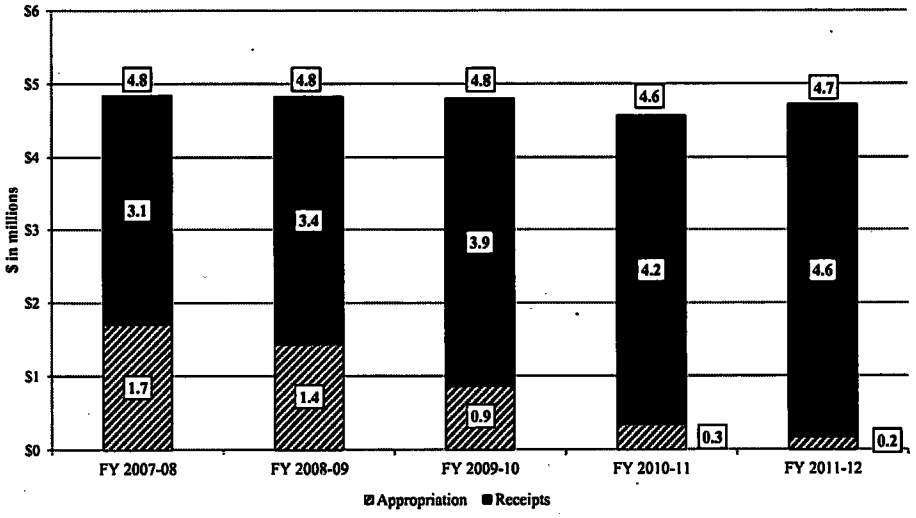
FY 2011-13 NCGA Actions

Transferred Sleep Products Section of the Division of Environmental Health from DENR ($635,070 R)

Major Revenue Sources (FY 2011-12)

- License Fees - $2,966,507
- Inspection/Certification Fees - $207,320
- Fines/Penalties/Assessments - $47,250
- EPA Pesticide Enforcement - $420,509
- USDA Record Keeping - $64,172

Structural Pest Control/Pesticides 5-Year Budget History



Veterinary Services

Focus on three programs related to animal well-being:

- Animal Health
  - Monitor disease and interstate transportation of animals
- Animal Welfare
  - Animal Shelter facilities
  - Boarding Kennels
  - Other
- Animal Disease
  - Respond to disease outbreaks

FY 2011-12 (in millions)	
Expenditures	$ 11.11
Receipts	2.66
Appropriation	8.45
Positions	140

Veterinary Services

Responsibilities:

- Inspect 757 shelters, kennels, pet shops
- Diagnose suspicious animal deaths
- Quarantine and destroy diseased animals
- License livestock dealers
- Inspect records of animals entering or leaving NC
- Monitor disease outbreak in other states and respond accordingly

Veterinary Services

Spay and Neuter Program

- Established in G.S. 19A – Article 5
- Revenue:
  - $170,910 – DMV ("I Care" License Plates)
  - $250,000 – Food and Drug
- Funds disbursed to counties/cities to cover costs of spay/neuter procedure on pet of low-income individuals
- FY 2011-12 - $465,000 in reimbursements

Veterinary Services

FY 2011-13 NCGA Actions

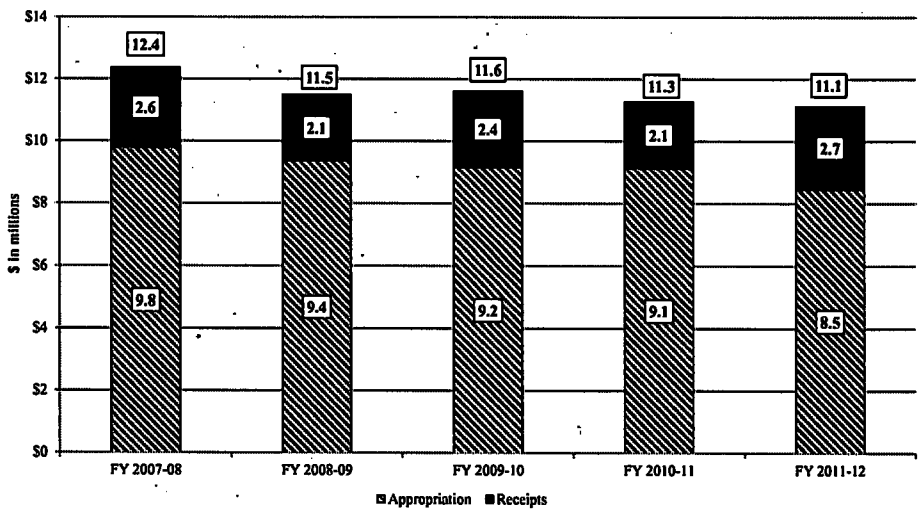
- Eliminated one administrative position ($51,990 R)
- Increased license fee for pet shops, public auctions, boarding kennels, and dealers from $50 to $75 ($10,000 R)
- Created two additional positions in the Animal Welfare Section ($120,000 R)

Veterinary Services

Major Revenue Sources (FY 2011-12)

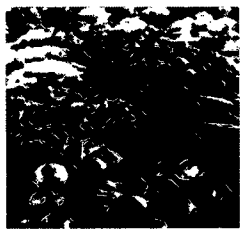
- Professional Services - $677,248
- Inspection/Exam Fees - $498,923
- Federal - $1,377,071

Veterinary Services
5-Year Budget History



Key Takeaways

- Known by few, relied upon by all
- Large receipt support, especially for Standards and Structural Pest Control & Pesticides
- Interaction with federal programs/regulations (USDA, FDA, EPA)







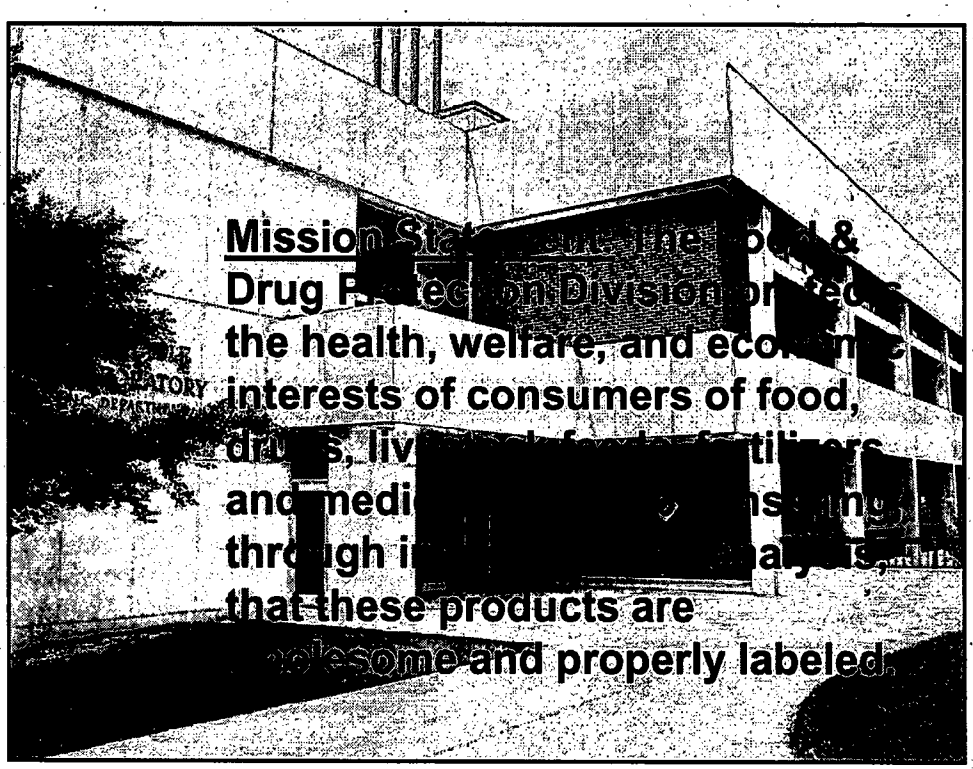
Timothy Dale
timothy.dale@ncleg.net
733-4910

Questions?

NCDA&CS
Food & Drug Protection Division

Food, Feed, Drug, Laboratory & Fiscal Sections

Steve Troxler, Commissioner
Dan Ragan, Director



FOOD PROGRAM
Laws Enforced

- North Carolina Food, Drug and Cosmetic Act
- North Carolina Dairy Laws
- North Carolina Grade 'A' Milk Law (Pasteurized Milk Ordinance)
- North Carolina Egg Law
- Proposed Food Safety Modernization Act – New Fresh Produce Rules & Preventive Control Rules

Food Programs Administered

- Inspection
  - Food manufacturers
  - Food re-packers
  - Food warehouses
  - Retail food stores including groceries, convenience stores, and tiendas
  - Food salvage operations
  - Manufactured milk farms
  - Grade 'A' milk facilities
  - Disasters involving food and drugs
  - Aflatoxin program (cornmeal)
  - Eggs
  - Proposed FSMA – New Produce Safety Rules on the farm

Food Programs Administered Cont.

- Sampling and Testing
  - Routine inspection samples
  - Commodity surveillance
  - Consumer complaints
  - Grade 'A' milk
  - Butterfat
  - Raw agricultural commodities for pesticides
  - Environmental testing

Food Program Achievements

- Nationally recognized program
- Received national Association of Food & Drug Officials award for "outstanding achievements made by Food Safety Programs"
- Developed Rapid Response Team program to respond to emergencies and disasters
- We are the leading State in Manufactured Food Regulatory Program Standards
- Work with Food Safety Defense Task Force
- Commissioner's Annual Food Safety Forum
- Added Grade A milk inspection program; crossed trained these staff for improved efficiency

Food Inspection Activities 2010-2012

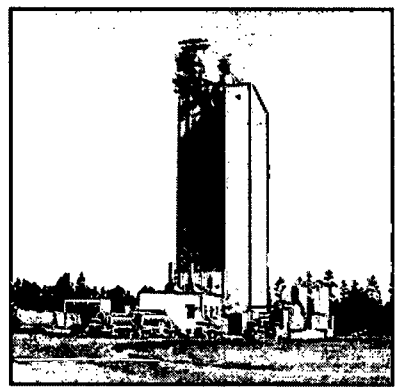
	FY 10-11	FY 11-12
Total Inspections	5116	6551

FEED PROGRAM Objectives

- **Regulatory Program**
  - Protection of animal owners and consumers
  - Regulate the manufacturer and distribution of commercial feeds
- **Forage Testing Program**
  - Forages
  - Home mixed rations
  - Test for nitrates and mycotoxins

Feed Regulatory Program

- Annual Registration
- Inspections
- Sampling
- Analysis



Feed Inspections and Sampling

- Inspections
  - Approximately 2,576 inspections
- Sampling
  - Approximately 1,260 samples collected
- Complaints
  - Sick, dead or dying animals

DRUG PROGRAM
Function

Established to maintain an annual licensing, registration, and inspectional program for the wholesale distribution and manufacturing of all prescription drugs within the state of North Carolina.

Drug Program 2012

- 389 Annual inspections
- 2 Inspectors statewide

LABORATORY PROGRAM

Programs Supported

- Food & Drug Protection Division
  - Food Program
  - Feed Program
- NCDA
  - Structural Pest Control & Pesticides Division
  - Plant Industry Division
  - Meat & Poultry Inspection Division
- MOU
  - NCDHHS Division of Public Health
- FERN – Food Emergency Response Network
  - FDA FERN
  - USDA / FSIS FERN

ISO 17025

Initial accreditation received in 2010

Accreditation was recently renewed through March 2014

- ISO is gold standard
- FDA will only accept reliable results from an accredited lab.

Laboratory

Sample Load CY 2011-2012

CY 2011	*#Samples*	*#Determinations*
Total	**20,636**	**137,365**

CY 2012	*#Samples*	*#Determinations*
Total	**20,056**	**129,413**

FISCAL MANAGEMENT SECTION

Food & Drug Protection Division, Budget

- Requirements $10,219,305
- Receipts 1,210,354
- Appropriation 9,008,951

  - State budget for Food & Drug is approximately 75% personnel/fringe and 25% operating costs (repairs, supplies, transportation/travel, utilities, etc.)

  - Food & Drug has 149 permanent personnel, including 69 lab personnel, 45 field inspection staff, and 34 office staff.

  - Food & Drug receives federal funding from 17 grants/contracts/cooperative agreements totaling $3,052,132, and employs 16 time-limited personnel.

Joint Appropriations Subcommittee on NER

Responses to Follow Up Questions from Committee Members

1. **For Non-profits, what is the percentage of State Funds dedicated to Salaries and how many FTEs does the organization have in total?**

   See attached documentation, pages 3 & 4(top right hand corner).

2. **How many jobs & how much investment has been created by Article 3J Tax Credits and Job Development Investment Grants?**

   - The most recent Artcle 3J Report, "Tax Credits for Growing Businesses Act: 2011 Report,"[1] indicates that these credits have incented businesses to generate:
     - $3.3 B in business property investment
     - $8.2 M in real property investment
     - 12,689 jobs
   - The most recent Economic Development Grant Report[2] sites JDIG as incenting businesses to create:
     - $762.9 M in capital investment, and
     - 5,023 jobs

   See attached document for additional detail, pages 5 through 13(top right hand corner). Commerce will be supplying additional JDIG metrics to reflect activities since program inception.

3. **How many international offices does Commerce's Tourism Division have & what is the associated cost?**

   - Canada ($193,500)
   - Germany ($250,000)
   - United Kingdom ($186,300)

4. **As a result of the recent UI Legislation (HB4), what is the impact on seasonal employees?**

   There were no changes in the bill regarding seasonal claims in HB4.

[1] Covering Process Years 2008 - 2010
[2] Covering Calendar Years 2007 - 2012

Joint Appropriations Subcommittee on NER

Responses to Follow Up Questions from Committee Members

5. In which locations did the "Opportunity NC" Pilot Program take place and what were the associated outcomes?

Currently, the counties participating in ONC are: Alamance, Buncombe, Cabarrus, Davidson, Durham, Edgecombe, Halifax, Macon, Madison, Mecklenburg, Nash, New Hanover, Northampton, Scotland, and Wake. Since the beginning of the pilot:

- 135 employers have been recruited and 89 have provided training to ONC participants
- 78 ONC participants have become employed due to their involvement in the program
- 24 people obtained employment within 6 months of receiving their ONC training
- 191 participants spent at least one week in ONC training and 98 completed their training
- 704 Weeks of ONC training has been completed

6. Why did Commerce's Division of Community Assistance (DCA) experience 12 position reductions over the last biennium and how many of these positions did Commerce voluntary offer for reduction?

Commerce's DCA experienced a total of 12 position reductions over the last biennium, which are attributed to the elimination of the 21st Century Communities program and downsizing of operations and management. Commerce relayed that the only position voluntarily offered for reduction was one vacant planner position.

See attached document for additional detail, pages 14 to 17 (top right hand corner).

7. Attached is an organizational chart outlining Commerce's Division of Community Assistance and the Office of Urban Development.

See attached document, page 18 (top right hand corner).

8. What are the current cash balances and encumbrances for the four conservation trust funds?

See attached document, page 19 (top right hand corner).

9. Will the elimination of the state supplement to the Earned Income Tax Credit (EITC) affect eligibility in the Individual Development Account program at the Department of Labor?

The elimination of the state supplement to the EITC will have no impact on an individual's ability to qualify for the Individual Development Account program.

Natural and Economic Resources Appropriations Subcommittee
Non-Profit Funding and State Supported Positions

	FY 2011-12							
Non-Profit Name	**State Funds Appropriated (per Budget Bill)**	**Total Expenses (all sources)**	**Total State Funds Expended**	**Total Salaries & Benefits**	**Total FTEs Supported**	**Total State-Supported Salaries & Benefits**	**Total FTEs - State Supported**	**Salaries as a % of State Funds Expended**
Rural Economic Development Center	25,376,729	61,702,237	55,591,769	4,529,564	55.48	2,024,293	23.36	3.6%
NC Biotechnology Center	17,551,710	24,306,219	17,551,710	7,348,369	84.35	6,871,689	77.35	39.2%
Institute for Regenerative Medicine	8,000,000	38,512,380	4,509,201	10,812,795	164.00	1,900,000	44.00	42.1%
Regional Economic Development Commissions								
Western Regional Commission (Advantage West	1,062,806	1,846,271	859,863	612,901	10.00	388,115	6.00	45.1%
Charlotte Regional Partnership	501,983	2,670,203	501,983	1,482,205	14.00	269,933	4.00	53.8%
Piedmont Triad Partnership	574,614	2,617,819	574,614	923,690	6.50	262,673	3.50	45.7%
Research Triangle Regional Partnership	430,730	1,491,073	493,804	801,899	5.00	190,343	2.00	38.5%
Southeastern Commission	581,969	905,898	581,969	428,174	5.00	428,174	5.00	73.6%
Eastern Region	475,113	3,198,272	585,010	663,491	6.00	109,897	0.17	18.8%
Northeast Commission	794,807	901,326	857,000	442,425	4.00	442,425	4.00	51.6%
Biofuels Center of NC	4,500,000	4,986,626	4,577,674	1,515,259	16.00	1,515,259	16.00	33.1%
Community Development Initiative	3,746,192	5,445,086	3,746,192	1,063,850	14.00	772,918	14.00	20.6%
Grassroots Science Museums	See tab entitled "Grassroots Museums for detail on all 27 museums.							
The Support Center	2,502,984	2,859,503	2,162,667	785,945	11.00	724,202	10.00	28.9%
Institute of Minority Economic Development	2,139,793	3,487,499	2,135,050	1,667,893	23.00	970,046	12.00	45.4%
Assoc of Community Development Corporations	784,548	1,013,310	830,066	676,837	9.00	595,617	8.00	71.8%
High Point Furniture Market	685,507	4,466,360	655,472	796,124	8.00	0	0.00	0.0%
PDI- Defense & Security Technology Accelerator	700,000	1,315,787	700,000	737,992	9.00	419,288	9.00	59.9%
Land Loss Prevention Project	567,973	1,095,471	503,841	705,812	10.50	347,746	4.90	69.0%
Partnership for the Sounds [1]	559,326	859,213	559,326	648,999	15.00	549,966	15.00	98.3%
Council of Governments (COGs) - 16 Total	343,184	178,499,649	343,184	30,918,065	530.00	364,633	5.92 (.37/COG	106.3%
RTI International[2]	500,000	5,020,000	476,285	Did not disclose	72.00	382,659	0.00	80.3%
Indian Development Initiative	90,000	364,229	90,000	173,065	2.75	70,000	0.82	78%
FFA Foundation	37,531	799,719	35,855	38,081	10 (part-time)	0	0.00	0.0%
Ag in the Classroom	22,077					0	0.00	0.0%
Johnson & Wales University	500,000	42,902,218	500,000	19,786,402	198.00	0	0.00	0.0%

[1] Partnership for the Sounds received $409,326 in General Funds through the NER subcommittee and $150,000 from the Highway Fund to support the Tyrell County Visitors Center.

[2] RTI International information only based on projects using state dollars.

Natural and Economic Resources Appropriations Subcommittee
Non-Profit Funding and State Supported Positions

	FY 2011-12							
Museum	State Funds Appropriated (per Budget Bill)	Total Expenses (all sources)	Total State Funds Expended	Total Salaries & Benefits	Total FTEs Supported	Total State-Supported Salaries & Benefits	Total FTEs - State Supported	Salaries as a % of State Funds Expended
Aurora Fossil Museum	49,000	144,064	49,000	72,101	5.38	18,000	1.34	36.7%
Cape Fear Museum	132,125	1,726,205	132,125	949,413	14.50	120,185	1.84	91.0%
Carolina Raptor	92,050	1,181,337	92,050	656,163	13.00	53,654	1.06	58.3%
Catawba Science Center	120,100	2,101,458	120,100	1,082,494	31.56	90,100	2.63	75.0%
Colburn Earth Science Museum, Inc	61,170	268,018	61,170	114,078	3.89	45,020	1.54	73.6%
Core Sound Waterfowl Museum	49,000	587,927	49,000	181,286	7.50	26,000	1.08	53.1%
Discovery Place	543,945	14,490,514	543,945	5,605,506	118.19	315,576	6.65	58.0%
Eastern NC Regional Science Ctr/GO-Scien	49,000	97,893	49,000	53,727	1.00	40,121	0.75	81.9%
Fascinate-U	66,530	542,721	66,530	184,856	3.00	47,596	0.77	71.5%
Granville County Museum	49,000	165,913	49,000	91,252	7.00	19,865	1.52	40.5%
Greensboro Children's Museum	110,845	1,651,159	110,845	952,718	25.00	66,503	1.75	60.0%
The Health Adventure	127,695	1,365,748	127,695	879,295	33.00	86,429	3.24	67.7%
Highlands Nature Center	65,050	249,163	65,050	57,414	1.96	44,068	1.50	67.7%
Imagination Station	70,600	601,880	70,600	236,890	6.28	44,892	1.19	63.6%
The Iredell Museums	50,310	235,850	50,310	125,442	2.50	32,410	0.65	64.4%
Kidsenses	66,700	439,914	66,700	182,571	5.20	66,700	1.90	100.0%
Museum of Coastal Carolina	64,025	468,618	64,025	183,943	5.38	64,025	1.87	100.0%
The Natural Science Center of Gboro	152,920	3,532,268	152,920	1,879,552	25.00	108,182	1.44	70.7%
NC Museum of Life and Science	311,685	8,779,010	311,685	4,237,239	87.85	200,404	4.15	64.3%
Pisgah Astronomical Research Institute	49,000	960,114	49,000	661,914	11.78	48,200	0.86	98.4%
Port Discover	49,000	127,011	49,000	65,039	3.00	31,500	1.45	64.3%
Rocky Mount Children's Museum	59,290	529,555	59,290	291,255	8.70	38,005	1.14	64.1%
Schiele Museum of Natural History	188,370	3,068,930	188,370	471,205	8.00	143,832	2.44	76.4%
Sci Work Science Center	120,215	1,639,286	120,215	753,780	22.30	103,180	3.05	85.8%
Sylvan Heights Waterfowl Park	49,000	743,245	49,000	386,197	9.69	49,000	1.23	100.0%
Western North Carolina Nature Ctr	92,630	1,062,000	92,630	584,100	15.50	0	0.00	0.0%
Wilmington Children's Museum	60,630	560,305	60,630	313,846	9.24	33,209	0.98	54.8%
	2,899,885	47,320,106	2,899,885	21,253,276	485.40	1,936,656	48.02	66.8%

CREDITS FOR GROWING BUSINESSES (ARTICLE 3J CREDITS)

In July, 2006, the NC General Assembly passed legislation (House Bill 2170) that created a new tax credit program, Article 3J Credits. Article 3J provides three types of tax credits to eligible taxpayers that undertake qualifying activities in North Carolina: 1) Credit for Creating Jobs, 2) Credit for Investing in Business Property, and 3) Credit for Investment in Real Property (tier 1 only). These credits may be combined to offset up to 50% of the taxpayer's state income and franchise tax liability, and unused credits may be carried forward for up to five years (15-year carry-forwards apply to the Credit for Investing in Real Property and 20-year carry-forwards exist for taxpayers that invest at least $150 million over a two-year period).

Article 3J Credits should not be confused with William S. Lee Credits. Although these tax credit programs are similar, they are not the same. Article 3J is not a revision to the Lee Act; it replaces the Lee Act. The distinction is subtle, but significant.

In general terms, Lee Credits are repealed for taxable years beginning on or after January 1, 2007 and Article 3J Credits take effect for taxable years beginning on or after January 1, 2007.

County Tier Designations (§143B-437.08)

The Department of Commerce annually ranks the state's 100 counties based on economic well-being and assigns a tier designation to each. The 40 most distressed counties are designated as tier 1, the next 40 are tier 2, and the 20 least distressed are tier 3. This tier system is incorporated into various state programs, including Article 3J Credits, to encourage economic activity in the less prosperous areas of the state.

Urban Progress Zones (UPZ) and Agrarian Growth Zones (AGZ)

Municipalities with a population of at least 10,000 have the ability to define qualifying areas of poverty as Urban Progress Zones. Counties that do not have a municipality with a population of at least 10,000, have the ability to define qualifying areas of poverty as Agrarian Growth Zones. Projects located within these zones receive enhanced Article 3J Credits.

Eligibility (§105-129.83)

To qualify for Article 3J Credits, the following eligibility requirements must be met:

1. The primary activity at the business establishment must be an eligible type of business, which includes:

   aircraft maintenance and repair; air courier services hub; company headquarters that creates at least 75 new headquarters jobs; customer service call centers; electronic shopping and mail order houses; information technology and services; manufacturing; motorsports facility; motorsports racing team; research and development; warehousing; and wholesale trade.
2. The average wage of all full-time workers employed by the taxpayer at the establishment during the taxable year must meet or exceed the applicable wage standard of the county in which the establishment is located. Note: There is no wage standard for taxpayers located in a tier one county.
3. The taxpayer must offer qualifying health insurance for all full-time positions at the establishment and pay at least fifty percent (50%) of employee premiums.
4. The taxpayer must not have received any significant environmental violations with the North Carolina Department of Environment and Natural Resources within the prior five years.
5. The taxpayer must not have received any "willful" or "failure to abate" serious OSHA violations at the establishment within the prior three years.
6. The taxpayer may not have overdue taxes.

Credit for Creating Jobs (§105-129.87)

Eligible taxpayers that meet a minimum threshold of new full-time jobs created during the taxable year may claim a credit for each new job created. The credit is taken in equal installments over four years following the year the jobs are created. The job threshold and the credit amount per job are determined by the tier designation of the county in which the jobs are created.

	County Tier Designation			UPZ/AGZ
	1	2	3	
Job Threshold	5	10	15	5
Credit per Job	$12,500	$5,000	$750	+ $1,000*

** If the job is filled by a resident of the zone or a long-term unemployed worker, add an additional $2,000.*

Credit for Investing in Business Property (§105-129.88)

Eligible taxpayers may claim a credit based on a percentage of the cost of capitalized tangible personal property that is placed in service during the taxable year, in excess of an applicable threshold. This credit is taken in equal installments over four years, beginning the year after the property is first placed in service. The credit percentage and threshold are based on the tier designation of the county where the property is placed in service.

	County Tier Designation			UPZ/AGZ
	1	2	3	
Threshold	$0	$1million	$2million	$0
Credit %	7%	5%	3.5%	7%

Credit for Investment in Real Property (§105-129.89)

Eligible taxpayers that invest at least $10 million in real property within a three-year period and create at least 200 new jobs within two years at an establishment located in a tier 1 county are allowed a credit equal to 30% of the eligible real property investment. This credit is taken in equal installments over seven years, beginning the year after the property is used in an eligible business. To qualify for this credit, the taxpayer must obtain a written determination from the Department of Commerce.

This summary is not meant to be exhaustive. Taxpayers should review the Article 3J statutes prior to claiming credits. Taxpayers that are uncertain about their eligibility or ineligibility to claim credits after reviewing the Article 3J statutes should consult with the Department of Revenue. No application is required to claim Article 3J credits.

Table 3. Business and Real Property Investment, Jobs Created, and Credits Generated by Industry

Article 3J Business & Real Property Investment, Jobs Created and Credits Generated by NAICS Code, PY 2008-2010

		Investment			*Credits Generated*			
NAICS Code	Industry	Business Property	Real Property	Jobs	Business Property	Real Property	Jobs	TOTAL
111	Crop Production	$ 144,200	$ -	-	$ 10,094	$ -	-	$ 10,094
212	Mining (except Oil & Gas)	$ 597,838	$ -	-	$ 29,892	$ -	-	$ 29,892
238	Specialty Trade Contractors	$ 144,554	$ -	58	$ 10,119	$ -	725,000	$ 735,119
311	Food Manufacturing	$ 64,649,789	$ -	571	$ 3,782,070	$ -	6,490,000	$ 10,272,070
312	Beverage & Tobacco Product Manufacturing	$ 75,978,953	$ -	102	$ 3,852,641	$ -	76,500	$ 3,929,141
313	Textile Mills	$ 7,916,010	$ -	39	$ 428,364	$ -	195,000	$ 623,364
314	Textile Product Mills	$ 5,948,209	$ -	18	$ 213,454	$ -	13,500	$ 226,954
315	Apparel Manufacturing	$ 4,782,269	$ -	-	$ 334,759	$ -	-	$ 334,759
321	Wood Product Manufacturing	$ 6,257,367	$ -	13	$ 396,831	$ -	162,500	$ 559,331
322	Paper Manufacturing	$ 75,961,338	$ -	209	$ 2,964,555	$ -	908,750	$ 3,873,305
323	Printing & Related Support Activities	$ 3,791,339	$ -	-	$ 265,384	$ -	-	$ 265,384
325	Chemical Manufacturing	$ 641,092,585	$ -	831	$ 30,313,845	$ -	2,070,625	$ 32,384,470
326	Plastics & Rubber Products Manufacturing	$ 93,883,478	$ -	447	$ 3,988,787	$ -	1,753,750	$ 5,742,537
327	Nonmetallic Mineral Product Manufacturing	$ 10,712,995	$ -	8	$ 687,599	$ -	100,000	$ 787,599
331	Primary Metal Manufacturing	$ 208,588,288	$ -	15	$ 7,350,358	$ -	187,500	$ 7,537,858
332	Fabricated Metal Product Manufacturing	$ 52,067,168	$ 3,656,244	197	$ 2,336,434	$ 1,096,873	1,578,500	$ 5,011,807
333	Machinery Manufacturing	$ 20,047,264	$ -	427	$ 1,222,232	$ -	1,475,000	$ 2,697,232
334	Computer & Electronic Product Manufacturing	$ 59,214,701	$ -	185	$ 2,113,120	$ -	138,750	$ 2,251,870
335	Electrical Equipment, Appliance, & Component Manufacturing	$ 37,620,091	$ -	486	$ 2,633,407	$ -	4,124,500	$ 6,757,907
336	Transportation Equipment Manufacturing	$ 99,533,297	$ -	357	$ 5,752,274	$ -	1,168,500	$ 6,920,774
337	Furniture & Related Product Manufacturing	$ 217,450	$ -	294	$ 15,222	$ -	1,852,500	$ 1,867,722
339	Miscellaneous Manufacturing	$ 49,525,042	$ -	207	$ 2,408,410	$ -	1,567,250	$ 3,975,660
421	Wholesale Trade, Durable Goods	$ 14,012,201	$ -	-	$ 517,179	$ -	-	$ 517,179
423	Merchant Wholesalers, Durable Goods	$ 23,104,774	$ -	57	$ 1,124,544	$ -	512,750	$ 1,637,294
424	Merchant Wholesalers, Nondurable Goods	$ 14,284,269	$ -	80	$ 999,899	$ -	447,750	$ 1,447,649
454	Nonstore Retailers	$ 1,346,197	$ -	-	$ 94,233	$ -	-	$ 94,233
481	Air Transportation	$ 127,426,838	$ -	-	$ 4,459,939	$ -	-	$ 4,459,939
493	Warehousing & Storage	$ 10,211,291	$ -	61	$ 692,769	$ -	575,000	$ 1,267,769
511	Publishing Industries	$ 30,904,490	$ -	227	$ 1,081,658	$ -	170,250	$ 1,251,908
514	Motion Picture & Sound Recording Industries	$ 9,581,445	$ 4,046,266	257	$ 670,701	$ 1,213,880	3,212,500	$ 5,097,081
518	Internet Service Providers, Web Search Portals, & Data Processing Services	$ -	$ -	284	$ 2,517	$ -	3,256,572	$ 3,259,089
519	Other Information Services	$ -	$ -	64		$ -	48,000	$ 48,000
524	Insurance Carriers & Related Activities	$ -	$ -	1		$ -	2,000	$ 2,000
541	Professional, Scientific, & Technical Services	$ 42,069,066	$ -	1,313	$ 1,608,118	$ -	1,768,500	$ 3,376,618
551	Management of Companies & Enterprises	$ 33,242,206	$ -	328	$ 2,167,302	$ -	346,000	$ 2,513,302
621	Ambulatory Health Care Services	$ 32,673	$ -	-	$ 2,287	$ -	-	$ 2,287
713	Amusement, Gambling, & Recreation Industries	$ 505,895	$ -	-	$ 17,706	$ -	-	$ 17,706
811	Repair & Maintenance	$ -	$ -	36	$ -	$ -	27,000	$ 27,000
-	Unknown	$ 1,493,221,553	$ 474,354	5,389	$ 77,571,589	$ 142,307	32,187,750	$ 109,901,646
	TOTAL	$3,321,615,740	$8,176,864	12,689	$162,225,243	$2,453,060	$67,238,197	$231,916,500

Credit for Investing in Real Property

Only large investments in Tier 1 counties are eligible for the credit for investing in real property. The taxpayer must purchase and use at least $10 million of real property in an eligible business within a three-year period and create at least 200 new jobs within two years of the time the property is first used. The tax credit is 30 percent of the total investment amount and is claimed over a seven year period.

Table 13. Article 3J Investment in Real Property and Credits Generated, PY 2008-2010

	Total Investment	Credits Generated
PY 2008	$4,208,572	$1,262,572
PY 2009	$3,089,073	$926,722
PY 2010	$879,219	$263,766
TOTAL	**$8,176,864**	**$2,453,060**

Source: N.C. Department of Revenue

For Process Years 2008 – 2010, nearly $8.2 million of eligible investment in real property was made in Tier 1 counties, generating $2.4 million in credits [Table 13].

Article 3J Credits Taken

Credits taken represent only that amount which a particular taxpayer may take in a given tax year based on business profitability, tax liability, and required installment schedules. Article 3J limits credits taken each year to 50 percent of the amount of tax against which it is claimed, reduced by the sum of all other tax credits allowed against that tax. In addition, credits for job creation and business property investment must be taken in equal installments over four years while credits for investing in real property must be taken in equal installments over seven years provided the taxpayer has sufficient tax liability to take the full amount of the installment. Unused credits may be carried forward.

Data are only available for Article 3J credits taken for Process Years 2009 and 2010. Based on data available at the time of this report, taxpayers have taken $19,685,558 worth of $232 million of credits generated.

Table 14. Article 3J Credits Taken, PY 2008-2010

Year	Job Creation	Business Property Investment	Real Property Investment	TOTAL
PY 2009	$1,541,450	$3,860,202	$23,542	$5,425,194
PY 2010	$2,182,538	$11,352,905	$724,921	$14,260,364
TOTAL	**$3,723,988**	**$15,213,107**	**$748,463**	**$19,685,558**

Source: N.C. Department of Revenue

ECONOMIC DEVELOPMENT GRANT REPORT HIGHLIGHTS

North Carolina has two main highly-competitive, performance-based discretionary incentive programs, the Job Development Investment Grant Program ("JDIG") and the One North Carolina Fund ("One NC"). **State funds are only disbursed for actual jobs created under these grants,** which are targeted at attracting companies that are considering locating in North Carolina or considering expanding from existing operations in the state. Pursuant to § 143B-437.07(c), the Job Maintenance and Capital Development Fund ("JMAC") and the Industrial Development Fund ("IDF") (including the Utility Account) are also discussed in this Report.

Summary of Job Development Investment Grant Data

- The first grants under the JDIG program were made in 2003. Because grants have an average term of 10 years, **no grant has yet closed during the reporting period (2007 through June 2012, noting that JDIG grantees report annually on their performance as of December 31, so performance information is as of December 31, 2010, and award and disbursement information is as of June 30, 2012)** (the "Reporting Period").

- 81 grants awarded during the Reporting Period are currently active.

- The average job "ramp-up" period (termed the "base period") for JDIG grantees is 4 years, during which time jobs are created as companies ramp up to full operation. **Many companies are still in the early years of job creation and have thus not yet had the opportunity to create the Minimum Required New Jobs that are expected to be created under the grants. It is only after the job creation period has been completed for a given grant that an assessment can be made as to the total number of jobs created and the total cost per job.**

- Since 2007, seven grantees have completed their job creation period and have together created 82% of the minimum required jobs, for which they received 7% of the total amount payable under their respective grants. These seven grantees paid between 100% and 248% of their respective minimum required wage, and invested an average of 123% of their respective minimum required investment.

- For JDIG grants awarded since 2007 that are still in the process of creating jobs, Commerce has disbursed $5,410,945 to companies for creation of 4,099 new jobs, resulting in a cost of $1,320 per actual job created. These companies also retained 8,612 jobs that existed at the time of their awards.

- For the 16 JDIG grants that have been terminated (and not completed) during the Reporting Period, Commerce paid $38,453 (after accounting for amounts recaptured) for 924 jobs created, for a total cost of $42 per job. For these grants, 5,608 jobs that existed at the time of the grant were also retained. These companies may have created additional jobs after leaving the program, but as companies are not required to report after termination, this information is not known.

OVERVIEW OF COMMERCE-ADMINISTERED PROGRAMS

The following information summarizes activity in Commerce-administered grant programs, required by N.C. Gen. Stat. § 143B-437.07. This report (the "Economic Development Grant Report" or the "Report") is due to the General Assembly on October 1, 2012.

Different programs have specific reporting cycles, which define what period is reported here, based on information available as of June 30, 2012. Job Development Investment Grant ("JDIG") grantees report on March 1 for activity (job creation and retention, minimum average wage, investment, etc) as of December 31 of the prior calendar year. Commerce staff analyzes these reports, obtains additional information as needed from grantees, and obtains verification of withholdings and that no overdue tax debts exist, from the Department of Revenue. This process generally results in finalization of eligibility for payments and certification by the North Carolina Economic Investment Committee (which administers the program) in the third or fourth quarter of the year following the end of the reported year. Given the reporting and verification cycle, as of June 30, 2012, the latest performance information available for JDIG grantee is for performance as of December 31, 2010. Thus, this Report contains JDIG grantee performance information through December 31, 2010, and information on disbursements, recaptures, and terminations through June 30, 2012.

JMAC grantees are not required to report until May following the end of a calendar year, so the last reported information, included here, is for 2010 performance, giving similar timing parameters for verification and certification as described above for JDIG grantees.

With respect to programs other than JDIG and JMAC, performance information is provided through June 30, 2012.

Note that with respect to JDIG and One NC reported amounts, the number of jobs and the amount of investment cannot be summed, as this would result in some double-counting. A number of grantees have received both JDIG and One North Carolina Fund awards for the same project, and that same project's jobs and investment are included in the totals for both programs.

Table 1A: Summary of Economic Development Grants by Commerce Job Creation or Retention Programs, 2007-2012

Commerce Program	Number of Awards	Total Award Amount	Disbursements to Awardees	Jobs Created	Retained Jobs	Private Investment Made
JDIG	98	$649,011,575	$5,746,695	5,023	14,220	$762,900,900
One NC	282	$71,943,098	$7,436,935	4,916	7,816	$798,007,265
JMAC	3	$67,000,000	$16,591,455	Not Required	4,426	$443,060,848
TOTAL	383	$787,954,673	$29,775,085	Not Applicable Due to Double-Counting	Not Applicable Due to Double-Counting	Not Applicable Due to Double-Counting

Source: NC Department of Commerce, September 2012. Date Range for Awards is 1/1/2007 to 6/30/2012

JOB DEVELOPMENT INVESTMENT GRANT PROGRAM ("JDIG")

JDIG, N.C. Gen. Stat. § 143B 437.50 *et. seq.*, is a performance-based economic development incentive program that provides annual grant disbursements for a period of up to 12 years, to businesses that will newly locate or expand current activity in North Carolina, based on a percentage (ranging from 10% to 75%) of withholding taxes paid by new employees during each calendar year of the grant.

- Grants are made to qualifying companies by the five-member Economic Investment Committee (the "EIC"), based on the Criteria for Operation and Implementation of Job Development Investment Grant Program.
- There is a cap of $15 million on liability in any future grant year for the aggregate of grants made in a particular calendar year.
- 15% of the grant payment for which a company is eligible for a project in a Tier 2 county, and 25% of the grant payment for a project in a Tier 3 county is transferred to the Industrial Development Fund's ("IDF") Utility Account (the "Utility Account") to help fund rural infrastructure.
- **Given the gradual job "ramp up" of new jobs by each company and the fact that many grantees do not reach the annual cap specified in their grant agreements, the maximum State liability is likely to be far less than that suggested by the total award amount.**

Table 2, below, shows activity based on the status of JDIG awards made since January 1, 2007 and whether or not a grant is currently active, terminated prior to completion, withdrawn prior to commencement of the grant, or closed as a result of the grant term being completed. **As the first grants were made in 2003, and grants have an average term of 10 years, no grant has completed its term and closed yet.**

Table 2 shows grantee performance reported as of December 31, 2010, with respect to jobs created, jobs retained, and investment. It also shows the amount of the JDIG award made to the company, with the portion targeted for the Utility Account separately shown, as well as funds recaptured from grantees through early 2012, and the resultant cost per job actually created. For active grants, this table also shows the remaining potential JDIG liability to companies, the minimum number of jobs that must be created to receive that amount, and the projected cost per job, if a company were to be eligible for the full amount.

It is expected that ultimately the Remaining Potential Liability and Projected Cost Per Job numbers will be reduced as grants run their course, as often a grantee is not eligible for the full amount available in a given year (as a result of lower withholdings or failure to achieve 100% of the performance requirements). **The fact that the State's liability is reduced every year by the difference between the particular amount set as the annual cap on the amount a grantee may receive and the payment for which a grantee is actually eligible for a given year, means that, for the active JDIG grants reported here, in arriving at the Remaining Potential Liability to Companies, the Amount of Initial Award Available to Company has been reduced by approximately $13 million in State liability that no longer exists under those grants, as of June 30, 2012. (Again, it is expected that additional reductions from State liability will be realized as a result of disbursements in lower amounts than that set as annual caps, as grants run their course.) Taken with approximately $93 million in reduced State liability to companies from terminated and withdrawn JDIG grants, total State liability to these companies has been reduced as of June 30, 2012, from the Amount of Initial Award to Companies, by approximately $106 million.**

It should also be noted that the Projected Cost Per Job amount is over the life of a grant, such that the currently indicated $17,635 represents State projected cost per job of approximately $1,763 per year on a grant of 10 years, for a job that may be paying a salary of $60,000.

In JDIG, each grant has a job "ramp-up" period (termed the "base period"), which may run from one to five years; most JDIG awards have a four or five year period during which jobs are created as companies ramp up projects to full operation. The total grant term during which the jobs must be maintained can run up to 12 years. The first year of the base period may start a year or more after the grant award date, given the anticipated timing of construction, government approvals, and the company's hiring plans. **Many companies are still in the early years of job creation and have thus not yet had the opportunity to create the Minimum Required New Jobs that are expected to be created under the grants. It is only after the job creation period has been completed for a given grant that an assessment can be made as to the total number of jobs created and the total cost per job.**

Thus, to summarize the information in the JDIG tables, out of the 98 JDIG awards made between January 1, 2007 and June, 2012, 81 are currently active. Of these 81 grants, 52 companies are not yet required to begin reporting, and have thus not received any JDIG disbursements. The remaining 29 companies have filed performance reports, per program requirements. As of June 30, 2012, seven of these 29 companies have completed their base periods.

Thus, the only conclusive numbers at this point, are the following: For the 16 grants that have been terminated prior to the end of their grant terms, Commerce paid $38,453 (after accounting for monies recaptured) for 924 jobs created, for a total cost of $42 per job. For these grants, 5,608 jobs that existed at the time of the grant were also retained. For grants that are still in the process of creating jobs, Commerce has disbursed $5,410,945 to companies for creation of 4,099 new jobs, resulting in a cost per job of $1,320. These companies also retained 8,612 jobs that existed at the time of the award. The seven grantees that have completed their job creation period have together created 82% of the Minimum Required New Jobs, for which they received 7% of the total amount payable under these seven grants. These seven grantees paid between 100% and 248% of the minimum required wage, and invested an average of 123% of the minimum required investment.

Table 2: Job Development Investment Grants, 2007-2012

JDIG	Number of Awards	Amount of Initial Award Available to Companies	Amount of Initial Award Available to Utility Fund	Disbursements to Companies	Recaptured Funds	Jobs Created	Cost Per Actual Job Created	Retained Jobs	Private Investment Made	Remaining Potential Liability to Companies	Minimum Required New Jobs	Projected Cost per Job	Minimum Required Retained Jobs
Active	81	$408,973,354	$118,681,158	$5,410,945	$0	4,099	$1,320	8,612	$709,552,566	$390,482,515	22,143	$17,635	28,284
Terminated	16	$91,916,099	$27,217,364	$335,750	$297,297	924	$42	5,608	$53,348,334	$0	None	$0	None
Withdrawn	1	$2,223,000	$0	$0	$0	0	$0	Unknown	Unknown	$0	None	$0	None
Closed	0	$0	$0	$0	$0	0	$0	0	$0	$0	0	$0	0

Source: NC Department of Commerce, September 2012. Date for awards, disbursements, recaptures, and remaining liability is as of June 30, 2012; job data is as of December 31, 2010.

Cost Per Actual Job Created = (Disbursements to Companies less Recaptured Funds) divided by Jobs Created. Cost Per Job would be lower if it reflected retention of jobs that would have otherwise been lost if a grant had not been provided, which would have occurred in the case of some companies, as expressed in their certified application.

Projected Cost per Job= Remaining Potential Liability to Companies divided by Minimum Required New Jobs (reflecting a State cost distributed over an average of 10 years, for an avg annual projected cost per job of $1,763)

Table 3: Job Development Investment Grants Percentage of Jobs Created and Awards Received, 2007-2012 for All 7 Grants with Completed Base Periods (Job Creation Periods)

JDIG	% of Jobs Created	% of Award Received
Active- Base Period Completed	82%	7%
Active- In Base Period	Job Creation in Process	
Terminated	Unknown	0%
Withdrawn	Unknown	0%
Closed	No Grants have Yet Closed	

Source: NC Department of Commerce, September 2012. Data as of December 31, 2010.

% of Jobs Created = Jobs Created divided by Minimum Required New Jobs

% of Award Received= Disbursements to Companies divided by Amount of Initial Award Available to Companies

LOCAL INCENTIVES

Local Government Incentive awards are typically provided in the form of cash grants or based on a percentage of property taxes expected to be paid on the company's new investment for the proposed project. Investment and job creation minimums are typically required.

Given that the value of local incentives are generally investment-driven, Local Governments usually provide funds after a company has paid its annual taxes on investments made, typically after a ramp-up/construction period. These incentive payments usually begin a year or two after the grant is awarded, or later. Thus, the Local Government's first grant payment year is usually different than the first grant payment year of the Commerce incentive.

As required by statute, local information is reported commencing with Commerce awards as of July 1, 2011, where the locals are incenting a project that has received a JDIG award, a One NC award (or both), or an IDF-Utility Account award. For the IDF-Utility Account, local incentives awarded since July 1, 2011 amounted to $3,927,575, none of which has yet been disbursed.

The table below outlines data for the two job creation programs, JDIG and One NC; as discussed elsewhere, this is minimal given normal ramp-up periods for projects to commence. The Minimum Required New Jobs represents the number of required jobs that must be created over the life of the grants to receive full disbursement under JDIG and One NC; local job requirements may differ. If that number of jobs is created, then the Local Projected Cost Per Job (based on the number of required Commerce jobs) would be the amount reflected in the last column of the table.

Table 9: Local Incentives associated with JDIG and One NC for Awards made from July 1, 2011 through June 30, 2012

Program	Local Funds Disbursed	Jobs Created	Local Cost per Job	Local Funds Awarded	Minimum Required New Jobs	Local Projected Cost per Job
JDIG	$0	420	$0	$16,864,112	2,056	$8,202
One NC	$2,810,966	0	Unknown	$34,308,822	3,192	$10,748
JDIG & One NC	$0	0	$0	$20,445,451	2,417	$8,459
Total	$2,810,966	420	Unknown	$71,618,385	7,665	$9,344

Source: Local Governments and NC Department of Commerce, September 2012

Local Cost per Job = Local Funds Disbursed divided by Jobs Created

Local Projected Cost per Job = Local Funds Awarded divided by Minimum Required New Jobs

2011 Annotated Committee Report	FY 11-12		FY 12-13	
Administration				
129 Administrative Assistant Eliminates the salary and benefits for one filled administrative assistant position (60077162).	($54,640) -1.00	R	($54,640) -1.00	R
130 Attorney General Contracts Directs the Department to properly budget its Attorney General contracts as a separate 2x account line.	$235,558	R	$235,558	R
131 Assistant Secretary for Community Development Transfers the salary and benefits for the Assistant Secretary for Community Development position (60077156) from the Administration fund code (1111) to the Division of Community Assistance fund code (1620) so that the funding can be properly aligned in the correct division. The Department shall physically locate the Assistant Secretary in the same building as the majority of the division's employees.	($125,101) -1.00	R	($125,101) -1.00	R
132 Assistant Secretary for Policy, Research, and Strategic Planning (PRSP) Transfers the Assistant Secretary position (60077183) from the Administration fund code (1111) to the PRSP fund code (1130) so that the funding can be properly aligned in the correct division.	($125,720) -1.00	R	($125,720) -1.00	R
133 Director of Rural Development Programs Eliminates the salary and benefits for the position of Director of Rural Development Programs (60077188). This position oversees the 21st Centuries Communities Program, which is eliminated, and administers Community Development Block Grant (CDBG) programs which can be handled by existing CDBG staff. The Certified Retirement Communities Program shall be transferred to the Division of Tourism, Film, and Sports Development and administered by existing staff.	($99,308) -1.00	(R)	($99,308) -1.00	(R)
134 Public Affairs Staff Reduction Eliminates the salary and benefits for one filled position (60077186) in the Secretary's Office, Public Affairs section.	($42,289) -1.00	R	($42,289) -1.00	R
BLNC - Business Link North Carolina				
135 Director Position Eliminates the salary and benefits for the director position (60080987) for BLNC. Employees in this division will report to the Director of Business and Industry.	($131,110) -1.00	R	($131,110) -1.00	R

2011 Annotated Committee Report

	FY 11-12		FY 12-13	
144 Broadband Connectivity				
Provides $1 million non-recurring for the CDBG-Economic Development section to incent private businesses to provide broadband connectivity. Priority shall be given to unserved areas in mixed urban-rural counties and then to unserved areas in mainly rural counties. The Department shall work with the Rural Economic Development Center in developing and implementing this grant program.	$1,000,000	NR		
Community Assistance				
145 Assistant Secretary Position	$125,101	R	$125,101	R
Transfers the salary and benefits for the Assistant Secretary for Community Development position (60077156) from the Administration fund code (1111) into the Division of Community Assistance fund code (1620) so that the funding can be properly aligned in the correct division. The Department shall physically locate the Assistant Secretary in the same building as the majority of the division's employees.	1.00		1.00	
146 Senior Advisor/Director Position	($117,624)	R	($117,624)	R
Eliminates the salary and benefits for the position of director (60081167). This division also has an Assistant Secretary, and thus the director position is eliminated to more properly align span of control.	-1.00		-1.00	
147 Vacant Position	($71,536)	R	($71,536)	R
Eliminates the salary and benefits for one Planner position (60081202) vacant for more than one year as of March 2011.	-1.00		-1.00	
148 21st Century Communities	($244,699)	R	($244,699)	R
Eliminates operating funding for the 21st Century Communities program and the salaries and benefits for three filled positions. This program was designed to certify counties to be ready for the 21st Century and is no longer needed.	-3.00		-3.00	

60081236 Planner $58,074
60081237 Planner $55,541
60081238 Planner $63,013

(S.L. 2011-145, Sec. 14.3C)

	FY 11-12		FY 12-13	
149 Filled Positions Eliminates the salaries and benefits for five filled positions and associated operating costs within the Division. Funding will still be sufficient to meet Community Development Block Grant (CDBG) match requirements.	($296,177) -5.00	R	($296,177) -5.00	R

60081178	Office Assistant	IV	$31,634
60081182	Comm Dev Planner	I	$57,511
60081198	Comm Dev Planner	II	$62,238
60081205	Office Assistant	IV	$34,305
60089504	Comm Dev Planner	I	$74,135

Operating Expenses $36,354

Energy

150 Pass-through Funding to Universities Reduces pass-through funding to the Energy Centers at North Carolina A&T State University, North Carolina State University, and Appalachian State University. Provides $500,000 in FY 2011-12 and $617,603 in FY 2012-13 for the Solar Center at North Carolina State University to continue energy programs. $200,000 of this funding shall be used for the Energy Management Program within the Energy Efficiency and Environmental Research Program in the Department of Mechanical & Aerospace Engineering. Provides $50,000 in FY 2011-12 and $261,215 in FY 2012-13 to the Appalachian Energy Center at Appalachian State University. Provides $100,000 in FY 2011-12 and $210,592 in FY 2012-13 to the Center for Energy Research and Technology at North Carolina A&T State University. (S.L. 2011-391, Sec. 38.2, 2011 Budget Technical Corrections, amends this item such that $100,000 is provided for Appalachian State University in FY 2011-12. The Committee Report for S.L 2011-391 also changed "energy efficiency programs" to "energy programs" and removed the restriction that the NCSU Solar Center could not use funds for advertising or promotion of the Center.)	($1,855,500)	R	($1,466,090)	R
151 Operating Reduction Reduces operating expenses (2x-5x) in the division by $21,120, leaving $154,716 for these purposes.	($21,120)	R	($21,120)	R
152 Filled Position Eliminates the salary and benefits for one filled Engineer position (60014891) who currently is assigned to the Utility Savings Initiative program.	($78,880) -1.00	R	($78,880) -1.00	R

Commerce

Excerpt from Money Report

2012 Annotated Committee Report

Commerce

	GENERAL FUND
	FY 12-13
Total Budget Approved 2011 Session	**$33,250,463**

Budget Changes

Department-wide

34 Management Flexibility Reduction ($665,009) R

Implements a necessary management flexibility reduction to pay for unbudgeted overpayments, penalties and unachieved reductions in the Medicaid Program.

Administration

35 Military Support Funds

Provides funds to ensure military base continuity in North Carolina. $500,000 NR

Commerce Finance Center

36 Job Maintenance and Capital Development Fund (JMAC)

Provides $7.5M nonrecurring for JMAC. $6 million shall be allocated to fulfill existing agreements with Bridgestone/Firestone and Goodyear. $1.5 million shall be allocated to fulfill year 2 of a pending agreement with Domtar. $7,500,000 NR

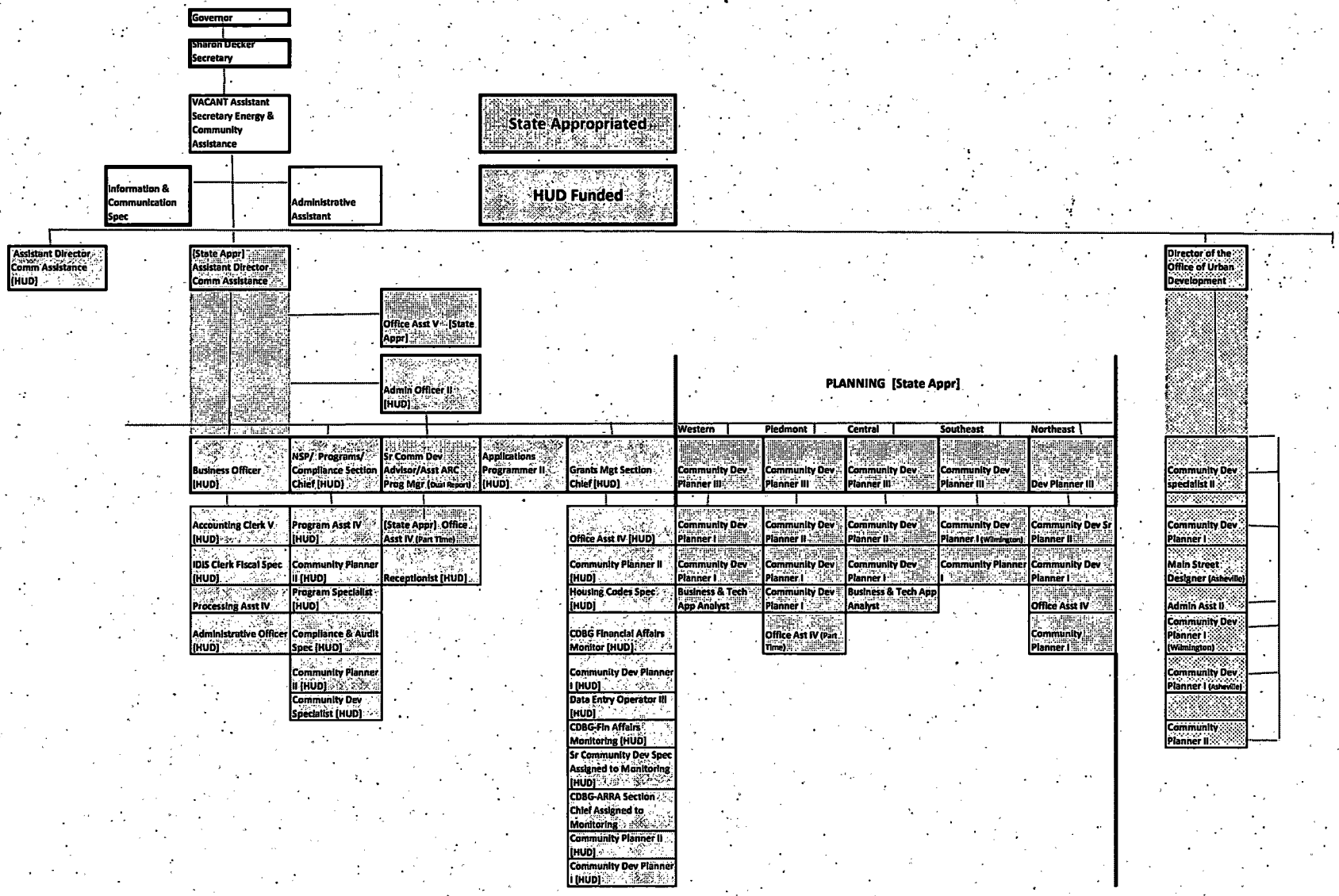
37 NC Broadband Rigor in Mapping (BRIM) Project ($200,000) R

Replaces $200,000 in General Fund appropriation with funds from a cash balance that existed when the e-NC Authority was abolished. $175,730 will remain in General Fund appropriations for this purpose. The NC BRIM project is expected to be completed in October 2014.

Community Assistance

38 Assistant Secretary Position ($129,228) R

Eliminates the Assistant Secretary Position (60077156) and associated salary and benefits. Employees in this division will now report to the Assistant Secretary for Energy, which will be retitled to be the Assistant Secretary for Energy and Community Assistance. -1.00



Commerce DCA & OUD Org Chart

Conservation Trust Fund's Budget Summaries

Natural Heritage Trust Fund (NHTF)	FY 2012-13 (YTD 3/22/13)
Expenditures YTD	9,164,933
Revenues YTD	10,432,407
Encumbrances YTD	4,267,939
Cash Balance YTD	10,066,860

Parks and Recreation Trust Fund (PARTF)	FY 2012-13 (YTD 3/22/13)
Expenditures YTD	19,372,458
Revenues YTD	22,934,666
Encumbrances YTD	16,822,982
Cash Balance YTD	28,826,085

Clean Water Management Trust Fund (CWMTF)	FY 2012-13 (YTD 3/22/13)
Expenditures YTD	20,165,462
Revenues YTD	9,307,243
Encumbrances YTD	53,234,250
Cash Balance YTD	57,435,350

Agricultural Development and Farmland Preservation Trust Fund (ADFP)	FY 2012-13 (YTD 3/22/13)
Expenditures YTD	678,002
Revenues YTD	1,666,930
Encumbrances YTD	4,338,925
Cash Balance YTD	4,081,393

VISITOR REGISTRATION SHEET

JT. NER — 3-28-13

Name of Committee — Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Vom Dunn	N.C. Education Lottery
Pat Harris	NCDA&CS
Cara Pace	NCSU
Canaan Hunt	MVA
Jennifer Haigwood	NCDOL
Jim Burnette, Jr	NCDA&CS
David Marshall	NCDA&CS
Alan Wade	NCDA&CS
Cheryl Reed	OSBM
Jennifer Benton	OSBM
R Rogers	CWMTF

VISITOR REGISTRATION SHEET

J.T. NER — 3/28/13

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO DeANNE MANGUM

NAME	FIRM OR AGENCY AND ADDRESS
George Everett	Duke Energy
Doug Lassi	NCSTA
TJ Bugbee	Nexsen Pruet
JAICE PARKER	NCFB
Joy Ache	NCDA&CS
Betty Mautier	NCDA&CS
Jenni Overton	NCDA+CS
SHARRON STEWART	NCDA&CS
Joe Reardon	NCDA&CS
DAN Regan	NCDA+CS
Stephen Benjamin	NCDA&CS
PDO	NC HB

VISITOR REGISTRATION SHEET

JT. NER — 3-28-13

Name of Committee — Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Cindy Planta	League of municipalities
Ha Nguyen	NCCOB
Carr McLamb	DENR

Thursday, March 28	**Room**	**Time**
APPROPRIATIONS NATURAL & ECONOMIC RESOURCES (JOINT)	423	8:30 am

Name	County	Sponsor
Michael Spencer	Durham	Tillis
Brandon Croom	Pender	Millis

SENATE PAGES ATTENDING

COMMITTEE: Joint: Nat'l & Eco. Resources ROOM: 423

DATE: 3/28 TIME: 8:30

PLEASE PRINT LEGIBILY!!!!!!!!!!!!!

Page Name	Hometown	Sponsoring Senator
1 Rebecca Chisholm	Jacksonville	Brown
2 Jacqlyn Grilli	Marshville	Tucker
3		
4		
5		
6		
7		
8		
9		
10		

Do not add names below the grid.

Pages: Present this form to either the Committee Clerk at the meeting or to the Sgt-at-Arms.

Joint Appropriations Subcommittee on NER

Agenda

Tuesday, April 9, 2013, 8:30 A.M.
Room 423, Legislative Office Building

Senator Jackson, Presiding

1. **Welcome & Introductions**

   Sen. Jackson

2. **Wildlife Resources Commission (WRC)**

   Overview of Wildlife Resources Commission
   Jennifer Hoffman, *Fiscal Research Division*

   Wildlife Resources Commission Presentation
   Gordon Myers, Executive Director, *WRC*

3. **Lottery Commission**

   Overview of Lottery Commission
   Timothy Dale, *Fiscal Research Division*

4. **Department of Commerce Response to the Governor's Budget**

   Secretary Sharon Decker, *Department of Commerce*

5. **Committee Discussion**

6. **Adjourn**

House Appropriations Subcommittee on NER
Rep.McElraft (Chair)
Rep. West (Chair)
Rep. Dixon (Vice Chair)
Rep. Pierce (Vice Chair)
Rep. Presnell (Vice Chair)
Rep. Brandon, Bumgardner, Catlin, Dobson, Langdon, Millis, Richardson, Wilkins, Wray

Senate Appropriations Committee on NER
Sen. Brock (Chair)
Sen. Jackson (Chair)
Sen. Bryant, Cook, McLaurin, Rabin, Tarte, Walters

Joint Committee on Appropriations on Natural and Economic Resources
Tuesday, April 9, 2013 at 8:30 AM
Room 423 of the Legislative Office Building

MINUTES

The Joint Committee on Appropriations on Natural and Economic Resources met at 8:30 AM on April 9, 2013 in Room 423 of the Legislative Office Building. 15 members were present.

Senator Brent Jackson, Chair, presided.

Sen. Jackson called the meeting to order at 8:33 AM.

Sen. Jackson introduced the House and Senate Pages and House and Senate Sgt. At Arms.

Sen. Jackson yielded the floor to Mrs. Jennifer Hoffman, Fiscal Research Division.

Mrs. Hoffman gave an overview of Wildlife Resources Commission (WRC): Created in 1947; Guided by 19 member Commission; Six divisions; Over 645 employees; Current year budget of $68 million (includes debt service and capital); Wildlife Endowment Fund; Power and Duties of Commission; Organization Chart; Administrative Services; Engineering Services and Land Mgmt.; 4 Environmental education centers; Educational programming; Wildlife in North Carolina magazine; Inland Fisheries: Fisheries research & management, Fisheries Mgmt.; 6 fish hatcheries, Habitat Conservation; Wildlife Management; Division of Wildlife Enforcement; Revenue Sources (2007-08 compared to 2011-12); WRC Special Funds, WRC Historical Expenditures; Budget by Program Area; Wildlife Endowment Fund: Cash value as of April 3, 2013 = $107,111,501; Recent Actions by the GA: FY 2011-12 and FY 2012-13; Governor's Recommended Budget Actions; Items for Consideration.

Sen. Jackson asked the committee if there were any questions or comments.

Sen. Jackson yielded the floor to Mr. Gordon Myers, Executive Director, WRC.

Mr. Myers presented the Wildlife Resources Commission: Federal Funding; Board Overview; Areas of Focus; Organizational Review Efforts; Economic Impacts; Federal Funds: Sport Fish & Wildlife Restoration; 2012 WSFR fund expenditures: Sport Fish Restoration: $7.4M, Wildlife Restoration: $7.8M, State of NC Total: $15.2M; Other federal grants in 2012; Agency Board; Rulemaking: Important responsibility of the Commission, Process governed by the Administrative Procedure Act, G.S. 150B, Article 2A, Guiding policy established by state law under G.S. 113-131 and 113-133.1; Accountability: Partnership between stakeholders, commissioners, professional staff, and elected leaders; Operating Environment: Changing constituencies, Changing public values, Increased stress on wildlife resources (effects of population growth, etc.), Limitations on financial resources, Complexity of synthesizing public versus biological needs; NCWRC Law Enforcement activities address: Public Safety, Enforcement of rules and regulations established by the WRC and General Assembly, Conservation of state public trust resources by gaining compliance with wildlife, fisheries and

boating laws; Wildlife Enforcement Officers annually conduct: more than 300 free Pre-launch Boating Safety Checks, 100+ free Boating Safety Courses, 1100 free (required) Hunter Education Courses, 236,000 checks for safety and compliance; Examples of Wildlife Science and Management activities; Examples of Lands Management and Conservation activities: Management of game lands, Landowner assistance; Boating Activities; Education and Awareness; Administrative Services Activities; Organizational Review: December 2009. Key Considerations, Strategic Plan; Sustaining wildlife on the landscape; Strategic Plan Alignment; Natural extension of strategic planning; Organizational Review Team; Program areas and activities; Identify major program areas and specific activities: Focus: Law Enforcement, Focus: Lands and Facilities Management, Focus: Lands and Facilities Management; $3.3 billion positive impact to NC economy.

Sen. Jackson asked the committee if there were any questions or comments.

Sen. Jackson: Can you please give us an overview of the study commission that was done?

Mr. Myers: The study commission was done by three agencies and tasked with finding efficiencies and consolidations. We found that to reach a consensus, we needed more time and we wanted to gather public input. I will say that the relationship between WRC and the Department of Agriculture has never been better.

Sen. McLaurin: Before I came to Raleigh, I was involved at the local government level and we developed a good partnership with WRC, especially with our work on Henson Lake. Are you actively looking for partnerships with local government?

Mr. Myers: Absolutely. Henson Lake is a great example of collaboration between local government and what we are trying to do.

Sen. Tart: Can you please share your perspective on current bills that have been filed dealing with increasing voter registration fees?

Mr. Myers: We administer the voter registration fees that the State decides upon. Our job is to implement those laws.

Sen. Tart: Politely, I find most state agencies to be dysfunctional. The WRC is an absolute model for how we should be doing things. I commend you for what you do. With that said, what do we need to do to help you?

Mr. Myers: The number one thing is vacancies. We have certain positions vacant, not because we are stockpiling the funds, but because we want the right people doing the right things.

Sen. Jackson yielded the floor to Mr. Timothy Dale, Fiscal Research Division.

Mr. Dale gave an overview of the Lottery Commission: 9 Commission Members: 5 appointed by the Governor, 2 appointed by the President Pro Tem, 2 appointed by the Speaker; 249 Employees; Administration (115): Public affairs, legal, internal audit, HR, finance, security, IT;

Communications (23); Sales (111); 5 Regional Offices; State enterprise agency: Does not receive General Fund appropriation, Generates revenue, Lottery Commission sets budget, No continuation budget, changes based off of budget approved by Commission, Statewide adjustments (salary/benefits/policies) apply to Lottery Commission; FY 2011-12 Ticket Sales; Initial Distribution of Revenues; NCGA Changes to Lottery Act; Lottery Act Guidelines; Lottery Act v. Current Education Revenue Allocation; Governor's Recommendation; Governor's Recommendation v. FY 2012 Actuals; Lottery Advertising Comparison; Per Capita Sales Comparison; Revenue Transfer Projections; Key Takeaways.

Sen. Jackson asked the committee if there were any questions or comments.

Sen. Bryant: What is the difference between marketing and advertising; per capita sales, is that millions?

Mr. Dale: Yes.

Rep. Catlin: So, the percentage of salary is $16.7 million. How many employees?

Mr. Dale: 249 is the list that was provided.

Rep. Catlin: What do they do?

Sen. Jackson yielded the floor to Mrs. Alice Garland, Executive Director, Lottery Commission.

Mrs. Garland: We have a sales staff that service over 6,700 retailers. The sales staff is route sales people. We also have finance administration and a security staff. We are a $6 billion organization and collecting revenue is quite an operation; we have a 99.9 % collection rate. The security department is responsible for the security of our organization and investigates complaints, checks winnings, and conducts two daily draws every day of the year. Our administration group administers contracts, background checks, renews contracts every 3 years, validates prizes that are roughly $2.6 million a day. Our customer service group answers calls that total between 1500-2000 a week; and a gaming system group that works with vendors. We have a communications division that differs from our advertising team in that we have 10-14 campaigns a year that consists of media buys, putting the advertisement together, and marketing. We are at festivals, sponsor all the major and minor sports in North Carolina, and have been sponsoring college sporting events. With the exception of college sporting events, we are at the events selling tickets. We also have an executive group, and auditing team and human resources.

Rep. Catlin: Do we have any information on what segments of the State's population are the main players? Do we know their education and income levels?

Mrs. Garland: We do an annual research study, but the data we collect is age and geography, not income. Anyone who wins more than $100,00 must come to Raleigh, and from our experience, it is a cross section of the population.

Sen. Jackson: We see the Lottery Commission carries a .24 in bad debt.

Mrs. Garland: It is $240,000.

Sen. Jackson: How do we have bad debt in the lottery?

Mrs. Garland: Our retailers have three weeks to sell through their instant tickets. Every three weeks we bill them. At the end of the week, we post the money owed on their portals. Sometimes retailers don't have sufficient funds in their portal, sometimes retailers close and still owe us money.

Sen. Jackson: During the recession, were sales up, down or stable.

Mrs. Garland: Every year we have increased our sales. We have done well through the recession, and we are still a growing lotto. We have added new games and are 24th in the nation in total lotto sales.

Sen. Bryant: There was another pot for capital funding for schools. Do we know what happened to that pot.

Sen. Jackson yielded the floor to Mr. Brain Madison, Fiscal Research Division.

Mr. Madison: There are two major support systems, the lotto and ADM fund. 7.2 % of corporate tax is set aside for education, but lately that money has gone to the General Fund instead of education.

Sen. Jackson yielded the floor to Secretary Sharon Decker, Department of Commerce.

Sec. Decker gave the Department of Commerce's response to the Governor's budget: We want a public-private partnership and to make Commerce more efficient. We are in the process of creating a plan for reorganization, and we are trying to be transparent. Pass through's have taken a hit, and the challenge is to say if this is important enough for the State to endorse, what should Commerce do in prioritizing that money. We are putting everything on the table. We can't afford to fund it all, and these pass three weeks we have heard from all the groups we work with. Next week we are meeting with the Golden LEAF Foundation, the Biotech Center and the Rural Center. How do we come together to help North Carolina? How do we prioritize? WE haven't had net job growth in North Carolina in 12 years. I came into this thinking incrementally; but we need to make major change, and my objective is to have a budget plan based organizational and process changes.

Sen. Jackson asked the committee if there were any questions or comments.

Rep. Dobson: In regards to counties and their ability for economic incentives and economic development, what do you see with this revitalization?
Secretary Decker: How much are we spending in rural North Carolina? A lot of money but the needle isn't moving. Where are the areas in our state that has the greatest need? We need an economic development plan for the State and in each geographic area. How do we look at this

differently and how do we fund this differently? There is going to be greater per capita spending in some areas more than others.

Sen. Bryant: Your ideas sound great but there isn't the transparency that you are talking about. Minorities feel like we are getting left out.

Secretary Decker: There is a lot more that we can do. There is a lot of uncertainty. Historically, we have used backroom deals, but we are going to share with the people the changes that we are making, and that causes uncertainty.

Sen. Bryant: Our folks are really worried and not confident.

Secretary Decker: I hope you share with your people what you are hearing. If our rural communities aren't prospering, than we have failed in our job.

Sen. Cook: What about foreign trade in Northeast North Carolina.

Secretary Decker: We need to try and do that. There is work to do there and we are meeting about that issue.

Sen. Brock: What are we trying to do with ammunition manufacturing?

Secretary Decker: A lot. There is a lot going on.

Sen. Jackson thanked the presenters, committee, staff and audience.

The meeting adjourned at 9:57 AM.

Senator Brent Jackson, Chair
Presiding

Towers Mingledorff, Committee Clerk

Wildlife Resources Commission Bu acancies Update March 28, 2013

The WRC initiated a comprehensive organizational review in June 2011. This is a top-to-bottom analysis of the agency's efficiency, effectiveness, and overall alignment of work with the goals of our strategic plan. In completing the first phase, the Commission reduced supervisory staff by 30 positions and reallocated those positions to the field. The organizational review is currently in its second phase which is focused on the functional areas of Conservation Science and Information & Education. The positions highlighted in yellow below remain vacant pending the outcome of the next phase of internal reorganization, scheduled for July 2013.

Job	Position	Position Title	Date Vacant	Compensation	Days Vacant	Comments
Wildlife/Fisheries Technician II	60034140	Wildlife/fisheries Technician II	06/01/2010	28,826.00	975	Posting Pending (3/26)
Wildlife/Fisheries Biologist I	60034068	Technical Assistance Biologist	06/05/2010	54,460.00	971	Interviewing
Wildlife/Fisheries Biologist II	60034039	Lead Gis Biologist	09/01/2010	47,564.00	883	Held -- Conservation Science Organizational Review
Natural Science Curator I	60033872	Education Specialist	10/23/2010	33,869.00	831	Filled
Wildlife/Fisheries Technician III	60034085	Crew Leader	12/20/2010	40,051.00	773	Interviewing
Wildlife/Fisheries Biologist II	60034170	Mammalogist	01/04/2011	55,991.00	758	Interviewing
Attorney I	60033600	Attorney	02/01/2011	95,000.00	730	Filled (4/15 start date)
Wildlife/Fisheries Technician II	60034098	Wildlife Technician II	07/05/2011	28,826.00	576	Filled
Veterinarian	60034052	Wildlife Veterinarian	08/20/2011	53,353.00	530	Filled (5/20 Start date)
Wildlife/Fisheries Technician II	60034099	Technician II	09/29/2011	28,873.00	490	Posting Pending (3/26)
Processing Assistant V	60033885	Administrative Assistant	10/01/2011	35,148.00	488	Held -- Conservation Science Organizational Review
Wildlife/Fisheries Technician II	60034091	Wildlife Technician II	10/22/2011	28,873.00	467	Posted
Wildlife/Fisheries Biologist II	60033910	Western Piedmont Permit Coordinator	11/01/2011	49,018.00	457	Held -- Conservation Science Organizational Review
Wildlife Forester	60034136	Wildlife Forester	01/07/2012	38,632.00	390	Filled
Wildlife/Fisheries Technician III	60034078	Crew Leader	01/09/2012	36,980.00	388	Interviewing
Natural Science Curator I	60033870	Education Specialist	01/27/2012	33,148.00	370	Interviewing
Wildlife/Fisheries Technician II	60034123	Wildlife Technician II	02/01/2012	29,853.00	365	Posting Pending (3/26)
Wildlife/Fisheries Technician II	60034119	Wildlife Technician II	03/02/2012	28,826.00	335	Posted
Wildlife/Fisheries Technician III	60034077	Crew Leader	03/12/2012	36,980.00	325	Filled
Wildlife/Fisheries Technician II	60034093	Wildlife Technician	03/19/2012	28,826.00	318	Posted
Wildlife/Fisheries Biologist I	60034064	Landowner Incentive Program Biologist	05/19/2012	38,132.00	257	Held -- Conservation Science Organizational Review
Wildlife/Fisheries Biologist Supvr II	60034158	Wildlife Diversity Program Coordinator	06/30/2012	45,206.00	215	Held -- Conservation Science Organizational Review
Administrative Assistant I	60033857	Visitor Services Coord	07/25/2012	42,888.00	190	Held -- Conservation Education Organizational Review
Wildlife Information And Educ Spec I	60033866	Distance Learning Coord	07/27/2012	38,346.00	188	Held -- Conservation Education Organizational Review
Natural Science Curator I	60033871	Education Specialist	08/01/2012	41,593.00	183	Held -- Conservation Education Organizational Review
Wildlife/Fisheries Technician II	60034120	Wildlife Technician II	08/04/2012	28,826.00	180	Filled

Per Capita Lottery Sales – Southeastern US

State	2010 Census Population	Purpose of Funds	Sales Revenue	Prize Payments	Payments to State	Per Capita Sales
			$ in millions			
North Carolina	9,535,483	Education	1,596.7	961.5	459.2	167.4
South Carolina	4,625,364	Education	1,135.6	721.4	300.0	245.5
Virginia	8,001,024	Education	1,616.0	962.3	487.1	202.0
Tennessee	6,346,105	Education	1,311.2	770.6	323.4	206.6
Georgia	9,687,653	Education	3,834.7	2,289.8	901.3	395.8
Florida	18,801,310	Education	4,449.9	2,792.5	1,317.0	236.7
Kentucky	4,339,367	General Fund	818.8	523.2	216.4	188.7
Sources: U.S. Census Bureau, LaFleur's 2012 FastFacts Directory						



CONSERVATION PAYS OFF!

Wildlife Yields Substantial Economic Impacts to North Carolina

NORTH CAROLINA WILDLIFE RESOURCES COMMISSION



$3.3 BILLION POSITIVE IMPACT TO N.C. ECONOMY

- $2.4 Billion - Fishing and hunting
- 335,000 Hunters
- 1,525,000 Anglers
- $930 Million - Wildlife watching
- 2.4 Million Wildlife watchers

Source: USFWS National Survey of Fishing, Hunting, and Wildlife-Associated Recreation 2011

NORTH CAROLINA WILDLIFE RESOURCES COMMISSION

VISION

The North Carolina Wildlife Resources Commission is providing safe, comprehensive, effective and efficient fisheries, wildlife and boating programs that conserve the diversity and abundance of the state's wildlife resources...

—N.C. Wildlife Resources Commission Strategic Plan 2009



THE HONORABLE PATRICK L. McCRORY
Governor of North Carolina

MEMBERS OF THE GENERAL ASSEMBLY
Raleigh, North Carolina

Dear Governor McCrory and Members of the General Assembly:

Sixty-six years ago, the North Carolina General Assembly authorized creation of the North Carolina Wildlife Resources Commission and since that time, this agency has been responsible for the management of those resources. I am pleased to present this Report on the Status of Wildlife Conservation.

Primary to good management of the state's wildlife resources is the well-being of its wildlife animals—a value documented by man since the earliest days of human communication. As far back as 15,000 B.C., cave paintings have demonstrated our dependence on and our wonder of wildlife.

Much has changed since those pre-historic days but our appreciation of wildlife has not. The North Carolina Wildlife Resources Commission provides ready access to hunting, fishing and wildlife viewing opportunities and to education for the public about wildlife, wild places and wildlife-related recreation. We manage wildlife populations through research and science, wise use and public input, and by regulation and enforcement. Because of these efforts and your support, hunting, fishing, and other forms of outdoor recreation are popular and sustainable.

Our successes are many and each one precious.

Today, the agency is responding to many important challenges. The impacts of human population growth and urban development on wildlife species and their habitats can have disrupting and far-reaching consequences. We must recognize the demographic trends that show most North Carolinians live in urban areas, well isolated from daily contact with wildlife and the outdoors. Future conservation successes must be built with the support and participation of this changing customer base. This can only be accomplished through understanding their needs and designing our programs and services to meet them.

The North Carolina Wildlife Resources Commission is well prepared to meet these challenges by following the guidelines set out in our Strategic Plan. We are aligning our work to match our vision and in this Report, you will see brief alignment summaries from two areas of our organization that have already begun restructuring, Enforcement and Engineering/Lands Management. Strategic reviews and reorganization are taking place and will be ongoing, agency-wide.

We have also included written snapshots of our work and updates on our progress. A great many of our successes are reflected in financial returns to the State of North Carolina's economy and the amount of those returns is immense. Conservation pays off, both in financial and conscientious ways.

On behalf of the Board of Commissioners and our employees, thank you for your initial faith and continuing support. Our combined efforts on behalf of wildlife conservation add great value to the beautiful State of North Carolina. Truly, a value beyond measure.

Respectfully submitted,

Gordon Myers, Executive Director
North Carolina Wildlife Resources Commission

CONSERVATION PAYS OFF BIG IN

HUNTING & FISHING

Hunting and fishing has a huge impact on the N.C. economy. ***Numbers of resident hunters are increasing and North Carolina is ranked No. 10 in the nation for number of non-resident hunters (SOURCE: National Shooting Sports Foundation 2012). Just this year,*** **Bassmaster** ***magazine ranks four of our lakes among the top bass fishing spots in the nation. The American Sportsfishing Association ranks North Carolina No. 4 in visiting non-resident angler destinations, and*** **Field & Stream** ***magazine ranks our whitetail deer hunting some of the best in the country.*** *We continuously pursue ways to manage game populations for the conservation of the species and for the continued enjoyment of outdoor sports participants. Here are a few examples of projects underway:*

HUNTER RECRUITMENT AND MENTORING

The social support of a hunting mentor is critical for the continuation of the new student in the pleasure of hunting. For many people, hunting contains a valued social component that can be as important as the actual hunting itself. Mentors bring experience and fellowships.

In 2010, the agency launched its first "Hats On" hunting mentor campaign, a pilot program with the goal of asking existing hunters to mentor a new hunter. Hats On was created to bring awareness to the importance of hunter mentoring in maintaining our hunting heritage. Studies have found that most new hunters come to the activity through introduction by a friend or family member.

In addition, the Commission began placing more information for new hunters on its web site, and began partnering with other groups, such as the Quality Deer Management Association, to provide workshops for new hunters. **Over 3,500 mentors signed up. A second campaign (2012) signed-up 5,900, a 69% increase.**

Other strategies are also being implemented. The Commission continues to hold special hunts, recruit new sportsmen through the Youth Hunter Safety tournament, and has adopted a week-long, youth-only turkey season for 2013, with the goal of getting more young hunters in the field.

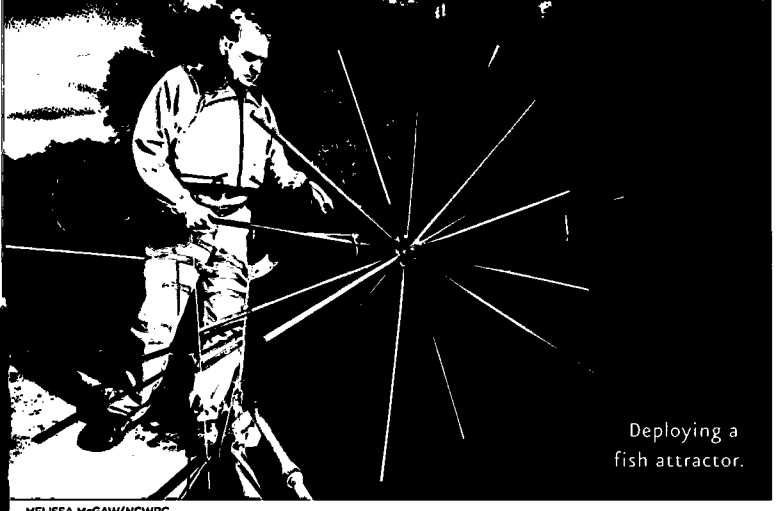
The Commission recently held its first Strategic Recruitment and Retention Initiative, a retreat that brought together staff members, commissioners and other state agency program leaders to hear ideas from other states and to discuss new methods of hunter recruitment.

The bulk of the monetary support for wildlife conservation comes from the hunter and angler in the form of license fees and federal excise taxes on hunting and fishing related equipment.

$3.3 BILLION POSITIVE IMPACT TO N.C. ECONOMY

- **$2.4 Billion - Fishing and hunting**
- **$930 Million - Wildlife watching**
- **335,000 Hunters**
- **1,525,000 Anglers**
- **2.4 Million Wildlife watchers**

Source: USFWS National Survey of Fishing, Hunting, and Wildlife-Associated Recreation 2011



Deploying a fish attractor.

MELISSA McGAW/NCWRC



Mentoring brings young hunters to the field

MELISSA McGAW/NCWRC

- Thanks to Hunter Mentoring, Hunter Education, and Becoming an Outdoors-Woman Programs, the number of women hunters has increased 42% in the last 6 years:

# of licenses sold to women:
2006–07 : 12,994
2011–12 : 18,429

- What is the economic impact of a single hunter/fisherman?

$1,115 per year - fisherman
$4,930 per year - hunter

SOURCE: Economic Impact Report, Congressional Sportsmen's Foundation 2006

NEW MINIMUM-LENGTH LIMITS
Smallmouth Bass in Western North Carolina Rivers and Streams

Commission biologists collected more than 2,800 smallmouth bass from over 40 rivers and streams in western North Carolina as part of a three-year study to determine the distribution and quality of these sport fisheries. Smallmouth bass occurred in a wide variety of streams and habitat types, and some of the best fisheries were found at surprisingly low elevations and warm temperatures in rivers of the western Piedmont. Although most smallmouth bass averaged 8 to 10 inches long, many streams produced good numbers of fish, and 20-inch fish were found at some locations. Data on growth and mortality rates allowed biologists to predict effectiveness of different fishing regulations, and a new minimum length limit was implemented in 2012 based on the analysis of these data. Biologists also used the data to provide anglers with guidance on the locations and quality of smallmouth bass streams through directional brochures and from information on the Commission website.

EFFECTIVENESS OF FISH ATTRACTORS

Fish attractors are often used to enhance fish habitat and congregate fish in specific areas for anglers with the objective of increasing catch rates. The study was conducted using sonar equipment capable of producing video imaging. Sets of three types of artificial structures as well as traditional Christmas tree attractors were deployed in Lake Townsend in Greensboro and Lake Cammack in Burlington. The study demonstrated that all of the fish attractors held fish, but artificial structures remained intact and did not degrade over time when compared to the traditional Christmas tree attractors. Staff time and resources will be more efficiently used deploying artificial fish attractors, and this information will guide the Commission's work in this area.

ECONOMIC VALUE OF MOUNTAIN TROUT FISHING:

- **$146 Million in direct spending, adding to the N.C. economy**
- **92,729 Mountain trout anglers per year**

SOURCE: Responsive Management Report (2008)

To sustain mountain trout fishing, the NCWRC produces and stocks more than:

- **800,000 catchable-size trout from 3 state hatcheries.**

CONSERVATION PAYS OFF THROUGH

WILDLIFE SCIENCE & HABITAT

When habitat is protected and improved for N.C. wildlife species, habitat is protected and improved for N.C. human residents as well. Many of our smallest wildlife animals serve as harbingers of water quality or air quality issues. What benefits wildlife conservation benefits us all.

Wildlife Science and Management activities include

- *Monitoring health and status of wildlife populations*
- *Developing and administering scientific research*
- *Addressing human-wildlife interactions through technical guidance*
- *Promoting and developing public fishing and hunting opportunities*
- *Recommending hunting and fishing regulations*
- *Addressing wildlife disease issues such as chronic wasting disease in deer and white-nose syndrome in bats*
- *Stocking public waters with warmwater and coldwater game fish species.*

Here are three examples of our ongoing scientific work:

BOG TURTLES

Every year, NCWRC wildlife diversity biologists search for the secretive bog turtle, a tiny species that is a state-listed threatened species, and a priority species in North Carolina's Wildlife Action Plan.

Commission staff heads up the effort to survey the bog turtle at sites where populations have been documented in the past as part of a long-term monitoring program for this species.

Bog turtles spend most of their time under the water, buried in mud, or hiding in thick vegetation, making them difficult to locate. Therefore, their population numbers are often hard to estimate. Fewer than 100 bog turtle populations have been documented in North Carolina. Habitat loss is the greatest threat to their existence. Wetlands have been drained and filled for development, and many bogs are overgrown with trees, which dry out moss and grass habitats. Another threat to the wild bog turtle population in North Carolina is illegal collection for the pet trade.

This year's monitoring effort included surveying for bog turtles at 20 sites in four counties (Alleghany, Ashe, Henderson and Wilkes), with two sites visited twice. During these surveys, the crew captured 59 turtles that had been captured and marke previously and 28 turtles that had never been captured.

The Commission has been surveying for bog turtles since the 1980s to determine the status of populations. Information such as gender, age and shell length is recorded. Biologists are also working to conserve the rare wetland habitats in the upper Piedmont and Mountains where the turtles live.

CONSERVATION AQUACULTURE CENTER

NCWRC has converted an old storage shed at the Marion Fish Hatchery in McDowell County into the Conservation Aquaculture Center (CAC), using federal funding from the State Wildlife and Preventing Extinction grants along with other funds. The CAC is a propagation and holding facility for native freshwater mussels and nongame fishes, used to keep these species from entirely disappearing from North Carolina waters by providing a temporary home where they can reproduce and grow big enough to release into rivers where they were once found in abundance.

Some are short-term residents, like the wavy-rayed lamp- mussels and rainbow mussels, which were propagated from



Wildlife technicians probe wetlands in search of bog turtles.

USFWS



North Carolina bog turtle

NCWRC

Little Tennessee River brood stock and reared for one year at the CAC before being released into the Cheoah River in 2011. Others, such as the federally endangered Carolina heelsplitter and Tar River spiny mussel, will stay indefinitely until suitable habitat is found. Staff conducts all aspects of mussel culture— including the "grow-out" of juveniles—at the Center. From the water that constantly flows through the tanks to the substrate at the bottom of the tanks to the temperature of the air in the building, everything is set up to mimic, as closely as possible, the natural environment of freshwater mussels.

In addition to propagating and growing mussels, NCWRC staff uses the CAC to raise spotfin chubs, small fish that once were found in abundance in the tributaries of the Tennessee River but are now listed as federally threatened. In cooperation with the U.S. Fish and Wildlife Service and Conservation Fisheries, Inc., which propagate the spotfin chub at its facility in Tennessee, Commission biologists are working to keep the species from being listed as an Endangered Species.

CHEOAH RIVER/PIGEON RIVER (Spotfin Chub Restoration)

Biologists with the N.C. Wildlife Resources Commission continue their efforts to restore fish and mussels in the Cheoah and Pigeon rivers using animals propagated in hatcheries as well as some moved from other streams.

The restoration work, guided by the N.C. Wildlife Action Plan, reintroduces aquatic animals into waters where they were once found in abundance. In 2011, biologists placed several thousand spotfin chub, a federally threatened fish, in the Cheoah River.

The goal of these restoration efforts is two-fold: to restore native fauna into rivers where they were found historically, and to improve the overall ecological health of the rivers. While most of these reintroductions were accomplished by collecting large numbers of relatively common fishes from places where they were abundant and releasing them into the Pigeon, some species were not plentiful enough to make collecting and releasing feasible. In those cases, the Commission worked with conservation partners, such as Conservation Fisheries, Inc., to hatch and raise species to release in these restoration projects.

Annual surveys to monitor the status of reintroduced species in the Cheoah and Pigeon rivers have shown the restorations to be great successes. Biologists have documented that reintroduced spotfin chubs have reproduced in the Cheoah River.

Restoration efforts began on the Pigeon River in 2004, where water quality has been recovering following decades of industrial pollution. The Commission partnered with the University of Tennessee, Evergreen Paper, the N.C. Division of Water Quality and others to conduct the restoration work. In the Cheoah River, biologists began work in 2008 after changes in operation at Santeetlah Dam restored water flow in the river sufficient to support the chub and other native species. Restoration efforts were funded through Alcoa Power's Cheoah Restoration Fund, a mitigation measure brought about through the relicensing process for the Santeetlah hydroproject. As conditions in these rivers and others continue to improve, the Commission will continue to work with corporate, governmental, and non-governmental organizations to restore and sustain North Carolina's natural heritage.

CONSERVATION AND PUBLIC SAFETY ARE ENHANCED THROUGH

WILDLIFE LAW ENFORCEMENT

N.C. Wildlife Enforcement Officers play a special role in both enforcement and conservation. Along with enforcing laws that involve hunting, fishing, trapping and boating on N.C. waterways, wildlife enforcement officers are involved in public safety and education. Their Hunter Education and Boating Safety courses and Pre-Launch Boating Safety Checks not only save life and limb but also help to prevent costly fines and penalties. Each encounter with the public is an opportunity to help sports and recreation enthusiasts become more aware of the need to conserve and enjoy North Carolina's wildlife resources.

NCWRC Law Enforcement activities address

- *Public Safety*
- *Enforcement of rules and regulations established by the WRC and General Assembly*
- *Protection of state public trust resources by gaining compliance with game, fish and boating laws*

WILDLIFE LAW ENFORCEMENT IS UNIQUE

North Carolina Wildlife Resources Commission wildlife law enforcement officers are authorized by the State of North Carolina to enforce fish and game laws. The NCWRC Wildlife Enforcement Mission Statement also pledges to conserve wildlife resources, promote safe responsible boating, and provide public safety for those enjoying wildlife related recreation.

As a primary directive, NCWRC Wildlife Enforcement Officers focus on the need to conserve wildlife and their habitat along with the need for public safety. Wildlife Enforcement Officers also take a proactive approach during their interactions with the public and use those opportunities to educate and create awareness of conservation issues.

An ever-increasing responsibility is enforcing laws concerning the North Carolina's growing illegal wildlife trafficking activity. An example of this activity is noted here:

Illegal Wildlife Trafficking— One Officer's report:

"Several months ago, N.C. Wildlife enforcement officers became aware of three men collecting reptiles. We stopped them as they were headed out of town. They had in their possession, spotted turtles from Tyrrell County, a woods turtle from West Virginia along with a total of 230 additional specimens, illegal to possess. The wholesale value of these reptiles would have been $25,592 which is equal to the current market value of over 25 pounds of marijuana. They were selling the catch to a middleman who would then resell them in China for $3,000 each, many for medicinal purposes."

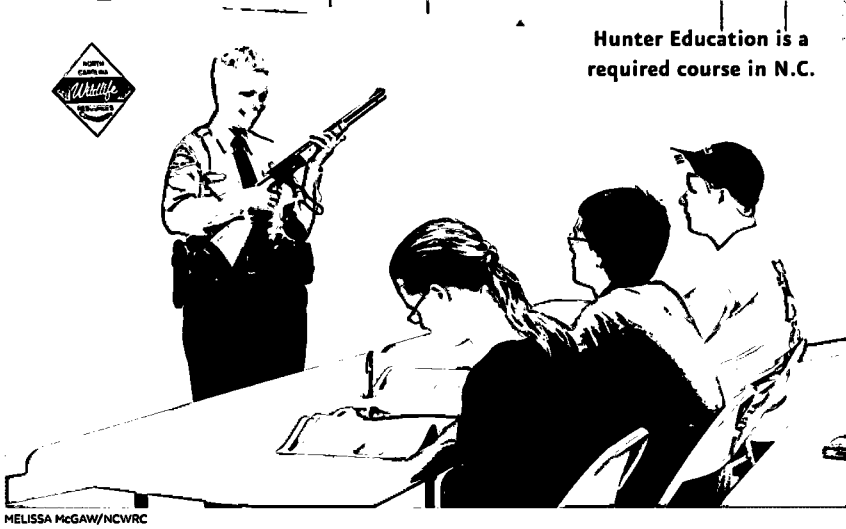
Illegal wildlife trafficking is the second largest threat to many species, only after loss of habitat. And this is a fast-growing crime.

Only Wildlife Enforcement Officers work the Illegal Wildlife Trafficking trade in North Carolina.



Wildlife officers on the water.

GEOFF CANTRELL/NCWRC



Hunter Education is a required course in N.C.

MELISSA McGAW/NCWRC

NCWRC STRATEGIC REORGANIZATION: Aligning Work with Vision

The Law Enforcement section of NCWRC recently implemented a more effective and efficient operational protocol resulting from recommendations indicated by an agency-wide, ongoing administrative review.

Here is a summary of changes to date:

In June of 2011, the Division was authorized to fully implement a new district organization that included one lieutenant rather than two in each district. This implementation will be made as retirements and promotions create vacancies in lieutenant positions. As of August 2012, this structure has been implemented in six of the nine districts. Concurrent with this new lieutenant organization, the Division has also reduced the number of airplane pilots from four to three.

Restructuring in this manner addresses the goals of the agency's strategic planning and organizational review processes by examining efficiencies, eliminating redundancies, and enhancing effectiveness within current boundaries of fiscal and staff resources.

As a result of these reductions in supervisory staff, four new Wildlife Enforcement Officer positions have been allocated to the field in areas of the state with the greatest need for additional personnel. A special investigations unit was created that will focus its efforts on the commercialization of wildlife (trafficking) and other investigations that are time sensitive. *"This is a total of seven positions that were once largely administrative in nature being reallocated to field positions where the true law enforcement work is being done."*

THE VALUE OF WILDLIFE LAW ENFORCEMENT

N.C. Wildlife Enforcement Officers annually conduct, on average:

- **300 free Pre-launch Boating Safety Checks**
- **100+ free Boating Safety Courses**
- **1100 free (required) Hunter Education Courses**
- **236,000 checks for safety and compliance.**

Pre-launch safety checks help boaters prevent accidents and expensive fines. Not having an operational fire extinguisher on board, for example, can mean a $35 fine and $180 in court costs.

Boating Safety Courses can prevent even costlier experiences. Operating a vessel in a reckless or negligent manner can not only mean a substantial fine but can result in imprisonment.

N.C. Wildlife Enforcement works to eliminate non-compliance of state regulations by concentrating on safety awareness and education.

ON THE ROAD, ON THE WATER— DON'T DRINK AND DRIVE!

This is a partnership campaign with NCWRC Law Enforcement, N.C. State Highway Patrol, N.C. Alcohol Law Enforcement, N.C. Forensic Tests for Alcohol and N.C. Mothers Against Drunk Driving. Partnerships such as this one are efficient and effective for all agencies and have **greater** impact.

The results of this awareness and enforcement campaign indicate that arrests for operating a boat on the water while intoxicated have gone down 29% over 3 years.

CONSERVATION IS ASSURED BY

LANDS MANAGEMENT & CONSERVATION

By applying best practices to protect and enhance good water and air quality on managed lands, prevent soil erosion, and protect and preserve forested land and wetlands, habitat is protected, the economy is unencumbered, people live in a healthier climate and North Carolina remains one of the most beautiful states in the nation.

- ***Landowners who want to protect wildlife species or N.C. Wildlife Action Plan priority wildlife habitats on their properties can apply for a reduced property tax assessment through the Wildlife Conservation Land Program. To date, more than 2,400 acres have been enrolled in the program, with more acreage added every year.***
- *Longleaf pine forests are one priority wildlife habitat eligible for the Wildlife Conservation Land Program. A few of the species that depend on this type of habitat are bobwhite quail, a variety of songbirds and fox squirrels.*
- *Small wetland communities, another type of priority wildlife habitat, also qualify for the Program.*

State Wildlife Grants enable NCWRC staff to conduct surveys to determine the status of the Northern pine snake, Southern hognose snake and many other species on Commission gamelands, private lands and other public lands.

Here are a few of our ongoing activities:

ACQUISITION OF WILDLIFE HABITATS

In keeping with the agency's mission to conserve North Carolina's wildlife resources and their habitats, the North Carolina Wildlife Resources Commission now owns or manages over 2 million acres of land that includes working forests, wetlands, stream banks and other habitats.

Thanks largely to North Carolina's Clean Water Management and Natural Heritage Trust Funds, and the assistance of numerous other federal and private conservation partners, these acquisitions will protect important wildlife habitats in perpetuity, as well as provide our State's sportsmen and sportswomen with public opportunities for hunting, fishing, trapping, and other wildlife-related activities.

TECHNICAL GUIDANCE TO LANDOWNERS

Wildlife Resources Commission biologists work with private landowners to apply appropriate wildlife management strategies on their properties and to implement practices that improve habitat conditions on their lands. Prescribed burning and planting of native warm season grasses are greatly enhanced by the direct assistance provided through the technical guidance program. Wildlife biologists also provide advice and guidance toward addressing human/wildlife conflicts in multiple scenarios and settings across the state.

Staff biologists provide professional expertise and direction to local, state and federal agencies regarding wildlife management and best conservation practices for lands they control. On Corporate Upland Habitat Restoration and Enhancement Program (CURE) properties managed by NCWRC biologists, **breeding bobwhite quail have increased by approximately 50% since**

Added Value Of Ecosystems

- 2 Million acres of NCWRC owned and managed land, contains HIGH Ecosystem value in flood protection, and positive effects on air and water quality, and erosion control.
- Such protection can prevent the need for additional environmental regulations.

SOURCE on Values: The Trust for Public Land: Conservation Economics (2011)

- Properties near natural protected areas realize nearly a 20% boost in property value.

SOURCE: The Economics Associated with Outdoor Recreation, Natural Resources Conservation and Historic Preservation in the United States (Lutzenhiser and Netusil (2001) For: The National Fish and Wildlife Foundation, By: Southwick Associates, (October 2011)

the program was initiated. Additionally, native grass and field border habitats managed on Corporate CURE properties can have 10–16 more winter songbirds per acre than traditional unmanaged row crop fields and pastures.

Small Game is Big Business in N.C.

- **150,000 small game hunters**
- **$1,595 is the average expenditure of each hunter**
- **3,132 jobs depend upon this sport**

SOURCE: The Economic Benefit of Hunting, Fishing, & Wildlife Watching in N.C.—Southwick Associates 2006



KEN TAYLOR/NCWRC

NCWRC STRATEGIC REORGANIZATION: Aligning Work with Vision

NCWRC is reviewing and reorganizing our work processes agency-wide, to meet the goals of our Strategic Plan.

One of the first areas looked at was the efficiency of field-technician location across the state, including those in Lands Management. The review determined that, while many technicians in three separate divisions share the same skillset and do similar jobs, they were performing those jobs only for the division to which they were assigned. As a consequence, technicians were often traveling great distances to do work when another technician working for a different division was much closer to the work site.

Skillsets and geographic locations have now been cross-referenced and organized under a new agency-wide structure to achieve greater work efficiency. This realignment also allowed for the removal of several layers of supervision between leadership and workers, resulting in greater cost-savings and effectiveness.

OUR INFRASTRUCTURE

- **2 Million acres of public game lands:**
  - **-500,000 acres of gamelands owned**
  - **-1.6 Million managed through cooperative agreement**
- **49 lakes and ponds, including 31 dams**
- **73 waterfowl impoundments**
- **39 camping areas on game lands**
- **130 parking areas on game lands**
- **1,878 miles of road maintained**
- **6 Fish Hatcheries (7 Million fish stocked annually)**
- **58 public fishing areas**
- **211 public boating access areas**
- **1,400 navigational aids**
- **4 education centers**
- **3,570 sq. miles of water in NC and 52,712 sq. miles of land, patrolled by Wildlife Law Enforcement.**

CONSERVATION PAYS OFF IN

BOATING ACTIVITIES

NCWRC boating programs assure access to our waterways so that all North Carolina residents and visitors can enjoy this spectacular resource. Safe, aesthetically pleasing and plentiful docks, piers and navigational aids help to make boating experiences user-friendly, fun and relaxing.

- *Southwick Associates fishing surveys (2008) indicate that the chief concern among fishermen is the need for improved or additional access to inland and coastal waters. The North Carolina Wildlife Resources Commission has made a concentrated effort to meet that concern.*
- *We conducted a statewide survey to determine boating access needs. NCWRC worked with the Division of Marine Fisheries and the N.C. General Assembly on legislation that resulted in the approval of $20 Million in Water Access and Marine Industry funds for acquisition and construction of boating and waterfront projects. It also spearheaded an agreement with the N.C. Department of Transportation that made it possible for DOT and NCWRC to work together on access areas at bridge crossings throughout the state.*
- *NCWRC has designed a user-friendly online and mobile device interactive mapping system of all boating access areas in the state and implemented a funding plan to upgrade all access areas within a five-year period. And NCWRC has renovated or constructed nearly 70 boating access sites in the past four years.*

Here is a summary of a few more of our activities on behalf of the boating community:

BOATING ACCESS AREAS IN N.C.

Boating services provided by the North Carolina Wildlife Resources Commission are some of our most popular activities. NCWRC boating access areas can provide vessel launching ramps and courtesy docks; restrooms and security lighting; parking areas, access roads and walkways; dock signage and waterway navigational signs. The Commission maintains a database of statewide water access locations. We also issue fishing tournament weigh-in and special use permits for each Boating Access Area.

We also manage the Wildlife Inmate Services program in partnership with N.C. Department of Corrections, using inmate labor to build signs, docks, and grow native horticulture products used at boating and fishing areas. These products help standardize the look and feel of all NCWRC public boating areas. The program also sells these products to local governments furthering the Commission's goals and objectives.

NCWRC BOATING SERVICES INVOLVE

- **A work area of 35,790 square miles of water in all 100 counties.**
- **Registering 135,000 vessels annually with over 350,000 registered boats in N.C. waters.**
- **Providing safety instruction to operators and enforcing boating laws.**
- **Partnering with nearly 150 local municipalities to build and maintain over 200 free public boating access areas and to provide over 1,400 buoys and navigational aids.**
- **We maintain 76 public fishing areas and we issue fishing tournament weigh-in permits, statewide.**
- **We provide services and assistance to N.C. State Parks and the U.S. Corps of Engineers.**

From one of our stakeholders:
"One branch of our government that shows the taxpayer exactly how (where) our hard-earned money is going is the North Carolina Wildlife Resources Commission's Division of Engineering Services.

Wildlife conservation across North America is facing unprecedented challenges. North Carolina is no exception. The impacts of population growth and development on our natural areas and habitat are growing. -And with far-reaching consequences.

Fortunately, our Strategic Plan was designed to meet these challenges and we are actively aligning our work with that Strategic Vision.

Most North Carolinians now live in urban areas, well isolated from daily contact with wildlife and the outdoors. But popular NCWRC programs like hunting, fishing, wildlife viewing and recreational boating are motivating more and more of our newest residents to spend more time outside.

Fishermen, hunters and boaters from across the state are constantly amazed at the numbers of new, renovated or under construction boating access facilities they are seeing from one end of our state to the other. –The best we've ever seen, anywhere!"

—Fred Bonner,
Contributing Writer – Garner (NC) News, 6/9/2011.

Added Value Of Boating Projects

- **15+ new or renovated boating access areas annually**
- **1400+ navigational aids provided by NCWRC to N.C. communities**
- **Brings in small businesses like bait stores, food and fuel providers and specialty shops.**
- **N.C. 4th in Nation in # of recreational boats, trailers and accessories sold.**

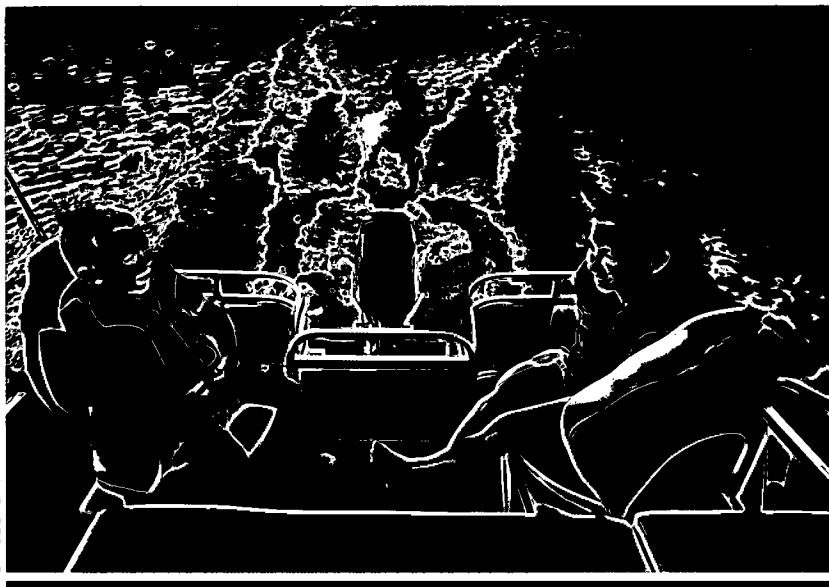
SOURCE: National Marine Manufacturers Association 2010

- **Total N.C. small boat manufacturers = 204**
- **Total employees, boating industry = 8,301**

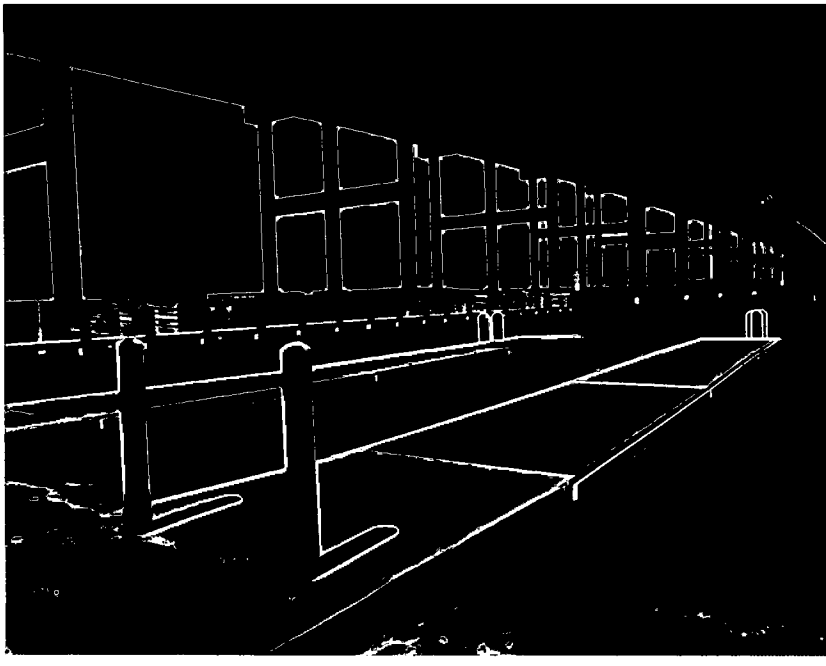
SOURCE: NC Dept. of Commerce (September 2012) Press Release VisitNC

- **Properties with passive recreation like boat ramps, realize nearly a 20% boost in property value.**

SOURCE: The Economics Associated with Outdoor Recreation, Natural Resources Conservation and Historic Preservation in the United States (Lutzenhiser and Netusil (2001) For: The National Fish and Wildlife Foundation, By: Southwick Associates, (October 2011)



TAKE ME FISHING



MELISSA McGAW/NCWRC

CONSERVATION INTO THE FUTURE WITH

EDUCATION & AWARENESS

The Commission's Wildlife Education Program is unique in that no other agency or institution in the state provides targeted wildlife education opportunities to all citizens, statewide. *The program is essential to educating and informing the public on the importance of wildlife conservation and maintaining the management cycle that ensures the diversity and abundance of North Carolina's public trust wildlife resources. Wildlife Education is a vital part of a cycle that depends on recruitment of hunters, anglers, wildlife viewers and conservationists—an ongoing strategy that generates funding for wildlife research for Commission biologists; tourist and out-door industry dollars for local economies; and wildlife-related recreational opportunities for today's North Carolinians and future generations. Conservation Education activities involve:*

- *Education and outreach efforts designed to facilitate conservation of the state's wildlife and wild places*
- *Public Information and Communication activities*
- *Production of Wildlife in North Carolina magazine and other special publications.*

Here are some examples of our work:

WILDLIFE PROGRAMS

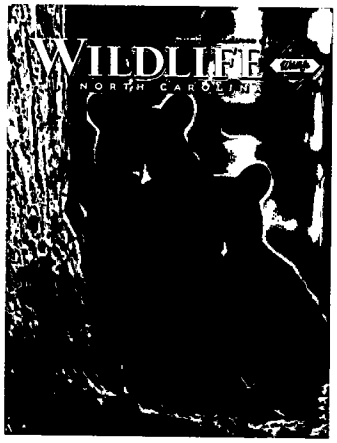
Four NCWRC wildlife education centers conduct programming in wildlife conservation, management, and wildlife-related recreation, **teaching more than 20,000 students and teachers and 22,000 general public participants every year.** Centers are located in the Mountains, Piedmont, Sandhills and Coastal Plain regions, and provide introductory programs in wildlife conservation, aquatic resources, and hunting heritage for all ages. Aquatic resources education is funded in part by the federal Aquatic Resources Education program administered by the U.S. Fish and Wildlife Service, providing opportunities for public use, understanding and awareness of freshwater fisheries and fishing in North Carolina. Centers provide all ages with the opportunity to engage in citizen-science wildlife projects, including the Box Turtle Initiative; NEST (Network for Endangered Sea Turtles); and Marine Mammal Stranding Network.

Our regional education specialists conduct educator workshops across the state. School teachers, teachers in training at colleges and universities, and youth leaders learn how to incorporate wildlife conservation into the classroom through Project WILD, CATCH and special-topic wildlife workshops. Regional specialists recently added a new wildlife curriculum for early childhood educators called Growing Up WILD.

WILDLIFE SKILLS WORKSHOPS

Our four Wildlife Education centers offer outdoor skills training for youth through onsite summer camps; Scout, 4-H, church and other youth group programs; and workshops for families. People of all ages come to the centers for wildlife-related skills in hunting and shooting sports, fishing, game and outdoor cooking, wildlife observation and nature photography. More than 200 Fish for Fun clinics are held each year across the state, reaching around 16,000 participants. Facilitated youth hunts and summer wildlife conservation camps immerse young people in intensive wildlife training that includes lifetime skills in recreation, safety, ethics, and the benefits of wildlife conservation. Becoming an Outdoors-Woman weekends for women and free clinics for adults provide similar lifetime skills training in fishing, hunting, game processing and cooking, shooting sports and wildlife watching.

Through outreach events, NCWRC education staff works with community partners to inform citizens of programs and opportunities to enjoy the state's wildlife resources.



Wildlife In North Carolina Wins National Award

Wildlife in North Carolina magazine, the official publication of the N.C. Wildlife Resources Commission, earned another honor this year, winning third place in the nation for wildlife magazines. The award came from the Association for Conservation Information, a nonprofit peer group for natural resource, environmental and wildlife communicators. The magazine has five times been named the nation's best publication and has numerous second- and third-place recognitions. *Wildlife in North Carolina* began publishing in 1937 and has been published continuously since, with the exception of a few months during World War II.

We touch hearts and minds to inspire North Carolina's People.

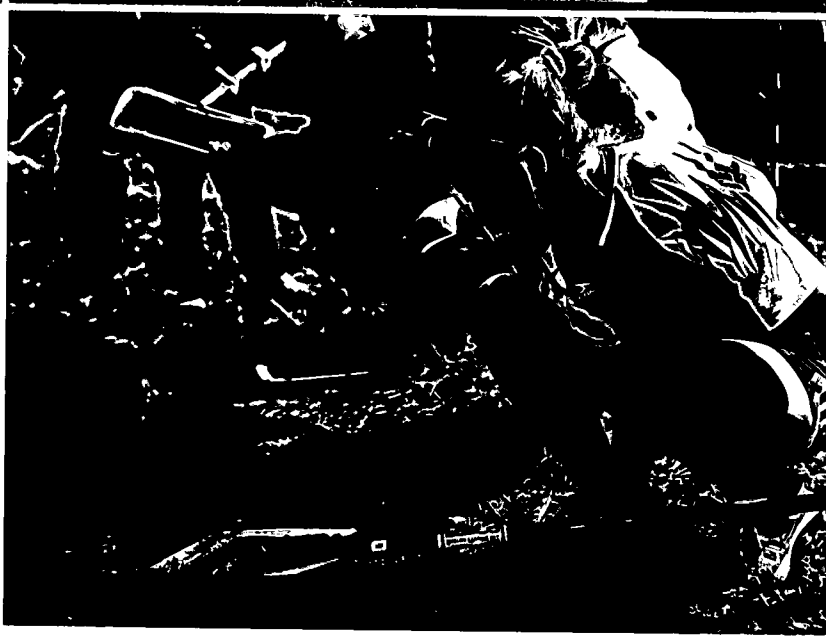
We go into classrooms with pelts and skulls and microscopes, and we accompany young people into the fields and to the streams to see for themselves the wonder of wildlife and magnificence of diversity.

We create stewards by showing landowners how our work and their support is critical to the survival of the ancient longleaf pine, and how forests and habitat on farmlands can help assure the survival of our diverse and plentiful songbirds.

Stewardship helps assure sustainability for abundant and diverse wildlife resources and builds a caring, involved public supportive of North Carolina's wildlife conservation efforts.



MELISSA McGAW/NCWRC



MELISSA McGAW/NCWRC

RECOGNIZED

LEADERSHIP IN CONSERVATION

North Carolina Wildlife Resources Commission is dedicated to a sustainable conservation effort that provides safe, comprehensive, effective and efficient fisheries, wildlife and boating programs that conserve the diversity and abundance of the State's wildlife resources. Such a complex state-wide focus requires a team effort and strong leadership. With both of those valuable assets in place, the future of our State's wildlife is sound and secure.

2011 RECOVERY CHAMPION AWARD - USFWS

Wildlife Diversity Biologist Christine Kelly was awarded a 2011 Recovery Champion Award by the U.S. Fish and Wildlife Service, a prestigious award given to nine individuals across the country.

It honors U.S. Fish and Wildlife Service partners for outstanding efforts to conserve and protect threatened species of fish, wildlife and plants. Kelly was honored for her work with the Carolina Northern flying squirrel, an endangered species found isolated in small populations in only the highest mountains in North Carolina.

Kelly's work included designing launch poles to help the squirrels cross Cherohala Skyway in Western North Carolina. The crossing structures, installed by Duke Energy in 2008, give the small mammals access to more foraging habitat, den sites and mates. The U.S. Fish and Wildlife Service award also honored Kelly for a partnership with the U.S. Forest Service and Appalachian Mountain Joint Ventures to plant red spruce, an important habitat for the squirrel. The balsam woolly adelgid has reduced Fraser fir trees and the hemlock woolly adelgid is reducing high elevation Eastern hemlocks, both important conifers for the squirrel.

FEDERAL HIGHWAY'S AWARD OF EXCELLENCE IN ECOSYSTEMS, HABITAT AND WILDLIFE

In 2011, the North Carolina Wetland Assessment Method Team received the Federal Highway Administration's Award of Excellence in Ecosystems, Habitat and Wildlife. The Team included staff from 10 government departments including NCWRC's David Cox, Habitat Conservation's Technical Guidance supervisor. Since 2003, Federal and State agencies worked toward the goal of developing a method to identify

On every page in this report we point out the value of conservation. But there are many things we focus on that are impossible to monetize. One of the greatest benefits to our work, one that doubles and triples the value of our work every single day is partnerships.

Whether partnering by mucking together through sandy creek beds in boots and coveralls looking for a tiny fish, or meeting in a board room to discuss precious shared resources, or participating in conversations seeking answers to mutual challenges, our partnerships are priceless. Together, we accomplish more.

The North Carolina Wildlife Resources Commission was created more than 60 years ago, born into partnerships with other state agencies and outdoor sports enthusiasts. Partners now number in the hundreds.

They continue to be one of our most valuable assets.

and rate the functionality of a wetland. The resulting North Carolina Wetland Assessment Method takes no more than 15 minutes to apply, has been field tested at more than 200 sites across the state, and exemplifies how technology can be leveraged to reduce project time and cost while preserving ecosystem integrity and function.

EXCEPTIONAL ENVIRONMENTAL EDUCATION PROGRAM AWARD

Our Pisgah Center for Wildlife Education won the 2012 Exceptional Environmental Education Program Award from the Environmental Educators of North Carolina organization, recognizing excellence in environmental education.

NATIONAL BOATING ACCESS PROGRAM EXCELLENCE AWARD

In 2012, the States Organization devoted to the acquisition, development and administration of public recreational boating facilities, awarded the North Carolina Wildlife Commission the State Boating Access Program Excellence Award. The Commission maintains more than 200 free, public boating access areas for over 350,000 registered North Carolina vessels and for vessels trailered from other states.

The award reflects a concerted effort among partners, such as local governments, the N.C. Division of Marine Fisheries and the N.C. General Assembly. Outcomes of these partnerships allow the Commission to maintain open access to North Carolina's public waters.

2012 GOVERNOR'S AWARD FOR EXCELLENCE FOR OUTSTANDING SERVICE

Sgt. Anthony Sharum, a wildlife law enforcement officer with the N.C. Wildlife Resources Commission, received the 2012 Governor's Award for Excellence for Outstanding Service.

The award acknowledges and expresses appreciation for outstanding accomplishments that do not fall entirely within the scope of normal duties.

Sgt. Sharum performed above and beyond the call of duty last December. While charging a hunter for not having a hunting license, he discovered that the man was an unemployed single father with a 9-year old daughter at home. They were living in a rented trailer with little furniture and a kerosene heater. Food was limited.

Sgt. Sharum initiated a project to help the family through his network of professional colleagues and on social media. A local businessman donated a hunting license. Local churches, civic groups and neighbors provided clothes, household items and food. A fund was established to assist with immediate utility bills, fuel costs and other financial needs.

Sgt. Anthony Sharum's service was recognized to be singularly outstanding and deserving of the highest award an N.C. state employee can receive.

WILDILIFE MANAGEMENT EXCELLENCE AWARD

Benjy Strope, a technical assistance biologist with the N.C. Wildlife Resources Commission, was given the Wildlife Management Excellence Award from the Southeastern Section of The Wildlife Society. The award recognizes his work in establishing and managing early-successional habitat on corporate-owned agriculture lands and farms in southeastern North Carolina.

Strope, who has worked at the Commission for 11 years, has been instrumental in securing and managing $566,000 in grant funds to implement more than 1,000 acres of habitat improvements. This year, the area in which he worked demonstrated what is likely the highest density of quail populations in North Carolina.

Strope mainly works with corporate farmers, successfully entering this agricultural community and convincing farmers that making a profit can be accomplished while providing habitat and improving water quality.

THE N.C. SEA TURTLE PROJECT

2012 was a good year for sea turtle nesting on North Carolina's coast. Sea turtles laid 1,103 nests along North Carolina's coast—up from 967 in the previous year and 883 in 2010, the second highest since the project beginning, thanks to the help of over 600 volunteers.

MANY FIRSTS IN CUSTOMER SERVICE

ADMINISTRATIVE SERVICES



MELISSA McGAW/NCWRC

The Information Technology (IT) and Customer Support Services (CSS) Sections of NCWRC's Administrative Services Division provide front-line interaction with the public through the sales of hunting, trapping and fishing licenses and vessel registration, as well as behind-the-scenes support in a number of other areas related to technology. ALVIN is an in-house system developed and maintained solely by agency staffs, who are on call 24/7 to maintain and support the application. ***ALVIN processes over $23,000,000 in license and vessel transactions each year.***

The CSS Section consists of three units responsible for administering the sale of hunting, inland, and coastal fishing licenses, permitted hunting opportunities, registration and titling of vessels. ***This section is also responsible for the administration of more than 900 wildlife service agents statewide who provide license and registration services on behalf of the Wildlife Resources Commission.*** *Services for agents include training, administrative and technical support.*

Here's a bird's eye view of our strong interaction with the North Carolina public:

- 1 Million+ hunting/fishing licenses sold
- 400,000 North Carolina Rules and Regulations books distributed (2012)
- $23 Million+ in license and vessel transactions each year
- 400,000 coastal fishing licenses for N.C. Division of Marine Fisheries
- 135,000 vessels registered annually with more than
- 350,000 currently registered vessels in North Carolina
- IT supports technology for license sales, vessel registration and the processing of titles at
- 960 wildlife service agent locations across the state, 24/7
- 200,000 telephone /mail customer service contacts, annually
- NCWRC is one of **first** agencies in the nation to offer 100% real-time Internet-based license sales
- One of the **first** agencies to offer online licensing, vessel registration, big game reporting
- One of the **first** states to allow purchase of licenses from a mobile device
- Customers can also access GIS maps for game lands, hunting, fishing, and boating access areas
- 2 Million+ web site visits to agency Internet and Intranet per year
- 281 desktop computers, 437 laptops maintained (160 in enforcement vehicles)
- 236,000+ enforcement compliance checks a year

1.5 Million customers are affected by NCWRC's technology dedication to streamline operations, offer enhanced customer service and reduce expenses wherever possible.

REVENUES AT A GLANCE

AGENCY RECEIPTS

RECEIPTS - JULY 1,2010–JUNE 30, 2012

	2010–2011	2011–2012
Hunting & Fishing License	16,360,399.95	16,852,736.25
Vessel Registration	5,156,905.00	5,150,285.00
Vessel Titling	947,520.00	989,450.00
Federal Funding	18,967,068.91	18,009,611.35
Sales Tax	21,500,000.00	
Appropriations		18,438,511.00
Gas tax	2,020,515.00	2,136,851.00
Non Game Checkoff	215,014.76	355,414.99
WRC License Plate Sales	19,960.00	19,700.00
Transfer - DOT	141,324.00	143,399.00
Transfer - DENR	821,515.64	144.92
Transfer - DOA	776,795.90	
Transfer - Endowment Fund	179,485.00	183,561.00
Transfer - CI	200,000.00	530,004.23
Sale of Timber Products	2,320,544.46	2,440,386.62
Sale of Surplus Property	88,932.78	73,978.72
Sale of Publications	448,465.68	308,782.66
Beaver Damage Control - County Funds	168,000.00	
Local Funds	70,561.87	90,662.84
Private Grants	454,610.96	260,189.59
State Grants	401,943.20	186,462.46
Interest Income - Short Term	199,598.67	144,295.23
Other Sales of Goods & Services	1,092,054.40	866,252.20
Professional Services	1,556,321.28	2,042,735.37
Rental of State Property	61,201.03	50,021.35
Fees, Registrations, Permits & Fines	270,048.32	282,085.34
Private Donations & Gifts	35,527.12	26,911.52
Miscellaneous	562,801.06	264,504.69
TOTAL RECEIPTS	**$75,037,114.99**	**$69,846,937.33**

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NORTH CAROLINA WILDLIFE RESOURCES COMMISSION

1751 VARSITY DRIVE | RALEIGH, NC 27606 | 919-707-0010

NCWILDLIFE.ORG



February 2013

Cover photo © Russell Graves.

The N.C. Wildlife Resources Commission is an Equal Opportunity Employer, and all wildlife programs are administered for the benefit of all North Carolina citizens without prejudice toward age, sex, race, religion or national origin. Violations of this pledge may be reported to the N.C. Wildlife Resources Commission, Equal Employment Officer, Personnel Office, 1751 Varsity Drive, Raleigh, NC 27606. Telephone 919-707-0101.

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VISITOR REGISTRATION SHEET

APPROP. SUBCOMMITTEE ON NATURAL & ECONOMIC RESOURCES
Name of Committee

Date 4-09-13

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Catherine Moye Bryant	NC Commerce
Cheryl Reed	OSBM
Van Dutton	N.C. Education Lottery
Jennifer Haywood	NCDOL
Joy Hicks	NCDA&CS
Jordan Smith	NCLM
Ha Nguyen	NCCOB
Carr McLamb	DENR
Andy Chase	KMA
[illegible]	NCFB
Lauren Whaley	NCCUL

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Name of Committee

Date 4-09-13

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Tommy Clark	NCWRC
MALLORY MARTIN	NC WRC
GORDON MYERS	NC WRC
CHRIS DILLON	NCWRC
Doug Lassiter	NCSTA
Susan Singley	NCEL
Jaime Kingsbury	NCEL
Bill Jourdain	NCEL
Alice Garland	NCEL
[illegible] Russell	NCEL
[illegible]	DPA

VISITOR REGISTRATION SHEET

APPROP. SUBCOMMITTEE ON NATURAL & ECONOMIC RESOURCES
Name of Committee

Date 4-09-13

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
R Rogers	NCCWMTF
Cassandra Skinner	NCACC
Shannon Hobby	Commerce
Tom Bean	EOF, NCWF

VISITOR REGISTRATION SHEET

APPROP. SUBCOMMITTEE ON NATURAL & ECONOMIC RESOURCES
Name of Committee

Date 4-09-13

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Elizabeth Bise	Brooks Fire
Angel Sours	CR
Sadaf Knight	The Support Center

HOUSE SGT. AT ARMS

JOE CROOK

BILL BASS

SEN. SGT. AT ARMS

RONALD SPANN

CHARLES MARCALES

DONNA BLACE

Thursday, April 11	**Room**	**Time**
APPROPRIATIONS NATURAL & ECONOMIC RESOURCES (JOINT)	423	8:30 am

Name	County	Sponsor
Tyler Brown	Gaston	Torbett
Carlee Venters	New Hanover	B. Hamilton

Joint Appropriations Subcommittee on NER
Agenda
Thursday, April 11, 2013, 8:30 A.M.
Room 423, Legislative Office Building

Senator Andrew Brock, Presiding

1. **Welcome & Introductions**

   Sen. Brock

2. **Department of Environment and Natural Resources**

   Ecosystem Enhancement Program
   Michael Ellison, EEP Acting Director

   Environmental Divisions
   Division of Water Resources
   Tom Reeder, Division Director

   Division of Energy, Mineral and Land Resources
   Tracy Davis, Division Director

   Division of Coastal Management
   Division of Air Quality
   Division of Waste Management
   Division of Water Quality
   Jennifer Hoffmann, *Fiscal Research Division*

3. **Committee Discussion**

4. **Adjourn**

House Appropriations Subcommittee on NER
Rep.McElraft (Chair)
Rep. West (Chair)
Rep. Dixon (Vice Chair)
Rep. Pierce (Vice Chair)
Rep. Presnell (Vice Chair)
Rep. Brandon, Bumgardner, Catlin, Dobson, Langdon, Millis, Richardson, Wilkins, Wray

Senate Appropriations Committee on NER
Sen. Brock (Chair)
Sen. Jackson (Chair)
Sen. Bryant, Cook, McLaurin, Rabin, Tarte, Walters

Joint Committee on Appropriations on Natural and Economic Resources
Thursday, April 11, 2013 at 8:30 AM
Room 423 of the Legislative Office Building

MINUTES

The Joint Committee on Appropriations on Natural and Economic Resources met at 8:30 AM on April 11, 2013 in Room 423 of the Legislative Office Building. 16 members were present.

Senator Andrew C. Brock, Chair, presided.

Sen. Brock called the meeting to order at 8:35 AM.

Sen. Brock introduced the House and Senate Pages and House and Senate Sgt. At Arms.

Sen. Brock yielded the floor to Mr. Michael Ellison, Acting Director, Ecosystem Enhancement Program (EEP), Department of Environment and Natural Resources.

Mr. Ellison presented the Ecosystem Enhancement Program: EEP Primer; EEP Timeline; UT to Jumping Run – Stream and Wetland Complex; The Mitigation Process; EEP's Mitigation Programs; Type Total FY 2011-12 Expenditures; Statewide Stream, Wetland and Riparian Buffer ILF Customers by Type; Statewide Stream and Wetland Program Expenditures ($15 million in Fiscal Year 2011-12); Statewide Stream, Wetland and Buffer ILF Payments; NCDOT Stream and Wetland Program Expenditures ($20.1 million in Fiscal Year 2011-12); Nutrient Offset Program Expenditures ($0.9 million in Fiscal Year 2011-12); Nutrient Offset ILF Program Payments; Payments to Private Vendors by Contract Category ($21.6 million in Fiscal Year 2011-12); NC DOT Stream and Wetland Program (Fund 2984, FY 2011-12 Actuals); Statewide Stream and Wetland Program (Fund 2981, FY 2011-12 Actuals); Nutrient Offset Program (Fund 2982-9829, FY 2011-12 Actuals).

Sen. Brock asked the committee if there were any questions or comments.

Rep. Dixon: Is there any type of interstate comparison to help us understand how the State stacks up against South Carolina or any other neighboring states?

Mr. Ellison: Yes. There was a Legislative Research Committee last Fall; and that was one of the questions. They developed a comparison with Virginia, South Carolina and Georgia. That presentation is in the official record. Every state is different because each state has its own Corps district, so what the committee did was try and normalize things. The bottom line is that North Carolina is a little less expensive than other states. The other part is that the State structure with agencies is straightforward and well understood.

Rep. Dixon: For future consumption regarding the Nutrient Offset Program, to educate myself I would like to see information that the program is being administered fairly because farmland is precious and precious in urban areas.

Mr. Ellison: I understand what you are asking for, and with respect to the administration of fairness, that would be DWQ. We are required to follow the rules DWQ writes.

Rep. Catlin: The history of wetlands has been that they were bad things. Now we don't fix what is causing the problem, an impediment to the economy. What is the true value for this cost?

Mr. Ellison: There have been recent developments that could answer your question with a dollar value. One way to look at this is these are federal regulations and development wouldn't take place if we didn't follow those rules.

Rep. Catlin: Has there been any efforts to push back on the federal regulations?

Mr. Ellison: Yes. The Wilmington Corps wanted to increase costs and DENR worked to get a public comment hearing. Our comments were extensive and thorough. It is a dynamic environment and we try our best to keep things reasonable.

Rep. Bumgardner: What are the criteria the Corps uses to figure out how many credits a developer needs?

Mr. Ellison: Typically, developers employ environmental consultants who work with them to figure out what their development will need. So, the impact is part of the official survey. Then the Corps tells the developer what their impact is going to be.

Rep. Bumgardner: What does the Corps use for criteria? What is their basis?

Mr. Ellison: The technical criteria for wetlands, for example, are tests for hydrology, soils and water.

Rep. Bumgardner: When a developer has to use mitigation, he spreads out the cost to the homeowner. When we reach the point nobody is buying homes, then will this just stop?

Sen. Rabin: Your process is a boring thing to look at. Your process chart is predisposed to problems. We are not looking at cost effectiveness or economic impact. It sounds like all we are doing is turning one swamp into another swamp.

Mr. Ellison: That is done with permitting agencies if there needs to be mitigation. With regards to the issue of cost, the Corps is required to take cost into effect. We are not a regulatory agency. Our work starts when a developer has a need for mitigation.

Sen. Rabin: How do we push back on these regulations? There has to be a point when other things take precedence.

Mr. Ellison: Those decisions are made at the regulatory level. How do we improve time and cost, which was a major area of critique when we last commented on the Corps' recent guidelines. DENR is working as a department to help with state laws.

Sen. Brock asked that further questions are sent to Fiscal Research Staff, presenters and other committee members.

Sen. Brock yielded the floor to Mr. Tom Reeder, Division Director; Division of Water Resources, Department of Environment and Natural Resources.

Mr. Reeder presented the Division of Water Resources: Primary Functions: Water Resource Planning; Safe Drinking Water; Funding History; Personnel & Funding Percentages; Drinking Water Infrastructure Loans; Water Resource Projects; N.C. General Assembly Appropriations FY 01/02 through FY 12/13 Water Resource Development Projects; Governor's Budget Recommendations.

Sen. Brock asked the committee if there were any questions or comments.

Rep. Wilkins: What is the general ratio for state and federal matching?

Mr. Reeder: 5 to 1; and for water resources there is no set rate, but normally it is 3 to 1.

Rep. Wilkins: Regarding reservoir projects, what is the recent history of getting permit applications.

Mr. Reeder: The federal government makes it extremely difficult to get a permit for a reservoir. We recommend quarries and side-stem streams.

Sen. Cook: What about beach re-nourishment?

Mr. Reeder: Yes. We try and do as much as we can.

Sen. Cook: Hatteras has not gotten much beach re-nourishment in 30-40 years.

Mr. Reeder: Since the economy has gone south, the State only gives matching money to beaches the federal government helps re-nourishment.

Sen. Cook: So there is little or no hope in the foreseeable future?

Mr. Reeder: Well, that is up to the budget writers. I am happy to fund the beaches if you allow us.

Rep. Catlin: Mr. Reeder is very good at what he does. With the beach re-nourishment program, when the federal government gave portions, the State gave 26% of the total project. Beach re-nourishment is a real problem.

Sen. Rabin: I'm trying to understand funding, when the federal gave money the State then gave money to the local beaches that did not receive any?

Mr. Reeder: No, if the federal government gives money, then the State will match that number. If the federal government doesn't give any money then the State doesn't help at all.

Sen. Brock yielded the floor to Mrs. Hoffman.

Mrs. Hoffman: The Governor, in his recommended budget, did not provide any money for beach re-nourishment, matching or otherwise.

Rep. Catlin: Does that include State water ways?

Mr. Reeder: No.

Sen. Brock yielded the floor to Mr. Tracy Davis, Division Director, Division of Energy, Mineral and Land Resources, Department of Environment and Natural Resources.

Mr. Davis presented the Division of Energy, Mineral and Land Resources: DEMLR's Mission; Geological Survey Section; Land Quality Section; Dam Safety Program; Mining Program; Erosion & Sedimentation Control Program; Energy Program; DEMLR: 5 – Year Budget History; Distribution of DEMLR appropriated funds over the past five fiscal years through FY2011-12; DEMLR – Changes in FY 2012-2013; 2013-15 Governor Recommended Continuation & Expansion Items.

Sen. Brock asked the committee if there were any questions or comments

Sen. Brock yielded the floor to Mrs. Jennifer Hoffman, Fiscal Research Division.

Mrs. Hoffman presented the Division of Coastal Management (DCM), Division of Air Quality (DAQ), Division of Waste Management (DWM) and Division of Water Quality (DWQ).

Mrs. Hoffman's presentation of DCM: Mission; Major Activities; Coastal Area Management Act (CAMA); Coastal Reserve Program; Public Beach and Coastal Waterfront Access Grants; Program and Planning Support; Staffing & Offices; DCM Funding History; Budget Highlights; Recent General Assembly Budget Actions; Governor's Recommended Budget.

Sen. Brock asked the committee if there were any questions or comments

Mrs. Hoffman's presentation of DAQ: Mission; Air Quality Monitoring; Permitting: 2 Types; Air Quality Permitting; Compliance Assistance/Compliance Assurance Activities; DAQ Receipt Sources; DAQ: 5-Year Expenditure History; DAQ Fund Balances.

Sen. Brock asked the committee if there were any questions or comments

Mrs. Hoffman's presentation of DWM: Mission; Areas DWM cover; Underground Storage Tanks (UST); Solid Waste Section; Hazardous Waste Section; Brownfields; Brownfields: Former Alpha Mill becomes Alpha Mill Apartments; Currently known contamination sites in

North Carolina; Drinking Water Impacts; DWM 5-year Expenditure History; Recent General Assembly Actions; 2013-15 Governor's Budget.

Sen. Brock asked the committee if there were any questions or comments

Mrs. Hoffman's presentation of DWQ: Mission; DWQ Organization; DWQ 5-year Expenditure History; Recent General Assembly Actions: 2011 -13 Biennium; Governor's Recommended Budget.

Sen. Brock asked the committee if there were any questions or comments.

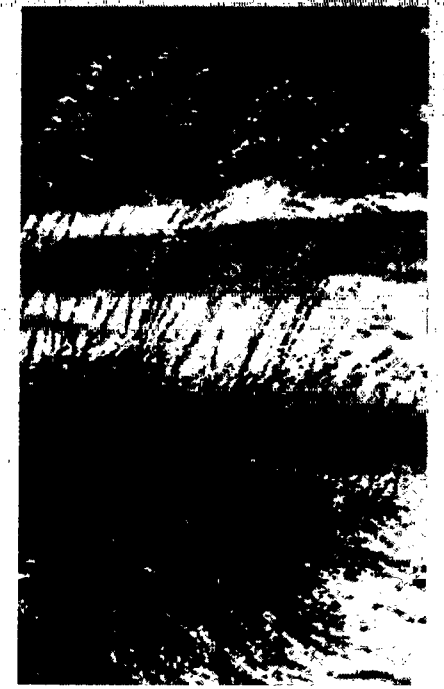
Sen. Brock thanked the presenters, committee and audience.

The meeting adjourned at 9:52 AM.

Senator Andrew C. Brock, Chair
Presiding

Towers Mingledorff, Committee Clerk

Division of Coastal Management



Natural and Economic Resources Appropriations Subcommittee

April 11, 2013

FISCAL RESEARCH DIVISION
A Staff Agency of the North Carolina General Assembly

What does the division do?

Mission:

to **protect**, **conserve** and **manage** North Carolina's coastal resources through an integrated program of **planning**, **permitting**, **education**, and **research**

Major Activities:

- Administers coastal development permits (CAMA)
- Supports the Coastal Resources Commission
- Manages the Coastal Reserve Program
- Provides grants for
  - public beach and coastal waterfront access
  - installation of marine sewage pump-out stations
- Assists local governments with land use planning

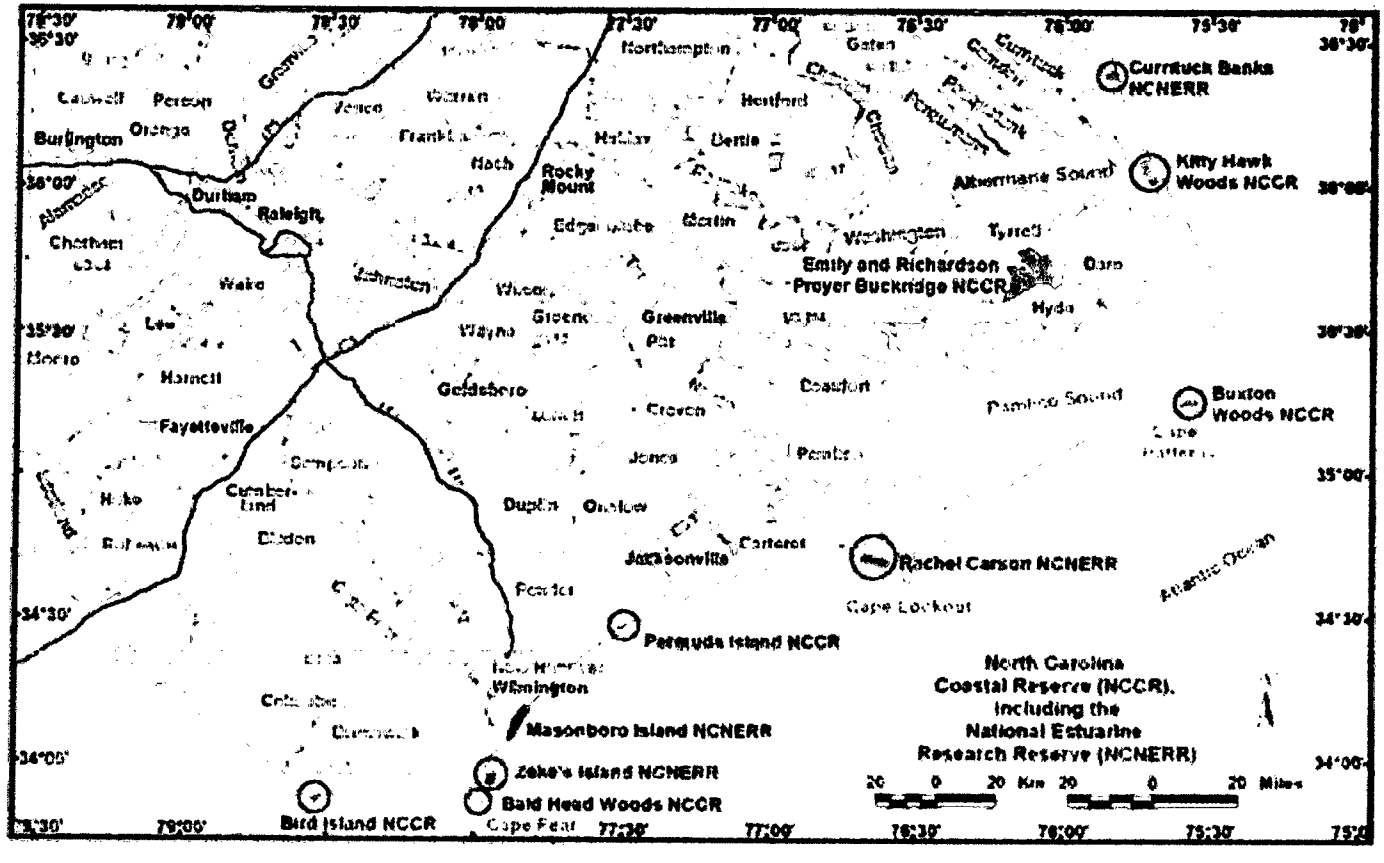
Coastal Area Management Act (CAMA)



- Covers 20 coastal counties
- 3 Types of Permits
  - Major (umbrella permit, 4% of total)
  - Minor and General permits (96%)
  - Fees range from $0 to $475
- Permit complexity increases w/ coastal growth
  - 2012: 3,159 permits
  - 2005: 3,500 permits
  - 1990: 1,250 permits

Coastal Reserve Program

- Open to public
- Research conducted by staff, universities, and local school teachers and students



10 Sites; 40,000 acres

Public Beach and Coastal Waterfront Access Grants

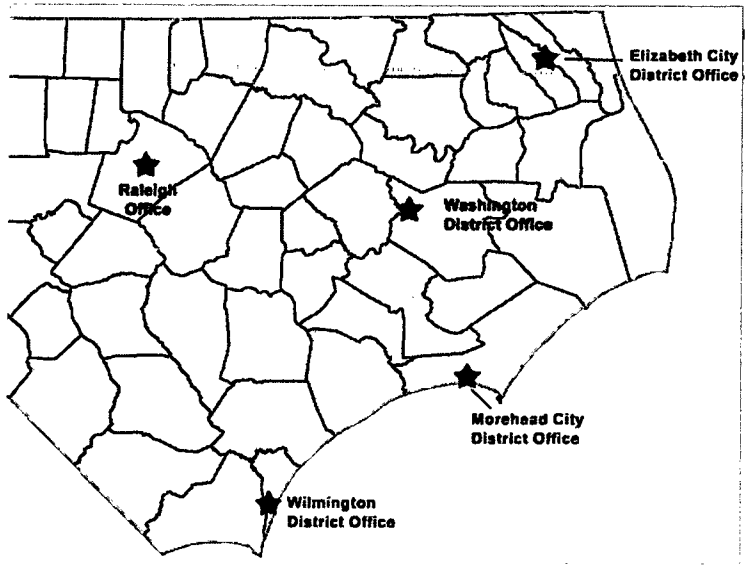
- 5% of Parks & Recreation Trust Fund
- $1.25 M, 11 projects in FY 2011-12
  - Demand (proposals received) is usually twice this
- Requires 25% local match
- Funds for beach access, parking, boardwalks, restrooms, urban waterfront redevelopment

Program and Planning Support

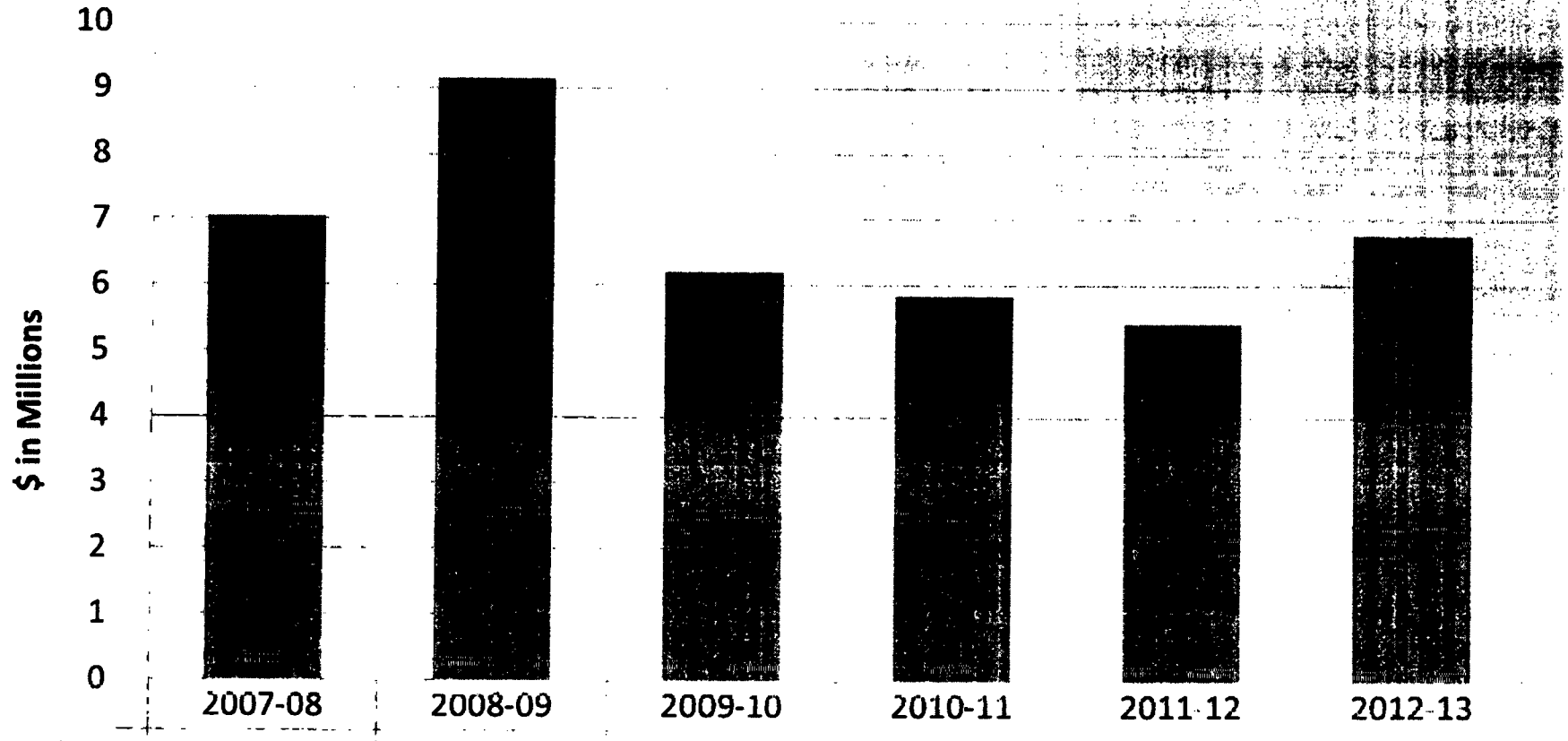
- Support for Coastal Resources Commission and Advisory Council Meetings and related policy analysis
- Session Law 2012-202
  - Requires Division studies of inlet areas and shoreline management
- NC Beach and Inlet Management Plan
  - Regional studies and streamlined permitting for beach nourishment and inlet dredging projects
- Local Gov't land use planning

Staffing & Offices

- 54.5 FTE positions in 4 District offices
  - Morehead City (Headquarters)
  - Washington
  - Wilmington
  - Elizabeth City
- DOT funds 4 positions to focus solely on transportation projects



DCM Funding History



	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
Appropriation	2,208,825.31	2,179,009.72	1,949,077.68	1,715,925.72	1,479,295.00	1,577,872.00
Receipts	4,838,101.73	6,961,397.00	4,251,493.10	4,121,310.99	3,939,119.00	5,197,145.00

Note: These numbers do not include funding for Public Beach Access grants.

Budget Highlights

- **Annual Receipts include**
  - CAMA permit fees (~$500K/yr)
  - Federal grant funds (~$4 million/yr)
- **FY 2007-08 through FY 2011-12**
  - Reduction in appropriations of approx. $700,000
  - FTEs down from 69 to 54.5 (FY13)
  - Unexpended fed. grants for FY 11 may offset sequester impact in FY 13, for one year only

Recent General Assembly Budget Actions

2011 -13 Biennium

- Closure of Division's Raleigh office
- Reduction of ~ $425K in appropriations & 6 FTE

Governor's Recommended Budget

- **No changes** in continuation budget
  - FY 2013-14 & FY 2014-15 = FY 2012-13
- **No expansion or specific reductions** in Governor's Recommended Budget
- **PARTF reductions** could limit Division grants to local governments for public access
  - Could be as low as $150-250K (from $1.4-$1.6 M)

DCM Contacts and Questions

Braxton Davis, Division Director

Braxton.Davis@ncdenr.gov

http://dcm2.enr.state.nc.us/index.htm

Division of Air Quality

Joint Appropriations Subcommittee on Natural and Economic Resources

April 11, 2013

FISCAL RESEARCH DIVISION
A Staff Agency of the North Carolina General Assembly

DAQ's Mission

The Division of Air Quality (DAQ) works with the state's citizens to protect and improve outdoor air quality for the health, benefit and economic well-being of all.

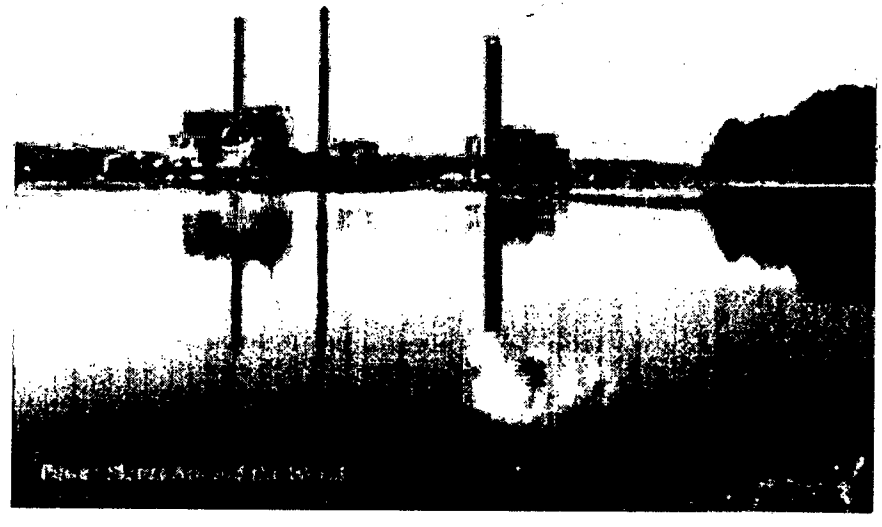
- Monitor the level of pollutants in the air
- Permit and inspect stationary air emissions sources
- Compliance assurance activities
- Develop and implement plans to meet federal air quality standards
- Assist, educate and inform the public on air quality issues

Air Quality Monitoring

- Meet federal monitoring requirements
- Focus on ozone, fine particles, sulfur dioxide, nitrogen oxides, carbon monoxide, air toxics
- Collect air samples and perform scientific analysis
- Make data available to the public in real-time via the internet

Permitting: 2 Types

- **Title V** – larger facilities
  - Federally mandated
  - 298 facilities
    - Examples: power plants, paper plants, chemical plants
  - Inspected yearly
- **Non-Title V** – smaller facilities
  - ~2500 facilities
    - Examples: asphalt plants, quarries
  - Inspected at least every 2 years



Air Quality Permitting

Calendar Year 2012 Activity:

1248 permit actions

Types of permit actions

- Administrative (128)
- New (63)
- Modifications (355)
- Renewals (570)
- Other (132) (construction notices, rescissions, revocations, tax certifications)

Compliance Assistance/Compliance Assurance Activities

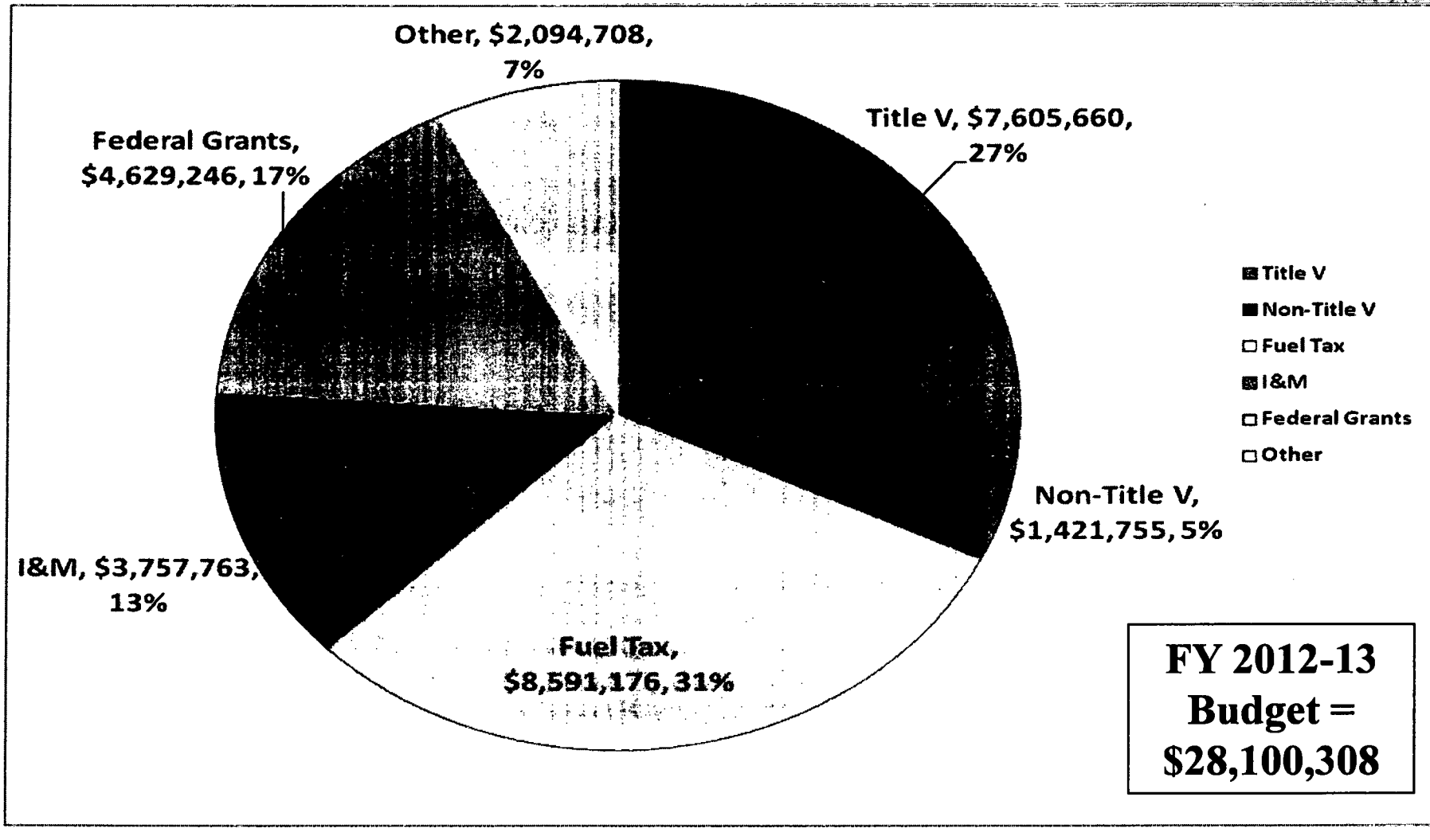
Average annual activity at stationary sources:

- 350 emissions inventories reviewed
- 2600 inspections/compliance assistance
- 1400 complaints investigated
- >500 technical assistance

Mobile sources:

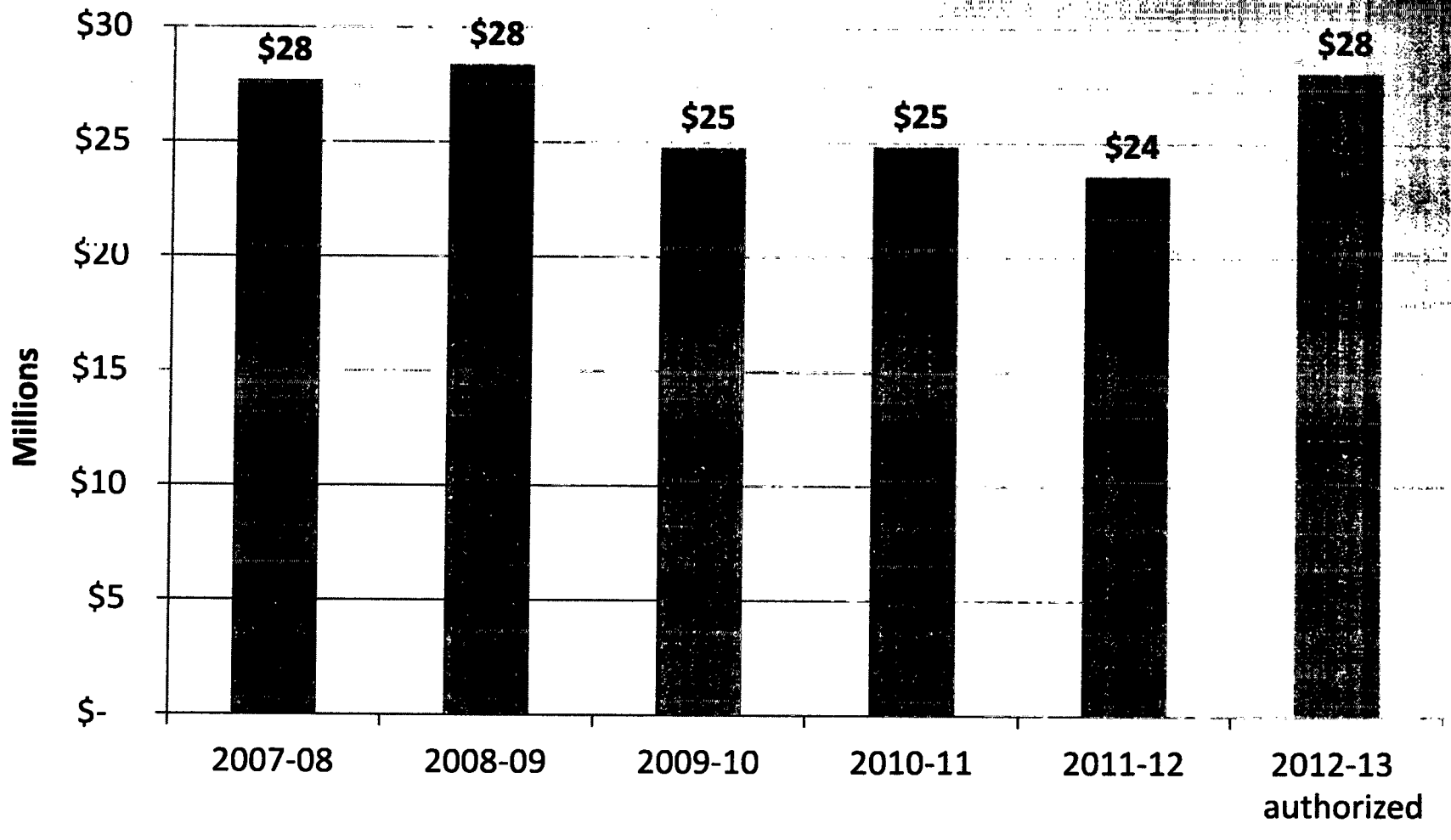
- Assist Division of Motor Vehicles with vehicle inspection and maintenance program implementation.
- Assure compliance with gasoline vapor recovery rules.

DAQ Receipt Sources



FY 2012-13 Budget = $28,100,308

DAQ: 5-Year Expenditure History



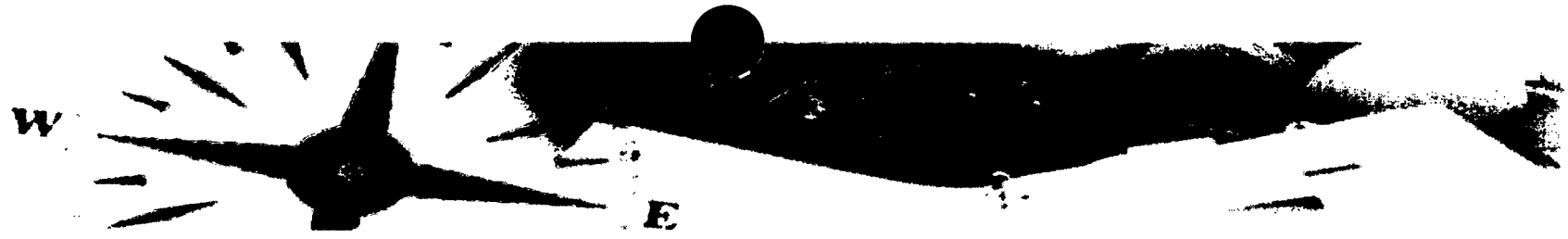
DAQ Fund Balances

Year-End Cash Balances					
	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-13
Inspection & Maintenance	$ 905,847	$ 577,237	$ 1,204,807	$ 1,902,963	$ 2,605,973
DAQ Fuel Tax	$ 690,108	$ 1,356,763	$ 2,007,056	$ 2,450,036	$ 1,998,128

DAQ Contacts and Questions

Shelia Holman, Division Director
sheila.holman@ncdenr.gov

http://daq.state.nc.us/

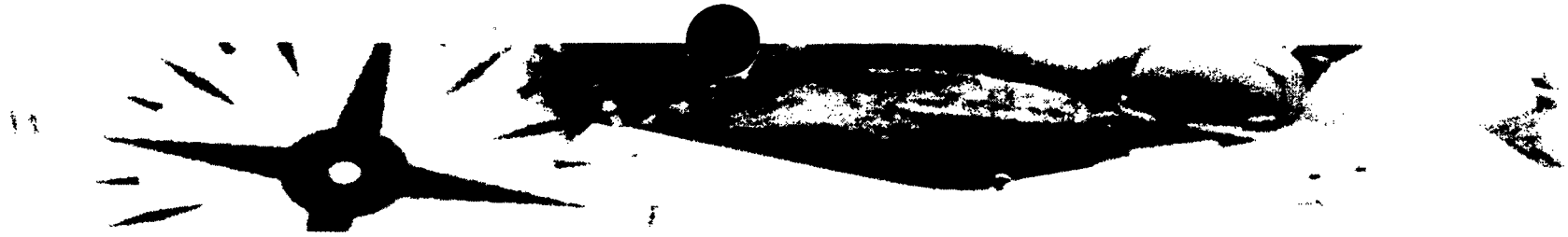


Division of Energy, Mineral, and Land Resources (DEMLR)

Natural and Economic Resources Appropriations Subcommittee

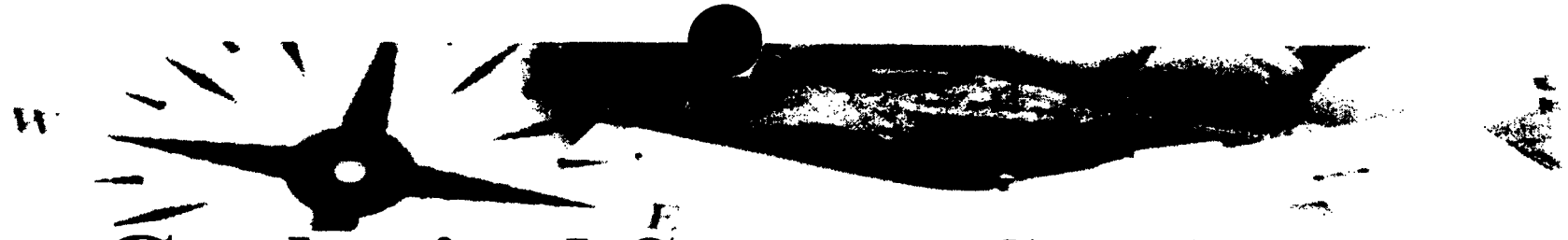
April 2013

DEMLR



DEMLR's Mission

To promote the wise use and protection of North Carolina's land and geologic resources



Geological Survey Section

- Conduct geological investigations including detailed geologic mapping, mineral resource evaluation and geologic hazard analysis
- Engage in public outreach through presentations, publications (reports / maps), and responses to inquiries from professionals, teachers, homeowners and other interested persons

Land Quality Section

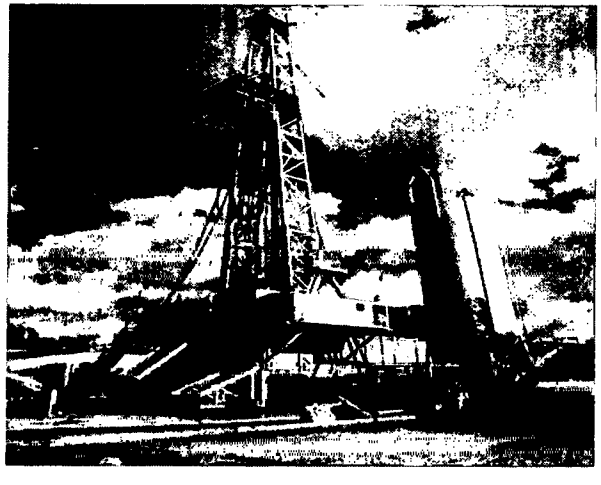
Customer Service, Permitting, Technical Assistance, Inspections, Enforcement

- Dam Safety Program
- Mining Program
- Sediment Control Program
- Energy Program

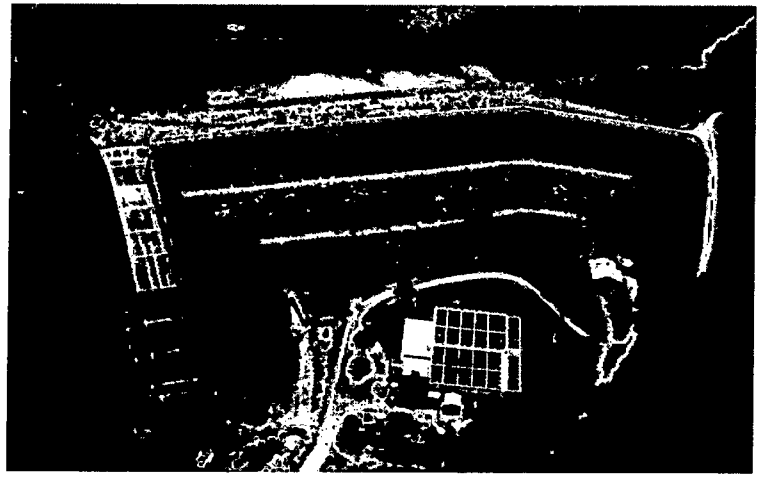








Dam Safety Program - To prevent property damage, personal injury and loss of life from the failure of dams



- Enforces Dam Safety Law of 1967
- Reviews permit applications
- Performs inspections

- 4,161 Jurisdictional Dams in North Carolina
  - 1,127 high hazard dams would cause probable loss of human life or extensive property damage if they failed
- 20-30 new dams added each year
- 3-4 dam failures/year

Mining Program

To provide for the mining of mineral resources while ensuring the usefulness, productivity & scenic value of all lands & waters of our State under the Mining Act of 1971

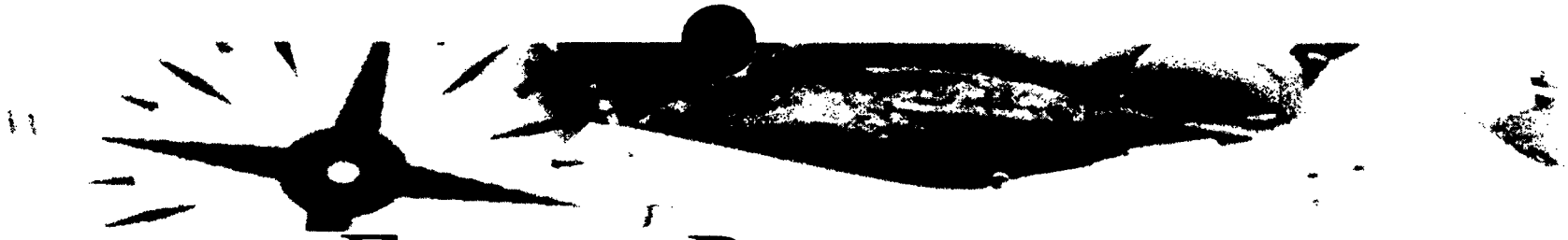
- 866 mines of more than 1 acre in NC
- 200+ new, renewal, modification and transfer applications processed by central office/year
- Inspections handled by regional offices

Erosion & Sedimentation Control Program - To allow development within our State while preventing pollution by sedimentation

- Enforces Sedimentation Pollution Control Act of 1973
- Reviews and approves erosion & sedimentation control plans
- Inspects sites
- Oversees delegated local sedimentation programs and DOT delegation



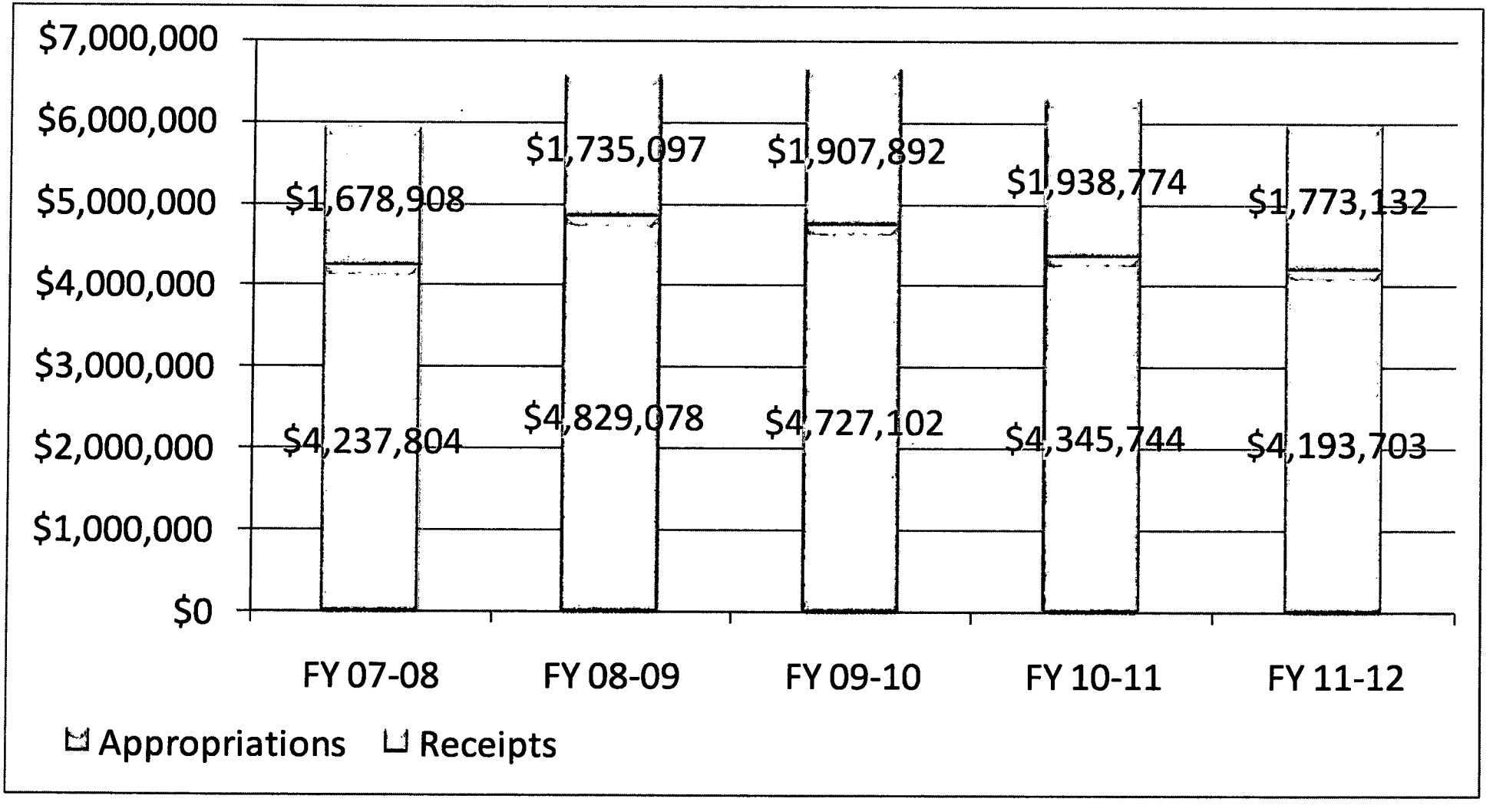
- 8,000 open projects
- 2,000+ new projects/year

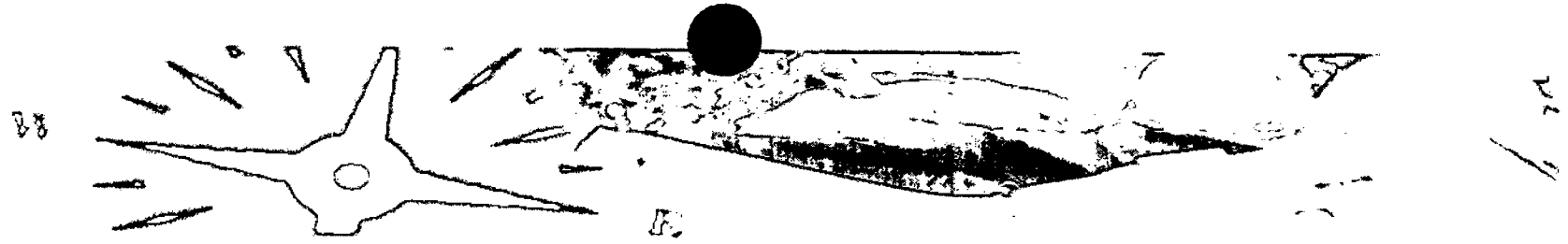


Energy Program

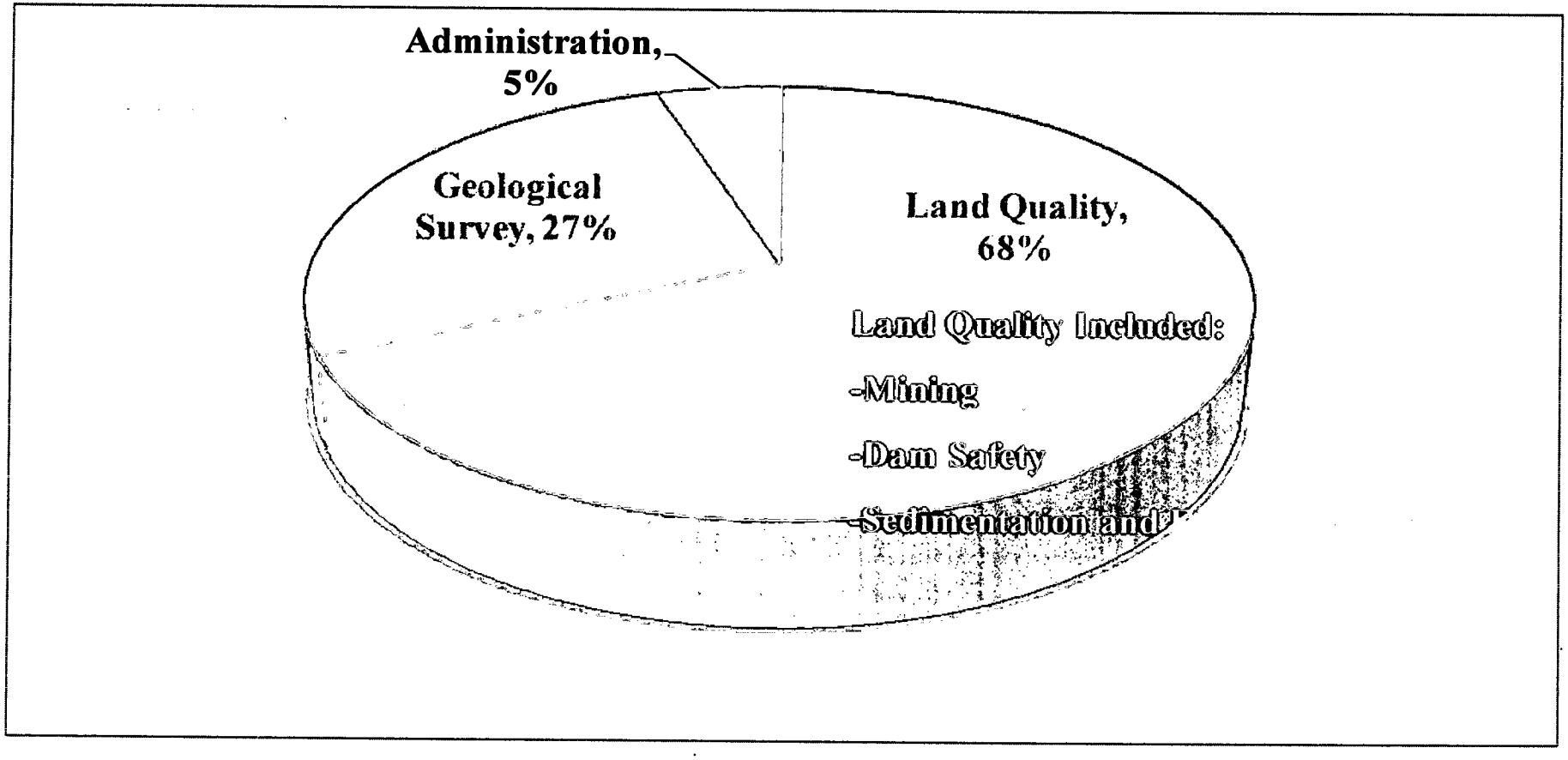
- Supports the Mining and Energy Commission (established in 2012 legislative session) in its development of:
  - Rules for a modern energy regulatory program
  - Three legislatively mandated studies on local government regulation, funding sources/levels, and compulsory pooling
- Reviews and approves drilling permits for oil and gas exploration and development

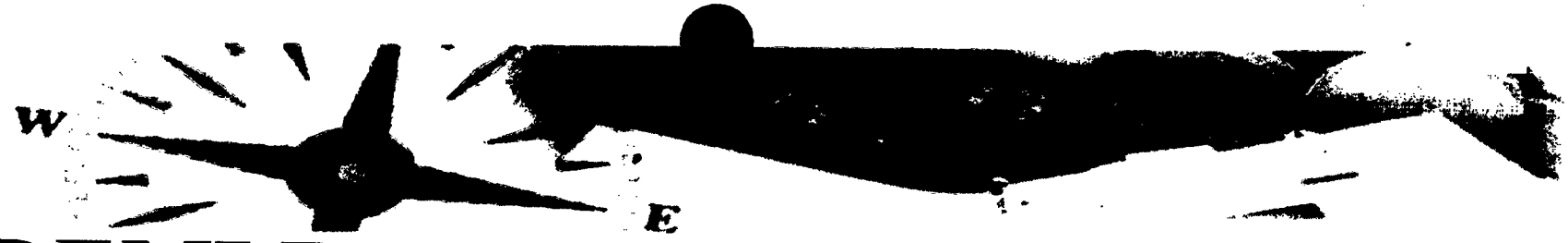
DEMLR: 5 – Year Budget History





Distribution of DEMLR appropriated funds over the past five fiscal years through FY2011-12





DEMLR – Changes in FY 2012-2013

1. NC Geodetic Survey was relocated into Department of Public Safety/Emergency Management

2. New Mining and Energy Commission established with Energy Program added to DEMLR (3 positions, no operating)

3. Elimination of four Sediment Program positions

4. DEMLR = 90 FTEs: Admin-4, LQS-72 and NCGS-14

2013-15 Governor Recommended Continuation & Expansion Items

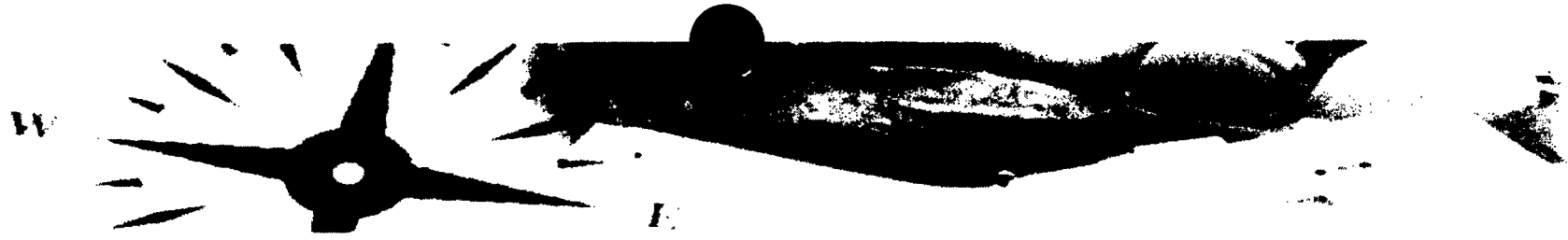
Continuation

- Operating Increases of $144,578

Reductions

- Eliminates $138,466 funding & 1.90 FTEs
- Eliminates $47,082 in Office Leases

No Recommended Expansion



Questions?

Tracy E. Davis, PE, CPM

Director, Division of Energy, Mineral, and Land Resources

(919) 707-9201

tracy.davis@ncdenr.gov

DIVISION OF WASTE MANAGEMENT

Educating today for a cleaner tomorrow

Waste Management

Joint Natural and Economic Resources Appropriations Subcommittee

April 11, 2013

FISCAL RESEARCH DIVISION
A Staff Agency of the North Carolina General Assembly

DWM Mission

To prevent the harmful release of waste to the environment and clean up existing contamination

What areas does DWM cover?

- Solid Waste
- Scrap Tires
- White Goods
- Hazardous Waste
- Underground Storage Tanks
- Superfund Sites
- Dry-Cleaning Solvent Cleanup
- Pre-regulatory Landfills
- Brownfields
- Mercury Switch Removal

Underground Storage Tanks (UST)

What does the program do?

- Ensures proper cleanups of releases from commercial and noncommercial USTs
- Administers Commercial and Noncommercial Cleanup Funds to reimburse eligible cleanup costs
- Registers commercial USTs & collects annual operating fees from owners

  26,751 Registered tanks

  8348 UST permitted facilities
- Ensures compliance with regulations governing commercial UST system installations & operating standards

Commercial = commercial motor fuel tanks and heating oil tanks over 1,100 gallons

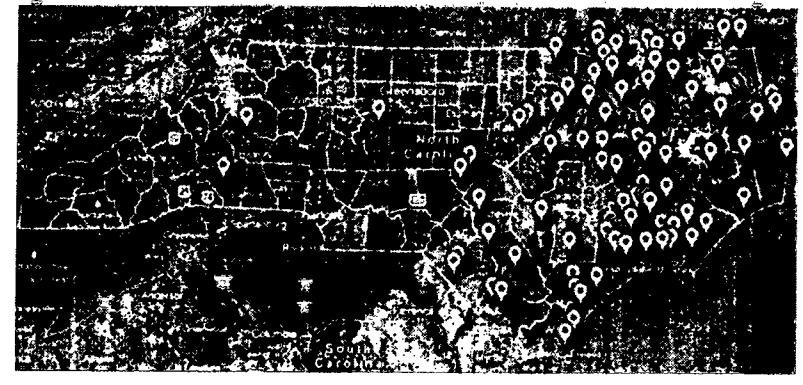
Noncommercial – heating oil tanks less than 1,100 gallons and noncommercial farm motor fuel tanks less than 1,100 gallons

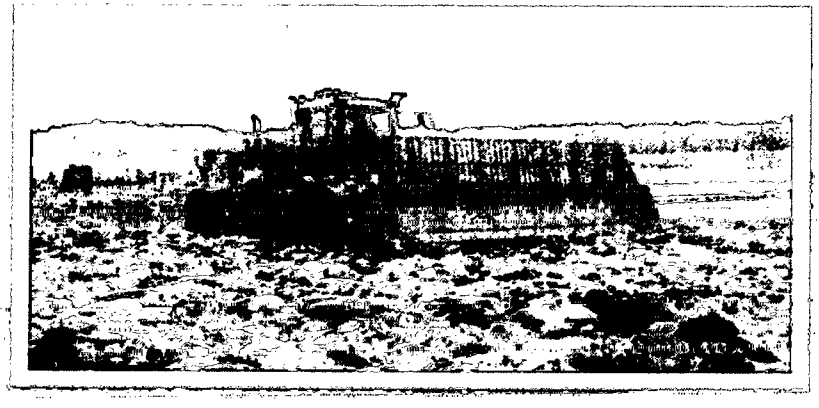


Solid Waste Section

- **Program focus**
- Technical Assistance
- Environmental Monitoring
- Waste Management and Planning
- Tax Certifications
- Emergency/Disaster Response
- Facility Inspections
- Complaint Investigation
- Permitting

Disaster Debris Site Interactive Map

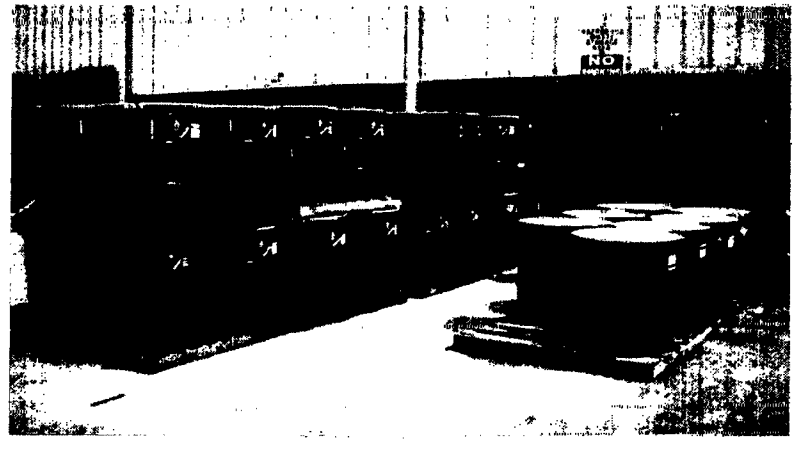




Hazardous Waste Section

- **Program focus**
- Technical Assistance
- Emergency/Disaster Response
- Facility Inspections
- Resident Inspectors for Commercial HW facilities
- Complaint Investigation
- Permitting
- Mercury Switch Removal

Hazardous Waste Storage Area





EQ Facility Response, Oct. 6, 2006

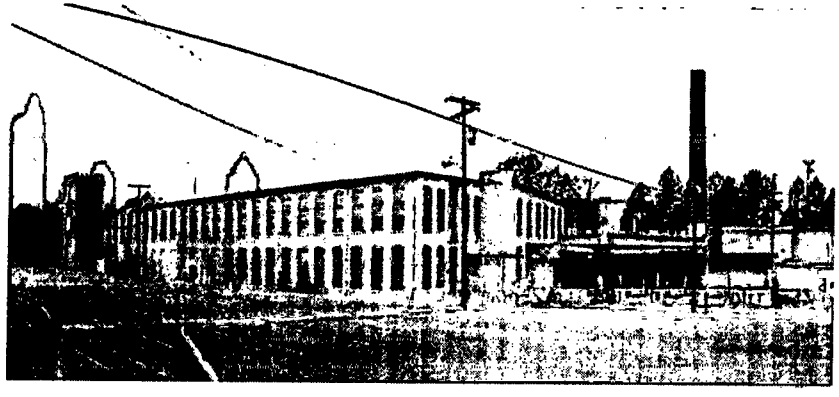
Brownfields

Brownfield: abandoned, idled or underused property where the threat of environmental contamination has hindered its redevelopment

Brownfields agreement provides new developer liability protection while still holding original owner responsible

- 240 agreements in place, 130 in process
- Has facilitated $8+ billion in private investment

Brownfields: Former Alpha Mill becomes Alpha Mill Apartments



Abandoned Textile Mill, circa 1888 and Chromium Electroplater, circa 1955



Alpha Mill Apartments bordering uptown Charlotte



Preservation of historic architectural heritage

Currently known contamination sites in North Carolina



Numbers are approximate:

- **1930 Inactive Hazardous Sites**
- **676 Pre-Regulatory Landfills**
- **302 Dry-Cleaning Solvent Cleanup Act (DSCA) Sites**
- **8000 Underground Storage Tank (UST) Incidents**
- **2000 Aboveground Storage (AST) Incidents**
- **37 National Priority List (NPL) sites.**

- UST Incidents (Open)
- AST Incidents (Open)
- DSCA
- Pre-regulatory Landfills
- Inactive Hazardous Sites

Drinking Water Impacts

Number of households/businesses receiving alternative water

2009-10: 229

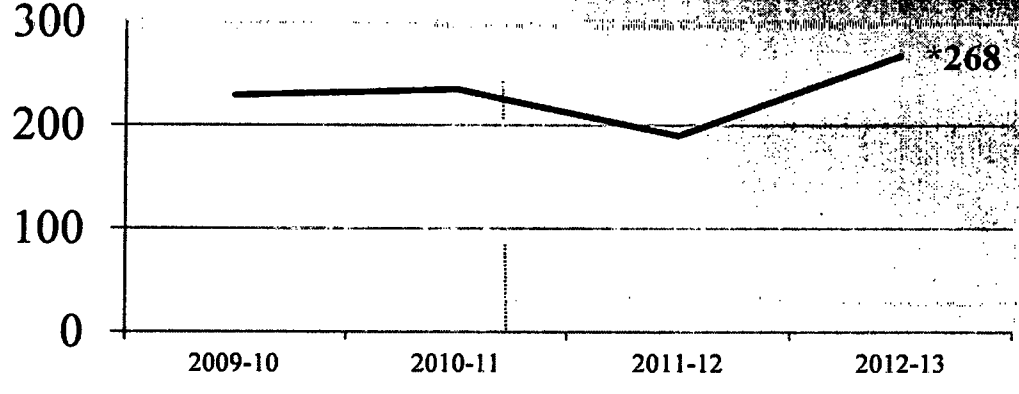
2010-11: 235

2011-12: 190

2012-13: *254

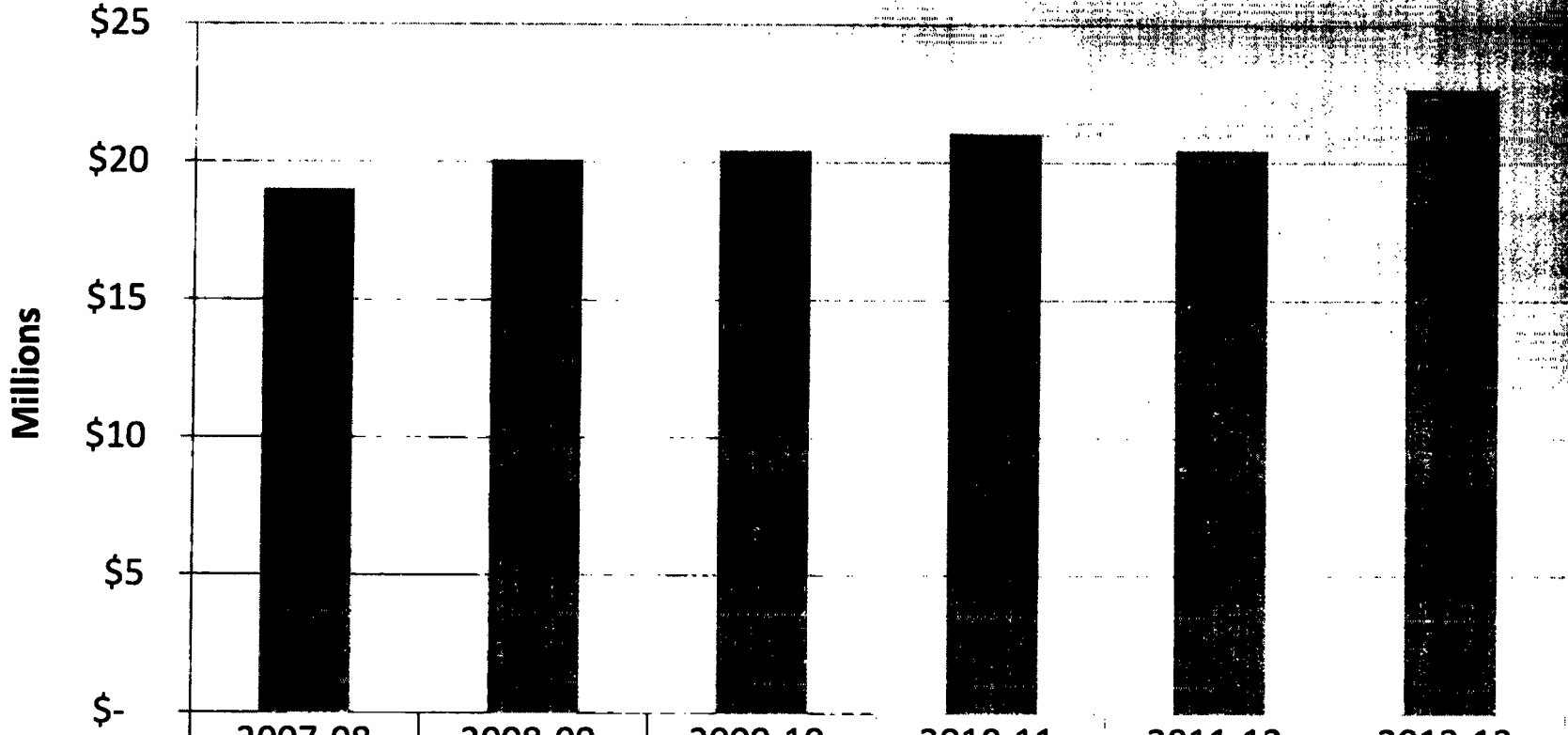
***as of 1/1/2013**

Need for alternative drinking water due to groundwater contamination



Refers to number of homes/businesses provided alternative drinking water by DWM due to contamination of water supply wells. This does not include the number supplied directly by the person responsible for the contamination (Responsible Party).

DWM 5-year Expenditure History



	2007-08 Actual	2008-09 Actual	2009-10 Actual	2010-11 Actual	2011-12 Actual	2013-13 Budget
■ Receipts	$13,860,825	$14,205,175	$15,333,579	$16,535,626	$16,411,856	$18,379,414
■ Appropriation	$5,152,850	$5,873,562	$5,091,792	$4,539,135	$4,038,586	$4,311,919

Recent General Assembly Actions

2011-13 Biennium

- Eliminates 5 FTE and fund shifts 1.9 FTE for a total savings of $546,642 R
- Reduces operating by $23,819 R

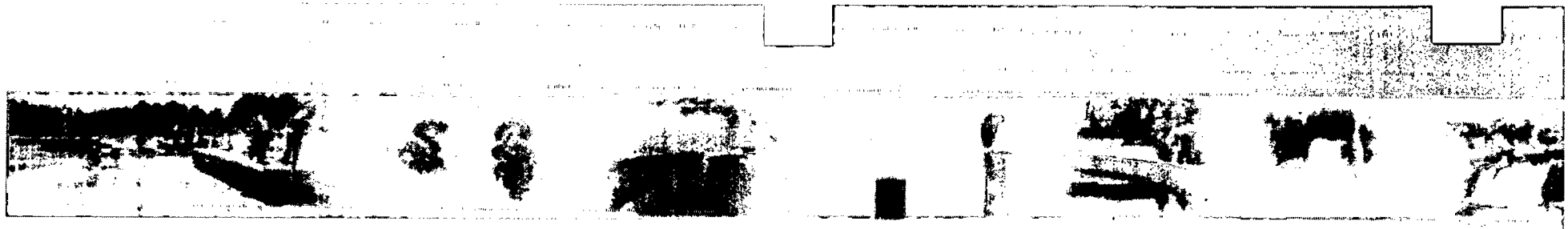
2013-15 Governor's Budget

- **Continuation Budget**
  - No changes to current year authorized budget
- **Governor's Reductions**
  - Redirects White Goods tax to the GF and eliminates the transfer to the White Goods Mgmt Acct. ($1,217,796)
  - Redirects Scrap Tire tax revenue to GF and provides $1.1 mil appropriation to Scrap tire Disposal Acct.
- **Governor's Expansion**
  - $3.5 million R for the Non-Commercial Underground Storage Tank Program
  - $250,000 & 2 FTE for a data management and monitoring study for Inactive Hazardous Sites

DWM Contacts and Questions

Dexter Matthews, Division Director
dexter.matthews@ncdenr.gov

http://portal.ncdenr.org/web/wm/



Division of Water Quality

Joint Appropriations Subcommittee on Natural and Economic Resources

April 11, 2013

FISCAL RESEARCH DIVISION
A Staff Agency of the North Carolina General Assembly

DWQ's Mission

To **protect** and **enhance** North Carolina's water and groundwater resources through

- quality monitoring programs
- efficient permitting
- responsible management
- fair & effective enforcement
- excellence in public service



How do they accomplish that?

- Classify all waters for best intended use
- Develop river basin reports
- Sample waters
- Operate environmental laboratory
- Issue permits & ensure compliance
- Provide financial and technical assistance to publicly owned wastewater facilities

DWQ Organization

- **Administration/Operations**
- **Planning**
  - River basin plans
  - Classify waters
- **Environmental Sciences**
  - Samples waters
- **Laboratory**
  - Certify other wastewater labs

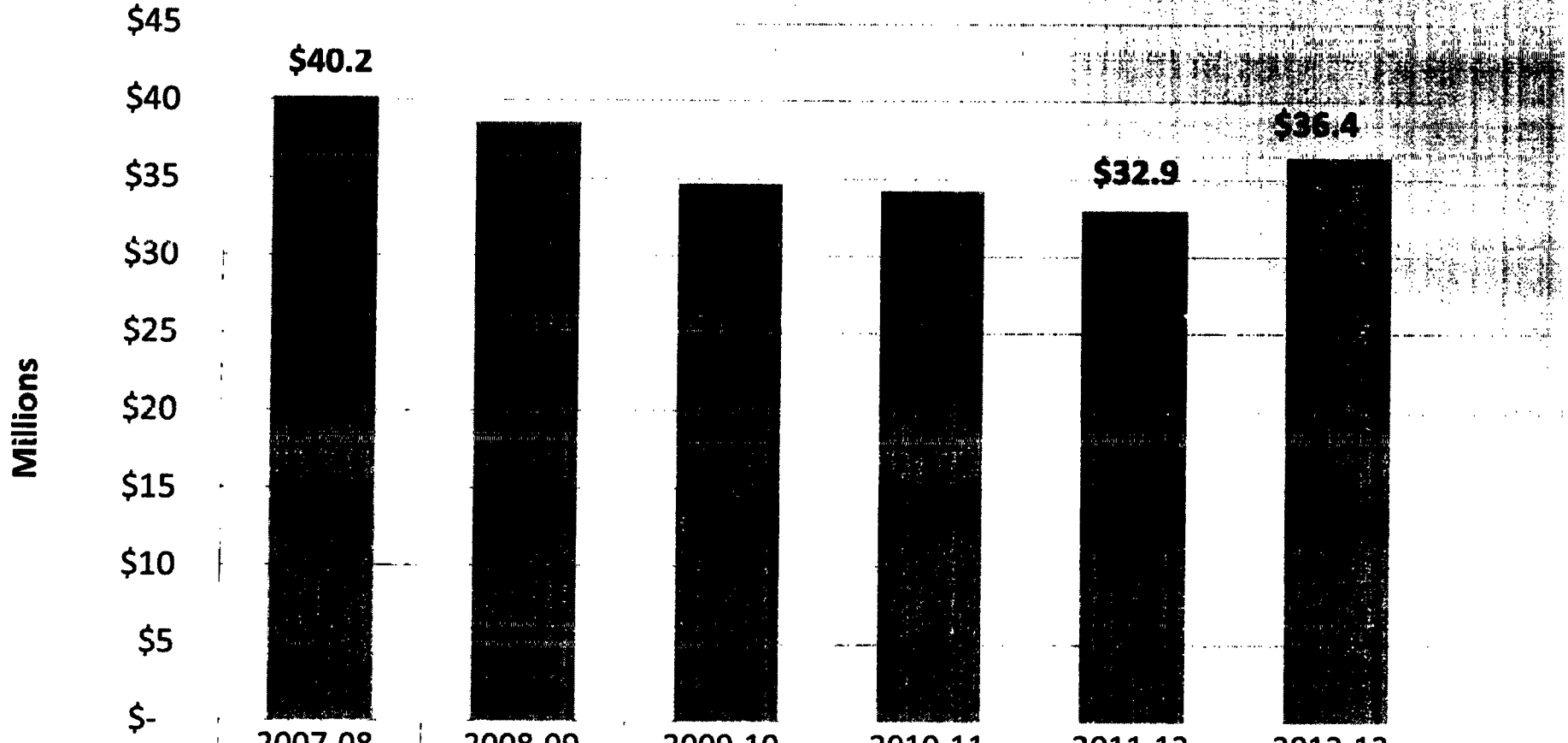




DWQ Organization

- **Aquifer Protection**
  - Animal feeding operations permitting and compliance
  - Land application permitting and compliance
- **Surface Water Protection**
  - National Pollutant Discharge Elimination System (NPDES)
  - Wetlands permits
  - Stormwater permits
- **Infrastructure Finance**
  - State Revolving Fund/Financial Assistance

DWQ 5-year Expenditure History



	2007-08 Actual	2008-09 Actual	2009-10 Actual	2010-11 Actual	2011-12 Actual	2012-13 Budget
Receipts	$25,465,332	$24,944,838	$21,424,174	$20,945,551	$21,344,681	$24,483,690
Appropriation	$14,757,771	$13,635,533	$13,236,535	$13,310,385	$11,644,072	$11,911,525

Recent General Assembly Actions

2011 -13 Biennium

- Eliminated 10.6 FTES and fund shifted an additional 14.5 for a total savings of $1,366,018 R
- Reduced operating by $442,880 R

Governor's Recommended Budget

- Governor's Continuation Budget
  - no changes = current year authorized

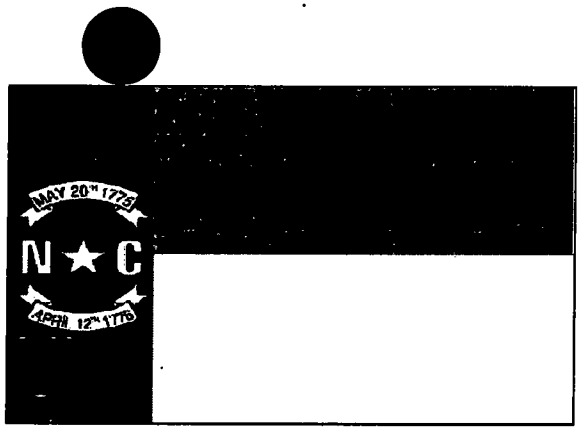
- Expansion/ Reductions
  - Eliminates the General Fund support for the Ground Water Investigation Unit ($364,788 R & 4 FTE)

DWQ Contacts & Questions

Chuck Wakild, Division Director

chuck.wakild@ncdenr.gov

http://portal.ncdenr.org/web/wq/



DWR
Division of Water Resources

Division of Water Resources

Natural and Economic Resources Appropriations Subcommittee

Primary Functions

- Water Resource Planning
- Safe Drinking Water
- Water Infrastructure Loans
- Water Resource Projects



Water Resource Planning

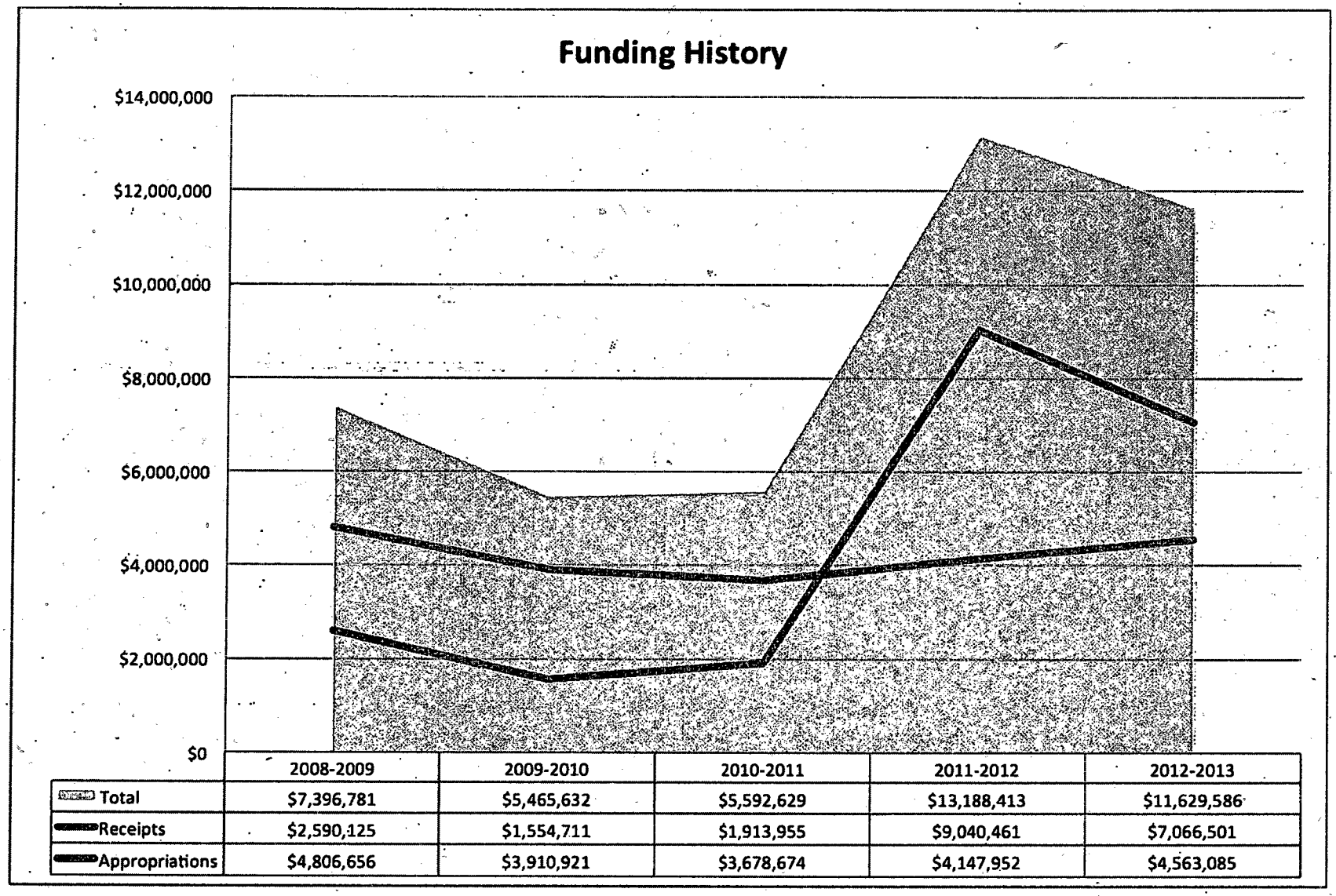
- Goal: Provide strategic data so State & local leaders can make informed water resource management decisions.
  - Monitor surface & groundwater flows
  - Collect & analyze local water use data
  - Develop & operate river basin hydrologic models
  - Analyze data 50 years into the future
  - Determine areas that could be subject to water shortfalls and/or water conflicts

Water Resource Planning

- Technical assistance to local govts:
  - Water conservation & efficiency
  - Drought response planning
- Statewide drought management & response
- Management of Interbasin Transfer Program
  - Surface water transfers > 2,000,000 gallons / day
- Implementation of Coastal Plain Capacity Use Area
  - Sustainable use of coastal aquifers

Safe Drinking Water

- Implementation of federal Safe Drinking Water Act
- Oversight of over 6300 public water supplies in NC
- Training and technical assistance to all types of public water systems, public and privately-owned
- Ensure NC's citizens and visitors are receiving safe drinking water



	2008-2009	2009-2010	2010-2011	2011-2012	2012-2013
Total	$7,396,781	$5,465,632	$5,592,629	$13,188,413	$11,629,586
Receipts	$2,590,125	$1,554,711	$1,913,955	$9,040,461	$7,066,501
Appropriations	$4,806,656	$3,910,921	$3,678,674	$4,147,952	$4,563,085

Note: Increase in 2011-2012 is due to the addition of the Public Water Supply Program to the Division.

Personnel & Funding Percentages

- 160 full time permanent employees:
  - 102 in Central Office
  - 58 in 7 Regional Offices throughout NC

- Funding Percentages:
  - 39% Appropriations
  - 61% Federal grant funds & other

Drinking Water Infrastructure Loans

- Implementation of Drinking Water State Revolving Fund
- 0% interest loans for drinking water infrastructure
  - Repayable over 20 years
- State match used to leverage federal funds
  - Roughly $5 federal to $1 State
- Since 2012: $114,000,000 in loans to NC water systems
- State match provided in Governor's budget

Water Resource Projects

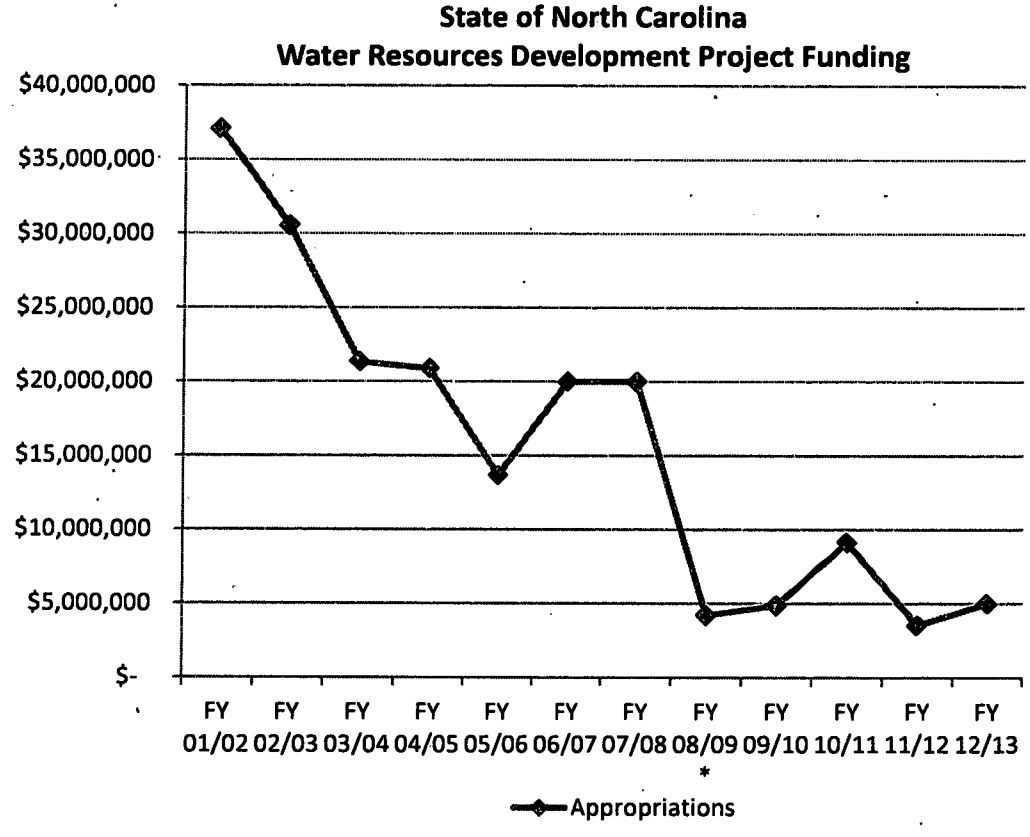
- State Sponsor for:
  - General Navigation
  - Recreational Navigation
  - Water Management (Flood Control)
  - Beach Protection (Storm Damage Reduction)
  - Stream Restoration
  - Water Based Recreation
  - Aquatic Weed Control
- 2008-2012: State $3M-$9M secured fed. $40M-$70M

N.C. General Assembly Appropriations FY 01/02 through FY 12/13
Water Resource Development Projects

Fiscal Year	Appropriations
FY 01/02	$ 37,097,000
FY 02/03	$ 30,558,000
FY 03/04	$ 21,340,000
FY 04/05	$ 20,892,000
FY 05/06	$ 13,660,000
FY 06/07	$ 20,000,000
FY 07/08	$ 20,000,000
FY 08/09 *	$ 4,205,000
FY 09/10	$ 4,875,000
FY 10/11	$ 9,130,000
FY 11/12	$ 3,535,000
FY 12/13	$ 5,000,000

* NCGA appropriated $14,306,000,
OSBM only certified $4,205,000

NOTE:
Majority (>50%) of the early 2000's appropriations were for the Wilmington Harbor Deepening project



Governor's Budget Recommendations

- $30,000 reduction in operational support
- Eliminate one vacant position
- Fund shift 4.3 other positions
- No impact on DWR mission accomplishment


Ecosystem
Enhancement
PROGRAM

EEP Primer







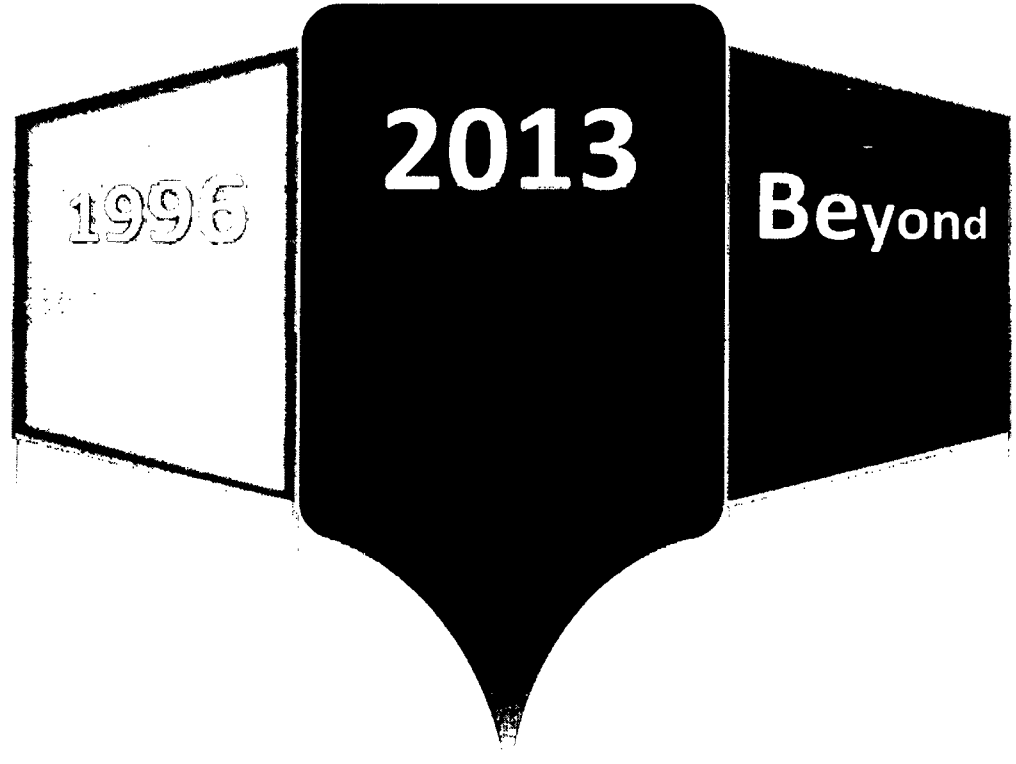


Compensatory Mitigation for stream, wetland, riparian buffer and nutrient offsets

Concentrates mitigation projects to optimize ecosystem returns

Leverages mitigation investments to the benefit of the state's natural resources

EEP Timeline



1996

To improve permitting process and mitigation outcomes

NC WRP

2000s

EEP established

EEP established

Beyond

Developing North Carolina Ecosystem Services

Ecosystem Services

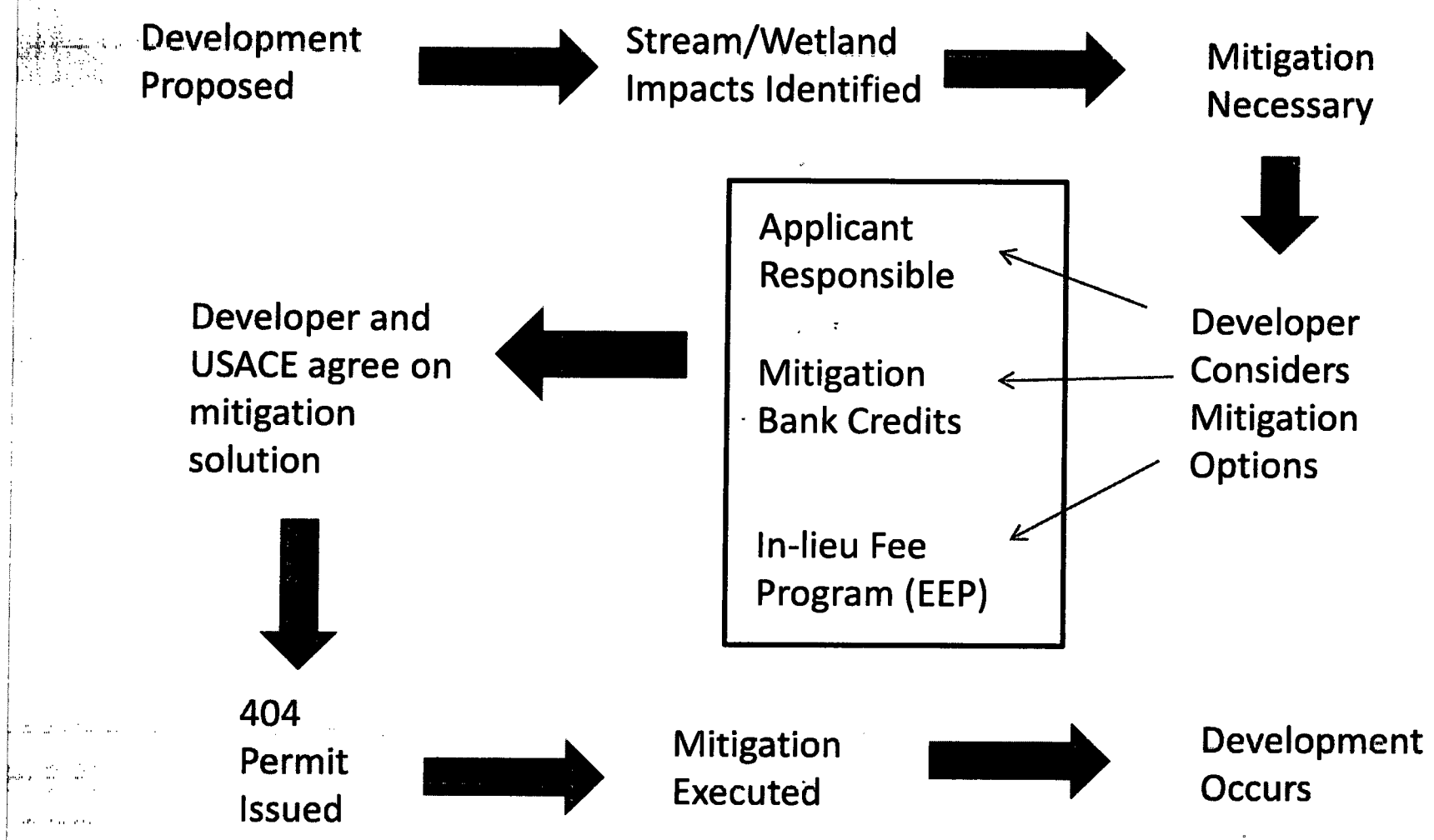


UT to Jumping Run – Stream and Wetland Complex

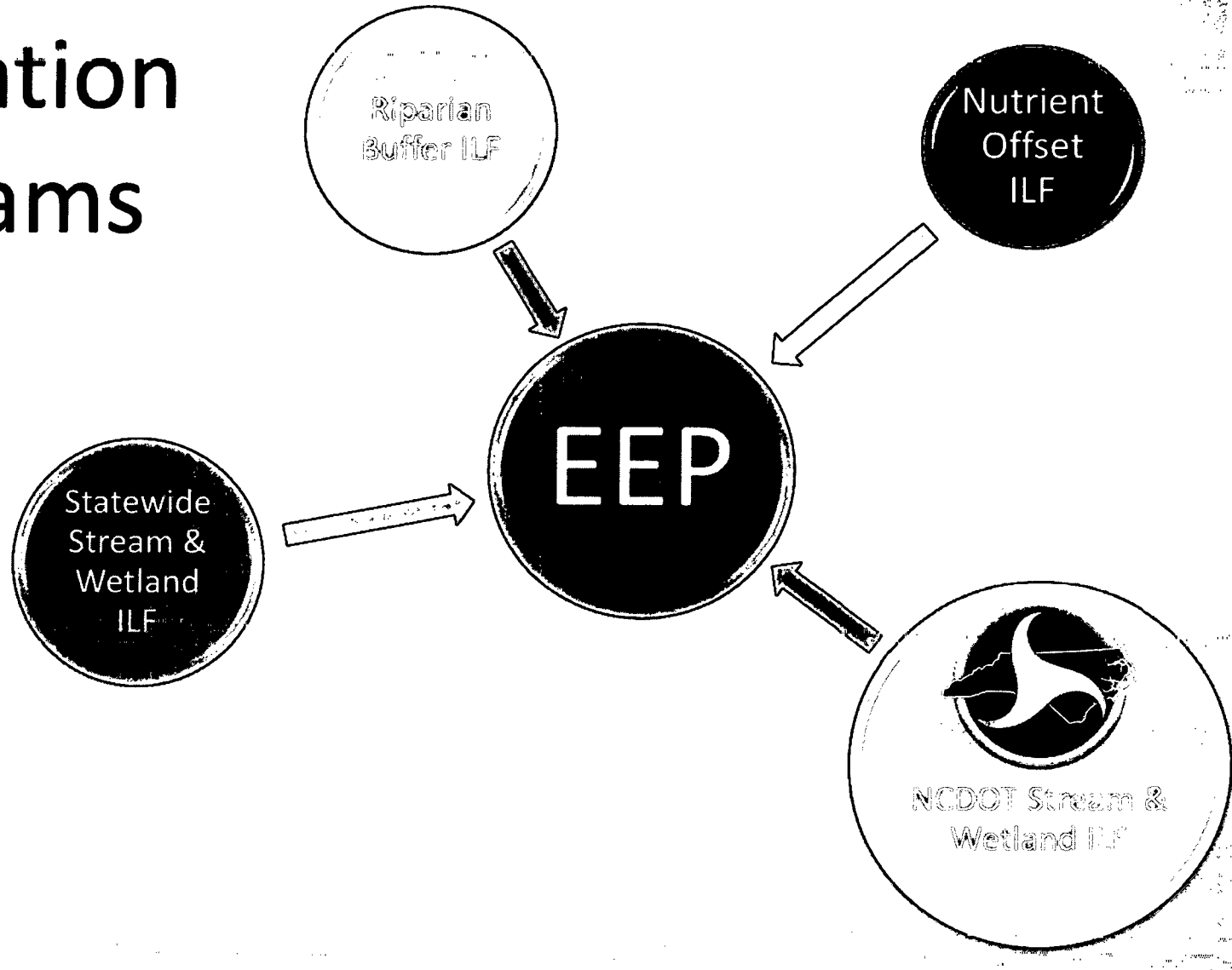




The Mitigation Process



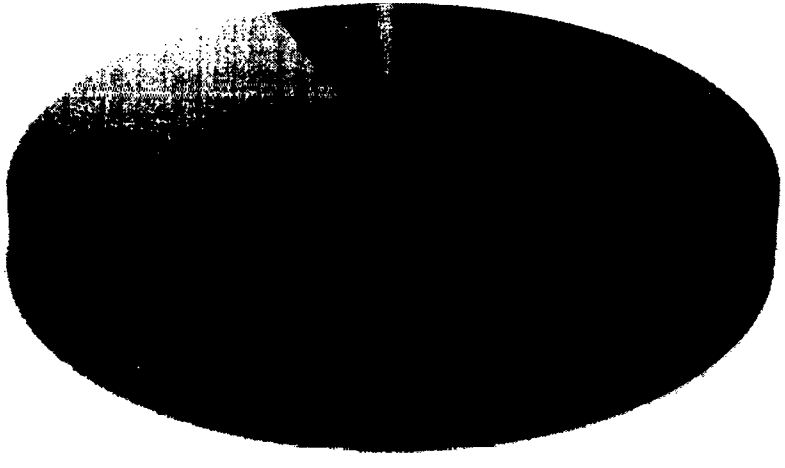
EEP's Mitigation Programs



FY 2011-12 Expenditures by Fund

Payment Type	Statewide Stream and Wetland Program 2981	Riparian Buffer Program 2982	Nutrient Offset Program 2982-9829	NCDOT Stream and Wetland Program 2984 & 2930-9303 & 2930-9304	Total
Administration	$709,611.15	$54,471.16	$157,161.74	$4,442,059.90	$5,363,303.95
Watershed Planning	$11,018.80	$0.00	$0.00	$25,658.48	$36,677.28
Stewardship	$0.00	$0.00	$0.00	$0.00	$0.00
Task Order Agreement	$0.00	$0.00	$0.00	$0.00	$0.00
Mitigation Bank Credit Purchase	$0.00	$0.00	$0.00	$0.00	$0.00
Full Delivery	$4,010,726.35	$1,279,131.00	$173,373.96	$9,066,141.10	$14,529,372.41
Design-Bid-Build					
Acquisition	$600,343.08	$34.20	$189,367.20	$377,727.83	$1,167,472.31
Feasibility	$0.00	$0.00	$0.00	$0.00	$0.00
Design	$1,328,966.72	$0.00	$30,700.81	$1,398,525.71	$2,758,193.24
Construction/Repair	$1,630,598.34	$22,561.25	$218,509.57	$2,305,001.11	$4,176,670.27
Monitoring & Maintenance	$500,272.07	$12,938.35	$7,328.00	$727,369.26	$1,247,907.68
Intra-Program Credit Purchases & Transfers	$6,203,270.32	$768,950.83	$146,629.69	$1,735,360.50	$8,854,211.34
Total	**$14,994,806.83**	**$2,138,086.79**	**$923,070.97**	**$20,077,843.89**	**$38,133,808.48**

Statewide Stream, Wetland, and Riparian Buffer ILF Customers by Type



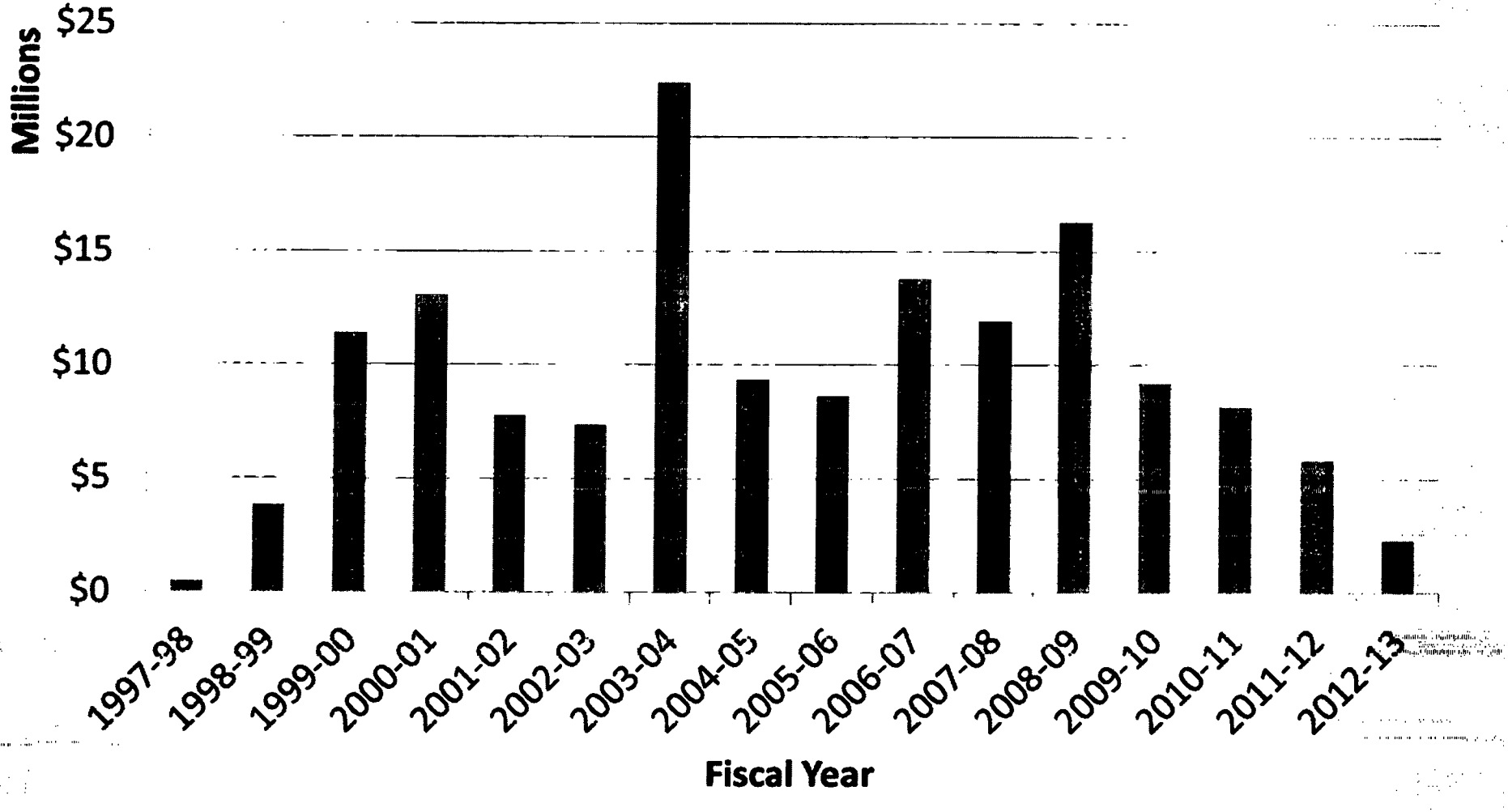
- Residential (48%)
- Local/State/Federal Government (26%)
- Commercial/Industrial/Retail (20%)
- Private Utilities/Infrastructure (3%)
- Military (2%)
- Non-Profit Organization (1%)

Statewide Stream & Wetland Program Expenditures ($15.0 Million Total, FY 2011-12)

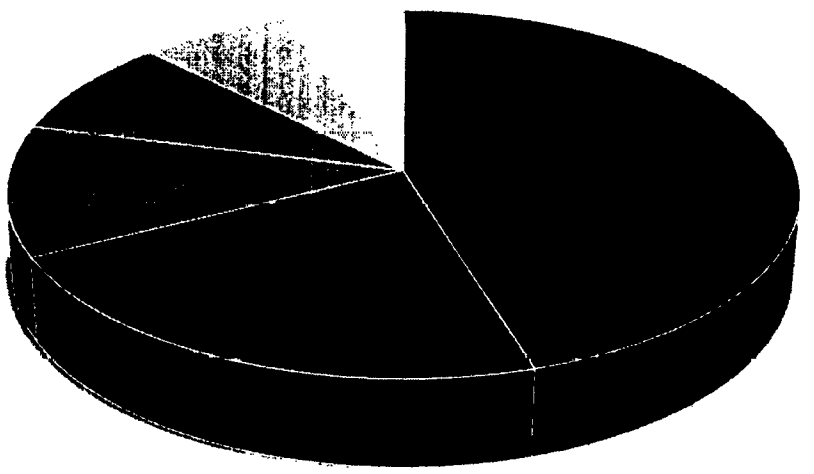


- Intra-Program Credit Purchase & Transfers (41%)
- Full Delivery (27%)
- Construction/Repair (11%)
- Design (9%)
- Administration (5%)
- Land Acquisition (4%)
- Maintenance & Monitoring (3%)
- Watershed Planning (0.1%)

Stream, Wetland and Buffer ILF Payments

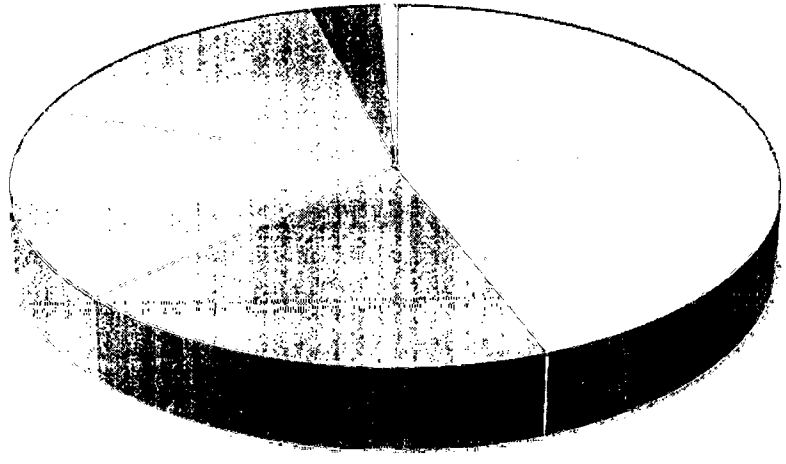


NCDOT Stream & Wetland Program Expenditures ($20.1 Million Total, FY 2011-12)



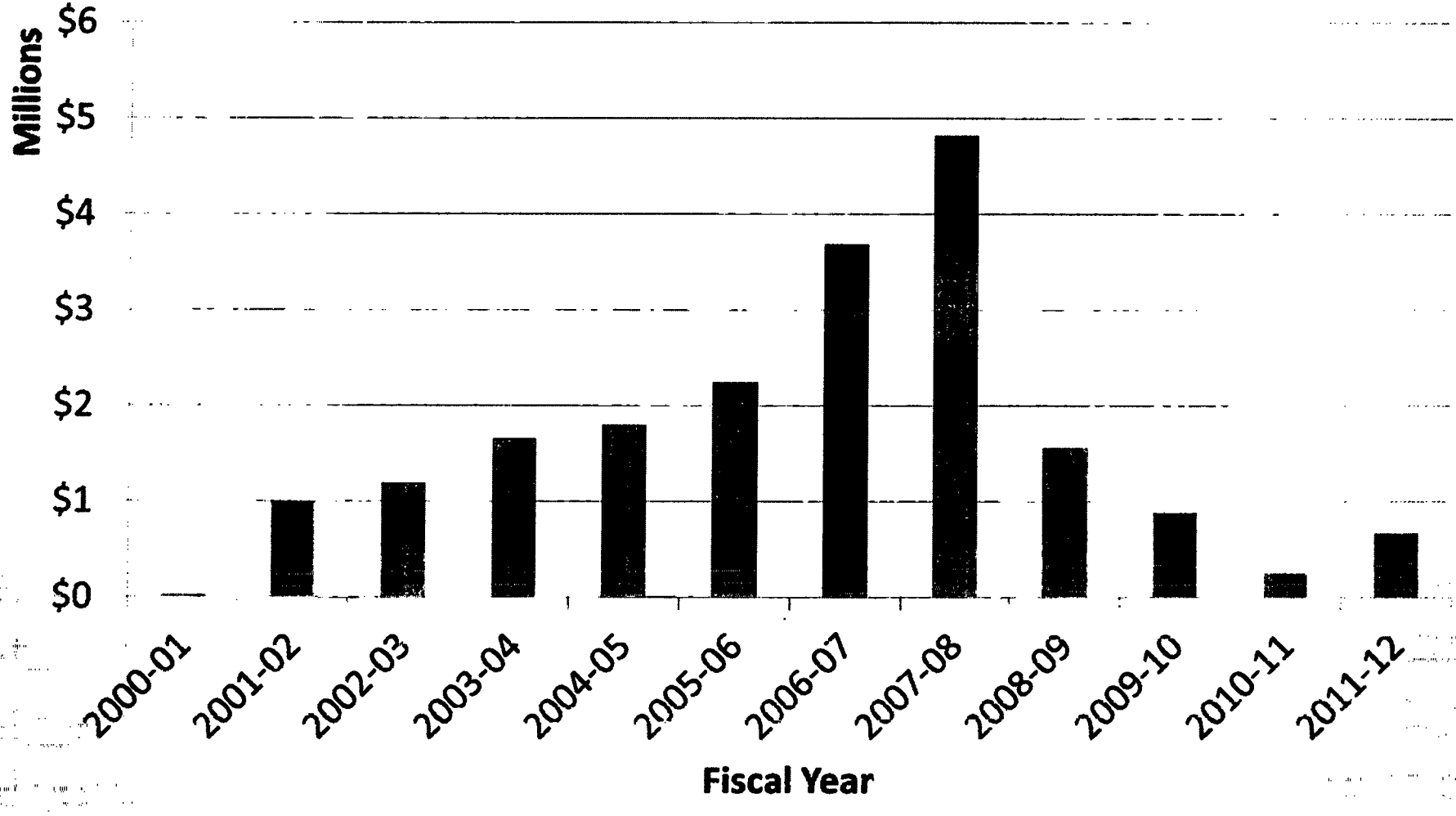
- Full Delivery (45%)
- Administration (22%)
- Construction/Repair (11%)
- Intra-Program Credit Purchase & Transfers (9%)
- Design (7%)
- Maintenance & Monitoring (4%)
- Land Acquisition (2%)
- Watershed Planning (0.1%)

Nutrient Offset Program Expenditures ($0.9 Million Total, FY 2011-12)

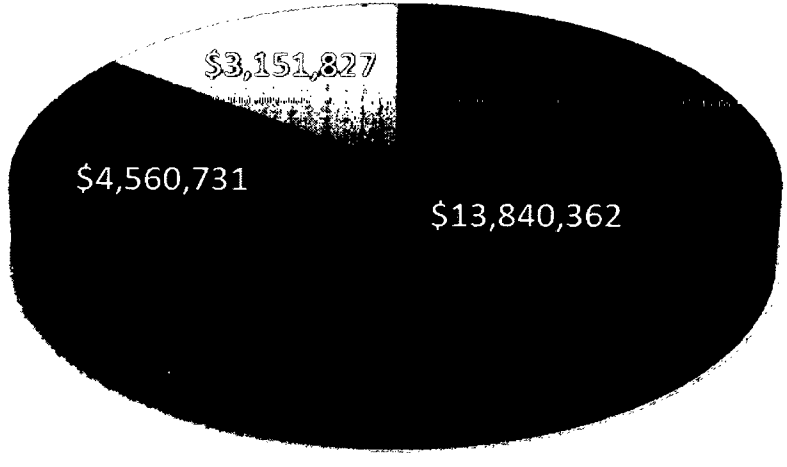


- Construction/Repair (24%)
- Land Acquisition (21%)
- Full Delivery (19%)
- Administration (17%)
- Intra-Program Credit Purchase & Transfers (16%)
- Design (3%)
- Maintenance & Monitoring (1%)

Nutrient Offset ILF Program Payments



Payments to Private Vendors by Contract Category ($ 21.6 Million Total, FY 2011-12)



- Full Delivery (64%)
- Construction (21%)
- Biological and Engineering (15%)

NC DOT Stream and Wetland Program (Fund 2984, FY 2011-12 Actuals)

Beginning Cash Balance	$1,434,365.13
Plus: Receipts	$23,209,596.92
Plus: Interest Earned	$34,353.29
Subtotal	$24,678,315.34
Less: Expenditures	($20,077,843.89)
Ending Cash Balance	$4,600,471.45
Less Encumbered Cash Current Projects	($58,849,780.96)
Less: Cost to Complete Future Contract Requirements	($70,185,191.70)
Less: Adjustments Recently Executed Contracts	$25,512.28
Unencumbered Cash Balance	($124,408,988.93)
Plus: Net Accounts Receivable	$124,408,988.93
Grand Total Projected Cash	$0.00
Net Asset Inventory Value	$600,065,810.01
Grand Total Program	$600,065,810.01

Statewide Stream and Wetland Program
(Fund 2981, FY 2011-12 Actuals)

Beginning Cash Balance	$12,912,748.23
Plus Receipts	$7,343,677.63
Plus Interest	$69,272.56
Subtotal	$20,325,698.42
Less Expenditures	($14,994,806.83)
Ending Cash Balance	$5,330,891.59
Less Encumbered Cash Current Proj.	($17,544,467.69)
Less: Cost to Complete Future Contract Requirements	($20,904,874.00)
Less: Adjustments Recently Executed Contracts	$3,068,928.93
Unencumbered Cash Balance	($30,049,521.17)
Plus: Net Accounts Receivable	$28,636,156.70
Grand Total Projected Cash	($1,413,364.47)
Net Asset Inventory Value	$19,344,538.40
Grand Total Program	$17,931,173.93

Nutrient Offset Program

(Fund 2982-9829, FY 2011-12 Actuals)

Beginning Cash Balance	$5,844,785.06
Plus: Receipts	$652,399.52
Plus: Interest Earned	$42,800.71
Subtotal	$6,539,985.29
Less: Expenditures	($923,070.97)
Ending Cash Balance	$5,616,914.32
Less Encumbered Cash Current Projects	($1,758,584.83)
Less: Cost to Complete Future Contract Requirements	($2,515,758.91)
Less: Adjustments Recently Executed Contracts	$625,463.50
Unencumbered Cash Balance	$1,968,034.08
Plus: Net Accounts Receivable	$0.00
Grand Total Projected Cash	$1,968,034.08
Net Asset Inventory Value	$2,963,012.49
Grand Total Program	$4,931,046.57

QUESTIONS?

www.nceep.net

FY 2011-12 Annual Report

http://portal.ncdenr.org/c/document_library/get_file?p_l_id=1169848&folderId=9883663&name=DLFE-61314.pdf

Michael Ellison	**Acting Director** **michael.ellison@ncdenr.gov**	**919-707-8414**
Cindy Perry	**Budget Director** **cindy.perry@ncdenr.gov**	**919-707-8949**
Jim Stanfill	**Asset Manager** **jim.stanfill@ncdenr.gov**	**919-218-6872**

VISITOR REGISTRATION SHEET

Joint Appropriations on Natural and Economic Resources

4/11/13
Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Cindy Perry	DENR - EEP 217 W. Jones Street
Jim Stanfill	DENR - EEP 217 W. Jones Street
Ha Nguyen	NCCOB
Justin Delancey	NC DOL
Jennifer Haigwood	NC DOL
Ted Bush	DENR/DWQ
Will Grantham	MJC
Amanda Horaker	Troutman Sanders
Carr McLamb	DENR
TRACY DAVIS	DENR
TED Tyndall	DENR/DCM
DAVE GOODRICH	" /DWQ
Sheila Holman	DENR/DAQ
Pat Pwen	DENR/BPA
Cheryl Reed	OSBM
Michele Walker	DENR/DCM
Sharon Marshall	DENR/BPA

VISITOR REGISTRATION SHEET

Joint Appropriations on Natural and Economic Resources

4/11/13
Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Rob Davis	DENR
Neal Robbins	"
Doug Lassiter	NCSTA
Jerry Harleston	NCPC / NCCA
Susanna Davis	Williams Mullen
Dexter Matthews	DENR - Waste Management
Chris Dillon	WRC
Andy Chase	KMA
Carmen Thie	MVA
Doug Lewis	DENR
Tom Fransen	DWR DENR
T REEDER	"

09-21-201

VISITOR REGISTRATION SHEET

Joint Appropriations on Natural and Economic Resources

4-11-13
Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Ashley Jones	Dept of Commerce
Erin Wynia	NCLM
Tom Bean	EDF, NCWF

09-21-201

SENATE PAGES ATTENDING

COMMITTEE: Joint: Nat'l & Economic Resources ROOM: 423

DATE: 4-11 TIME: 8:30am

PLEASE PRINT LEGIBILY!!!!!!!!!!!!!

Page Name	Hometown	Sponsoring Senator
1 JD Salamido	Cary	Apodaca
2 Lillie Gardner	Stantonsburg	D. Davis
3 Ryan Warren	Snow Hill	D. Davis
4 Ruth Smith	Wilmington	Goolsby
5		
6		
7		
8		
9		
10		

Do not add names below the grid.

Pages: Present this form to either the Committee Clerk at the meeting or to the Sgt-at-Arms.

Senate Appropriations Subcommittee on NER

Agenda

Monday, May 20, 2013, 4:00 P.M.
Room 423, Legislative Office Building

Senator Brock, Presiding

1. **Welcome & Introductions**

   Sen. Brock

2. **Rules for Considering Amendments – Full Appropriations Committee**

3. **Senate NER Budget Summary**

   Sen. Jackson and Sen. Brock

4. **Committee Discussion**

5. **Public Comment**

6. **Adjourn**

Senate Appropriations Committee on NER
Sen. Brock (Chair)
Sen. Jackson (Chair)
Sen. Bryant, Cook, McLaurin, Rabin, Tarte, Walters

Senate Committee on Appropriations on Natural and Economic Resources
Monday, May 20, 2013 at 4:00 PM
Room 423 of the Legislative Office Building

MINUTES

The Senate Committee on Appropriations on Natural and Economic Resources met at 4:00 PM on May 20, 2013 in Room 423 of the Legislative Office Building. Seven members were present.

Senator Andrew C. Brock, Chair, presided.

Sen. Brock called the meeting to order at 4:01 PM.

Sen. Brock introduced the House and Senate Sgt. At Arms.

Sen. Brock thanked the staff for all their hard work and dedication throughout the budget process.

Sen. Brock discussed the rules for amendments.

Sen. Brock outlined the schedule for the committee.

Sen. Brock asked Sen. Jackson if he had any comments.

Sen. Brock yeiled the floor to Mrs. Jennifer Hoffman, Fiscal Research Division.

Mrs. Hoffman outlined the budget summary.

Sen. Brock yielded the floor to Mr. Timothy Dale, Fiscal Research Division.

Mr. Dale presented the General Fund Appropriations summary for the Department of Agriculture and Consumer Services: Management Flexibility Reserve; Food & Drug; Forest Service; Additional Marketing Funding; Southeastern NC Agricultural Center in Lumberton; Plant; Conservation Continuation; Bioenergy Development; Research Stations Equipment; Agricultural Development and Farmland Preservation Trust Fund; and Tobacco Trust Fund.

Sen. Brock yielded the floor to Mr. Dale to discuss the Department of Labor.

Mr. Dale presented the General Fund Appropriations summary for the Department of Labor: Partial Restoration of OSHA Federal Receipts; and Apprenticeship Bureau.

Sen. Brock yielded the floor to Mrs. Hoffman.

Mrs. Hoffman presented the General Fund Appropriations summary for the Department of Environment & Natural Resources: Management Flexibility Reserve; Sustainable Communities; Task Force; Operating Support; Water and Land Conservation Authority; Energy Office; Pass-

through Funding to Appalachian State University; Shale Gas Exploration; Small Business; Assistance Program; Solid Waste Management; Operating Funds; Temporary Wages; Shellfish; Rehabilitation Program; Fisheries Resource Grant Program; Marine Patrol; At-Sea Observer Program; Grassroots Science Museums; Museum of Forestry; Adopt-a-Trails; Parks Operations; Parks and Recreation Trust Fund; Waste Management; Texfi Site Contamination; Scrap Tire Program; Bernard Allen Memorial Emergency Drinking Water Fund; Inactive Hazardous Waste Sites; Noncommercial Fund; Water Infrastructure Authority; Drinking Water State Revolving Fund; Clean Water State Revolving Fund; Clean Water State Revolving Fund; Receipt Support Operating Reductions; and Zoo Tram.

Sen. Brock yielded the floor to Mrs. Hoffman to discuss the Wildlife Resources Commission.

Mrs. Hoffman presented the General Fund Appropriations summary for the Wildlife Resources Commission: Wildlife Resources Commission Operations.

Sen. Brock yielded the floor to Mrs. Aubrey Incorvaia, Fiscal Research Staff.

Mrs. Incorvaia presented the General Fund Appropriations summary for the Department of Commerce: Management Flexibility Reserve; Indirect Cost Receipts; Director of Internal Operations; Accountant I and Accountant II; Processing Assistant; Base Realignment and Closure (BRAC); Regional Office Restructuring; Economic Developer; Utility Account Proceeds; Job Maintenance and Capital Development Fund (JMAC); Support Positions and Operating; Budget; Energy; Management Flexibility Reserve; Commissioner; Insurance Compliance Program; Investigation Management System; Position Reduction; High Point Office; Trade Shows; Common Follow-Up System; Trade and Investment Partnership Event; State Match; Division Elimination; Rural Economic Development Division; Regional Office Restructuring; Wanchese Seafood Industrial Park; Receipt Support; and the Workforce Investment Act Funds.

Sen. Brock yielded the floor to Mrs. Incorvaia to discuss the Department of Commerce - State Aid.

Mrs. Incorvaia presented the General Fund Appropriations summary for the Department of Commerce - State Aid: Biofuels Center; Community Development Initiative; Council of Governments (COGs); Grassroots Science Museums; Institute of Minority Economic Development; Land Loss Prevention Project; NC Agriculture Foundation (FFA Foundation); NC Association of Community Development Corporations
(CDCs); NC Farm Bureau - Ag in the Classroom; Partnership for the Sounds; Regional Economic Development Commissions; Research Triangle Institute; The Support Center; Wake Forest Institute of Regenerative Medicine; Restore Negative Management Flexibility Reserve; Biotechnology Center; Rural Economic Development Center.

Sen. Brock spoke on the challenges the NER Subcommittee co-chairs had with creating a budget with the Medicaid allotment needed this year.

Sen. Brock yielded the floor to Mr. Dale to highlight the Department of Agriculture and Consumer Services Special Provisions in the Appropriations Act Of 2013: Increase Certain Agronomic Testing Fees; Unencumbered Agricultural Water Resources Assistance Program Funds; TVA Settlement Funds; Sustainable Local Food Advisory Council Sunset; Tobacco Trust Fund; Bob Martin Eastern Agricultural Center And Southeastern Agriculture Center Funds; and Future Farmers Of America Program Funds/Reporting Requirements/Use Of State Funds.

Sen. Brock yielded the floor to Mrs. Hoffman to highlight the Department Of Environment & Natural Resources Special Provisions in the Appropriations Act Of 2013: Develop Plan For Aquariums To Raise Private Funds For Support Assistance; Early Sunset For NC Sustainable Communities Task Force; Water And Land Conservation Fund/Grant Program Created; Deed Stamp Tax Proceeds Credited To General Fund; Parks And Recreation Authority; Lake Waccamaw Hydrilla Eradication Project Funds; Fishery Resource Grant Program Repeal; Marine Fisheries License And Permit Fees; License And Permit Requirements; Fee Increases Fund DMF At-Sea Observer Program; Marine Resources Fund And Marine Resources Endowment Fund Disbursements; Marine Fisheries Endowment Fund Repealed; Boating Safety Enforcement Agreement; Grassroots Science Program; Museum Of Forestry; Bernard Allen Memorial Emergency Drinking Water Fund; Noncommercial Leaking Petroleum Underground Storage Tank Cleanup Fund; DENR Study; Portion Of Scrap Tire Disposal Tax Credited To General Fund; Portion Of White Goods Disposal Tax Credited To General Fund; Portion Of Solid Waste Disposal Tax Credited To General Fund; Require DENR To Use DWQ's Groundwater Investigation Unit's Well-Drilling Services In Other DENR Divisions; Drinking Water State Revolving Fund; Create New Division Of Water Infrastructure In DENR; New State Water Infrastructure Authority; Transfer Water Infrastructure Fund To New Division; Increase Funding For Dredging; Environmental Management Commission; Coastal Resources Commission; Coastal Resources Advisory Commission ; Severance Tax On Energy Minerals; and Use Of Proceeds.

Sen. Brock yielded the floor to Mrs. Hoffman to highlight the Wildlife Resources Commission Special Provisions in the Appropriations Act Of 2013: Wildlife Endowment Fund.

Sen. Brock yielded the floor to Mrs. Incorvaia to highlight the Department Of Commerce Special Provisions in the Appropriations Act Of 2013: Set Regulatory Fee For Utilities Commission; Industrial Commission Fees/Computer System Replacement; Unemployment Insurance Reserve; Employment Security Reserve Fund; Workforce Investment Act Funds/Transfer Of Funds To 6 Department Of Labor; Special Funds Transfer/Offset Commerce Administration General Fund Appropriation; Secretary Designate Supervisor Of BLNC & International Trade Division Employees; Common Follow-Up/Continuation Review; Marketing Strategy To Promote NC; Rural Economic Development Division Created; Prosperity Zones/Rural Satellite Offices Within Zones; Lead/Develop Standardized Performance Metric For Nonprofits; CDBG Funds/Commerce; Repeal Rules More Restrictive Than HUD Rules; NER Block Grants/2014 And 2015 Program Years; NER Block Grants/2013 Program Year; One North Carolina Fund; Industrial Development Fund Utility Account/Use Of Funds; Modify Industrial Development Fund And Utility Account; Job Development Investment Grant Program Modifications; Job Development Investment Grant Program Application Fee Increase; Job Development Investment Grant Program Reporting Fee Increase; Transfer State Energy Office From Commerce To

DENR, Energy Loan Fund, Staff For Rural Economic Development Division And Water Infrastructure Division; Oregon Inlet Land Acquisition Task Force; Commerce Nonprofits/Reporting Requirements And Use Of State Funds; Rural Center/Repeal Statutory References; Rural Center/Expenses For Administering State-Funded Grant Programs; Regional Economic Development Commissions/Statutes Creating Commissions Repealed; High Point Market Authority/House Commerce Economic 22 Developer Position; NC Biotechnology Center; NC Biotechnology Center/Challenge Grant; And North Carolina Biotechnology Center/Examine Center Operations.

Sen. Brock yielded the floor for a discussion by the committee members.

Sen. Bryant: My constituents were told that Commerce was going to have a competitive grant process for community development. I do not see that request in this budget.

Sen. Brock: We did not get that request for this budget.

Sen. Bryant: The CDBG funds that are used for what I call neighborhood development, is it my understanding that that category was eliminated. Can we know what kind of projects will be allowed and what will be eliminated?

Mrs. Incorvaia: All CDBG funds have been relocated to economic development and infrastructure.

Sen. Bryant: What does infrastructure include?

Mrs. Hoffman: Water and waste only, but that does include residential water and waste.

Sen. Bryant: So, it is a correct statement to say that the funds that have been used for neighborhood development are no longer available?

Mrs. Incorvaia: They will no longer be available through this CDBG pot.

Sen. Walters: I am looking at the JDIG money. We have cap of $25 million per year and parks have the priority. How many parks that will get the priority are there across the State?

Secretary Sharon Decker: One and it is in Camden County.

Sen. Walters: On page 267, the Rural Center, I see that they cannot receive other State funds from other sources, what funds that comprise. GoldenLEAF is not state allocated funds, is that correct?

Mrs. Hoffman: The Rural Center cannot receive and State funds from any State entity. GoldenLEAF is not considered state funds.

Sen. Walters: Are there any other funds?

Sen. Brock: There are federal funds; lots of Federal funds can flow through there.

Sen. Brock yielded the floor for public comment.

Secretary Decker, Department of Commerce: We are working aggressively towards our public/private partnership and by the 29th we will have a draft of laws. The budget is complementary to our goals and I will ask follow up questions at a more appropriate time.

Assistant Secretary Gillespie, Department of Environment & Natural Resources: DENR can live with the budget. We recognize the challenges the co-chairs faced and there are 2-4 little tweaks we would like to bring to your attention. Lake Waccamaw gets its funding out of Water Resources, but there are no additional funds for state wide lake needs. Is it the intent to not fund the Inactive Hazardous Waste Fund? By combining the different revolving funds, we will lose 20 positions and be shorthanded.

Mrs. Joy Hicks, Legislative Liaison, Department of Agriculture and Consumer Services: We are grateful for the investments you have made in Agriculture, especially our marketing and research stations.

Mrs. Jennifer Haigwood, Legislative Liaison, Department of Labor: We are gracious for the support of the two funding items the Commissioner requested.

Mr. Gordon Meyers, Executive Director, Wildlife Resources Commission: This is the largest cut to our Commission in 65 years. Due to the $9 million cut, that will immediately trigger an additional $3 million loss in federal grants. WE have great concerns with this budget and hope to work with you further to address these issues.

Mr. Dan Conrad, Utilities Commission: The Utilities Commission is funded entirely by the regulatory fee and the .12% has been in place since 2004. The Governor set the rate at .13%. If the rate remains at .12%, the Utilities Commission will have to reduce 17 positions.

Sen. Brock asked the committee if there were any further questions or comments.

Sen. Brock thanked staff, the committee and audience.

The meeting adjourned at 5:27 PM.

Senator Andrew C. Brock, Chair
Presiding

Towers Mingledorff, Committee Clerk

Senate Appropriations/Base Budget Committee

Rules for Considering Amendments

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

1. Money can only be transferred among items within the same subcommittee section.

2. Amendments where money is being transferred among items within a subcommittee must clearly identify the items/programs that are being increased and decreased.

3. Nonrecurring reductions cannot be made to fund recurring additions.

4. Amendments that spend reversions are not allowed.

5. Amendments that increase or create new management flexibility reserves are not allowed.

6. Amendments that increase spending in the subcommittee budgets are not allowed.

7. Amendments are not allowed where funding for an item comes from statewide reserves.

8. Since this is a meeting of Full Appropriations, amendments that address finance portions of the bill will not be heard.

9. Amendments must be in writing, the original signed, with 75 copies available for distribution.

10. To be considered, a proposed amendment must have been logged in by the committee clerk in room 643 by 10:00 a.m. on Tuesday, May 21, 2013.

NATURAL & ECONOMIC RESOURCES
Section H

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Agriculture and Consumer Services

	GENERAL FUND			
	FY 13-14		FY 14-15	
Recommended Continuation Budget	**$108,918,334**		**$108,918,334**	
Legislative Changes				
Department-wide				
1 Management Flexibility Reserve Reduces operational support to encourage increased efficiency. The reduction equates to a 1.4% operating reduction from the Department's continuation budget.	($1,500,000)	R	($1,500,000)	R
Food & Drug				
2 Food Compliance Officer Position Provides funding to support a new position in the Food and Drug Division to improve the compliance inspection process in the Grade "A" Milk program.	$64,338 $800 1.00	R NR	$64,338 1.00	R
Forest Service				
3 Forest Service Operational Support/Aircraft Maintenance Provides an additional $350,000 in recurring funding for operational support. Of the recurring funds provided, the Department shall establish an administrative position whose primary responsibility will be the collection of Forest Service receipts. This section also provides a nonrecurring appropriation of $500,000 in FY 2013-14 for aircraft maintenance.	$350,000 $500,000 1.00	R NR	$350,000 1.00	R
Markets				
4 Additional Marketing Funding Provides an additional $1.5 million recurring to expand domestic and international marketing initiatives to support North Carolina agricultural products. The Department shall also use the additional funds to support the Wine and Grape Growers Council that was funded on nonrecurring basis in FY 2012-13. The time-limited position supporting the Wine & Grape Growers Council (60080945) will be made permanent and will be supported by funds allocated to the Wine and Grape Growers Council.	$1,500,000 1.00	R	$1,500,000 1.00	R
5 Funding for Southeastern NC Agricultural Center Restores recurring funding and positions to the Southeastern NC Agricultural Center in Lumberton. The Center was provided nonrecurring funding in FY 2012-13 and directed to study alternative operating models.	$362,230 6.00	R	$362,230 6.00	R

Senate Subcommittee on Natural and Economic Resources	FY 13-14		FY 14-15	
Plant Industry				
6 Plant Conservation Continuation Provides recurring funding to restore the amount no longer transferred from the Natural Heritage Trust Fund. Shifts one position (60012489) previously supported by Natural Heritage Trust Fund receipts to General Fund support.	$75,000 1.00	R	$75,000 1.00	R
Research Stations				
7 Bioenergy Development Provides funding to the Department of Agriculture & Consumer Services to stimulate energy production from North Carolina agricultural or forestry based products. Funding is provided to support up to five new positions and a grant program. Operating expenses, including personnel and travel, are not to exceed $400,000 in FY 2013-14 and $500,000 in FY 2014-15.	$900,000 5.00	R	$1,500,000 5.00	R
8 Research Stations Equipment Provides funds to modernize farming equipment on Research Stations in each year of the biennium.	$2,500,000	NR	$2,500,000	NR
Reserves & Transfers				
9 Agricultural Development and Farmland Preservation Trust Fund Reduces the General Fund appropriation by $1 million on nonrecurring basis in each year of the biennium. Reduction in General Fund support will be offset by $1 million in each year of the biennium from TVA Settlement funds.	($1,000,000)	NR	($1,000,000)	NR
10 Tobacco Trust Fund Provides funding to the Tobacco Trust Fund to be evenly disbursed as grants and loans to displaced tobacco farmers. Administrative expenses may be deducted proportionately from all funds available; but shall not exceed $350,000 in any fiscal year.	$2,000,000	R	$2,000,000	R
Total Legislative Changes	**$3,751,568** **$2,000,800**	R NR	**$4,351,568** **$1,500,000**	R NR
Total Position Changes	15.00		15.00	
Revised Budget	**$114,670,702**		**$114,769,902**	

Labor

	GENERAL FUND			
	FY 13-14		FY 14-15	
Recommended Continuation Budget	**$16,196,339**		**$16,196,339**	
Legislative Changes				
Occupational Safety & Health				
11 Partial Restoration of OSHA Federal Receipts Provides funds to offset federal funding reductions.	$500,000	R	$500,000	R
Standards & Inspections				
12 Apprenticeship Bureau Transfers $350,000 recurring in Workforce Investment Act funds from the Department of Commerce to the Department of Labor for the Apprenticeship program.				
Total Legislative Changes	**$500,000**	R	**$500,000**	R
Total Position Changes				
Revised Budget	**$16,696,339**		**$16,696,339**	

Environment & Natural Resources

	GENERAL FUND			
	FY 13-14		FY 14-15	
Recommended Continuation Budget	**$109,140,591**		**$109,220,682**	
Legislative Changes				
Department-wide				
13 Management Flexibility Reserve Reduces funding to the Department by 2% and provides the Secretary with the flexibility to take the reduction to programs and activities that cause the least disruption in service.	($2,277,894)	R	($2,277,894)	R
Aquariums				
14 Admission Receipts Budgets over-realized admission fee receipts in the General Fund to offset the operating costs of the State's three aquariums at Roanoke Island, Fort Fisher, and Pine Knoll Shores.	($100,000)	R	($100,000)	R
Conservation, Planning, and Community Affairs				
15 Sustainable Communities Task Force Abolishes the Community Planner position (60031547) that supports the Sustainable Communities Task Force, which was created by the General Assembly in 2010 to lead and support the State's sustainable communities initiatives. Also, sunsets the Task Force on June 30, 2013.	($95,331) -1.00	R	($95,331) -1.00	R
16 Operating Support Restores personnel and operating funds for the Office of Conservation, Planning and Community Affairs that had been previously supported with a transfer from the Natural Heritage Trust Fund. 60036191 Program Development Coordinator 60036192 Program Development Coordinator 60036213 Educational Development Coordinator	$325,000 3.00	R	$325,000 3.00	R
17 Water and Land Conservation Authority Provides funding to establish a new Water and Land Conservation Fund comprised of the former Natural Heritage Trust Fund and Clean Water Management Trust Fund, and creates a new Authority to oversee the expenditures from the Fund. Provides staff (13.50 FTE) to administer the new fund and continues funding for the Natural Heritage Program (15.75 FTE).	$12,000,000 29.25	R	$14,000,000 29.25	R

Senate Subcommittee on Natural and Economic Resources	FY 13-14		FY 14-15	
Energy, Mineral and Land Resources				
18 Energy Office Transfers the Energy Office from the Department of Commerce to the Department of Environment and Natural Resources as a Type I transfer, including 49.91 FTEs supported by receipts in special funds.	$1,762,714 6.17	R	$1,762,714 6.17	R
19 Pass-through Funding to Appalachian State University Reduces funding to Appalachian State University. Instead, provides nonrecurring funds from the Tennessee Valley Authority settlement, which must be spent in accordance with either the Consent Decree ("Categories of Projects," paragraph 128) or the Compliance Agreement ("Environmental Mitigation Projects," Appendix C).	($240,000)	NR	($240,000)	NR
20 Shale Gas Exploration Provides funding to support up to four positions to assist the Energy and Mining Commission as well as operating support including but not limited to annual membership dues to the Southern States Energy Board and marketing expenses related to shale gas resources. Also provides nonrecurring funding to provide for data collection and analysis of geological samples associated with the State's shale gas basins: Deep River Basin, Dan River Basin, and the Cumberland-Marlboro Basin.	$300,000 $300,000 4.00	R NR	$400,000 $250,000 4.00	R NR
Environmental Assistance and Outreach				
21 Small Business Assistance Program Budgets Air Quality permit fees to partially offset General Fund support of a Senior Environmental Specialist (60035965) in the federally mandated Small Business Assistance Program, which helps small businesses comply with the requirements of the Clean Air Act.	($19,422) -0.30	R	($19,422) -0.30	R
22 Solid Waste Management Provides funding for the activities of the Solid Waste Management Outreach Program (previously the Solid Waste Management Trust Fund), which now includes developing secondary markets for the reuse of scrap tires.	$1,100,000	R	$1,100,000	R
23 Operating Funds Provides funds to support personnel and operating costs that were previously funded from the Solid Waste Management Trust Fund.	$1,375,000 15.50	R	$1,375,000 15.50	R
Marine Fisheries				
24 Temporary Wages Reduces temporary wages in the License Administration and Trip Ticket programs, the Purchasing/Warehouse Unit and the Marine Patrol Section. Total funding remaining for temporary wages is $103,503.	($183,183)	R	($183,183)	R

Senate Subcommittee on Natural and Economic Resources	FY 13-14		FY 14-15	
25 Shellfish Rehabilitation Program Reduces funding for the Shellfish Rehabilitation Program by cutting temporary wages ($27,474). Also eliminates one Marine Biologist position (60032767), which supports the Oyster Shell Recycling program, and associated operating costs.	($81,605) -1.00	R	($81,605) -1.00	R
26 Fisheries Resource Grant Program Eliminates the remaining appropriation for the Fishery Resource Grant Program which promotes cooperative research among commercial fishers, recreational anglers, seafood businesses and university researchers.	($100,000)	R	($100,000)	R
27 Marine Patrol Budgets anticipated federal receipts due to the creation of a Joint Enforcement Agreement that would allow the Division of Marine Fisheries to receive federal funds for enforcing federal fisheries laws in federal waters and law enforcement officers to be cross-sworn as National Marine Fisheries Agents. North Carolina is the only coastal state without a Joint Enforcement Agreement.	($150,000)	NR	($200,000)	NR
28 At-Sea Observer Program Provides nonrecurring funding for six new positions to support a statewide at-sea observer program for all fisheries, with an emphasis on the commercial estuarine gill net fishery. These positions, combined with nine existing positions, are necessary to meet federal requirements to monitor multiple fisheries.	$1,100,000 15.00	NR		
Museum of Natural Sciences				
29 Grassroots Science Museums Transfers the funding and grant oversight for the Grassroots Science Museums to the Museum of Natural Sciences, the State's lead science museum.	$2,289,782	R	$2,286,043	R
30 Museum of Forestry Eliminates funding for the Museum of Forestry and transfers ownership of the Museum to the City of Whiteville. Provides funding for the Museum through the Grassroots Science Program. 60035027 Natural Science Museum Program Chief 60035029 Art Exhibits Technician 60035033 Natural Science Curator II 60035028 Administrative Assistant	($357,397) -4.00	R	($357,397) -4.00	R
Parks and Recreation				
31 Adopt-a-Trails Eliminates funding for the Adopt-a-Trails Program. Grant funding for trail projects is still available through the NC Parks and Recreation Trust Fund.	($108,000)	R	($108,000)	R
32 Parks Operations Restores funding to the Division's operating budget which was reduced on a nonrecurring basis in the 2011-13 biennium.	$6,000,000	R	$6,000,000	R

	FY 13-14		FY 14-15	
33 Parks and Recreation Trust Fund Provides a recurring General Fund appropriation to the Parks and Recreation Trust Fund to replace the loss of the deed stamp tax revenue which will now be deposited in the State's General Fund. Continues funding for staff associated with Trust Fund activities.	$11,000,000 15.00	R	$13,000,000 15.00	R
Waste Management				
34 Texfi Site Contamination Provides nonrecurring funds to be used for the cleanup and monitoring of groundwater and other contamination located at the Texfi site in Fayetteville as well as any emergency cleanup activities at that site.	$50,000	NR		
35 Scrap Tire Program Provides recurring funding to support a portion of the salaries (.25 FTE) of four positions in four regional offices ($80,000) and $420,000 for scrap tire grants to counties. 1.00 60034594 Environmental Senior Specialist (0.25 FTE) 60034602 Environmental Program Supervisor (0.25 FTE) 60034608 Environmental Specialist (0.25 FTE) 60034595 Environmental Specialist (0.25 FTE)	$500,000	R	$500,000 1.00	R
36 Bernard Allen Memorial Emergency Drinking Water Fund Provides funds to replace the loss of scrap tire tax revenue, which will now be deposited into the State's General Fund.	$800,000	R	$800,000	R
37 Inactive Hazardous Waste Sites Provides funding for the Inactive Hazardous Sites Program to hire one engineer and one hydrogeologist to evaluate areas with known contamination that have limited data on water supply wells. The staff will sample water supply wells as well as investigate and abate contamination sources. 2.00	$250,000	R	$250,000 2.00	R
38 Noncommercial Fund Provides a nonrecurring appropriation for the Noncommercial Leaking Underground Storage Tank Fund to assist homeowners with the cleanup costs of petroleum releases from home heating oil tanks and smaller farm tanks.	$3,500,000	NR		
Water Infrastructure Authority				
39 Water Infrastructure Authority (WIA) Creates a new division and authority within the Department of Environment and Natural Resources for the purpose of addressing critical public water and wastewater infrastructure needs. Provides funding for a new Assistant Secretary for Infrastructure, a new Division Director, as well as a recurring General Fund appropriation for a water and sewer database and planning and supplemental grants to assist local governments. WIA will also administer the State Revolving Funds and the Community Development Block Grant Infrastructure Grant Program. 2.00	$4,000,000	R	$5,500,000 2.00	R

	FY 13-14		FY 14-15	
40 Drinking Water State Revolving Fund Provides funding to meet State match requirements of $4.71 million to allow the Department to draw down the maximum amount of federal funds available ($23.54 million) for the Drinking Water State Revolving Fund for FY 2013-14. State match will be provided by combining a nonrecurring General Fund appropriation of $1,255,720 with $3.8 million in State funds from the Drinking Water Reserve.	$1,255,720	NR		
41 Clean Water State Revolving Fund Provides funding for the required State match to draw down the maximum amount of federal funds available for the Clean Water State Revolving Fund. This program provides low-interest loans to local governments to construct wastewater facilities and provides $5 in federal capitalization grant funds for every $1 the state provides in matching funds.	$4,925,000	R	$5,000,000	R
Water Quality				
42 Clean Water State Revolving Fund Transfers the Clean Water State Revolving Fund program and staff to the newly created Division of Water Infrastructure.				
Water Resources				
43 Receipt Support Budgets additional federal receipts and shifts 4.3 positions from General Fund appropriation to receipt support:	($409,521) -4.30	R	($409,521) -4.30	R
60034385 Engineering Manager (1.00 FTE) 60034388 Engineer (0.80 FTE) 60034394 Engineering Supervisor (1.00 FTE) 60034398 Engineering Supervisor (1.00 FTE) 60034397 Geologist (0.50 FTE)				
44 Drinking Water State Revolving Fund Transfers the Drinking Water State Revolving Fund program and staff to the newly created Division of Water Infrastructure.				
Zoo				
45 Operating Reductions Reduces operating support for temporary wages, worker's compensation and equipment.	($211,323)	R	($211,323)	R
46 Zoo Tram Provides funding to support repair and replacement of zoo trams.	$250,000	NR		

Senate Subcommittee on Natural and Economic Resources	FY 13-14		FY 14-15	
Total Legislative Changes	**$42,683,820**	**R**	**$48,355,081**	**R**
	$6,065,720	**NR**	**($190,000)**	**NR**
Total Position Changes	82.32		67.32	
Revised Budget	**$157,890,131**		**$157,385,763**	

Wildlife Resources Commission

	GENERAL FUND			
	FY 13-14		FY 14-15	
Recommended Continuation Budget	**$18,476,588**		**$18,476,588**	
Legislative Changes				
Commission-wide				
47 Wildlife Resources Commission Operations Reduces General Fund appropriations by 49% and allows the Wildlife Resources Commission to use other funds available to the Commission to offset the reduction at its discretion.	($9,000,000)	R	($9,000,000)	R
Total Legislative Changes	**($9,000,000)**	**R**	**($9,000,000)**	**R**
Total Position Changes				
Revised Budget	**$9,476,588**		**$9,476,588**	

Commerce

	GENERAL FUND			
	FY 13-14		FY 14-15	
Recommended Continuation Budget	**$33,469,442**		**$33,469,442**	
Legislative Changes				
Department-wide				
48 Management Flexibility Reserve Reduces funding to the Department by 1.2% and provides the Secretary with the flexibility to take the reduction to programs and activities that cause the least disruption in service.	($354,200)	R	($354,200)	R
49 Indirect Cost Receipts Offsets the General Fund appropriation by maximizing the use of indirect cost receipts.	($205,786)	R	($205,786)	R
Administration				
50 Special Funds Offsets the General Fund appropriation for Administration by directing the unencumbered cash balance as of June 30, 2013 from the following funds toward operating costs: NC Green Business Fund (24609-2535) Energy Research Grants Special Fund (24609-2537) International Trade Show Special Fund (24610-2431). Closes the Internation Trade Show Special Fund after transfer.	($332,527)	NR		
51 Director of Internal Operations Eliminates the Director of Internal Operations (60077182) position.	($131,001) -1.00	R	($131,001) -1.00	R
52 Accountant I and Accountant II Eliminates an Account I position (60089502) and an Accountant II position (60077178). These positions are no longer required to monitor nonprofits.	($139,039) -2.00	R	($139,039) -2.00	R
53 Processing Assistant Eliminates a Processing Assistant position (60080973).	($47,581) -1.00	R	($47,581) -1.00	R
54 Base Realignment and Closure (BRAC) Provides nonrecurring funding for the State's preparation for Department of Defense BRAC activities.	$1,000,000	NR		

Senate Subcommittee on Natural and Economic Resources	FY 13-14		FY 14-15	
Business and Industry				
55 Regional Office Restructuring Eliminates existing regional office resources; redirects support to new Rural Economic Development Division.	($1,399,422) -19.00	R	($1,399,422) -19.00	R
56 Economic Developer Eliminates an Economic Developer position (60080949).	($83,651) -1.00	R	($83,651) -1.00	R
Commerce Finance Center				
57 Utility Account Proceeds Transfers anticipated proceeds from the Job Development Investment Grant's (JDIG) Industrial Development Fund (IDF) - Utility Account to offset Commerce operating expenses and thereby reduce the agency's General Fund appropriation.	($5,000,000)	NR	($5,000,000)	NR
58 Job Maintenance and Capital Development Fund (JMAC) Provides funds to fulfill JMAC agreements with Goodyear, Bridgestone, and Domtar.	$6,705,473	NR	$7,500,000	NR
Community Assistance				
59 Support Positions and Operating Budget Reduces two part-time administrative positions (60081170) and lowers associated operating budget items.	($43,481) -1.00	R	($43,481) -1.00	R
Energy				
60 Energy Transfers the Energy Office from the Department of Commerce to the Department of Environment and Natural Resources as a Type I transfer.	($1,762,714) -6.17	R	($1,762,714) -6.17	R
Industrial Commission				
61 Management Flexibility Reserve Reduces funding to the Commission by 1.7% and provides the Commissioner with the flexibility to take the reduction in programs and activities that cause the least disruption in service.	($81,539)	R	($81,539)	R
62 Commissioner Eliminates a Commissioner position (60080616). Section 16 of S.L. 2011- 287 reduced the number of Commissioners from seven to six, but did not eliminate the associated funding.	($150,029) -1.00	R	($150,029) -1.00	R
63 Insurance Compliance Program Provides funds to the Industrial Commission to establish a compliance program that will apply data analytics received from North Carolina's Government Data Analytics Center (formerly the Government Business Intelligence Competency Center). This data and its application will enable the Industrial Commission to proactively identify noncompliant businesses and ensure these businesses obtain and maintain the required workers' compensation coverage.	$901,502 13.00	R	$901,502 13.00	R

Senate Subcommittee on Natural and Economic Resources	FY 13-14		FY 14-15	
64 Investigation Management System Provides the Industrial Commission's newly established compliance program with the technology necessary to process, prioritize and track investigations and results based on data provided by North Carolina's Government Data Analytics Center (formerly the Government Business Intelligence Competency Center).	$75,000 $50,000	R NR	$75,000	R
International Trade				
65 Position Reduction Eliminates four positions: 60081000 Administrative Assistant I Position 60081001 Events Coordinator Position 60081003 Business Development Manager Position 60081005 Business Development Manager Position	($286,202) -4.00	R	($286,202) -4.00	R
66 High Point Office Eliminates the High Point office and an Office Assistant position (60081007). The remaining Economic Developer position will co-locate with the High Point Market Authority.	($58,430) -1.00	R	($58,430) -1.00	R
67 Trade Shows Reduces the trade show advertising budget to align with prior year expenditures. Total budget remaining is $92,705.	($48,347)	R	($48,347)	R
Labor and Economic Analysis Division				
68 Common Follow-Up System Provides funding for the Common Follow-Up System managed by the Labor and Economic Analysis Division (LEAD), which is used to track performance measures related to current and former participants in State job training, education and placement programs. Recurring funding will be contingent upon the findings of a legislative continuation review.	$500,000	NR		
Marketing				
69 Trade and Investment Event Provides funds for the 2014 Southeastern U.S. Canadian Strategic Trade and Investment Partnership Event. In an agreement signed in 2006, North Carolina agreed to host the event, which will identify opportunities to increase trade and investment between six southeastern U.S. States and seven Canadian provinces. The total cost is estimated at $400,000. It is expected that the remaining $250,000 will be raised from private sponsors.	$150,000	NR		

Senate Subcommittee on Natural and Economic Resources	FY 13-14		FY 14-15	
NC Broadband				
70 State Match Eliminates the State match for the federal grant provided by the U.S. Department of Commerce National Telecommunications and Information Administration for State Broadband Data and Development Grant, currently titled NC Broadband-Rigor in Mapping. The required State match has been satisfied and the project will be complete by October 2014.	($172,203)	R	($172,203)	R
Office of Science & Technology				
71 Division Elimination Eliminates the Office of Science and Technology, including the Director position (60081266) and the Executive Assistant (60081264). Directs Commerce Finance to administer outstanding grants.	($213,269) -2.00	R	($213,269) -2.00	R
Rural Economic Development				
72 Rural Economic Development Division Creates a new Division within the Department of Commerce for the purpose of addressing the economic development needs of the State's rural counties. Provides funding for a new Assistant Secretary for Rural Economic Development who will oversee administration of a new infrastructure grant program to local governments in Tier One and Two Counties. The Rural Economic Development Division may use up to three percent (3%) of the funds appropriated in this section to cover its expenses in administering the new infrastructure grant program. The Assistant Secretary will also oversee existing programs, including the Industrial Development Fund - Utility Account and the Community Development Block Grant for Economic Development. Also provides nonrecurring funding to encourage private sector broadband providers to extend connectivity to unserved areas that are otherwise not economically feasible for deployment.	$7,000,000	R	$10,000,000 $350,000	R NR
73 Regional Office Restructuring Establishes regional office resources under the Rural Economic Development Division and provides additional funding in an effort to enhance regional office presence in rural areas, focusing on new business recruitment and existing industry support.	$3,319,860 19.00	R	$3,713,790 19.00	R
Wanchese Seafood Industrial Park				
74 Receipt Support Eliminates funding for the Wanchese Seafood Industrial Park, including the Director position (60080846). The Park must be fully receipt supported beginning in FY 2014-15.			($140,081) -1.00	R

Senate Subcommittee on Natural and Economic Resources	FY 13-14		FY 14-15	
Workforce Solutions				
75 Workforce Investment Act Funds Transfers $350,000 recurring in federal Workforce Investment Act funds from the Department of Commerce to the Department of Labor to be used for the Apprenticeship Program.				
Total Legislative Changes	**$6,119,468**	**R**	**$9,373,317**	**R**
	$3,072,946	**NR**	**$2,850,000**	**NR**
Total Position Changes	-7.17		-8.17	
Revised Budget	**$42,661,856**		**$45,692,759**	

Commerce - State Aid

	GENERAL FUND			
	FY 13-14		FY 14-15	
Recommended Continuation Budget	**$59,714,814**		**$61,954,814**	
Legislative Changes				
(1) State-Aid				
76 Biofuels Center Eliminates General Fund support for operational expenditures.	($2,063,035)	R	($4,303,035)	R
77 Community Development Initiative Eliminates General Fund support for operational expenditures.	($3,806,180)	R	($3,806,180)	R
78 Council of Governments (COGs) Eliminates General Fund support for operational expenditures.	($328,105)	R	($328,105)	R
79 Grassroots Science Museums Reduces General Fund support for operational expenditures and transfers funding of the program to the Department of Environment and Natural Resources.	($2,773,043)	R	($2,773,043)	R
80 Institute of Minority Economic Development Eliminates General Fund support for operational expenditures.	($2,046,080)	R	($2,046,080)	R
81 Land Loss Prevention Project Eliminates General Fund support for operational expenditures.	($575,050)	R	($575,050)	R
82 NC Agriculture Foundation (FFA Foundation) Eliminates General Fund support for operational expenditures from Commerce State-Aid. The Department of Agriculture and Consumer Services may use up to $50,000 of available administrative funds to support the program.	($35,855)	R	($35,855)	R
83 NC Association of Community Development Corporations (CDCs) Eliminates General Fund support for operational expenditures.	($797,102)	R	($797,102)	R
84 NC Farm Bureau - Ag in the Classroom Eliminates General Fund support for operational expenditures.	($21,175)	R	($21,175)	R
85 NC Indian Economic Development Initiative Eliminates General Fund support for operational expenditures.	($86,004)	R	($86,004)	R

Senate Subcommittee on Natural and Economic Resources	FY 13-14		FY 14-15	
86 Partnership for the Sounds Eliminates General Fund support for operational expenditures.	($391,408)	R	($391,408)	R
87 Regional Economic Development Commissions Eliminates General Fund support for operational expenditures.	($2,151,517)	R	($2,151,517)	R
88 Research Triangle Institute Provides funds for the Research Triangle Institute to leverage federal research funds.	$250,000	NR		
89 The Support Center Eliminates General Fund support for operational expenditures.	($2,543,021)	R	($2,543,021)	R
90 Wake Forest Institute of Regenerative Medicine Transfers General Fund support for operational expenditures to the University of North Carolina system.	($7,649,897)	R	($7,649,897)	R
91 Restore Negative Management Flexibility Reserve Provides funding to fill a budget gap created by making a FY 2012-13 nonrecurring reduction permanent in the FY 2013-14 continuation budget.	$28,000	R	$28,000	R
(2) Biotechnology Center				
92 Biotechnology Center Reduces General Fund support for operational expenditures by 50%.	($8,600,338)	R	($8,600,338)	R
(3) Rural Economic Development Center				
93 Rural Economic Development Center Eliminates General Fund support for operational expenditures.	($16,619,194)	R	($16,619,194)	R
Total Legislative Changes	**($50,459,004)**	**R**	**($52,699,004)**	**R**
	$250,000	**NR**		
Total Position Changes				
Revised Budget	**$9,505,810**		**$9,255,810**	

Drinking Water Reserve

Budget Code: 64324

	FY 2013-14	FY 2014-15
Beginning Unreserved Fund Balance	**$13,298,248**	**$9,498,248**
Recommended Budget		
Requirements	**$472,051**	**$472,051**
Receipts	**$472,051**	**$472,051**
Positions	**0.00**	**0.00**

Legislative Changes

Requirements:

Drinking Water Reserve	$0 R	$0 R
Provides a portion of the State match required to draw down the maximum amount of federal funds available ($23.54 million) for the Drinking Water State Revolving Fund for FY 2013-14.	$3,800,000 NR	$0 NR
	0.00	0.00
Subtotal Legislative Changes	**$0** R	**$0** R
	$3,800,000 NR	**$0** NR
	0.00	0.00

Receipts:

Drinking Water Reserve	$0 R	$0 R
	$0 NR	$0 NR
Subtotal Legislative Changes	**$0** R	**$0** R
	$0 NR	**$0** NR

Subcommittee on Natural and Economic Resources

	FY 2013-14	FY 2014-15
Revised Total Requirements	**$4,272,051**	**$472,051**
Revised Total Receipts	**$472,051**	**$472,051**
Change in Fund Balance	**($3,800,000)**	**$0**
Total Positions	**0.00**	**0.00**
Unappropriated Balance Remaining	**$9,498,248**	**$9,498,248**

Commerce - Special Revenue - GF

Budget Code: 24609

	FY 2013-14	FY 2014-15
Beginning Unreserved Fund Balance	**$18,348,044**	**$17,797,898**
Recommended Budget		
Requirements	**$28,711,556**	**$28,711,556**
Receipts	**$28,476,737**	**$28,476,737**
Positions	**6.00**	**6.00**

Legislative Changes

Requirements:

NC Green Business Fund	$0 R	$0 R
Transfers a portion of the cash balance to Commerce's Administration Division to offset operating expenses.	$36,827 NR	$0 NR
	0.00	0.00
Energy Research Grants	$0 R	$0 R
Transfers a portion of the cash balance to Commerce's Administration Division to offset operating expenses.	$278,500 NR	$0 NR
	0.00	0.00
Subtotal Legislative Changes	**$0** R	**$0** R
	$315,327 NR	**$0** NR
	0.00	0.00

Receipts:

NC Green Business Fund	$0 R	$0 R
	$0 NR	$0 NR
Energy Research Grants	$0 R	$0 R
	$0 NR	$0 NR
Subtotal Legislative Changes	**$0** R	**$0** R
	$0 NR	**$0** NR

Subcommittee on Natural and Economic Resources

	FY 2013-14	FY 2014-15
Revised Total Requirements	**$29,026,883**	**$28,711,556**
Revised Total Receipts	**$28,476,737**	**$28,476,737**
Change in Fund Balance	**($550,146)**	**($234,819)**
Total Positions	**6.00**	**6.00**
Unappropriated Balance Remaining	**$17,797,898**	**$17,563,079**

Commerce- Special, Unbudgeted

Budget Code: 24610

	FY 2013-14		FY 2014-15	
Beginning Unreserved Fund Balance	**$698,929**		**$681,729**	
Recommended Budget				
Requirements	**$66,100**		**$66,100**	
Receipts	**$66,100**		**$66,100**	
Positions	**0.00**		**0.00**	
Legislative Changes				
Requirements:				
International Trade Show	$0	R	$0	R
Transfers the cash balance to Commerce's Administration Division to offset operating expenses. Closes fund 24610 - 2431.	$17,200	NR	$0	NR
	0.00		0.00	
Subtotal Legislative Changes	**$0**	R	**$0**	R
	$17,200	NR	**$0**	NR
	0.00		0.00	
Receipts:				
International Trade Show	$0	R	$0	R
	$0	NR	$0	NR
Subtotal Legislative Changes	**$0**	R	**$0**	R
	$0	NR	**$0**	NR

	FY 2013-14	FY 2014-15
Revised Total Requirements	**$83,300**	**$66,100**
Revised Total Receipts	**$66,100**	**$66,100**
Change in Fund Balance	**($17,200)**	**$0**
Total Positions	**0.00**	**0.00**
Unappropriated Balance Remaining	**$681,729**	**$681,729**

VISITOR REGISTRATION SHEET

Joint Appropriations on Natural and Economic Resources

May 20th, 2013
Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
MM Asbill	SELC
Steve Lanier	Grassroots Science
Kemi Bric	NLWC
W. Lee [illegible]	PPAB
Rob Hanna	RLA
Michele Walker	NCDENR
PBA	[illegible]
Doug Lassiter	NCSTA
Chris Dillon	ANWR
Gordon Myers	[illegible]
Tommy [illegible]	[illegible]
John Bode	BCS
Jennifer Malloy	NCBIO
Cheryl Reed	OSBM
Mercadee Benton	OSBM
Bryan Gossage	Commerce
Jim Johnson	BSA

VISITOR REGISTRATION SHEET

Joint Appropriations on Natural and Economic Resources

May 20th, 2013
Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Andrew Blackburn	SSG NC
[illegible]	TTFL
Cameron Hume	MVA
Betsy Bailey	PENC
David Crawford	AIA NC
Henry M Lancaster	LCA
Doug Lewis	DENR
Joey Hayes	NCIEDI
WANDA BUNN-RAMSEY	NCFECL
ROD DAVIS	DENR
Amanda Hooker	TSS
BRAD IVES	DENR
T REEDER	DENR
BRAXTON DAVIS	DENR
Allan Freyer	BTC
Drew Elliott	DENR
Erin Wynia	NCLM

VISITOR REGISTRATION SHEET

Joint Appropriations on Natural and Economic Resources

_____

Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Stephen Kaufman	Compass
MATTHEW GUNNET	NCACC
Heather McGee	NCCN
Nadia Luhr	NCCN
Dina Wallace	NCDACS
Joy Hicks	NCDACS
Jennifer Haywood	NCDOL
Justin Delancey	NCDOL
Susanna Davis	WM
Jeff Cooper	Compass NC
Alvin Braswell	DENR/Museum
VAN DENTON	N.C EDUCATION LOTTERY
Dan Conrad	NCUC
Michelle Weller	NCRPA
Elizabeth Biser	Brooks Pierce
LEWIS LEDFORD	PARDCS
Will Morgan	TNC

VISITOR REGISTRATION SHEET

Joint Appropriations on Natural and Economic Resources

5-22-13

Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
K. Rogers	CWMTF
Carr McLamb	DENR
Neal Robbins	NC DENR
TRACY DAVIS	DENR-DENR
Dexter Matthews	DENR - Waste Management
Henry Jones	Gordon Prim

09-21-201

Senate Appropriations Committee on NER
Agenda
Tuesday, June 17, 2014, 8:30 A.M.
Room 423, Legislative Office Building

Senator Bingham, Presiding

1. **Welcome & Introductions**

   Sen. Bingham

2. **Review of Agenda**

3. **Review of Senate and House Budget Comparison Document**

   NER Appropriations Committee Staff
   Timothy Dale
   Jennifer Hoffmann
   Aubrey Incorvaia

4. **Committee Discussion**

5. **Adjourn**

Senate Appropriations Committee on NER
Sen. Brock (Chair)
Sen. Bingham (Chair)
Sen. Bryant, Sen. Cook, Sen. McLaurin, Sen. Rabin, Sen. Tarte, Sen. Walters

Senate Committee on Appropriations on Natural and Economic Resources
Tuesday, June 17, 2014 at 8:30 AM
Room 423 of the Legislative Office Building

MINUTES

The Senate Committee on Appropriations on Natural and Economic Resources met at 8:35 AM on June 17, 2014 in Room 423 of the Legislative Office Building. Eight members were present.

Senator Stan Bingham, Chair, presided. Senator Bingham introduced the Pages and Sergeant-at-Arms. The meeting began with Timothy Dale of Fiscal Research reviewing his section of the attached documents comparing the House and Senate Budgets. These documents cover the money report, special funds and special provisions. Mr. Dale was followed by his colleagues in Fiscal Research; Jennifer Hoffman and Aubrey Incorvaia.

Following the review of the documents, Senator Bingham took questions from the Committee members.

Senator Cook stated that he was concerned about the elimination of the Oregon Inlet funding from the House budget because peoples' livelihoods were at stake.

Senator Rabin expressed concern over the Shale gas item and FFA.

Senator Bryant supported keeping the hydraulic weed control funding in DENR and expressed her support for Limited Resources Community Grant funding and the Support Center.

Senator Wade asked about the advantages of moving the Animal Welfare Section from Agriculture to DPS. The Chair decided to shelve that discussion for another time.

Senator Cook was concerned about the sale of Jennette's Pier in the House budget.

Senator Bryant asked for an explanation of a PARTF item, which staff explained reduced support of Camp Sertoma.

Senator Walters felt that the expansion of natural gas was positive and should not be left out.

Senator Wade asked who will pay for the coal ash clean up and the staff said that the Utility will pay.

Senator Cook asked if the Jean Preston Oyster Sanctuary was in the budget and the staff answered in the affirmative.

Senator Bryant inquired about how many FTE's would be eliminated from CDBG funding and staff answered nine of twenty-six.

Jennifer Hoffman of the Fiscal Staff was recognized to summarize the concerns of the Committee members.

The meeting adjourned at 10:28am.

Stan Bingham

Senator Stan Bingham, Chair
Presiding

Maria Kinnaird

Maria Kinnaird, Committee Clerk

Senate Committee on Appropriations on Natural and Economic Resources

House/Senate Comparison Committee Report



June 17, 2014

House/Senate Comparison Report

Agriculture and Consumer Services

(Items in Controversy are Shaded)

		House FY 14-15	Senate FY 14-15
Reserve for Salaries & Benefits			
1	Compensation Increase Reserve Provides a $1,000 annual recurring salary and benefit increase ($809 salary increase) for permanent full-time employees.		$1,322,367
2	Compensation Increase Reserve Provides a $1,000 annual recurring salary increase (~$1,236 salary and benefit increase) for permanent full-time employees.	$1,635,070	
3	State Retirement System Contributions Increases the State's contribution to the Teachers' and State Employees' Retirement System to fund the Annual Required Contribution and provide a 0.8% cost-of-living adjustment to retirees. Total General Fund appropriation across all sections in the committee report is $37 million.		$227,746
4	State Retirement System Contributions Increases the State's contribution to the Teachers' and State Employees' Retirement System to fund the Annual Required Contribution and provide a 1.44% cost-of-living adjustment to retirees. Total General Fund appropriation across all sections in the committee report is $60.3 million.	$371,380	
Department-wide			
5	Management Flexibility Reduction Allocates a 1.2% management flexibility reduction to the Department. The Commissioner may apply the reductions as deemed necessary.	($1,356,590)	
Food and Drug			
6	Commercial Feed and Pet Fees (1070) Budgets $120,000 in additional license fee receipts to offset General Fund support and more closely align to actual collections. Actual collections from FY 2012-13 totaled $383,080.		($120,000)

Agriculture and Consumer Services

(Items in Controversy are Shaded)

		House FY 14-15	Senate FY 14-15
	Commercial Feed and Pet Grants (1070)		($50,000)
	Budgets $50,000 in additional grant receipts to offset General Fund support and more closely align to actual collections. Actual collections from FY 2012-13 totaled $279,063.		
8	Food, Drug, and Cosmetic Analysis Fees (1100)		($50,000)
	Budgets $50,000 in additional license fee receipts to offset General Fund support and more closely align to actual collections. Actual collections from FY 2012-13 totaled $803,820.		
9	Food, Drug, and Cosmetic Analysis Grants (1100)		($100,000)
	Budgets $100,000 in additional grant receipts to offset General Fund support and more closely align to actual collections. Actual collections from FY 2012-13 totaled over $1.2 million.		

Forest Service

10	Forestry Management Plans (1510)	($761,750)	($2,087,057)
	Budgets anticipated receipts from fees charged for forestry management plans produced by the NC Forest Service. Forestry management plans are required to receive present-use value property tax assessments on forestland. Fees range from $250 to $750 per forestry management plan depending on acreage.		
11	County Cost-Share Adjustment (1510)		($1,056,678) -18.35
	Budgets additional receipts to offset General Fund support and fund shifts positions due to changes to the calculation of county cost-share allocations. The funding model for county-specific Forest Service personnel results in revised funding levels of $12.25 million and $9.75 million for the State and counties respectively.		

Plant Industry

12	Seed and Fertilizer Fees (1175)		($50,000)
	Budgets $50,000 in additional license fee receipts to offset General Fund support and more closely align to actual collections. Actual collections from FY 2012-13 totaled $308,647.		

Agriculture and Consumer Services

(Items in Controversy are Shaded)

		House FY 14-15	Senate FY 14-15
Research Stations			
13	Special Fund Offset (1190) Transfers $32,438 from the Cotton Warehouse Fund (23701-2201) to offset General Fund support on a nonrecurring basis.	($32,438) NR	
14	Bioenergy Development - TVA Funds (1190) Budgets TVA settlement funds returned by the Biofuels Center to the Department of Commerce upon dissolution of the nonprofit. Funds will be provided to the Bioenergy Development program administered by the Department and will offset existing General Fund support for FY 2014-15. Total program funding will remain at $1.5 million for FY 2014-15. TVA funds may only be spent in the counties identified in Section 13.3 of S.L. 2013-360.	($438,583) NR	($438,583) NR
15	Commodity Receipts (1190) Budgets additional sales receipts from research station products to more closely match actual experience. In FY 2012-13, the research stations overrealized commodity sales receipts by $681,389.	($200,000)	($100,000)
16	Research Grant Funds (1190) Budgets an additional $50,000 in receipts from the University of North Carolina system for use by the Department's research stations. Combined with $50,000 in previously budgeted receipts in FY 2011-12, receipts from the university system total $100,000.		($50,000)
Reserves and Transfers			
17	FFA Grant Funding (1990) Eliminates expansion funding to the FFA Foundation. The program will continue to receive $40,000 in recurring grant funding.		($100,000)
18	FFA Grant Funding (1990) Eliminates expansion funding to the FFA Foundation. The program will continue to receive $40,000 in recurring grant funding, and will receive for the 2014-15 fiscal year $100,000 in nonrecurring funds.	($100,000) $100,000 NR	

Agriculture and Consumer Services

(Items in Controversy are Shaded)

		House FY 14-15		Senate FY 14-15	
	Farmland Preservation Trust Fund - Military Buffers (1990) Provides $1 million in nonrecurring funding to match federal funds for the purchase of development rights from agricultural operations located near military bases in the State. Funding to the Trust Fund in FY 2014-15 will total over $1.6 million from the General Fund and an additional $1 million from TVA settlement funds.	$1,000,000	NR		
20	Farmland Preservation Trust Fund (1990) Provides additional nonrecurring funding to the Trust Fund. Funding to the Trust Fund in FY 2014-15 will total over $1.9 million from the General Fund and an additional $1 million from TVA settlement funds.			$248,222	NR
21	Farmland Preservation Trust Fund - Military Buffers (1990) Provides $1 million in nonrecurring funding to match federal funds for the purchase of development rights from agricultural operations located near military bases in the State. Funding to the Trust Fund in FY 2014-15 will total over $1.9 million from the General Fund and an additional $1 million from TVA settlement funds.			$1,000,000	NR
	NCSU Food Processing Initiative (1990) Provides $250,000 in nonrecurring funding to the College of Agriculture and Life Sciences at NC State University to support the development of the Department's food processing initiative. The University of North Carolina system may not collect Facilities and Administrative expenses from these funds provided to the initiative.	$250,000	NR	$250,000	NR
23	NCSU Plant Science Initiative (1990) Provides $350,000 in nonrecurring funding to the College of Agriculture and Life Sciences at NC State University to support the development of the Department's plant science initiative. The University of North Carolina system may not collect Facilities and Administrative expenses from these funds provided to the initiative.	$350,000	NR	$350,000	NR

Soil and Water Conservation

24	Agriculture Water Resource Assistance Program (1611) Provides additional nonrecurring funding to support agriculture water resource development projects. Total program funding for FY 2014-15 is $3 million.			$2,000,000	NR

Agriculture and Consumer Services

(Items in Controversy are Shaded)

		House FY 14-15	Senate FY 14-15
25	Special Fund Offset (1611) Transfers $206,552 from the Swine Waste Fund (23704-2730) to offset General Fund support on a nonrecurring basis.	($206,552) NR	
26	Agriculture Water Resource Assistance Program (1611) Reduces recurring funding and provides additional nonrecurring funding for FY 2014-15 to support agriculture water resource development projects. Total program funding for FY 2014-15 is $1.1 million.	($373,884) $1,000,000 NR	

Structural Pest Control and Pesticides

27	Pesticide Control and Analysis Fees (1090) Budgets $100,000 in additional license fee receipts to offset General Fund support and more closely align to actual collections. Actual collections from FY 2012-13 totaled over $2.9 million.		($100,000)
28	Sleep Products (1120) Transfers the operating budget and positions to fund code 1120 - Structural Pest, and reduces the program requirements by $100,000 to more closely align to actual expenditures. Positions will continue to be receipt supported from bedding unit inspection fees.		($100,000)
29	Structural Pest Fees (1120) Budgets $50,000 in additional license fee receipts to offset General Fund support and more closely align to actual collections. Actual collections from FY 2012-13 totaled $434,510.		($50,000)

Veterinary Services

30	National Poultry Improvement Plan Certification (1130) Budgets anticipated receipts resulting from a modified fee structure for certification services provided to small flock poultry producers.		($25,000)
31	Animal Welfare Program (1130) Transfers the Animal Welfare Section to the Department of Public Safety.	($622,192) -10.00	

National Poultry Improvement Plan Fees (1130)		
Budgets $25,000 in anticipated receipts generated from increasing fees associated with the National Poultry Improvement Plan certification to support the program.		
Department Totals	($1,407,966) -10.00 $2,022,427 NR	($2,488,622) -18.35 $3,409,639 NR

Labor

(Items in Controversy are Shaded)

		House FY 14-15	Senate FY 14-15
Reserve for Salaries & Benefits			
33	Compensation Increase Reserve Provides a $1,000 annual recurring salary and benefit increase ($809 salary increase) for permanent full-time employees.		$238,411
34	Compensation Increase Reserve Provides a $1,000 annual recurring salary increase (~$1,236 salary and benefit increase) for permanent full-time employees.	$294,698	
35	State Retirement System Contributions Increases the State's contribution to the Teachers' and State Employees' Retirement System to fund the Annual Required Contribution and provide a 0.8% cost-of-living adjustment to retirees. Total General Fund appropriation across all sections in the committee report is $37 million.		$48,315
36	State Retirement System Contributions Increases the State's contribution to the Teachers' and State Employees' Retirement System to fund the Annual Required Contribution and provide a 1.44% cost-of-living adjustment to retirees. Total General Fund appropriation across all sections in the committee report is $60.3 million.	$78,786	
Department-wide			
37	Management Flexibility Reduction Allocates a 2% management flexibility reduction to the Department. The Commissioner may apply the reductions as deemed necessary.	($333,927)	($333,927)
	Department Totals	**$39,557**	**($47,201)**

Reserve for Salaries & Benefits

38	Compensation Increase Reserve Provides a $1,000 annual recurring salary and benefit increase ($809 salary increase) for permanent full-time employees.		$1,596,965
39	Compensation Increase Reserve Provides a $1,000 annual recurring salary increase (~$1,236 salary and benefit increase) for permanent full-time employees.	$1,986,356	
40	State Retirement System Contributions Increases the State's contribution to the Teachers' and State Employees' Retirement System to fund the Annual Required Contribution and provide a 1.44% cost-of-living adjustment to retirees. Total General Fund appropriation across all sections in the committee report is $60.3 million.	$451,466	
	State Retirement System Contributions Increases the State's contribution to the Teachers' and State Employees' Retirement System to fund the Annual Required Contribution and provide a 0.8% cost-of-living adjustment to retirees. Total General Fund appropriation across all sections in the committee report is $37 million.		$276,858

Aquariums

42	Admission Receipts (1355) Budgets additional admission fee receipts to offset General Fund support of the State's three aquariums. Admission fees were increased by $2.95 for all age groups effective March 1, 2014, and are estimated to generate an additional $1.4 million in new revenue.	($180,000)	($180,000)

Coastal Management

43	Public Information Efforts (1625) Reduces funding for a Public Information Officer position (60031534) by 50% in the Division of Coastal Management by cost sharing the position with the Department's Office of Public Affairs. This position will be spilt between the Division and the Office of Public Affairs where it will support department-wide issues.	($42,601) -0.50	($42,601) -0.50

		House FY 14-15	Senate FY 14-15
	Energy, Mineral and Land Resources		
44	Position Reduction (1740) Abolishes a vacant Environmental Senior Specialist position (65002024) in the Wilmington Regional Office's Stormwater Permitting Section. Six Stormwater Engineers and one Engineer who works on National Pollutant Discharge Elimination System permit program will remain in the Wilmington Office.	($61,049) -1.00	($61,049) -1.00
45	University Energy Centers (1749) Budgets Stripper Well Settlement funds transferred from budget code 64327-693E to partially offset General Fund support of the university energy centers located at North Carolina State University, North Carolina Agricultural and Technical State University (N.C. A&T), and Appalachian State University. A total of $1,056,933 is appropriated for these centers.	($816,933) NR	($816,933) NR
46	Shale Gas (1735) Provides nonrecurring funding for drilling of test wells and core analysis in the State's shale basins. Also provides $100,000 for marketing and promotion of the State's shale gas resources. There is a corresponding special provision.		$1,173,324 NR
47	Operating Funds for Oil and Gas Program (1740) Provides operating funds to support the Energy Section's requirement to develop and implement a modern regulatory program for oil and gas exploration and development, and to support the Mining and Energy Commission in developing associated administrative rules.	$176,789	$176,789
48	Coal Ash Management - Stormwater (1740) Provides funding for two new positions and associated operating costs to address the long term requirements of stormwater permitting, inspection and compliance activities related to coal based power facilities. Position — Total Cost Engineer — $82,343 Program Assistant V — $41,244 A total of $1.75 million in recurring funds is provided to the Department for coal ash management. This item is contingent upon S.B. 729, 2013 Regular Session, or substantially similar language, becoming law.		$140,811 2.00

Coal Ash Management - Stormwater (1740)

$150,811
2.00

Provides funding for two new positions and associated operating costs to address the long term requirements of stormwater permitting, inspection and compliance activities related to coal based power facilities.

Position	Total Cost
Engineer	$82,343
Program Assistant V	$41,244

A total of $1.8 million in recurring funds is provided to the Department for coal ash management.

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50 Coal Ash Management - Dams (1740)

$386,390
5.00

Provides nonrecurring funding for five new positions and associated operating costs to address the long term requirements of permitting, inspection and safety evaluations of all power generating dam facilities in North Carolina.

Position	Total Cost
2 Engineers	$165,686
2 Environmental Sr. Specialist	$151,210
1 Program Assistant V	$. 41,244

A total of $1.75 million in recurring funds is provided to the Department for coal ash management.This item is contingent upon S.B. 729, 2013 Regular Session, or substantially similar language, becoming law.

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51 Coal Ash Management - Dams (1740)

$396,390
5.00

Provides nonrecurring funding for five new positions and associated operating costs to address the long term requirements of permitting, inspection and safety evaluations of all power generating dam facilities in North Carolina.

Position	Total Cost
2 Engineers	$165,686
2 Environmental Sr. Specialist	$151,210
1 Program Assistant V	$ 41,244

A total of $1.8 million in recurring funds is provided to the Department for coal ash management.

Environmental Assistance and Customer Service

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52 Utility Savings Initiative (1615)

($183,067) NR ($183,067) NR

Budgets Stripper Well Settlement funds transferred from budget code 64327-693E to partially offset General Fund support of the Utility Savings Initiative on a nonrecurring basis.

Environment & Natural Resources

(Items in Controversy are Shaded)

		House FY 14-15	Senate FY 14-15
53	Position Reductions (1615) Reduces General Fund support for a vacant Environmental Senior Specialist position (60035972) in the Environmental Assistance Center to 50% and abolishes a vacant Senior Economic Developer position (60080986) that was transferred from Commerce as part of the Energy Office move to DENR. The office supplies line-item is reduced by $314, leaving $3,147.	($113,011) -1.22	($113,011) -1.22

Marine Fisheries

54	Position Shifts (1320) Fund shifts three Marine Fisheries Technician II positions (60032634, 60032668, 60032653) from General Fund support to federal grant support and takes a corresponding General Fund reduction.	($143,760) -3.00	($143,760) -3.00
55	Position Reductions (1495) Closes the Marine Fisheries office located in Nags Head for an operating savings of $19,422, and shifts two positions to home-based operations. Also abolishes two filled positions, an Environmental Health Specialist (60034501), an Environmental Senior Technician (60034515), and a vacant Microbiology Lab Technician III (60034517) that is currently split funded between General Fund support and a federal grant.	($148,240) -2.50	($148,240) -2.50
56	Marine Patrol (1325) Budgets a transfer from the Advance License Sales special fund to offset General Fund support of the Marine Patrol Section on a nonrecurring basis.	($439,177) NR	
57	At-Sea Observer Program (1320) Eliminates General Fund support for the At-Sea Observer Program, and provides $789,000 in nonrecurring support for the program in FY 2014-15 from the following sources: $289,000 from the General Fund and $500,000 from the Advance License Sales special fund. Recurring support will be provided from increases in six commercial fishing license fees, which will begin to be collected in the second quarter of 2015.	($289,000) $289,000 NR	
58	At-Sea Observer Program (1320) Eliminates General Fund support for the At-Sea Observer Program. Recurring support will be provided from commercial fishing license fee receipts.		($289,000)

	Marine Oyster Sanctuary (1320) Provides funding for habitat mapping and water column/benthic data collection associated with establishing an oyster sanctuary. Also supports any advance analysis and studies that may be required by State or federal agencies to permit shellfish conservation efforts in the sanctuary.	$150,000	$150,000
60	Fisheries Information Network System (1315) Transfers $2.56 million from the unencumbered cash balance in the Advance License Sales special funds to support the upgrade of the Fisheries Information Network System.		

Museum of Natural Sciences

61	Operating Reductions (1360) Reduces Museum funding by 1.6% by abolishing a vacant Administrative Assistant I position (60035022) and reducing funding for temporary wages. Also reduces salary reserve by $30,000 and the carpentry and hardware supplies line-item by $30,785.	($195,616) -1.00	($195,616) -1.00
	Museum of Forestry (1360) Eliminates funding for the Museum of Forestry in Whiteville, NC and closes the Museum effective July 1, 2014. Provides nonrecurring funding to support positions for three months to assist with the closure and mothballing of exhibits.		($391,117) -3.00 $97,779 NR

Office of Land and Water Stewardship

63	One NC Naturally Initiative (1610) Abolishes a filled Educational Development Consultant position (60036213) that provided outreach and education programs for the One NC Naturally initiative to generate interest in and understanding of the State's conservation needs. Duties will be shifted to the remaining employees.	($59,274) -1.00	($59,274) -1.00
64	Clean Water Management Trust Fund (1115) Provides an additional $1 million for the Trust Fund in FY 2014-15 bringing the total funding available to $14.6 million. There is a corresponding special provision.	$1,000,000 NR	

Environment & Natural Resources

(Items in Controversy are Shaded)

		House FY 14-15	Senate FY 14-15
Parks and Recreation			
65	Parks and Recreation Trust Fund Abolishes a vacant State Parks Facility Architect position (60092635) supported by the Parks and Recreation Trust Fund.	($65,871) -1.00	
66	Operating Reductions (1280) Abolishes a vacant State Parks Facility Architect position (60092635) supported by the Parks and Recreation Trust Fund. Also reduces various equipment line-items including but not limited to motor vehicles, boats, trailers, voice communication equipment and computers and printers. Operating funds of $9.4 million remain after this reduction.		($623,360) -1.00
67	Parks and Recreation Trust Fund Reduces support to the Trust Fund by $70,000, leaving over $12.8 million in the Fund.		($70,000)
68	Camp Sertoma Land Management (1280) Provides funds to support the management of the Camp Sertoma Property, which is being transferred from the University System to the State Parks System in Section 11.7(d) of this Act.	$70,000	$70,000
Reserves and Transfers			
69	Outer Banks Land Management Fund (1910) Provides a nonrecurring appropriation to the newly created Outer Banks Land Management Fund to be established in the Department of Environment and Natural Resources. Total funding appropriated to the Fund from all sources is $15 million, including $3 million in a capital reserve contingent upon the land sale. Fund uses are specified in a corresponding special provision.		$5,000,000 NR
Secretary's Office			
70	Salary Reserve (1140) Reduces salary reserve available within the Secretary's Office.	($34,949)	($34,949)

	Reserve for Coal Ash Management (1910)	$448,943 6.00	
	Creates a reserve in the Secretary's Office for up to six additional positions to support the coal ash management initiative outlined in Senate Bill 729. Positions and associated operating support will be reallocated to the following divisions as the positions are filled: Water Resources, Waste Management, and Energy, Mineral and Land Resources. A total of $1.8 million in recurring funds is provided to the Department for coal ash management.		
72	Reserve for Coal Ash Management (1910)		$438,943 6.00
	Creates a reserve in the Secretary's Office for up to six additional positions to support the coal ash management initiative outlined in Senate Bill 729. Positions and associated operating support will be reallocated to the following divisions as the positions are filled: Water Resources, Waste Management, and Energy, Mineral and Land Resources. A total of $1.75 million in recurring funds is provided to the Department for coal ash management.This item is contingent upon S.B. 729, 2013 Regular Session, or substantially similar language, becoming law.		
	Public Information Office (1140) Expands the Department's public information efforts by transferring 50% of a Public Information Officer position (60031534) from the Division of Coastal Management to the Office of Public Affairs. Position will be supported by indirect cost receipts.		

Waste Management

74	Solid Waste Section (1760) Reduces the legal services and motor vehicle insurance line-items in the Solid Waste Section, leaving $174,974 for these purposes.	($23,606)	($23,606)
75	Waste Management (1760) Budgets a transfer of solid waste disposal tax receipts to replace General Fund support of positions that inspect and permit hazardous waste and solid waste facilities. Positions also enforce hazardous waste, solid waste and inactive hazardous sites management standards, and ensure the development and implementation of comprehensive plans for management of waste.		($1,000,000)

Environment & Natural Resources

(Items in Controversy are Shaded)

		House FY 14-15	Senate FY 14-15
76	Noncommercial Fund (1910)		$1,929,968 $1,570,032 NR
	Provides a $1.57 million nonrecurring appropriation and a $1.93 million recurring appropriation for the Noncommercial Leaking Petroleum Underground Storage Tank Fund to assist homeowners with the cleanup cost of petroleum releases from home heating oil tanks and small farm tanks.		
77	Coal Ash Management - Waste Management (1760)		$193,742 2.00
	Provides funding for two new positions and associated operating costs to support the additional workload that is expected with the permitting of industrial landfills for removed combustion products.		
	Position — Total Cost Engineer — $82,343 Geologist/Hydrogeologist — $76,615		
	A total of $1.75 million in recurring funds is provided to the Department for coal ash management.This item is contingent upon S.B. 729, 2013 Regular Session, or substantially similar language, becoming law.		
78	Coal Ash Management - Waste Management (1760)	$203,742 2.00	
	Provides funding for two new positions and associated operating costs to support the additional workload that is expected with the permitting of industrial landfills for removed combustion products.		
	Position — Total Cost Engineer — $82,343 Geologist/Hydrogeologist — $76,615		
	A total of $1.8 million in recurring funds is provided to the Department for coal ash management.		

Water Infrastructure

79	Operating Support (1460)	($10,000)	($10,000)
	Reduces the supplies line item on a recurring basis, leaving $5,000 for this purpose.		
80	Drinking Water State Revolving Fund (DWSRF) (1460)		
	Reduces funding for the DWSRF State match by $600,000 due to an anticipated decrease in the federal capitalization grant for the program in federal fiscal year 2014-15. Also transfers $800,000 in unused DWSRF State matching funds back to the division's General Fund budget and takes a corresponding nonrecurring reduction in FY 2014-15.	($1,400,000) NR	($1,400,000) NR

Water and Sewer Grants (1460)

	$500,000 NR	

Provides additional funds for water and sewer infrastructure development projects in Tier I and Tier II counties. There is a corresponding special provision.

Water Resources

82	**Aquatic Weed Control Transfer (1620)**		($54,920) -1.00

Transfers the Aquatic Weed Control program from the Department to the Wildlife Resources Commission as a Type I transfer. Additional adjustments may be implemented through a type 11 budget revision.

83	Position Reductions (1620 & 1690)	($155,976) -2.00	($155,976) -2.00

Abolishes a filled Business & Technology Applications Technician position (60031523) in the Water Resources Management Section and also abolishes a vacant Environmental Regional Supervisor (60035227) in the Fayetteville Regional Office. A receipt-supported supervisor from the Central Office will be reassigned to replace the regional supervisor position.

Coal Ash Management - Water Quality (1690 &1695)

		$590,114 8.00

Provides funding for eight General Fund and two receipt-supported positions and associated operating costs. Six of the positions will conduct facility inspections and technical reviews of reports, including the evaluation of groundwater monitoring data and proposed corrective action and closure plans of coal ash ponds. Four of the positions will address the long term requirements of permitting, enforcement, data collection and analysis. Data regarding surface waters, sediment, and fish tissue will be provided to the public.

Position	Total Cost
5 Geologist/Hydrogeologist	$307,896
1 Environmental Sr. Specialist	$ 75,606
1 Environmental Specialist	$ 67,219
1 Business & Technology App Analyst	$ 95,012
1 Engineer (receipt-supported)	$ 82,843
1 Geologist/Hydrogeologist (receipt-supported)	$ 84,599

A total of $1.75 million in recurring funds is provided to the Department for coal ash management.This item is contingent upon S.B. 729, 2013 Regular Session, or substantially similar language, becoming law.

Environment & Natural Resources

(Items in Controversy are Shaded)

		House FY 14-15	Senate FY 14-15
85	Coal Ash Management - Water Quality (1690 & 1695)	$600,114 8.00	

Provides funding for eight General Fund and two receipt-supported positions and associated operating costs. Six of the positions will conduct facility inspections and technical reviews of reports, including the evaluation of groundwater monitoring data and proposed corrective action and closure plans of coal ash ponds. Four of the positions will address the long term requirements of permitting, enforcement, data collection and analysis. Data regarding surface waters, sediment, and fish tissue will be provided to the public.

Position	Total Cost
5 Geologist/Hydrogeologist	$307,896
1 Environmental Sr. Specialist	$ 75,606
1 Environmental Specialist	$ 67,219
1 Business & Technology App Analyst	$ 95,012
1 Engineer (receipt-supported)	$ 82,843
1 Geologist/Hydrogeologist (receipt-supported)	$ 84,599

A total of $1.8 million in recurring funds is provided to the Department for coal ash management.

86	On-Site Wastewater Transfer		$1,177,154 14.00

Transfers the On-Site Water Protection Unit from the Department of Health and Human Services to the Department of Environment and Natural Resources as Type I transfer. Additional adjustments due to legislative salary increases, retirement and medical adjustments, as well as receipt adjustments and transfers from special funds may be implemented through a type 11 budget revision.

Zoological Park

87	Zoo Trams (1305)	($208,624) NR	

Reduces funds to the motorized vehicles line item on a nonrecurring basis.

Department Totals	**$3,111,658** **9.78** **($1,258,801) NR**	**$3,531,255** **19.78** **$5,441,135 NR**

Reserve for Salaries & Benefits

88	Compensation Increase Reserve Provides a $1,000 annual recurring salary increase (~$1,236 salary and benefit increase) for permanent full-time employees.	$225,059	
89	Compensation Increase Reserve Provides a $1,000 annual recurring salary and benefit increase ($809 salary increase) for permanent full-time employees.		$179,544
90	State Retirement System Contributions Increases the State's contribution to the Teachers' and State Employees' Retirement System to fund the Annual Required Contribution and provide a 1.44% cost-of-living adjustment to retirees. Total General Fund appropriation across all sections in the committee report is $60.3 million.	$53,953	
	State Retirement System Contributions Increases the State's contribution to the Teachers' and State Employees' Retirement System to fund the Annual Required Contribution and provide a 0.8% cost-of-living adjustment to retirees. Total General Fund appropriation across all sections in the committee report is $37 million.		$33,086

Wildlife Resources Commission

92	Management Flexibility Reserve Reduces funding to the Commission by 2% by creating a management flexibility reserve. The Director shall prioritize the elimination of positions that are redundant, newly created, and vacant.	($289,532)	
93	Beaver Management Assistance Program (1151) Reduces funding for the Beaver Management Assistance Program by 2%. A total of $377,300 remains in the budget to support the Program.		($7,700)

Wildlife Resources Commission

(Items in Controversy are Shaded)

		House FY 14-15	Senate FY 14-15
94	Position Adjustments Offsets General Fund appropriated salaries in each of the following programs by budgeting additional fishing and hunting license receipts transferred from the Wildlife Resources Fund established in G.S. 143-250: 1101: Administrative Policy and Regulation ($38,245) 1111: Controller's Office ($26,678) 1113: Information Technology ($58,883) 1115: Purchasing Services Warehouse ($17,825) 1116: Budget, Planning and Audit ($10,386) 1117: Personnel ($16,768)		($168,785)
95	Budget Realignments Reduces receipt supported line-items in the customer service and information technology sections and realigns those funds to offset General Fund appropriated salaries in each of those sections as follows: 1112: Customer Service ($29,122) 1113: Information Technology ($83,925)		($113,047)
96	Federal Grant Funds (1166) Budgets an increase in a federal grant for game land operations and maintenance and reduces the General Fund appropriation by the same amount.	($1,000,000)	($1,000,000)
97	Aquatic Weed Control Transfer Transfers the Aquatic Weed Control program from the Department of Environment and Natural Resources to the Wildlife Resources Commission (WRC) as a Type I transfer. Also transfers $400,000 from WRC's Boating Safety Account on a nonrecurring basis in FY 2014-15 to be used for the Lake Waccamaw Hydrilla Eradication Project. Additional recurring funding for aquatic weed control is provided from the Shallow Draft Navigation Channel and Lake Dredging Fund. There is a corresponding special provision.		$554,920 1.00 $400,000 NR
	Department Totals	**($1,010,520)**	**($521,982)** **1.00** **$400,000 NR**

Commerce

(Items in Controversy are Shaded)

		House FY 14-15	Senate FY 14-15
Department-wide			
98	Management Flexibility Reserve Reduces funding to the Department by 2%, resulting in a revised General Fund appropriation of $50.1 million (exclusive of Industrial Commission). The Secretary shall prioritize the elimination of positions that are redundant, newly created, and vacant.	($1,022,654)	
Department-wide			
99	Management Flexibility Reserve Reduces funding to the Department by 2%, resulting in a revised General Fund appropriation of $50.1 million (exclusive of Industrial Commission). The Secretary has the flexibility to take the reduction to programs and activities that cause the least disruption in service.		($1,022,654)
Reserve for Salaries & Benefits			
	Compensation Increase Reserve Provides a $1,000 annual recurring salary increase (~$1,236 salary and benefit increase) for permanent full-time employees.	$337,402	
101	Compensation Increase Reserve Provides a $1,000 annual recurring salary and benefit increase ($809 salary increase) for permanent full-time employees.		$272,878
102	State Retirement System Contributions Increases the State's contribution to the Teachers' and State Employees' Retirement System to fund the Annual Required Contribution and provide a 0.8% cost-of-living adjustment to retirees. Total General Fund appropriation across all sections in the committee report is $37 million.		$56,108
103	State Retirement System Contributions Increases the State's contribution to the Teachers' and State Employees' Retirement System to fund the Annual Required Contribution and provide a 1.44% cost-of-living adjustment to retirees. Total General Fund appropriation across all sections in the committee report is $60.3 million.	$91,494	

Commerce

(Items in Controversy are Shaded)

		House FY 14-15	Senate FY 14-15
Administration			
104	Special Funds (1111) Offsets the General Fund appropriation for Administration by directing the unencumbered cash balance as of June 30, 2014 from the following funds toward operating costs: Economic Development Reserve (24609-2584) Energy Research Grants Special Fund (24609-2537) NC Green Business Fund (24609-2535) One NC Small Business Fund (24609-2562) Main Street Solutions Special Fund (24613-2622) The Economic Development Reserve Fund is closed after the transfer. There is a corresponding special provision.	($663,839) NR	($663,839) NR
105	Purchasing Officer (1111) Eliminates a vacant Purchasing Officer position (60077170).	($76,728) -1.00	($76,728) -1.00
Commerce Finance Center			
106	Job Maintenance and Capital Development Fund (JMAC) (1581) Reduces funds appropriated for JMAC payments. A total of $7.5 million is available for payments to Bridgestone, Goodyear, and Domtar for the 2013 grant year. Funds disbursed in FY 2013-14 were less than what was appropriated due to companies' underperformance.	($364,097) NR	($364,097) NR
Industrial Commission			
107	Compromise Settlement Agreement Fees (1831) Shifts Industrial Commission expenses to Compromise Settlement Agreement fee receipts in the General Fund, which will now be fully budgeted in the General Fund. Net General Fund appropriation to the Commission will be $5 million.	($500,000)	($500,000)
108	Special Fund (1831) Offsets the General Fund appropriation for the Industrial Commission by directing the unencumbered cash balance as of June 30, 2014 from the Investigation Management System Special Fund (24611-2240) toward operating costs. This fund is closed after the transfer.	($125,000) NR	($125,000) NR

	Investigation Management System (1831)	($75,000)	($75,000)
	Eliminates funding for the Industrial Commission's Investigation Management System, which was intended to process, prioritize, and track investigations by the Insurance Compliance Program. Funding was appropriated to the Commission in FY 2013-14 but has not been used. The Commission is working with the Office of Information Technology Services to evaluate future system needs.		
	Labor and Economic Analysis Division		
110	Common Follow-Up System (CFS) (1130)		
	Budgets $500,000 in nonrecurring receipts for CFS; the Commission on Workforce Development will prescribe a method for calculating the amount that participating agencies shall contribute to CFS. Agencies will transfer funds by December 31, 2014. There is a corresponding special provision.		
111	AccessNC and Demand Driven Data Delivery System (D4) (1130)	$250,000 NR	$500,000 NR
	Provides nonrecurring funding for contractual services to merge two information technology platforms (AccessNC and D4). AccessNC inventories available business sites statewide and provides economic data to the public. D4 publishes labor market data. There is a corresponding special provision.		
	Reserves and Transfers		
112	Film and Entertainment Grant Fund (1912)		$20,000,000 NR
	Provides funds to encourage the production of motion pictures, television shows, and commercials and to develop the film-making industry within the State.		
	Rural Economic Development		
113	Limited Resource Communities Grants (1534)		($2,543,021)
	Eliminates the Limited Resource Communities Grant program established in Section 15.10B of S.L. 2013-360. There is a corresponding special provision.		
114	Limited Resource Communities Grants (1534)	($1,293,021)	
	Reduces funds appropriated to the Limited Resource Communities Grant program established in Section 15.10B of S.L. 2014-360; $1.25 million remains.		

Commerce

(Items in Controversy are Shaded)

		House FY 14-15	Senate FY 14-15
115	Community Assistance and Office of Urban Development (1620) Eliminates approximately 9.15 FTEs from Community Assistance and Office of Urban Development. The Rural Economic Development Division Assistant Secretary has the discretion to make this determination among the 26.5 General Fund appropriated FTEs within fund code 1620. There is a corresponding special provision.		($637,500)
116	Rural Economic Development Division Reduces Rural Economic Development Division funds to offset Community Development Block Grant (CDBG) cash match expansion. Reductions may not be taken to Rural Grant programs. There is a corresponding special provision.	($637,500)	
117	Community Development Block Grant (CDBG) (1620) Provides 50% of the required cash match for the CDBG program. FY 2014-15 funds shall be used to purchase and install a new grants management software program. The other 50% match will be in-kind, achieved via staff salaries' who are dedicated to full-time CDBG activities. There is a corresponding special provision.	$637,500	$637,500
118	NC Broadband (1477) Provides six months of nonrecurring funding to allow for continuation of the NC Broadband program from January 1, 2015 to June 30, 2015 as federal funding ends December 31, 2014. There is a corresponding special provision.	$250,000 NR	$350,000 NR
119	Grant Program Expansion (1534) Appropriates on a nonrecurring basis $2.2 million to the Rural Economic Development Division grant programs. Funds may not be used for administrative costs. There is a corresponding special provision.	$2,200,000 NR	
120	Grant Program Reduction Makes a reduction to the Rural Economic Development Division grant programs.		($200,000) NR
121	Challenge Grant for Study of Future Use of Broughton Hospital Provides funds for a challenge grant for a study of the future use of Broughton Hospital facilities.		$200,000 NR

		House FY 14-15	Senate FY 14-15
	kforce Solutions		
122	Apprenticeship Program (1912) Budgets $300,000 in nonrecurring receipts for the Apprenticeship Program from the Community Colleges System Office to offset forgone revenue for waived apprentice fees in FY 2014-15. The Department of Commerce will evaluate the fee waivers effect on increasing participation in the program before requesting a permanent fee change.		
	Department Totals	($2,538,507) -1.00 $1,547,064 NR	($3,888,417) -1.00 $19,697,064 NR

Commerce - State Aid

(Items in Controversy are Shaded)

		House FY 14-15	Senate FY 14-15
Biotechnology Center			
123	Biotechnology Center (1121) Increases General Fund support to the Biotechnology Center by $3.6 million. Total funding to the Center will total $16.2 million for FY 2014-15. There is a corresponding special provision.	$3,600,000 NR	
Farm Bureau - Ag in the Classroom			
124	Ag in the Classroom (1913) Eliminates funding to the Ag in the Classroom program due to inability to spend funds.	($21,175)	($21,175)
Grassroots Science Museums			
125	Museum Deletion (1913) Eliminates funding for Health Adventure Museum of Pack Place Education, Arts and Science Center, Inc. in Asheville due to closure.	($73,352)	
126	Museum Additions (1913) Provides base funding to two additional museums (Marbles in Raleigh and HandsOn! in Hendersonville) and eliminates funding to the Health Adventure museum in Asheville due to closure.		$42,648
Research Triangle Institute			
127	Research Triangle Institute Grant (1913) Provides $250,000 in nonrecurring funding to the Research Triangle Institute for US Department of Energy grant match requirements. Research findings will be shared with the State Energy Office.		$250,000 NR
128	Research Triangle Institute (1913) Provides $500,000 in nonrecurring funding to the Research Triangle Institute for US Department of Energy grant match requirements. Research findings will be shared with the State Energy Office.	$500,000 NR	

Commerce - State Aid

(Items in Controversy are Shaded)

		House FY 14-15	Senate FY 14-15
Support Center			
129	The Support Center (1913)		
	Provides $1 million in nonrecurring funding to The Support Center.	$1,000,000 NR	
	Department Totals	($94,527)	$21,473
		$5,100,000 NR	$250,000 NR

Senate Committee on Appropriations on Natural and Economic Resources

House/Senate Comparison

Special Provisions Report

June 17, 2014

Senate and House Differ

Senate Version

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, 2015, according to the schedule that follows. Amounts set out in parentheses are reductions from General Fund appropriations for the 2014-2015 fiscal year.

Current Operations – General Fund	**2014-2015**
EDUCATION	
Community Colleges System Office	22,150,669
Department of Public Instruction	66,541,801
University of North Carolina – Board of Governors	
Appalachian State University	941,239
East Carolina University	
Academic Affairs	1,164,501
Health Affairs	344,298
Elizabeth City State University	261,074
Fayetteville State University	444,505
NC A&T State University	910,908
NC Central University	707,221
UNC School of the Arts	230,362
NC State University	
Academic Affairs	4,818,881
Agricultural Extension	259,621
Agricultural Research	415,602
UNC – Asheville	300,265
UNC – Chapel Hill	
Academic Affairs	2,225,122
Health Affairs	1,170,381
Area Health Education Centers	73,789
UNC – Charlotte	1,611,465
UNC – Greensboro	3,121,477
UNC – Pembroke	432,891
UNC – Wilmington	927,194
Western Carolina University	671,106
Winston-Salem State University	320,247
General Administration	213,154
University Institutional Programs	(6,901,304)
Related Educational Programs	9,863,276
NC School of Science and Mathematics	124,784
Aid to Private Institutions	(7,000,000)

Total University of North Carolina – Board of Governors	17,652,059
HEALTH AND HUMAN SERVICES	
Department of Health and Human Services	
Central Management and Support	(5,028,255)
Division of Aging & Adult Services	(969,549)
Division of Blind Services, Deaf, & Hard of Hearing	0
Division of Child Development & Early Education	(18,031,728)
Health Service Regulation	(288,000)
Division of Medical Assistance	196,188,968
Division of Mental Health, Developmental Disabilities, & Substance Abuse Services	(29,832,154)
NC Health Choice	(15,813,961)
Division of Public Health	(10,270,197)
Division of Social Services	12,389,357
Division of Vocation Rehabilitation	(575,336)
Total Health and Human Services	127,769,145
NATURAL AND ECONOMIC RESOURCES	
Department of Agriculture and Consumer Services	921,017
Department of Commerce	
Commerce	(4,191,353)
Commerce State-Aid	271,473
Wildlife Resources Commission	(121,982)
Department of Environment and Natural Resources	8,972,390
Department of Labor	(47,201)
JUSTICE AND PUBLIC SAFETY	
Department of Public Safety	60,630,171
Judicial Department	3,502,988
Judicial Department – Indigent Defense	416,556
Department of Justice	(48,229,079)
GENERAL GOVERNMENT	
Department of Administration	(2,023,279)
Office of Administrative Hearings	24,521
Department of State Auditor	118,338
Office of State Controller	1,600,500

Department of Cultural Resources	
Cultural Resources	(556,787)
Roanoke Island Commission	(9,000)
State Board of Elections	(55,410)
General Assembly	(44,526)
Office of the Governor	(50,798)
Office of State Budget and Management	
Office of State Budget and Management	(71,259)
OSBM – Reserve for Special Appropriations	175,000
Housing Finance Agency	9,830,322
Department of Insurance	
Insurance	(399,128)
Office of Lieutenant Governor	(5,629)
Department of Revenue	727,468
Department of Secretary of State	(22,720)
Department of State Treasurer	
State Treasurer	1,959,528
State Treasurer – Retirement for Fire and Rescue Squad Workers	(2,474,496)
RESERVES, ADJUSTMENTS, AND DEBT SERVICE	
Disability Income Plan	(3,200,000)
Information Technology Fund	6,003,162
Information Technology Reserve Fund	(11,661,092)
Job Development Investment Grants (JDIG)	(15,571,684)
One North Carolina Fund	(7,144,263)
Reserve for Future Benefit Needs	(56,400,000)
State Health Plan Contribution	(22,000,000)
Debt Service	
Savings Reserve	250,000
General Debt Service	(8,240,916)
TOTAL CURRENT OPERATIONS – GENERAL FUND	146,996,506

House Version

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, 2015, according to the schedule that follows. Amounts set out in parentheses are reductions from General Fund appropriations for the 2014-2015 fiscal year.

Current Operations – General Fund	**2014-2015**
EDUCATION	
Community Colleges System Office	25,762,994
Department of Public Instruction	15,113,117
University of North Carolina – Board of Governors	
Appalachian State University	
East Carolina University	
Academic Affairs	(620,650)
Health Affairs	
Elizabeth City State University	
Fayetteville State University	
North Carolina A & T State University	
North Carolina Central University	
North Carolina State University	
Academic Affairs	1,839,185
Agricultural Extension	
Agricultural Research	
University of North Carolina at Asheville	
University of North Carolina at Chapel Hill	
Academic Affairs	
Health Affairs	
Area Health Education Centers	
University of North Carolina at Charlotte	
University of North Carolina at Greensboro	
University of North Carolina at Pembroke	
University of North Carolina School of the Arts	
University of North Carolina at Wilmington	
Western Carolina University	
Winston-Salem State University	(220,272)
General Administration	1,000,000
University Institutional Programs	29,422,770
Related Educational Programs	50,000
North Carolina School of Science and Mathematics	
Aid To Private Institutions	
Total University of North Carolina – Board of Governors	31,471,033
HEALTH AND HUMAN SERVICES	

Department of Health and Human Services	
Division of Central Management and Support	7,196,823
Division of Aging and Adult Services	100,000
Divisions of Services to the Blind, Deaf, and Hard of Hearing	0
Division of Child Development and Early Education	(75,846,623)
Division of Health Service Regulation	(288,000)
Division of Medical Assistance	61,047,188
Division of Mental Health, Developmental Disabilities, and Substance Abuse Services	(16,047,038)
NC Health Choice	(15,750,000)
Division of Public Health	(5,605,543)
Division of Social Services	13,541,509
Division of Vocation Rehabilitation	(575,336)
Total Health and Human Services	(32,227,020)
NATURAL AND ECONOMIC RESOURCES	
Department of Agriculture and Consumer Services	614,461
Department of Commerce	
Commerce	(991,443)
Commerce State-Aid	5,005,473
Wildlife Resources Commission	(1,010,520)
Department of Environment and Natural Resources	1,852,857
Department of Labor	39,557
JUSTICE AND PUBLIC SAFETY	
Department of Public Safety	63,079,628
Judicial Department	5,123,332
Judicial Department – Indigent Defense	386,037
Department of Justice	(32,098,850)
GENERAL GOVERNMENT	
Department of Administration	(11,073,045)
Office of Administrative Hearings	42,478
Department of State Auditor	168,155
Office of State Controller	(182,268)
Department of Cultural Resources	
Cultural Resources	666,555

Roanoke Island Commission	(9,000)
State Board of Elections	165,223
General Assembly	876,444
Office of the Governor	236,521
Office of State Budget and Management	
Office of State Budget and Management	(45,116)
OSBM – Reserve for Special Appropriations	(20,000)
Housing Finance Agency	9,830,322
Department of Insurance	
Insurance	(256,486)
Office of Lieutenant Governor	(3,031)
Department of Revenue	(1,444,357)
Department of Secretary of State	37,415
Department of State Treasurer	
State Treasurer	1,523,783
State Treasurer – Retirement for Fire and Rescue Squad Workers	(1,499,836)
RESERVES, ADJUSTMENTS AND DEBT SERVICE	
Reserve for Future Benefit Needs	(56,400,000)
Reserve for State Health Plan	(22,000,000)
Reserve for Job Development Investment Grant (JDIG)	(15,571,684)
One North Carolina Fund	(7,144,263)
Information Technology Fund	4,684,488
Information Technology Reserve Fund	(10,342,418)
Disability Income Plan	(3,200,000)
Medicaid Risk Reserve	117,800,000
Reserve for Pending Legislation and Legislative Services Commission Litigation	6,500,000
Conservation Reserve	10,000,000
Debt Service	

General Debt Service	(7,390,916)
Federal Reimbursement	0
TOTAL CURRENT OPERATIONS – GENERAL FUND	**98,069,620**

Senate and House Differ

Senate Version

GENERAL FUND AVAILABILITY STATEMENT

SECTION 2.2.(a) Section 2.2(a) of S.L. 2013-360 is repealed. The General Fund availability used in adjusting the 2014-2015 budget is shown below:

	FY 2014-2015
Unappropriated Balance Remaining from Previous Year	323,693,704
Anticipated Undercollections from FY 2013-14	(445,400,000)
Anticipated Reversions from FY 2013-14	371,600,000
Less Earmarkings of Year End Fund Balance	
Savings Reserve	(42,989,870)
Repairs and Renovations	(42,989,870)
Beginning Unreserved Fund Balance	**163,913,964**
Revenues Based on Existing Tax Structure	**19,972,100,000**
Nontax Revenues	
Investment Income	11,300,000
Judicial Fees	244,500,000
Disproportionate Share	109,000,000
Master Settlement Agreement	137,500,000
Other Nontax Revenues	195,500,000
Insurance	77,000,000
Highway Fund Transfer	215,900,000
Subtotal Nontax Revenues	**990,700,000**
Total General Fund Availability	**21,126,713,964**
Adjustments to Availability: 2014 Session	
Transfer from Cash Balances from Department of Agriculture and Consumer Services Special Funds	1,449,680
Transfer from Cash Balances from Alcoholic Beverage Control Enterprise Fund	3,500,000
Transfer from Interest from Department of Environment and Natural Resources (DENR) Special Funds	938,670
Diversion of Funds from DENR Inspection and Maintenance Control Special Fund	3,000,000
Diversion of Funds from DENR Water and Air Account Special Fund	1,000,000
Transfer of Federal Insurance Contribution Act (FICA) Fund Cash Balance	5,255,000
Adjustment of Transfer from Insurance Regulatory Fund	(399,128)
Adjustment of Transfer from Treasurer's Office	1,959,528
Increase from ABC Permit Fees	9,600,000

Redirection of Funds from Gross Premiums Tax on Property Coverage Contracts to General Fund	1,600,000
Four-year Phaseout of Provision of Medicaid Hold Harmless Law Guaranteeing Counties $500,000 Benefit	5,990,000
Subtotal Adjustments to Availability: 2014 Session	**33,893,750**
Revised General Fund Availability	**21,160,607,714**
Less General Fund Appropriations	**(21,160,607,714)**
Unappropriated Balance Remaining	**0**

SECTION 2.2.(b) Effective June 30, 2014, Section 2.2 of S.L. 2013-360 reads as rewritten:

"...

SECTION 2.2.(c) Notwithstanding the provisions of G.S. 143C-4-3, the State Controller shall transfer a total of one hundred fifty million dollars ($150,000,000) from the unreserved fund balance to the Repairs and Renovations Reserve on June 30, 2013, and a total of ~~twelve million seven hundred fifty-one thousand one hundred thirty-seven dollars ($12,751,137)~~ forty-two million nine hundred eighty-nine thousand eight hundred seventy dollars ($42,989,870) to the Repairs and Renovations Reserve on June 30, 2014. This subsection becomes effective June 30, 2013. Funds transferred under this section to the Repairs and Renovations Reserve are appropriated for the 2013-2014 and 2014-2015 fiscal years and shall be used in accordance with G.S. 143C-4-3.

SECTION 2.2.(d) Notwithstanding G.S. 143C-4-2, the State Controller shall transfer a total of two hundred thirty-two million five hundred thirty-seven thousand nine hundred forty-two dollars ($232,537,942) from the unreserved fund balance to the Savings Reserve Account on June 30, 2013, and the sum ~~of thirty-seven million one hundred twenty-two thousand three hundred forty-six dollars ($37,122,346)~~ forty-two million nine hundred eighty-nine thousand eight hundred seventy dollars ($42,989,870) from the unreserved fund balance to the Savings Reserve Account on June 30, 2014. Neither of these transfers is an "appropriation made by law," as that phrase is used in Section 7(1) of Article V of the North Carolina Constitution. This subsection becomes effective June 30, 2013.

...."

SECTION 2.2.(c) Interest from the following funds shall be redirected to the General Fund:

Budget Code	**Fund Code**	**Description**
24303	2990	Marine Conservation Fund
24304	Various	Ecosystem Enhancement Fund
24305	2002	Clean Water Management Trust Fund
24306	2127	Dry Cleaning Solvent Cleanup Fund
24309	2235	Parks and Recreation Trust Fund
24318	2054	Bernard Allen Drinking Water Fund
24323	Various	Marine Resources Fund
64301	6342	Water Pollution Control System Account
64305	6370	Commercial Leaking Petroleum Storage Tanks Fund
64305	6371	Noncommercial Leaking Petroleum Storage Tanks Fund
64305	6372	Inactive Hazardous Sites Fund
64305	6373	Emergency Response Fund
64305	6375	Superfund Cost Share Fund
64305	6376	Brownfield Superfund Fund

SECTION 2.2.(d) Notwithstanding G.S. 20-183.7(c), fees collected for electronic inspection authorizations during the 2014-2015 fiscal year that would have been credited to the I & M Air Pollution Control Account established under G.S. 143-215.3A(b1) shall be credited to the State's General Fund.

SECTION 2.2.(e) Notwithstanding G.S. 105-449.125, one million dollars ($1,000,000) of the revenue collected by the Secretary of Revenue from the motor fuel excise tax levied under Part 7 of Article 36C of the General Statutes that would otherwise be credited to the Water and Air Quality Account shall be credited to the State's General Fund.

H13.1B is S2.2(f) modified

SECTION 2.2.(f) Effective June 30, 2014, G.S. 106-435 and G.S. 106-451.27 are repealed, and the unallotted and unexpended funds in the Cotton Warehouse Fund on that date shall be transferred to the General Fund.

SECTION 2.2.(g) Effective June 30, 2014, G.S. 106-65.104 is repealed, and the unallotted and unexpended balance of funds in the Bedding Law Account on that date shall be transferred to the General Fund.

House Version

GENERAL FUND AVAILABILITY STATEMENT

SECTION 2.2.(a) Section 2.2(a) of S.L. 2013-360 is repealed. The General Fund availability used in adjusting the 2014-2015 budget is shown below:

	FY 2014-2015
Unappropriated Balance Remaining from Previous Year	323,693,704
Anticipated Undercollections from FY 2013-2014	(429,400,000)
Anticipated Reversions from FY 2013-2014	407,201,425
Less Earmarkings of Year End Fund Balance	
Savings Reserve	(89,098,836)
Repairs and Renovations	(89,098,837)
Beginning Unreserved Fund Balance	**123,297,456**
Revenues Based on Existing Tax Structure	**19,972,100,000**
Nontax Revenues	
Investment Income	11,300,000
Judicial Fees	244,500,000
Disproportionate Share	109,000,000
Master Settlement Agreement	137,500,000
Other Nontax Revenues	195,500,000
Insurance	77,000,000
Highway Fund Transfer	215,900,000
Subtotal Nontax Revenues	**990,700,000**
Total General Fund Availability	**21,086,097,456**
Adjustments to Availability: 2014 Session	
Transfer from Cash Balances from Department of Agriculture and Consumer Services Special Funds	1,210,690
Transfer from Interest from Department of Environment and Natural Resources (DENR) Special Funds	430,385
Diversion of Funds from DENR Inspection and Maintenance Control Special Fund	3,000,000
Diversion of Funds from DENR Water and Air Account Special Fund	750,000
Transfer of Federal Insurance Contribution Act (FICA) Fund Cash Balance	5,255,000
Adjustment of Transfer from Insurance Regulatory Fund	(256,486)
Adjustment of Transfer from Treasurer's Office	1,523,783
Transfer from E-Commerce Fund	2,130,000
Transfer from Blount Street Properties Fund	2,400,000
Increase from ABC Permit Fees	9,600,000
Four-year Phaseout of Provision of Medicaid Hold Harmless Law Guaranteeing Counties $500,000 Benefit	5,990,000
Redirect Funds from Gross Premiums Tax on Property Coverage Contracts	1,600,000
Phase-in Sales Tax on Piped Natural Gas	(2,150,000)
Reduce Sales Tax on Manufactured and Modular Homes	(6,100,000)
Subtotal Adjustments to Availability: 2014 Session	**25,383,372**

Revised General Fund Availability	**21,111,480,828**
Less: General Fund Appropriations	21,111,480,828
Unappropriated Balance Remaining	**0**

SECTION 2.2.(b) Effective June 30, 2014, Section 2.2 of S.L. 2013-360 reads as rewritten:

"...

"**SECTION 2.2.(c)** Notwithstanding the provisions of G.S. 143C-4-3, the State Controller shall transfer a total of one hundred fifty million dollars ($150,000,000) from the unreserved fund balance to the Repairs and Renovations Reserve on June 30, 2013, and a total of ~~twelve million seven hundred fifty one thousand one hundred thirty seven dollars ($12,751,137)~~ eighty-nine million ninety-eight thousand eight hundred thirty-seven dollars ($89,098,837) to the Repairs and Renovations Reserve on June 30, 2014. This subsection becomes effective June 30, 2013. Funds transferred under this section to the Repairs and Renovations Reserve are appropriated for the 2013-2014 and 2014-2015 fiscal years and shall be used in accordance with G.S. 143C-4-3.

"**SECTION 2.2.(d)** Notwithstanding G.S. 143C-4-2, the State Controller shall transfer a total of two hundred thirty-two million five hundred thirty-seven thousand nine hundred forty-two dollars ($232,537,942) from the unreserved fund balance to the Savings Reserve Account on June 30, 2013, and the sum of ~~thirty seven million one hundred twenty two thousand three hundred forty six dollars ($37,122,346)~~ eighty-nine million ninety-eight thousand eight hundred thirty-six dollars ($89,098,836) from the unreserved fund balance to the Savings Reserve Account on June 30, 2014. Neither of these transfers is an "appropriation made by law," as that phrase is used in Section 7(1) of Article V of the North Carolina Constitution. This subsection becomes effective June 30, 2013.

...."

SECTION 2.2.(c) Interest from the following funds shall be redirected to the General Fund:

Budget Code	**Fund Code**	**Description**
24303	2990	Marine Conservation Fund
24306	2127	Dry Cleaning Solvent Cleanup Fund
24318	2054	Bernard Allen Drinking Water Fund
64301	6342	Water Pollution Control System Account
64305	6370	Commercial Leaking Petroleum Storage Tanks Fund
64305	6371	Noncommercial Leaking Petroleum Storage Tanks Fund
64305	6372	Inactive Hazardous Sites Fund
64305	6373	Emergency Response Fund
64305	6375	Superfund Cost Share Fund
64305	6376	Brownfield Superfund Fund
64305	6379	Inactive Hazardous Sites Fund-S1492

SECTION 2.2.(d) Notwithstanding G.S. 20-183.7(c), fees collected for electronic inspection authorizations during the 2014-2015 fiscal year that would have been credited to the I & M Air Pollution Control Account established under G.S. 143-215.3A(b1) shall be credited to the State's General Fund.

SECTION 2.2.(e) Notwithstanding G.S. 105-449.125, seven hundred fifty thousand dollars ($750,000) of the revenue collected by the Secretary of Revenue from the motor fuel excise tax levied under Part 7 of Article 36C of Chapter 105 of the General Statutes that would otherwise be credited to the Water and Air Quality Account shall be credited to the State's General Fund.

SECTION 2.2.(f) Notwithstanding G.S. 106-65.104, the unallotted and unexpended balance of funds in the Bedding Law Account on June 30, 2014, shall be transferred to the General Fund.

SECTION 2.2.(g) Notwithstanding any other provision of law, fees collected for e-commerce transactions during the 2014-2015 fiscal year that would have been credited to the Reserve for E-Commerce shall be credited to the State's General Fund.

SECTION 2.2.(h) Notwithstanding the use requirements provided in Section 2 of S.L. 2003-404, the State Controller shall transfer the sum of two million four hundred thousand dollars ($2,400,000) from the special trust fund created by S.L. 2003-404 to the General Fund to be used for the purposes expressed and allocated by this act.

SECTION 2.2.(i) Notwithstanding any other provision of law to the contrary, effective July 1, 2014, the State Controller shall transfer five million two hundred fifty-five thousand dollars ($5,255,000) from the NC Federal Insurance Contribution Act (FICA) Account to be deposited in the appropriate budget code as determined by the State Controller.

Senate Only

TRANSFER OF ON-SITE WATER PROTECTION BRANCH FROM DIVISION OF PUBLIC HEALTH TO DIVISION OF WATER RESOURCES, DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES

SECTION 12E.4.(a) The On-Site Water Protection Branch of the Environmental Section of the Division of Public Health within the Department of Health and Human Services, is hereby transferred to the Division of Water Resources within the Department of Environmental and Natural Resources, by a Type I transfer, as defined in G.S. 143A-6, where it will be known as the On-Site Water Protection Section.

SECTION 12E.4.(b) G.S. 90A-51(2a) reads as rewritten:

"(2a) "Environmental health practice" means the provision of environmental health services, including administration, organization, management, education, enforcement, and consultation regarding environmental health services provided to or for the public. These services are offered to prevent environmental hazards and promote and protect the health of the public in the following areas: food, lodging, and institutional sanitation; on-site wastewater treatment and disposal; public swimming pool sanitation; childhood lead poisoning prevention; well permitting and inspection; tattoo parlor sanitation; and all other areas of environmental health requiring the delegation of authority by the Division of Public Health of the Department of Health and Human Services or the On-Site Water Protection Section of the Division of Water Resources of the Department of Environment and Natural Resources to State and local environmental health professionals to enforce rules adopted by the Commission for Public ~~Health.~~Health or the Environmental Management Commission. The definition also includes local environmental health professionals enforcing rules of local boards of health for on-site wastewater systems and wells."

SECTION 12E.4.(c) G.S. 90A-55(a) reads as rewritten:

"(a) Board Membership. – The Board shall consist of ~~12~~ nine members who shall serve staggered terms: the Secretary of ~~Health and Human Services,~~Environment and Natural Resources or the Secretary's duly authorized representative, one public-spirited citizen, ~~one environmental sanitation educator from an accredited college or university, one local health director,~~ a representative of the Division of Public Health of the Department of Health and Human Services, and ~~seven~~ six practicing environmental health ~~specialists~~ specialists, including one environmental sanitation educator from an accredited college or university, and one local health director, who qualify by education and experience for registration under this ~~Article, six of whom~~Article. The six members who are practicing environmental health specialists shall represent the Western, Piedmont, and Eastern Regions of the State as described more specifically in the rules adopted by the Board."

SECTION 12E.4.(d) Transition of Membership of the Board of Environmental Health Specialist Examiners. –

(1) The terms of all members of the Board of Environmental Health Specialist Examiners as of the effective date of this act shall expire on July 31, 2014. A new Board of nine members shall be appointed consistent with the requirements specified in G.S. 90A-55(a), as amended by subsection (c) of this section.

(2) Notwithstanding the provisions of G.S. 90A-55(b), the initial term of office for the following persons appointed to the Board of Environmental Health Specialist Examiners shall be two years: (i) one public-spirited citizen, (ii) a representative of the Division of Public Health of the Department of Health and Human Services, and (iii) three practicing environmental health specialists. At the end of

these initial two-year appointments, the term of office for their successors shall be four years. The remaining members of the Board shall be appointed for an initial term of four years and the term of office for their successors shall be four years. Initial terms shall begin on August 1, 2014, and expire on July 31 of the year of expiration as set forth in this subdivision.

SECTION 12E.4.(e) G.S. 90A-71(4) reads as rewritten:

"(4) "Department" means the Department of ~~Health and Human Services.~~Environment and Natural Resources."

SECTION 12E.4.(f) G.S. 90A-81(b) reads as rewritten:

"(b) Arbitration. – The Board may establish a voluntary arbitration procedure to resolve complaints concerning a certified contractor or inspector or any work performed by a certified contractor or inspector, or conflicts involving any certified contractor or inspector and ~~the Division of Public Health of~~ the Department or a local health department."

SECTION 12E.4.(g) G.S. 130A-4(c) reads as rewritten:

"(c) The Secretary of Environment and Natural Resources shall administer and enforce the provisions of ~~Articles 9 and 10~~Articles 9, 10, and 11 of this Chapter and the rules of the Commission."

SECTION 12E.4.(h) G.S. 130A-17(b) reads as rewritten:

"(b) The Secretary of Environment and Natural Resources and a local health director shall have the same rights enumerated in subsection (a) of this section to enforce the provisions of ~~Articles 9 and 10~~Articles 9, 10, and 11 of this Chapter."

SECTION 12E.4.(i) G.S. 130A-18(b) reads as rewritten:

"(b) The Secretary of Environment and Natural Resources and a local health director shall have the same rights enumerated in subsection (a) of this section to enforce the provisions of ~~Articles 9 and 10~~Articles 9, 10, and 11 of this Chapter."

SECTION 12E.4.(j) G.S. 130A-19(b) reads as rewritten:

"(b) The Secretary of Environment and Natural Resources and a local health director shall have the same rights enumerated in subsection (a) of this section to enforce the provisions of ~~Articles 9 and 10~~Articles 9, 10, and 11 of this Chapter."

SECTION 12E.4.(k) G.S. 130A-20(b) reads as rewritten:

"(b) The Secretary of Environment and Natural Resources and a local health director shall have the same rights enumerated in subsection (a) of this section to enforce the provisions of ~~Articles 9 and 10~~Articles 9, 10, and 11 of this Chapter."

SECTION 12E.4.(l) G.S. 130A-22(c) reads as rewritten:

"(c) The Secretary of Environment and Natural Resources may impose an administrative penalty on a person who willfully violates Article 11 of this Chapter, rules adopted by the Commission pursuant to Article 11 or any condition imposed upon a permit issued under Article 11. An administrative penalty may not be imposed upon a person who establishes that neither the site nor the system may be improved or a new system installed so as to comply with Article 11 of this Chapter. Each day of a continuing violation shall constitute a separate violation. The penalty shall not exceed fifty dollars ($50.00) per day in the case of a wastewater collection, treatment and disposal system with a design daily flow of no more than 480 gallons or in the case of any system serving a single one-family dwelling. The penalty shall not exceed three hundred dollars ($300.00) per day in the case of a wastewater collection, treatment and disposal system with a design daily flow of more than 480 gallons which does not serve a single one-family dwelling."

SECTION 12E.4.(m) G.S. 130A-23(e) reads as rewritten:

"(e) The Secretary of Environment and Natural Resources shall have all of the applicable rights enumerated in this section to enforce the provisions of ~~Articles 9 and 10~~Articles 9, 10, and 11 of this Chapter."

SECTION 12E.4.(n) G.S. 130A-24(e) reads as rewritten:

"(e) The appeals procedures enumerated in this section shall apply to appeals concerning the enforcement of rules, the imposition of administrative penalties, or any other action taken by the Department of Environment and Natural Resources pursuant to ~~Articles 8, 9, 10, 11, and 12~~Articles 9, 10, and 11 of this Chapter."

SECTION 12E.4.(o) G.S. 130A-34.1(a) reads as rewritten:

"(a) The Local Health Department Accreditation Board is established within the North Carolina Institute for Public Health. The Board shall be composed of 17 members appointed by the Secretary of the Department of Health and Human Services as follows:

(1) Four shall be county commissioners recommended by the North Carolina Association of County Commissioners, and four shall be members of a local board of health as recommended by the Association of North Carolina Boards of Health.

(2) Three local health directors.

(3) ~~Three~~ Two staff members from the Division of Public Health, Department of Health and Human Services.

(4) ~~Repealed by Session Laws 2011-145, s. 13.3(zz), effective July 1, 2011.~~One staff member from the Division of Environmental Health, recommended by the Secretary of Environment and Natural Resources.

(5) Three at large."

SECTION 12E.4.(p) G.S. 130A-334(1) is recodified as G.S. 130A-334(1a).

SECTION 12E.4.(q) G.S. 130A-334 (1a) is recodified as G.S. 130A-334(1b) and reads as rewritten:

"~~(1a)~~(1b) "Department" means the Department of ~~Health and Human Services.~~Environmental and Natural Resources."

SECTION 12E.4.(r) G.S. 130A-334 is amended by adding a new subdivision to read:

"(1) "Commission" means the Environmental Management Commission."

SECTION 12E.4.(s) G.S. 130A-335(b) reads as rewritten:

"(b) ~~All wastewater~~Wastewater systems including all of the following shall be regulated by the Department under rules adopted by the ~~Commission except for the following wastewater systems that shall be regulated by the Department under rules adopted by the Environmental Management~~ Commission:

(1) Wastewater collection, treatment, and disposal systems designed to discharge effluent to the land surface or surface waters.

(2) Wastewater systems designed for groundwater remediation, groundwater injection, or landfill leachate collection and disposal.

(3) Wastewater systems designed for the complete recycle or reuse of industrial process wastewater.

(4) Gray water systems as defined in G.S. 143-350."

SECTION 12E.4.(t) G.S. 130A-335(h) reads as rewritten:

"(h) Except as provided in this subsection, a chemical or portable toilet may be placed at any location where the chemical or portable toilet can be operated and maintained under sanitary conditions. A chemical or portable toilet shall not be used as a replacement or substitute for a water closet or urinal where a water closet or urinal connected to a permanent wastewater treatment system is required by the North Carolina State Building Code, except that a chemical or portable toilet may be used to supplement a water closet or urinal during periods of peak use. A chemical or portable toilet shall not be used as an alternative to the repair of a water closet, urinal, or wastewater treatment system. It shall be unlawful to discharge sewage or other waste from a chemical or portable toilet used for human waste except into a wastewater system that has been approved by the Department under rules adopted by the Commission ~~or by the Environmental Management Commission~~ or at a site that is permitted by the Department under G.S. 130A-291.1."

SECTION 12E.4.(u) The Revisor of Statutes may conform names and titles changed by this section, and may correct statutory references as required by this section, throughout the General Statutes. In making the changes authorized by this section, the Revisor may also adjust subject and verb agreement and the placement of conjunctions.

Senate and House Differ

Senate Version

PLANT SCIENCES RESEARCH AND INNOVATION INITIATIVE

SECTION 13.1.(a) The funds appropriated by this act to the Department of Agriculture and Consumer Services for the Plant Sciences Research initiative shall be transferred to North Carolina State University to develop a formal proposal and economic needs assessment for establishment of a public/private partnership between the University, other academic institutions, private companies in the agribusiness and bioscience sectors, and State regulatory agencies for the following amounts and purposes: (i) the sum of three hundred fifty thousand dollars ($350,000) for a partnership to be known as the "Plant Sciences Research and Innovation Initiative and (ii) the sum of two hundred fifty thousand dollars ($250,000) for a partnership to be known as the "Food Processing Initiative."

SECTION 13.1.(b) North Carolina State University shall submit a copy of the proposal and report to the Agriculture and Forestry Awareness Study Commission on the results of the economic needs assessment by January 1, 2015.

House Version

PLANT SCIENCES RESEARCH AND INNOVATION INITIATIVE

SECTION 13.1.(a) The funds appropriated by this act to the Department of Agriculture and Consumer Services for the Plant Sciences Research initiative shall be used by the Commissioner to develop jointly with the College of Agriculture and Life Sciences at North Carolina State University and other stakeholders a formal proposal and economic needs assessment for establishment of a public/private partnership between the University, other academic institutions, private companies in the agribusiness and bioscience sectors, the Department, and other State regulatory agencies for the following amounts and purposes: (i) the sum of three hundred fifty thousand dollars ($350,000) for a partnership to be known as the "Plant Sciences Research and Innovation Initiative" and (ii) the sum of two hundred fifty thousand dollars ($250,000) for a partnership to be known as the "Food Processing Initiative."

SECTION 13.1.(b) The Department and North Carolina State University shall jointly submit a copy of the proposal and report on the results of the economic needs assessment to the Chairs of the House of Representatives Appropriations Subcommittee on Natural and Economic Resources, the Chairs of the Senate Appropriations Committee on Natural and Economic Resources, the Agriculture and Forestry Awareness Study Commission, and the Fiscal Research Division by January 1, 2015.

Modified version of Senate 2.2(f)

House Only

BEDDING LAW ACCOUNT FUND

SECTION 13.1A. The Department of Agriculture and Consumer Services may use funds from the Bedding Law Account for the information technology needs of the Structural Pest Control & Pesticides Division of the Department.

Modified version of Senate 2.2(f)

House Only

REPEAL COTTON WAREHOUSE FUND

SECTION 13.1B.(a) Effective June 30, 2014, G.S. 106-435 is repealed, and the unallotted and unexpended funds in the Cotton Warehouse Fund on that date shall be transferred to the Research Stations Division of the Department of Agriculture and Consumer Services and used to support the operations of the Division.

SECTION 13.1B.(b) Effective June 30, 2014, G.S. 106-451.27 is repealed.

House Only

FARMLAND PRESERVATION TRUST FUND

SECTION 13.2A. Funds appropriated by this act to the North Carolina Agricultural Development and Farmland Preservation Trust Fund for protection of military buffers may only be used to match funding from the federal government for that purpose on at least an equal basis.

Senate Only

AGRICULTURAL WELL DEVELOPMENT AS CRITERIA FOR AGRICULTURAL WATER RESOURCES ASSISTANCE PROGRAM FUNDING

SECTION 13.3.(a) G.S. 139-60(c)(3) reads as rewritten:

"(3) Establish criteria to allocate funds to local soil and water conservation districts. The criteria shall include the development of agricultural wells."

SECTION 13.3.(b) This section is effective when it becomes law.

Senate and House Differ

Senate Version

"GOT TO BE NC" MARKETING CAMPAIGN TO BE THE OFFICIAL AGRICULTURAL MARKETING CAMPAIGN FOR THE STATE

SECTION 13.4.(a) G.S. 106-550 reads as rewritten:

"**§ 106-550. Policy as to promotion of use of, and markets for, farm products.**

(a) It is declared to be in the interest of the public welfare that the North Carolina farmers who are producers of livestock, poultry, seafood, field crops and other agricultural products, including cattle, sheep, broilers, turkeys, commercial eggs, peanuts, cotton, potatoes, sweet potatoes, peaches, apples, berries, vegetables and other fruits of all kinds, as well as bulbs and flowers and other agricultural products having a domestic or foreign market, shall be permitted and encouraged to act jointly and in cooperation with growers, handlers, dealers and processors of such products in promoting and stimulating, by advertising and other methods, the increased production, use and sale, domestic and foreign, of any and all of such agricultural commodities. The provisions of this Article, however, shall not include the agricultural products of tobacco, strawberries, strawberry plants, porcine animals, or equines, with respect to which separate provisions have been made.

(b) The "Got to be NC" marketing campaign of the Department of Agriculture and Consumer Services shall be the official agricultural marketing campaign for the State."

SECTION 13.4.(b) This section is effective when it becomes law.

House Version

"GOT TO BE NC" MARKETING CAMPAIGN TO BE THE OFFICIAL AGRICULTURAL MARKETING CAMPAIGN FOR THE STATE

SECTION 13.4. G.S. 106-550 reads as rewritten:

"**§ 106-550. Policy as to promotion of use of, and markets for, farm products.**

(a) It is declared to be in the interest of the public welfare that the North Carolina farmers who are producers of livestock, poultry, seafood, field crops and other agricultural products, including cattle, sheep, broilers, turkeys, commercial eggs, peanuts, cotton, potatoes, sweet potatoes, peaches, apples, berries, vegetables and other fruits of all kinds, as well as bulbs and flowers and other agricultural products having a domestic or foreign market, shall be permitted and encouraged to act jointly and in cooperation with growers, handlers, dealers and processors of such products in promoting and stimulating, by advertising and other methods, the increased production, use and sale, domestic and foreign, of any and all of such agricultural commodities. The provisions of this Article, however, shall not include the agricultural products of tobacco, strawberries, strawberry plants, porcine animals, or equines, with respect to which separate provisions have been made.

(b) The "Got to be NC" marketing campaign of the Department of Agriculture and Consumer Services shall be the official agricultural marketing campaign for the State."

Senate Only

CHANGE COUNTY CONTRIBUTION RATE FOR SUPPLEMENTARY FORESTRY FUNDING BY DACS

SECTION 13.6. G.S. 106-898 reads as rewritten:

"**§ 106-898. Duties of forest rangers; payment of expenses by State and counties.**

(a) Forest rangers shall have charge of measures for controlling forest fires, protection of forests from pests and diseases, and the development and improvement of the forests for maximum production of forest products; shall post along highways and in other conspicuous places copies of the forest fire laws and warnings against fires, which shall be supplied by the Commissioner; shall patrol and man lookout towers and other points during dry and dangerous seasons under the direction of the Commissioner; and shall perform such other acts and duties as shall be considered necessary by the Commissioner in the protection, development and improvement of the forested area of each of the counties within the State. No county may be held liable for any part of the expenses thus incurred unless specifically authorized by the board of county commissioners under prior written agreement with the Commissioner; appropriations for meeting the county's share of such expenses so authorized by the board of county commissioners shall be provided annually in the county budget. For each county in which financial participation by the county is authorized, the Commissioner shall keep or cause to be kept an itemized account of all expenses thus incurred and shall send such accounts periodically to the board of county commissioners of said county; upon approval by the board of the correctness of such accounts, the county commissioners shall issue or cause to be issued a warrant on the county treasury for the payment of the county's share of such expenditures, said payment to be made within one month after receipt of such statement from the Commissioner. Appropriations made by a county for the purposes set out in Articles 75, 76, 78, and 82 of this Chapter in the cooperative forest protection, development and improvement work are not to replace State and federal funds which may be available to the Commissioner for the work in said county, but are to serve as a supplement thereto. ~~Funds appropriated to the Department for a fiscal year for the purposes set out in Articles 75, 76, 78, and 82 of this Chapter shall not be expended in a county unless that county shall contribute at least twenty-five percent (25%) of the total cost of the forestry program.~~

(b) The Commissioner shall annually calculate the current sales ratio adjusted total taxable property values for each county for the purpose of determining cost-share requirements for each county. Counties shall be responsible for providing the cost-share requirements for expenses associated with county forest services based on the following:

County Sales Ratio Adjusted Total Taxable Property	**County Cost-Share**
Less than $8 billion	40%
$8 billion or more, but less than $20 billion	50%
$20 billion or greater	60%

Funds appropriated to the Department for a fiscal year for the purposes set out in Articles 75, 76, 78, and 82 of this Chapter shall not be expended in a county unless that county contributes the cost-share requirement determined by the Commissioner pursuant to this subsection."

Senate Only

UNC TRANSFER FOR USE OF DACS RESEARCH STATIONS

SECTION 13.7. The University of North Carolina shall annually transfer to the Department of Agriculture and Consumer Services an amount calculated pursuant to this section for research projects conducted on research stations administered by the Department. For research conducted by an employee, foundation, or affiliate of The University of North Carolina, the amount to be transferred is equal to the greater of (i) one hundred thousand dollars ($100,000) or (ii) the sum of the following:

(1) For research conducted that is not funded from State funds, an amount equal to fifty percent (50%) of the total facilities and administrative receipts collected for the project; and

(2) For research conducted that is funded from State funds, an amount equal to five percent (5%) of the total research project cost.

(3) For research conducted that is partially funded with State funds, the sum of (i) fifty percent (50%) of the total facilities and administrative receipts collected by the UNC System for the portion of the project funded from non-State funds, and (ii) five percent (5%) of the State funds contributed to the project.

If the research is conducted by an entity unaffiliated with The University of North Carolina and is not funded with State funds, the Department may use its discretion to determine the amount to be collected for the project.

Senate Only

DACS AGWRAP & AG COST SHARE SPENDING

SECTION 13.9. Section 13.3(a)(2) of S.L. 2013-360 reads as rewritten:

"(2) Five hundred thousand dollars ($500,000) for ~~each fiscal year of~~ the ~~2013~~2014-2015 ~~biennium~~ fiscal year to the North Carolina Agricultural Water Resources Assistance Program or the Agriculture Cost Share Program for Nonpoint Source Pollution Control to fund projects in the following counties: Avery, Buncombe, Burke, Cherokee, Clay, Graham, Haywood, Henderson, Jackson, Macon, Madison, McDowell, Mitchell, Swain, Transylvania, Watauga, Yancey."

Senate and House Differ

Senate Version

CERTIFICATION OF PRIVATE PESTICIDE APPLICATORS

SECTION 13.10.(a) G.S. 143-440(b) reads as rewritten:

"(b) The Board may include in any such restricted use regulation the time and conditions of sale, distribution, or use of such restricted use pesticides, may prohibit the use of any restricted use pesticide for designated purposes or at designated times; may require the purchaser or user to certify that restricted use pesticides will be used only as labeled or as further restricted by regulation; may require the certification and recertification of private applicators, and charge a fee of up to ten dollars ($10.00), with the fee set at a level to make the certification/recertification program self-supporting, and, after opportunity for a hearing, may suspend, revoke or modify the certification for violation of any provision of this Article, or any rule or regulation adopted thereunder; may adopt rules to classify private applicators; and may, if it deems it necessary to carry out the provisions of this Part, require that any or all restricted use pesticides shall be purchased, possessed, or used only under permit of the Board and under its direct supervision in certain areas and/or under certain conditions or in certain quantities or concentrations except that any person licensed to sell such pesticides may purchase and possess such pesticides without a permit. The Board may require all persons issued such permits to maintain records as to the use of the restricted use pesticides. The Board may authorize the use of restricted use pesticides by persons licensed under the North Carolina Structural Pest Control Act without a permit. A nonrefundable fee of ten dollars ($10.00) shall be charged for each examination required by this section. This examination fee is in addition to the certification or recertification fee, and any other fee authorized pursuant to any other provision of Article 4C of Chapter 106 of the General Statutes."

SECTION 13.10.(b) This section is effective when it becomes law.

House Version

CERTIFICATION OF PRIVATE PESTICIDE APPLICATORS

SECTION 13.10.(a) G.S. 143-440(b) reads as rewritten:

"(b) The Board may include in any such restricted use regulation the time and conditions of sale, distribution, or use of such restricted use pesticides, may prohibit the use of any restricted use pesticide for designated purposes or at designated times; may require the purchaser or user to certify that restricted use pesticides will be used only as labeled or as further restricted by regulation; may require the certification and recertification of private applicators, and charge a fee of up to ten dollars ($10.00), with the fee set at a level to make the certification/recertification program self-supporting, and, after opportunity for a hearing, may suspend, revoke or modify the certification for violation of any provision of this Article, or any rule or regulation adopted thereunder; may adopt rules to classify private applicators; and may, if it deems it necessary to carry out the provisions of this Part, require that any or all restricted use pesticides shall be purchased, possessed, or used only under permit of the Board and under its direct supervision in certain areas and/or under certain conditions or in certain quantities or concentrations except that any person licensed to sell such pesticides may purchase and possess such pesticides without a permit. The Board may require all persons issued such permits to maintain records as to the use of the restricted use pesticides. The Board may authorize the use of restricted use pesticides by persons licensed under the North Carolina Structural Pest Control Act without a permit. A nonrefundable fee of ten dollars ($10.00) shall be charged for each examination required by this section. This examination fee is in addition to the certification or recertification fee, and any other fee authorized pursuant to any other provision of Article 4C of Chapter 106 of the General Statutes."

SECTION 13.10.(b) G.S. 106-65.24 reads as rewritten:

"**§ 106-65.24. Definitions.**

As used in this Article:

....

(23) "Structural pest control" means the control of wood-destroying organisms or household pests (including, but not limited to, animals such as moths, cockroaches, ants, beetles, flies, mosquitoes, ticks, wasps, bees, fleas, mites, silverfish, millipedes, centipedes, sowbugs, crickets, termites, wood borers, etc.), including the identification of infestations or infections, the making of inspections, the use of pesticides, including insecticides, repellents, attractants, rodenticides, fungicides, and fumigants, as well as all other substances, mechanical devices or structural modifications under whatever name known, for the purpose of preventing, controlling and eradicating insects, vermin, rodents and other pests in household structures, commercial buildings, and other structures (including household structures, commercial buildings and other structures in all stages of construction), and outside areas, as well as all phases of fumigation, including treatment of products by vacuum fumigation, and the fumigation of railroad cars, trucks, ships, and airplanes, or any one or any combination thereof. Structural pest control shall not include ancillary activities such as furniture moving, cleaning, maintenance, or repair of property that may be performed in association with the control of wood-destroying organisms or household pests as described in this subdivision.

....."

SECTION 13.10.(c) G.S. 106-65.25 reads as rewritten:

"**§ 106-65.25. Phases of structural pest control; prohibited acts; license required; exceptions.**

...

(i) Nothing in this Article shall limit or restrict the ability of a person engaged in activities ancillary to structural pest control as set forth in G.S. 106-65.24(23) to be engaged in such

activities, whether as an employee, independent contractor, or otherwise, for one or more structural pest control licensees."

Technical changes

Senate and House Differ

Senate Version

INCREASE FEES ASSOCIATED WITH NATIONAL POULTRY IMPROVEMENT PLAN

SECTION 13.11. G.S. 106-543 reads as rewritten:

"**§ 106-543. Requirements of national poultry improvement plan must be met.**

(a) All baby chicks, turkey poults and hatching eggs produced, sold or offered for sale shall originate in flocks that meet the requirements of the national poultry improvement plan as administered by the North Carolina Department of Agriculture and Consumer Services and the regulations issued by authority of this Article for the control of pullorum disease and other infectious diseases provided that nothing in this Article shall require any hatchery to adopt the national poultry improvement plan.

(b) The Department of Agriculture and Consumer Services shall charge the following fees for certification in the national poultry improvement plan:

(1) An initial certification fee of fifty dollars ($50.00), plus ten cents (10¢) per bird.

(2) An annual recertification fee of ten dollars ($10.00), plus ten cents (10¢) per bird."

House Version

INCREASE FEES ASSOCIATED WITH NATIONAL POULTRY IMPROVEMENT PLAN

SECTION 13.11. G.S. 106-543 reads as rewritten:

"**§ 106-543. Requirements of national poultry improvement plan must be met.**

(a) All baby chicks, turkey poults and hatching eggs ~~produced,~~ sold or offered for sale shall originate in flocks that meet the requirements of the ~~national poultry improvement plan~~National Poultry Improvement Plan as administered by the North Carolina Department of Agriculture and Consumer Services and the regulations issued by authority of this Article for the control of pullorum disease and other infectious diseases provided that nothing in this Article shall require any hatchery to adopt the ~~national poultry improvement plan.~~National Poultry Improvement Plan.

(b) The Department of Agriculture and Consumer Services shall charge the following fees for certification in the National Poultry Improvement Plan to cover the costs of pullorum testing:

(1) An initial certification fee of fifty dollars ($50.00), plus ten cents (10¢) per bird.

(2) An annual recertification fee of ten dollars ($10.00), plus ten cents (10¢) per bird."

Senate and House Differ

Senate Version

FEES FOR FOREST MANAGEMENT PLANS

SECTION 13.13.(a) Article 83 of Chapter 106 of the General Statutes is amended by adding a new section to read:

"**§ 106-1013.1. Forest management plans.**

The Commissioner shall charge landowners the following fee for preparation of forest management plans:

(1) Two hundred fifty dollars ($250.00) for plans for tracts of land of less than 20 acres.

(2) Five hundred dollars ($500.00) for plans for tracts of land of 20 acres or more and less than 50 acres.

(3) Seven hundred fifty dollars ($750.00) for plans for tracts of land of 50 acres of more."

SECTION 13.13.(b) This section becomes effective July 1, 2014, and applies to forest management plans prepared on or after that date.

House Version

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House Only

TRANSFER THE ANIMAL WELFARE SECTION AND THE SPAY/NEUTER PROGRAM FROM THE DEPARTMENT OF AGRICULTURE AND CONSUMER SERVICES TO THE DEPARTMENT OF PUBLIC SAFETY; AND AMEND DEFINITION OF ANIMAL DEALER

SECTION 13.14.(a) The Animal Welfare Section and the Spay/Neuter Program, as established by Articles 3 and 5 of Chapter 19A of the General Statutes and other applicable laws of this State, are transferred to the Department of Public Safety. This transfer shall have all of the elements of a Type I transfer, as defined in G.S. 143A-6.

SECTION 13.14.(b) The Animal Welfare Act, Article 3 of Chapter 19A of the General Statutes, reads as rewritten:

"Article 3.
"Animal Welfare Act.

"§ 19A-20. Title of Article.

This Article may be cited as the Animal Welfare Act.

"§ 19A-21. Purposes.

The purposes of this Article are (i) to protect the owners of dogs and cats from the theft of such pets; (ii) to prevent the sale or use of stolen pets; (iii) to insure that animals, as items of commerce, are provided humane care and treatment by regulating the transportation, sale, purchase, housing, care, handling and treatment of such animals by persons or organizations engaged in transporting, buying, or selling them for such use; (iv) to insure that animals confined in pet shops, kennels, animal shelters and auction markets are provided humane care and treatment; (v) to prohibit the sale, trade or adoption of those animals which show physical signs of infection, communicable disease, or congenital abnormalities, unless veterinary care is assured subsequent to sale, trade or adoption.

"§ 19A-22. Animal Welfare Section in ~~Animal Health Division of Department of Agriculture and Consumer Services~~Law Enforcement Division of the Department of Public Safety created; Director.

There is hereby created within the ~~Animal Health Division of the North Carolina Department of Agriculture and Consumer Services,~~Law Enforcement Division of the Department of Public Safety, a new section thereof, to be known as the Animal Welfare Section of said division.

The ~~Commissioner of Agriculture~~Secretary of the Department of Public Safety is hereby authorized to appoint a Director of said section whose duties and authority shall be determined by the ~~Commissioner subject to the approval of the Department of Public Safety and subject to the provisions of this Article.~~Secretary.

"§ 19A-23. Definitions.

For the purposes of this Article, the following terms, when used in the Article or the rules or orders made pursuant thereto, shall be construed respectively to mean:

(1) "Adequate feed" means the provision at suitable intervals, not to exceed 24 hours, of a quantity of wholesome foodstuff suitable for the species and age, sufficient to maintain a reasonable level of nutrition in each animal. Such foodstuff shall be served in a sanitized receptacle, dish, or container.

(2) "Adequate water" means a constant access to a supply of clean, fresh, potable water provided in a sanitary manner or provided at suitable intervals for the species and not to exceed 24 hours at any interval.

(3) "Ambient temperature" means the temperature surrounding the animal.

(4) "Animal" means any domestic dog (Canis familiaris), or domestic cat (Felis domestica).

(5) "Animal shelter" means a facility which is used to house or contain seized, stray, homeless, quarantined, abandoned or unwanted animals and which is under contract with, owned, operated, or maintained by a county, city, town, or other municipality, or by a duly incorporated humane society, animal welfare society, society for the prevention of cruelty to animals, or other nonprofit organization devoted to the welfare, protection, rehabilitation, or humane treatment of animals.

(5a) "Approved foster care provider" means an individual, nonprofit corporation, or association that cares for stray animals that has been favorably assessed by the operator of the animal shelter through the application of written standards.

(5b) "Approved rescue organization" means a nonprofit corporation or association that cares for stray animals that has been favorably assessed by the operator of the animal shelter through the application of written standards.

(5c) "Boarding kennel" means a facility or establishment which regularly offers to the public the service of boarding dogs or cats or both for a fee. Such a facility or establishment may, in addition to providing shelter, food and water, offer grooming or other services for dogs and/or cats.

(6) ~~"Commissioner"~~"Secretary" means the ~~Commissioner of Agriculture of the State of North Carolina~~ Secretary of the Department of Public Safety.

(7) "Dealer" means any person who sells, exchanges, or donates, or offers to sell, exchange, or donate animals to another dealer, pet shop, or research facility; provided, however, that an individual who breeds and raises on his own premises no more than the offspring of five canine or feline females per year, unless bred and raised specifically for research purposes shall not be considered to be a dealer for the purposes of this Article.

(7a) "Department" means the Department of Public Safety.

(8) "Director" means the Director of the Animal Welfare Section of the ~~Animal Health Division of the Department of Agriculture and Consumer Services~~ Law Enforcement Division of the Department of Public Safety.

...

"§ 19A-24. Powers of ~~Board of Agriculture.~~Department of Public Safety.

(a) The ~~Board of Agriculture~~Department of Public Safety shall:

(1) Establish standards for the care of animals at animal shelters, boarding kennels, pet shops, ~~and~~ public ~~auctions.~~ auctions, and animals sold by dealers to the public. A boarding kennel that offers dog day care services and has a ratio of dogs to employees or supervisors, or both employees and supervisors, of not more than 10 to one, shall not as to such services be subject to any regulations that restrict the number of dogs that are permitted within any primary enclosure.

...

(b) In addition to rules on the euthanasia of animals adopted pursuant to subdivision (5) of subsection (a) of this section, the ~~Board of Agriculture~~Department of Public Safety shall adopt rules for the certification of euthanasia technicians. The rules may provide for:

...

(c) Regardless of the extent to which the Board exercises its authority under subsection (b) of this section, the Department may deny, revoke, or suspend the certification of a euthanasia technician who has been convicted of or entered a plea of guilty or nolo contendere to a felony involving the illegal use, possession, sale, manufacture, distribution, or transportation of a controlled substance, drug, or narcotic.

(d) Persons seeking certification as euthanasia technicians, or a renewal of such certification, shall provide the Department a fingerprint card in a format acceptable to the Department, a form signed by the person consenting to a criminal record check and the use of the

person's fingerprints, and such other identifying information as may be required by the State or national data banks. The Department may deny certification to persons who refuse to provide the fingerprint card or consent to the criminal background check. Fees required by the Department of Justice for conducting the criminal background check shall be collected by the Department and remitted to the Department of Justice along with the fingerprint card and consent form."

"**§ 19A-25. Employees; investigations; right of entry.**

For the enforcement of the provisions of this Article, the Director is authorized, subject to the approval of the ~~Commissioner~~Secretary to appoint employees as are necessary in order to carry out and enforce the provisions of this ~~Article, and to assign them interchangeably with other employees of the Animal Health Division.~~Article. The Director shall cause the investigation of all reports of violations of the provisions of this Article, and the rules adopted pursuant to the provisions hereof; provided further, that if any person shall deny the Director or his representative admittance to his property, either person shall be entitled to secure from any superior court judge a court order granting such admittance.

"**§ 19A-26. Certificate of registration required for animal shelter.**

No person shall operate an animal shelter unless a certificate of registration for such animal shelter shall have been granted by the Director. Application for such certificate shall be made in the manner provided by the Director. No fee shall be required for such application or certificate. Certificates of registration shall be valid for a period of one year or until suspended or revoked and may be renewed for like periods upon application in the manner provided.

...

"**§ 19A-32.1. Minimum holding period for animals in animal shelters; public viewing of animals in animal shelters; disposition of animals.**

...

(f) An animal that is surrendered to an animal shelter by the animal's owner and not reclaimed by that owner during the minimum holding period may be disposed of in one of the following manners:

(1) Returned to the owner.

(2) Adopted as a pet by a new owner.

(3) Euthanized by a procedure approved by rules adopted by the ~~Department of Agriculture and Consumer Services~~Department of Public Safety or, in the absence of such rules, by a procedure approved by the American Veterinary Medical Association, the Humane Society of the United States, or the American Humane Association.

...

(j) Animal shelters shall maintain a record of all animals impounded at the shelter, shall retain those records for a period of at least three years from the date of impoundment, and shall make those records available for inspection during regular inspections pursuant to this Article or upon the request of a representative of the Animal Welfare Section. These records shall contain, at a minimum:

(1) The date of impoundment.

(2) The length of impoundment.

(3) The disposition of each animal, including the name and address of any person to whom the animal is released, any institution that person represents, and the identifying information required under subsection (i) of this section.

(4) Other information required by rules adopted by the ~~Board of Agriculture.~~ Department of Public Safety.

...

"**§ 19A-36. Penalty for violation of Article by ~~dog warden.~~city/county employee responsible for animal control.**

Violation of any provision of this Article which relates to the seizing, impoundment, and custody of an animal by a ~~dog warden~~ city or county employee responsible for animal control shall constitute a Class 3 misdemeanor and the person convicted thereof shall be subject to a fine of not less than fifty dollars ($50.00) and not more than one hundred dollars ($100.00), and each animal handled in violation shall constitute a separate offense.

...

"§ 19A-41. Legal representation by the Attorney General.

It shall be the duty of the Attorney General to represent the ~~Commissioner of Agriculture and the Department of Agriculture and Consumer Services,~~Secretary of the Department of Public Safety, or to designate some member of his staff to represent the ~~Commissioner~~Secretary and the Department, in all actions or proceedings in connection with this Article."

SECTION 13.14.(b1) G.S. 19A-23, as amended by subsection (b) of this section, reads as rewritten:

"§ 19A-23. Definitions.

For the purposes of this Article, the following terms, when used in the Article or the rules or orders made pursuant thereto, shall be construed respectively to mean:

...

(7) "Dealer" means any person who sells, exchanges, or donates, or offers to sell, exchange, or donate animals to another dealer, pet shop, or research ~~facility; provided, however, that an individual who breeds and raises on his own premises no more than the offspring of five canine or feline females per year, unless bred and raised specifically for research purposes shall not be considered to be a dealer for the purposes of this Article.~~facility or any person who owns, has custody of, or maintains 10 or more female dogs over the age of six months that are capable of reproduction and that are kept primarily for the purposes of breeding and selling the offspring as pets. A kennel or boarding facility in which the majority of dogs are being trained primarily for hunting, sporting, field trials, or show shall not be considered a dealer.

...."

SECTION 13.14.(c) Article 5 of Chapter 19A of the General Statutes reads as rewritten:

"Article 5.

"Spay/Neuter Program.

"§ 19A-60. Legislative findings.

The General Assembly finds that the uncontrolled breeding of cats and dogs in the State has led to unacceptable numbers of unwanted dogs, puppies and cats and kittens. These unwanted animals become strays and constitute a public nuisance and a public health hazard. The animals themselves suffer privation and death, are impounded, and most are destroyed at great expense to local governments. It is the intention of the General Assembly to provide a voluntary means of funding a spay/neuter program to provide financial assistance to local governments offering low-income persons reduced-cost spay/neuter services for their dogs and cats and to provide a statewide education program on the benefits of spaying and neutering pets.

"§ 19A-61. Spay/Neuter Program established.

There is established in the ~~Department of Agriculture and Consumer Services~~Department of Public Safety a voluntary statewide program to foster the spaying and neutering of dogs and cats for the purpose of reducing the population of unwanted animals in the State. The program shall consist of the following components:

(1) Education Program. – The Department shall establish a statewide program to educate the public about the benefits of having cats and dogs spayed and neutered. The Department may work cooperatively on the program with the North Carolina School of Veterinary Medicine, other State agencies and

departments, county and city health departments and animal control agencies, and statewide and local humane organizations. The Department may employ outside consultants to assist with the education program.

(2) Local Spay/Neuter Assistance Program. – The Department shall administer the Spay/Neuter Account established in G.S. 19A-62. Monies deposited in the account shall be available to reimburse eligible counties and cities for the direct costs of spay/neuter surgeries for cats and dogs made available to low-income persons.

"§ 19A-62. Spay/Neuter Account established.

(a) Creation. – The Spay/Neuter Account is established as a nonreverting special revenue account in the ~~Department of Agriculture and Consumer Services.~~Department of Public Safety. The Account consists of the following:

(1) Repealed by Session Laws 2010-31, s. 11.4(c), effective October 1, 2010.

(2) Twenty dollars ($20.00) of the additional fee imposed by G.S. 20-79.7 for an Animal Lovers special license plate.

(3) Any other funds available from appropriations by the General Assembly or from contributions and grants from public or private sources.

(4) An annual transfer of two hundred fifty thousand dollars ($250,000) in receipts of the Animal Feed and Pet Food Branch within the Food and Drug Protection Division of the Department of Agriculture and Consumer Services, of which $10,000 may be used to establish and publicize a fund to accept additional private contributions for the operation of the Dealer inspection program under Article 3 of this Chapter or the Spay/Neuter program under this Article.

(5) An annual transfer of sixty-one thousand five hundred twenty-five dollars ($61,525) in receipts collected by the Department from the inspection fee authorized by G.S. 106-284.40(a).

(b) Use. – The revenue in the Account shall be used by the ~~Department of Agriculture and Consumer Services~~Department of Public Safety as follows:

...

(c) Report. – In February of each year, the Department must report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division. The report must contain information regarding all revenues and expenditures of the Spay/Neuter Account.

...

"§ 19A-64. Distributions to counties and cities from Spay/Neuter Account.

...

(b) Application. – A county or city eligible for reimbursement of spaying and neutering costs from the Spay/Neuter Account shall apply to the ~~Department of Agriculture and Consumer Services~~Department of Public Safety by the last day of January, April, July, and October of each year to receive a distribution from the Account for that quarter. The application shall be submitted in the form required by the Department and shall include an itemized listing of the costs for which reimbursement is sought.

...

"§ 19A-65. Annual Report Required From Every Animal Shelter in Receipt of State or Local Funding.

Every county or city animal shelter, or animal shelter operated under contract with a county or city or otherwise in receipt of State or local funding shall prepare an annual report in the form required by the ~~Department of Agriculture and Consumer Services~~Department of Public Safety setting forth the numbers, by species, of animals received into the shelter, the number adopted out, the number returned to owner, and the number destroyed. The report shall also contain the total operating expenses of the shelter and the cost per animal handled. The report shall be filed with the ~~Department of Agriculture and Consumer Services~~Department of Public Safety by March 1 of each

year. A city or county that does not timely file the report required by this section is not eligible to receive reimbursement payments under G.S. 19A-64 during the calendar year in which the report was to be filed.

"**§ 19A-66. Notification of available funding.**

Prior to January 1 of each year, the ~~Department of Agriculture and Consumer Services~~Department of Public Safety shall notify counties and cities that have, prior to that notification deadline, established eligibility for distribution of funds from the Spay/Neuter Account pursuant to G.S. 19A-63, of the following:

...."

SECTION 13.14.(d) G.S. 90-101(a2) reads as rewritten:

"(a2) An animal shelter may register under this section for the limited purpose of obtaining, possessing, and using sodium pentobarbital and other drugs approved by the Department in consultation with the North Carolina Veterinary Medical Association for the euthanasia of animals lawfully held by the animal shelter. An animal shelter registered under this section shall also register with the federal Drug Enforcement Agency under the federal Controlled Substances Act. An animal shelter's acquisition of sodium pentobarbital and other approved drugs for use in the euthanizing of animals shall be made only by the shelter's manager or chief operating officer or by a licensed veterinarian.

A person certified by the Department of ~~Agriculture and Consumer Services~~Public Safety to administer euthanasia by injection is authorized to possess and administer sodium pentobarbital and other approved euthanasia drugs for the purposes of euthanizing domestic dogs (Canis familiaris) and cats (Felis domestica) lawfully held by an animal shelter. Possession and administration of sodium pentobarbital and other approved drugs for use in the euthanizing of dogs and cats by a certified euthanasia technician shall be limited to the premises of the animal shelter.

For purposes of this section, "animal shelter" means an animal shelter registered under Article 3 of Chapter 19A of the General Statutes and owned, operated, or maintained by a unit of local government or under contract with a unit of local government for the purpose of housing or containing seized, stray, homeless, quarantined, abandoned, or unwanted animals."

SECTION 13.14.(e) G.S. 153A-442 reads as rewritten:

"**§ 153A-442. Animal shelters.**

A county may establish, equip, operate, and maintain an animal shelter or may contribute to the support of an animal shelter, and for these purposes may appropriate funds not otherwise limited as to use by law. The animal shelters shall meet the same standards as animal shelters regulated by the Department of ~~Agriculture~~ Public Safety pursuant to its authority under Chapter 19A of the General Statutes."

SECTION 13.14.(f) G.S. 160A-493 reads as rewritten:

"**§ 160A-493. Animal shelters.**

A city may establish, equip, operate, and maintain an animal shelter or may contribute to the support of an animal shelter, and for these purposes may appropriate funds not otherwise limited as to use by law. The animal shelters shall meet the same standards as animal shelters regulated by the Department of ~~Agriculture~~ Public Safety pursuant to its authority under Chapter 19A of the General Statutes."

SECTION 13.14.(g) Subsection 13.14(b1) of this section becomes effective July 1, 2015.

House Only

TVA SETTLEMENT FUNDS

SECTION 13.15. Section 13.3 of S.L. 2013-360 reads as rewritten:

"**SECTION 13.3.(a)** In each fiscal year of the 2013-2015 biennium, the Department of Agriculture and Consumer Services shall apply for two million two hundred forty thousand dollars ($2,240,000) from the Tennessee Valley Authority Settlement Agreement in compliance with the requirements of paragraphs 122 through 128 of the Consent Decree entered into by the State in State of Alabama et al. v. Tennessee Valley Authority, Civil Action 3:11-cv-00170 in the United States District Court for the Eastern District of Tennessee, and Appendix C to the Compliance Agreement. The funds received by the State under this section shall be allocated as follows:

(1) Five hundred thousand dollars ($500,000) for each fiscal year of the 2013-2015 biennium to award grants for "Environmental Mitigation Projects" of the types specified in paragraph 128 of the Consent Decree in the following counties: Avery, Buncombe, Burke, Cherokee, Clay, Graham, Haywood, Henderson, Jackson, Macon, Madison, McDowell, Mitchell, Swain, Transylvania, Watauga, Yancey.

(2) Five hundred thousand dollars ($500,000) for ~~each fiscal year of the 2013-2015 biennium~~ the 2013-2014 fiscal year to the North Carolina Agricultural Water Resources Assistance Program to fund projects in the following counties: Avery, Buncombe, Burke, Cherokee, Clay, Graham, Haywood, Henderson, Jackson, Macon, Madison, McDowell, Mitchell, Swain, Transylvania, Watauga, Yancey.

(2a) Five hundred thousand dollars ($500,000) for the 2014-2015 fiscal year to WNC Communities to fund lighting efficiency projects for public schools in areas served by the organization. Of the funds allocated in this subdivision, WNC Communities may use up to fifty thousand dollars ($50,000) for administrative expenses.

(3) One million dollars ($1,000,000) for each fiscal year of the 2013-2015 biennium to North Carolina Agricultural Development and Farmland Preservation Trust Fund to be used, notwithstanding G.S. 106-744, to award funds in the following counties: Avery, Buncombe, Burke, Cherokee, Clay, Graham, Haywood, Henderson, Jackson, Macon, Madison, McDowell, Mitchell, Swain, Transylvania, Watauga, Yancey.

(4) Two hundred forty thousand dollars ($240,000) for each fiscal year of the 2013-2015 biennium to the Appalachian Energy Center at Appalachian State University.

"**SECTION 13.3.(b)** Funds allocated under subdivision (1) of subsection (a) of this section shall not be used to acquire ~~land.~~land or purchase conservation easements."

Senate and House Differ

Senate Version

AGENCIES REPORT ON FEDERAL GRANTS

SECTION 14.1.(a) The Department of Environment and Natural Resources, the Department of Labor, the Department of Commerce, and the Department of Agriculture shall review every federal grant received by the respective departments and report no later than February 1, 2015, to the Chairs of the House of Representatives Appropriations Subcommittee on Natural and Economic Resources, the Chairs of the Senate Appropriations Committee on Natural and Economic Resources, and the Fiscal Research Division regarding the source and amount of the grant, the match required for the grant from State funds, and any conditions, limitations, restrictions, or additional actions or programs the department is required to fulfill or undertake as a result of accepting the grant.

SECTION 14.1.(b) This section applies to grants received on or after July 1, 2014.

House Version

AGENCIES REPORT ON FEDERAL GRANTS

SECTION 14.1. The Department of Environment and Natural Resources, the Wildlife Resources Commission, the Department of Labor, the Department of Commerce, and the Department of Agriculture shall review every federal grant received by the respective departments and report no later than February 1, 2015, to the Chairs of the House of Representatives Appropriations Subcommittee on Natural and Economic Resources, the Chairs of the Senate Appropriations Committee on Natural and Economic Resources, and the Fiscal Research Division regarding the source and amount of the grant, the match required for the grant from State funds, and any conditions, limitations, restrictions, or additional actions or programs the department is required to fulfill or undertake as a result of accepting the grant.

House Only

EFFICIENCIES REPORTING BY NER AGENCIES

SECTION 14.2A.(a) The Wildlife Resources Commission and the Departments of Environment and Natural Resources, Labor, Commerce, and Agriculture that have, within the current biennium, as defined in G.S. 143C-1-1, undergone reorganizations, modifications to assignments or duties, or transfers of departmental functions or positions between Fund Codes shall submit a report as provided in this section. The report shall address the rationale for the reorganization or other administrative modifications, the efficiencies achieved, and the cost-savings resulting from the reorganization or other administrative modifications, including, at a minimum, the following:

(1) Positions eliminated.
(2) Positions transferred among divisions, sections, or programs.
(3) New divisions, sections, and programs established.
(4) A comparison of the organizational charts before and after the reorganizations or other administrative modifications with each structural change clearly identified.
(5) A list of divisions, sections, and programs that were unaffected by the reorganizations or other administrative modifications.
(6) Resulting cost-savings, itemized by funding source.
(7) An explanation of improvements in the administrative capability of the department to manage its programs and carry out its mission.
(8) An identification of any obsolete or overlapping activities.

SECTION 14.2A.(b) Each department shall submit its report to the Chairs of the House Appropriations Subcommittee on Natural and Economic Resources, the Senate Appropriations Committee on Natural and Economic Resources, and the Fiscal Research Division of the General Assembly no later than December 1, 2014.

House Only

AQUARIUM FUND FEE TRANSFERS

SECTION 14.2C. G.S. 143B-289.44 reads as rewritten:

"**§ 143B-289.44. North Carolina Aquariums; fees; fund.**

(a) Fees. – The Secretary of Environment and Natural Resources may adopt a schedule of fees for the aquariums and piers operated by the North Carolina Aquariums, including:

(1) Gate admission fees.

(2) Facility rental fees.

(3) Educational programs.

(b) Fund. – The North Carolina Aquariums Fund is hereby created as a special and nonreverting fund. The North Carolina Aquariums Fund shall be used for repair, renovation, expansion, maintenance, educational exhibit construction, and operational expenses at existing aquariums, to pay the debt service and lease payments related to the financing of expansions of aquariums, and to match private funds that are raised for these purposes.

(c) Disposition of Fees. – All entrance fee receipts shall be credited to the North Carolina Aquariums Fund. Receipts so credited that are necessary to support the personnel and operational expenses of the aquariums shall be transferred to the aquariums' General Fund operating budget on a monthly basis.

...."

House Only

JENNETTE'S PIER

SECTION 14.2D.(a) The Department of Administration shall dispose by sale of the Jennette's Pier facility as set forth in this section. Notwithstanding any provision of law to the contrary, the Department shall not sell the facility for less than either the fair market value or the total amount invested in the facility from all sources as determined by the Department, whichever is higher. Notwithstanding G.S. 146-30, the Department shall deposit the net proceeds from the disposition of the property to reimburse the Town of Nags Head and Dare County for their financial contributions to the land acquisition and construction of the facility, with all remaining proceeds to the Clean Water Management Trust Fund.

SECTION 14.2D.(b) The Department shall report no later than April 1, 2015, to the Chairs of the Senate Appropriations Committee on Natural and Economic Resources, the House of Representatives Appropriations Subcommittee on Natural and Economic Resources, and the Fiscal Research Division regarding the status of the facility sale required by this section.

Senate Only

PROGRAM EVALUATION DIVISION TO STUDY HOUSING PROGRAMS

SECTION 14.3.(a) The Joint Legislative Program Evaluation Oversight Committee shall include in the 2014-2015 Work Plan for the Program Evaluation Division of the General Assembly a study of the various programs related to housing conducted by State departments, agencies, and commissions, including the weatherization program of the Department of Environment and Natural Resources. The Program Evaluation Division shall include examinations of the following in the study:

(1) Overlap or duplication between programs and the possible cost-savings or other benefits from the merger of certain housing programs.

(2) Unmet needs or gaps in the State's housing programs, when compared to services or programs offered by other states.

(3) Any recommendations for changes in housing program governance for programs that are outside or only marginally within the core mission of their governing department, agency, or commission.

SECTION 14.3.(b) The Program Evaluation Division shall submit its findings and recommendations to the Joint Legislative Program Evaluation Oversight Committee, the Chairs of the House of Representatives Appropriations Subcommittee on Natural and Economic Resources, the Chairs of the Senate Appropriations Committee on Natural and Economic Resources, and the Fiscal Research Division at a date to be determined by the Joint Legislative Program Evaluation Oversight Committee.

Senate Only

CAROLINA BEACH STATE PARK MARINA

SECTION 14.5.(a) The Department of Environment and Natural Resources, Division of Parks and Recreation, shall issue a request for information (RFI) to solicit proposals for a sublease to private parties for the operation of the State-owned marina at Carolina Beach State Park. The RFI shall contain sufficient detail to address the following:

(1) The services to be performed by the private party and performance expectations.

(2) Payment and record-keeping requirements.

(3) Compliance with State parks system rules and regulations and standards of the Division of Coastal Management's Clean Marina program.

SECTION 14.5.(b) The Division of Parks and Recreation shall report to the chairs of the Senate Appropriations Committee on Natural and Economic Resources, the chairs of the House of Representatives Appropriations Subcommittee on Natural and Economic Resources, and the Fiscal Research Division no later than February 1, 2015, on the results of the RFI and whether it is more cost-effective to have a private party manage the marina than internal management.

This Floor Amendment Money Report Reduction also made in House Budget.

Senate Only

STATE ATTRACTIONS FUNDS

SECTION 14.6.(a) Notwithstanding any other provision of this act, the sum of two hundred fifty thousand dollars ($250,000) in nonrecurring funds appropriated in this act to the Department of Environment and Natural Resources shall not be used for a consultant study of the State's cultural and natural resource sites, and shall instead be deposited into the Savings Reserve Account established under G.S. 143C-4-2.

Senate Only

OREGON INLET

SECTION 14.7.(a) Article 36 of Chapter 143 of the General Statutes is amended by adding a new Part to read:

"Part 4. Outer Banks Land Management.

"**§ 143-345.18A. Outer Banks Land Management Fund.**

(a) Creation. – There is created the Outer Banks Land Management Fund as a noninterest-bearing special revenue fund in the Department of Administration.

(b) Uses. – The Secretary of Administration may use funds in the Outer Banks Land Management Fund only for any of the following purposes:

(1) To purchase land, including submerged land, on behalf of the State for inclusion in a State park on or near Oregon Inlet.

(2) To reimburse the Department of Administration or the Department of Environment and Natural Resources for the costs of any appraisals of real property, studies, surveys, data collection, or analysis conducted in connection with the acquisition of real property for inclusion in a State park on or near Oregon Inlet.

(3) To pay the costs of dredging projects designed to restore the Oregon Inlet shallow draft navigation channel to a navigable and safe condition. A dredging project shall not be funded pursuant to this subdivision unless the Secretary of the Department of Environment and Natural Resources approves the project. An expenditure of funds pursuant to this subdivision shall be in addition to any expenditure of funds pursuant to Part 8B of Article 21 of Chapter 143 of the General Statutes for Oregon Inlet dredging projects.

(4) To pay the costs of engaging the services of private counsel as authorized by G.S. 143-345.18B and to pay related litigation costs.

(c) Inclusion of Land in State Parks System. – Land purchased pursuant to subdivision (b)(1) of this section is authorized to be added to the State Parks System pursuant to G.S. 113-44.14(b).

"**§ 143-345.18B. Use of private counsel; payment of litigation costs.**

(a) Authority. – Notwithstanding G.S. 114-2.3, the Department of Administration may engage the services of private counsel with the pertinent expertise to timely defend or otherwise resolve legal challenges related to the purchase, condemnation, exchange, or use of real property on the Outer Banks and shall not be required to obtain written permission from the Attorney General.

(b) Supervision. – Notwithstanding G.S. 114-2.3, the Departments shall supervise and manage the private counsel engaged under this section.

(c) Reporting. – The Departments shall report the engagement of private counsel under this section within 30 days to all of the following:

(1) To the General Assembly, as follows:

a. If the General Assembly is in session, to the chairs of the House of Representatives Appropriations Subcommittee on General Government, the chairs of the House of Representatives Appropriations Subcommittee on Natural and Economic Resources, the chairs of the Senate Appropriations Committee on General Government, and the chairs of the Senate Appropriations Committee on Natural and Economic Resources.

b. If the General Assembly is not in session or adjourns during the 30-day period, to the chairs of the Joint Legislative Commission on Governmental Operations.

(2) To the Attorney General.
(3) To the Fiscal Research Division."

SECTION 14.7.(b) Funding. – Notwithstanding any other provision of law to the contrary, the following amounts shall be transferred to the Outer Banks Land Management Fund no later than September 1, 2014:

Budget Code	Fund Code	Description	FY 2014-2015 Amount
23400	2392	Advance License Sales Fund	$ 3,500,000
24609	2568	Utility Account Cash Balance	3,500,000

SECTION 14.7.(c) Acquisition Agreement. – Notwithstanding Chapter 146 of the General Statutes or any other provision of law, the Department of Administration, on behalf of the State, shall enter into an agreement to acquire the federally owned property described in subsection (h) of this section from the federal government (i) with funds in the Outer Banks Land Management Fund created in G.S. 143-345.18A, as enacted by subsection (a) of this section; (ii) in exchange for State-owned real property; or (iii) with some combination of funds from the Outer Banks Land Management Fund and exchange of State-owned real property, in the sole discretion of the Secretary of Administration. Only State-owned real property that is adjacent to federally owned real property or within 100 miles of such real property may be exchanged pursuant to this subsection.

SECTION 14.7.(d) Terms. – The Secretary of the Department of Administration shall have the authority to negotiate the terms of the acquisition agreement. The agreement (i) shall provide for the acquisition of interests in real property described in subsection (h) of this section and no other; (ii) shall provide that the conveyances described in the agreement become effective as soon as practicable; and (iii) shall incorporate the relevant terms of this act.

SECTION 14.7.(e) Execution of Deeds. – Within 30 days of the acquisition becoming effective, the Attorney General shall execute any documents or deeds necessary to effectuate the acquisition under the exact terms set forth in the acquisition agreement. All State agencies and officials shall cooperate to the fullest extent possible in effectuating the acquisition agreement.

SECTION 14.7.(f) Reporting. – Within 30 days after an agreement is entered into pursuant to this section, the Secretary of the Department of Administration shall report to the Joint Legislative Commission on Governmental Operations on the terms of the agreement.

SECTION 14.7.(g) Creation of Oregon Inlet State Park. – If the real property described in subsection (h) of this section is acquired by the State, then together with any other real property owned by the State within the area described in subsection (h) of this section, the General Assembly authorizes the Department of Environment and Natural Resources to add Oregon Inlet State Park, which shall consist of at least these properties, to the State Parks System as provided in G.S. 113-44.14(b).

SECTION 14.7.(h) Federal Property to Be Conveyed. – The federally owned property to be conveyed shall include all of the federal government's right, title, and interest in (i) some or all of the subaerial real property located within the area described by connecting the following latitude and longitude points and (ii) all of the submerged real property located within the area described by connecting the following latitude and longitude points:

Latitude:	Longitude:
35.78099563900	-75.52953510600
35.78178528500	-75.52513394400
35.78141354400	-75.52334019100
35.77887390700	-75.52025162500
35.77857436500	-75.51969654900
35.77781290800	-75.51900873900
35.77734893400	-75.51884305500
35.77110009400	-75.51641608800
35.76633568000	-75.51356516200
35.76116258500	-75.51036495800

1	35.75751496100	-75.50801176500
2	35.75608651600	-75.51228522200
3	35.75777480300	-75.51379949200
4	35.75860596900	-75.51451482100
5	35.75960484700	-75.51540263600
6	35.76100041400	-75.51665469900
7	35.76117351400	-75.51681019600
8	35.76212525300	-75.51767780700
9	35.76287562800	-75.51836186100
10	35.76316770200	-75.51862812200
11	35.76381492400	-75.51921814800
12	35.76415098700	-75.51955669900
13	35.76445468400	-75.51995078300
14	35.76485826900	-75.52059025200
15	35.76505577400	-75.52094720300
16	35.76528160600	-75.52142243500
17	35.76548548000	-75.52198988800
18	35.76556574300	-75.52341266800
19	35.76566877400	-75.52523906000
20	35.76454632200	-75.52902085700
21	35.76357138700	-75.53246190700
22	35.76337226200	-75.53339199600
23	35.76333441200	-75.53364756500
24	35.76332909000	-75.53390886900
25	35.76335819500	-75.53458675100
26	35.76341367100	-75.53498008200
27	35.76354478800	-75.53535025300
28	35.76361737400	-75.53547511500
29	35.76383009500	-75.53584104000
30	35.76425804000	-75.53655388200
31	35.76471137600	-75.53740653000
32	35.76502225800	-75.53875413900
33	35.76521060100	-75.54081681300
34	35.76523404100	-75.54194712400
35	35.76525043500	-75.54273769600
36	35.76526768700	-75.54353888100
37	35.76532715800	-75.54394387700
38	35.76541340600	-75.54428520100
39	35.76550080400	-75.54463107400
40	35.76577010000	-75.54534161500
41	35.76597248500	-75.54579049600
42	35.76632062300	-75.54620555000
43	35.76655164400	-75.54635947100
44	35.76725670200	-75.54660003000
45	35.76764041200	-75.54670534600
46	35.76795847900	-75.54670661900
47	35.77077784300	-75.54629895400
48	35.77115918300	-75.54624921300
49	35.77148150500	-75.54619720600
50	35.77234520600	-75.54605784500
51	35.77377517700	-75.54582711000

35.77469339200	-75.54566942900
35.77590248800	-75.54531166000
35.77673545200	-75.54571296000
35.77711645600	-75.54582301200
35.77742981800	-75.54581293600
35.77771608200	-75.54572387500
35.77791539100	-75.54559449800
35.77810904100	-75.54546879500
35.77904847600	-75.54478184500
35.77912430900	-75.54486803600
35.77981427400	-75.54534862400
35.78042966800	-75.54567367500
35.78135818100	-75.54600030500
35.78175635200	-75.54606539500
35.78221194600	-75.54612839200
35.78279713100	-75.54636296300
35.78378882800	-75.54668308800
35.78766932400	-75.54709605000
35.79082109200	-75.54691243300
35.79820587700	-75.54665906000
35.79859286600	-75.54249624600
35.80046065100	-75.53877586500
35.79408521600	-75.53252823100
35.79248815800	-75.53183764800
35.79151104100	-75.53197071600
35.78867341400	-75.53323291600
35.76886839300	-75.52536743000
35.76724598100	-75.52438052100
35.76805629700	-75.52240411900
35.76966632600	-75.52339266000
35.76886839300	-75.52536743000.

SECTION 14.7.(i) Condemnation Authority. – On July 1, 2015, the Department of Administration shall, in accordance with applicable law and terms reserved in any relevant deeds, commence condemnation proceedings on all federally owned property that are necessary to manage existing and future transportation corridors on the Outer Banks, as determined pursuant to subsection (j) of this section. The Department of Administration shall report the commencement of condemnation proceedings to the General Assembly, as follows:

(1) If the General Assembly is in session, the Department shall report to the chairs of the House of Representatives Appropriations Committee, the chairs of the Senate Appropriations Committee, and the Fiscal Research Division.

(2) If the General Assembly is not in session, the Department shall report to the chairs of the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division.

SECTION 14.7.(j) Identification of Outer Banks Transportation Corridor. – No later than November 30, 2014, the Department of Transportation shall identify federally-owned property that is necessary to construct or to manage existing and future transportation corridors on the Outer Banks and shall report this information to the chairs of the Joint Legislative Transportation Oversight Committee, to the Secretary of the Department of Administration, and to the Fiscal Research Division.

SECTION 14.7.(k) G.S. 166A-19.30(a) reads as rewritten:

"**§ 166A-19.30. Additional powers of the Governor during state of emergency.**

(a) In addition to any other powers conferred upon the Governor by law, during a gubernatorially or legislatively declared state of emergency, the Governor shall have the following powers:

(1) To utilize all available State resources as reasonably necessary to cope with an emergency, including the transfer and direction of personnel or functions of State agencies or units thereof for the purpose of performing or facilitating emergency services.

(2) To take such action and give such directions to State and local law enforcement officers and agencies as may be reasonable and necessary for the purpose of securing compliance with the provisions of this Article and with the orders, rules, and regulations made pursuant thereto.

(3) To take steps to assure that measures, including the installation of public utilities, are taken when necessary to qualify for temporary housing assistance from the federal government when that assistance is required to protect the public health, welfare, and safety.

(4) Subject to the provisions of the State Constitution to relieve any public official having administrative responsibilities under this Article of such responsibilities for willful failure to obey an order, rule, or regulation adopted pursuant to this Article.

(5) Through issuance of an executive order to waive requirements for an environmental document or permit issued under Articles 1, 4, and 7 of Chapter 113A of the General Statutes for the repair, protection, safety enhancement, or replacement of a component of the State highway system that provides the sole road access to an incorporated municipality or an unincorporated inhabited area bordering the Atlantic Ocean or any coastal sound where bridge or road conditions as a result of the events leading to the declaration of the state of emergency pose a substantial risk to public health, safety, or welfare. The executive order shall list the duration of the waiver and the activities to which the waiver applies. For purposes of this subdivision, "coastal sound" shall have the definition set forth in G.S. 113A-103, and "replacement" shall not be interpreted to exclude a replacement that increases size or capacity or that is located in a different location than the component that is replaced."

SECTION 14.7.(l) G.S. 113A-12 is amended by adding a new subdivision to read:

"(7) The issuance of an executive order under G.S. 166A-19.30(a)(5) waiving the requirement for an environmental document."

SECTION 14.7.(m) G.S. 113A-52.01 reads as rewritten:

"**§ 113A-52.01. Applicability of this Article.**

This Article shall not apply to the following land-disturbing activities:

...

(4) For the duration of an emergency, activities essential to protect human ~~life.~~life, including activities specified in an executive order issued under G.S. 166A-19.30(a)(5)."

SECTION 14.7.(n) G.S. 113A-103(5)b.1. reads as rewritten:

"**§ 113A-103. Definitions.**

As used in this Article:

...

(5) a. "Development" means any activity in a duly designated area of environmental concern (except as provided in paragraph b of this subdivision) involving, requiring, or consisting of the construction or enlargement of a structure; excavation; dredging; filling; dumping; removal of clay, silt, sand, gravel or minerals; bulkheading, driving of

pilings; clearing or alteration of land as an adjunct of construction; alteration or removal of sand dunes; alteration of the shore, bank, or bottom of the Atlantic Ocean or any sound, bay, river, creek, stream, lake, or canal; or placement of a floating structure in an area of environmental concern identified in G.S. 113A-113(b)(2) or (b)(5).

b. The following activities including the normal and incidental operations associated therewith shall not be deemed to be development under this section:

1. Work by a highway or road agency for the maintenance of an existing road, if the work is carried out on land within the boundaries of the existing ~~right-of-way;~~right-of-way, or for emergency repairs and safety enhancements of an existing road as described in an executive order issued under G.S. 166A-19.30(a)(5)."

SECTION 14.7.(o) Notwithstanding the provisions of Chapter 146 of the General Statutes, Article 9A of Chapter 113A of the General Statutes, or any other provision of law, neither the Governor nor the Council of State shall be required to approve any conveyance, exchange, or condemnation made pursuant to this section, nor shall consultation with or reporting to the Joint Legislative Commission on Governmental Operations be required prior to the conveyance, exchange, or condemnation, except as set forth in subsection (j) of this section.

House Only

WATER QUALITY REMEDIATION FUNDS

SECTION 14.8A. Of the funds appropriated in this act to the Clean Water Management Trust Fund, the sum of one million dollars ($1,000,000) shall be used for the remediation and mitigation of stormwater impacts to lakes subject to a Nutrient Management Strategy approved by the Environmental Management Commission.

Senate and House Differ

Senate Version

COMMERCIAL FISHING LICENSES

SECTION 14.9.(a) G.S. 113-168.1(h) reads as rewritten:

"(h) Replacement Licenses and Endorsements. – The Division shall issue a replacement license, including any endorsements, to a licensee for a license that has not been suspended or revoked. A licensee may apply for a replacement license for a license that has been lost, stolen, or destroyed and shall apply for a replacement license within 30 days of a change in the licensee's name or address. A licensee may apply for a replacement license in person at any office of the Division or by mail to the Morehead City office of the Division. A licensee may use a copy of the application for a replacement license that has been filed with the Division as a temporary license until the licensee receives the replacement license. The Commission may establish a fee for each type of replacement license, not to exceed ~~twelve dollars and fifty cents ($12.50)~~;ten dollars ($10.00), that compensates the Division for the administrative costs associated with issuing the replacement license."

SECTION 14.9.(b) G.S. 113-168.2(e) reads as rewritten:

"(e) Fees. – The annual SCFL fee for a resident of this State shall be ~~two hundred fifty dollars ($250.00)~~.four hundred dollars ($400.00). The annual SCFL fee for a person who is not a resident of this State shall be the amount charged to a resident of this State in the nonresident's state. In no event, however, may the fee be less than ~~two hundred fifty dollars ($250.00)~~.four hundred dollars ($400.00). For purposes of this subsection, a "resident of this State" is a person who is a resident within the meaning of:

(1) Sub-subdivisions a. through d. of G.S. 113-130(4) and who filed a State income tax return as a resident of North Carolina for the previous calendar or tax year, or

(2) G.S. 113-130(4)e."

SECTION 14.9.(c) G.S. 113-168.3(b) reads as rewritten:

"(b) Eligibility; Fees. – Any individual who is 65 years of age or older and who is eligible for a SCFL under G.S. 113-168.2 may apply for either a SCFL or RSCFL. An applicant for a RSCFL shall provide proof of age at the time the application is made. The annual fee for a RSCFL for a resident of this State shall be ~~one hundred twenty-five dollars ($125.00)~~.two hundred dollars ($200.00). The annual fee for a RSCFL for a person who is not a resident of this State shall be ~~one hundred sixty-two dollars and fifty cents ($162.50)~~.two hundred dollars ($200.00). For purposes of this subsection, a "resident of this State" is a person who is a resident within the meaning of:

(1) Sub-subdivisions a. through d. of G.S. 113-130(4) and who filed a State income tax return as a resident of North Carolina for the previous calendar or tax year, or

(2) G.S. 113-130(4)e."

SECTION 14.9.(d) G.S. 113-168.4(c) reads as rewritten:

"(c) A person who organizes a recreational fishing tournament may sell fish taken in connection with the tournament pursuant to a recreational fishing tournament license to sell fish. A person who organizes a recreational fishing tournament may obtain a recreational fishing tournament license to sell fish upon application to the Division and payment of a fee of ~~one hundred twenty-five dollars ($125.00)~~.one hundred dollars ($100.00). It is unlawful for any person licensed under this subsection to sell fish to any person other than a fish dealer licensed under G.S. 113-169.3 unless the seller is also a licensed fish dealer. A recreational fishing tournament is

an organized fishing competition occurring within a specified time period not to exceed one week and that is not a commercial fishing operation. Gross proceeds from the sale of fish may be used only for charitable, religious, educational, civic, or conservation purposes and shall not be used to pay tournament expenses."

SECTION 14.9.(e) G.S. 113-168.6(c) reads as rewritten:

"(c) The annual fee for a commercial fishing vessel registration shall be determined by the length of the vessel and shall be in addition to the fee for other licenses issued under this Article. The length of a vessel shall be determined by measuring the distance between the ends of the vessel along the deck and through the cabin, excluding the sheer. The annual fee for a commercial fishing vessel registration is:

(1) ~~One dollar and twenty-five cents ($1.25)~~One dollar ($1.00) per foot for a vessel not over 18 feet in length.

(2) ~~One dollar and ninety cents ($1.90)~~One dollar and fifty cents ($1.50) per foot for a vessel over 18 feet but not over 38 feet in length.

(3) ~~Three dollars and seventy-five cents ($3.75)~~Three dollars ($3.00) per foot for a vessel over 38 feet but not over 50 feet in length.

(4) ~~Seven dollars and fifty cents ($7.50)~~Six dollars ($6.00) per foot for a vessel over 50 feet in length."

SECTION 14.9.(f) G.S. 113-169.1 reads as rewritten:

"**§ 113-169.1. Permits for gear, equipment, and other specialized activities authorized.**

(a) The Commission may adopt rules to establish permits for gear, equipment, and specialized activities, including commercial fishing operations that do not involve the use of a vessel and transplanting oysters or clams. ~~The Commission may establish a fee for each permit established pursuant to this subsection in an amount that compensates the Division for the administrative costs associated with the permit but that does not exceed one hundred dollars ($100.00) per permit.~~

(b) The Commission may adopt rules to establish gear specific permits to take striped bass from the Atlantic Ocean and to limit the number and type of these permits that may be issued to a person. The Commission may establish a fee for each permit established pursuant to this subsection in an amount that compensates the Division for the administrative costs associated with the permit but that does not exceed ~~thirty dollars ($30.00)~~ten dollars ($10.00) per permit.

(c) To ensure an orderly transition from one permit year to the next, the Division may issue a permit prior to July 1 of the permit year for which the permit is valid. Revenue that the Division receives for the issuance of a permit prior to the beginning of a permit year shall not revert at the end of the fiscal year in which the revenue is received and shall be credited and available to the Division for the permit year in which the permit is valid."

SECTION 14.9.(g) G.S. 113-169.2(c) reads as rewritten:

"(c) Fees. – Shellfish licenses issued under this section shall be issued annually upon payment of a fee of ~~thirty-one dollars and twenty-five cents ($31.25)~~fifty dollars ($50.00) upon proof that the license applicant is a North Carolina resident."

SECTION 14.9.(h) G.S. 113-169.3 reads as rewritten:

"**§ 113-169.3. Licenses for fish dealers.**

...

(e) Application Fee for New Fish Dealers. – An applicant for a new fish dealer license shall pay a nonrefundable application fee of ~~sixty-two dollars and fifty cents ($62.50)~~one hundred dollars ($100.00) in addition to the license category fees set forth in this section.

(f) License Category Fees. – Every fish dealer subject to licensing requirements shall secure an annual license at each established location for each of the following activities transacted there, upon payment of the fee set out:

(1) Dealing in oysters: ~~$62.50.~~$100.00.

(2) Dealing in scallops: ~~$62.50.~~$100.00.

(3) Dealing in clams: ~~$62.50.~~$100.00.
(4) Dealing in hard or soft crabs: ~~$62.50.~~$100.00.
(5) Dealing in shrimp, including bait: ~~$62.50.~~$100.00.
(6) Dealing in finfish, including bait: ~~$62.50.~~$100.00.
(7) Operating menhaden or other fish-dehydrating or oil-extracting processing plants: ~~$62.50.~~$100.00.
(8) Consolidated license (all categories): ~~$375.00.~~$600.00.
...."

SECTION 14.9.(i) G.S. 113-169.5(b) reads as rewritten:

"(b) The fee for a land or sell license for a vessel not having its primary situs in North Carolina is ~~two hundred fifty dollars ($250.00),~~four hundred dollars ($400.00), or an amount equal to the nonresident fee charged by the nonresident's state, whichever is greater. Persons aboard vessels having a primary situs in a jurisdiction that would allow North Carolina vessels without restriction to land or sell their catch, taken outside the jurisdiction, may land or sell their catch in the State without complying with this section if the persons are in possession of a valid license from their state of residence."

SECTION 14.9.(j) G.S. 113-171.1(b) reads as rewritten:

"(b) License. – Before an aircraft is used as a spotter plane in a commercial fishing operation, the owner or operator of the aircraft must obtain a license for the aircraft from the Division. The fee for a license for a spotter plane is ~~one hundred twenty-five dollars ($125.00).~~one hundred dollars ($100.00). An applicant for a license for a spotter plane shall include in the application the identity, either by boat or by company, of the specific commercial fishing operations in which the spotter plane will be used during the license year. If, during the course of the license year, the aircraft is used as a spotter plane in a commercial fishing operation that is not identified in the original license application, the owner or operator of the aircraft shall amend the license application to add the identity of the additional commercial fishing operation."

SECTION 14.9.(k) G.S. 113-173(f) reads as rewritten:

"(f) Duration; Fees. – The RCGL shall be valid for a one-year period from the date of purchase. The fee for a RCGL for a North Carolina resident shall be ~~forty-three dollars and seventy-five cents ($43.75).~~seventy dollars ($70.00). The fee for a RCGL for an individual who is not a North Carolina resident shall be three hundred twelve dollars and fifty cents ($312.50)."

SECTION 14.9.(l) G.S. 113-203 reads as rewritten:

"**§ 113-203. Transplanting of oysters and clams.**

...

~~(f) The Commission may establish a fee for each permit established pursuant to this subsection in an amount that compensates the Division for the administrative costs associated with the permit but that does not exceed one hundred dollars ($100.00) per permit.~~

(g) Advance Sale of Permits; Permit Revenue. – To ensure an orderly transition from one permit year to the next, the Division may issue a permit prior to July 1 of the permit year for which the permit is valid. Revenue that the Division receives for the issuance of a permit prior to the beginning of a permit year shall not revert at the end of the fiscal year in which the revenue is received and shall be credited and available to the Division for the permit year in which the permit is valid."

SECTION 14.9.(m) G.S. 113-210 reads as rewritten:

"**§ 113-210. Under Dock Oyster Culture.**

...

~~(l) Fees. – Under Dock Oyster Culture Permit shall be issued annually upon payment of a fee of one hundred dollars ($100.00).~~

(m) Advance Sale of Permits; Permit Revenue. – To ensure an orderly transition from one permit year to the next, the Division may issue a permit prior to July 1 of the permit year for which the permit is valid. Revenue that the Division receives for the issuance of a permit prior to the

beginning of a permit year shall not revert at the end of the fiscal year in which the revenue is received and shall be credited and available to the Division for the permit year in which the permit is valid."

SECTION 14.9.(n) G.S. 113-221.2 reads as rewritten:

"**§ 113-221.2. Additional rules to establish sanitation requirements for scallops, shellfish, and crustacea; permits and permit fees authorized.**

(a) Authority to Adopt Certain Rules and Establish Permits. – For the protection of the public health, the Marine Fisheries Commission shall adopt rules establishing sanitation requirements for the harvesting, processing and handling of scallops, shellfish, and crustacea of in-State origin. The rules of the Marine Fisheries Commission may also regulate scallops, shellfish, and crustacea shipped into North Carolina. The Department is authorized to enforce the rules and may issue and revoke permits according to the rules. ~~The Department is authorized to establish a fee for each permit not to exceed one hundred dollars ($100.00).~~

(b) Advance Sale of Permits; Permit Revenue. – To ensure an orderly transition from one permit year to the next, the Division may issue a permit prior to July 1 of the permit year for which the permit is valid. Revenue that the Division receives for the issuance of a permit prior to the beginning of a permit year shall not revert at the end of the fiscal year in which the revenue is received and shall be credited and available to the Division for the permit year in which the permit is valid."

SECTION 14.9.(o) G.S. 143B-289.52(d1) reads as rewritten:

"(d1) The Commission may regulate participation in a fishery that is subject to a federal fishery management plan if that plan imposes a quota on the State for the harvest or landing of fish in the fishery. The Commission may use any additional criteria aside from holding a Standard Commercial Fishing License to develop limited-entry fisheries. ~~The Commission may establish a fee for each license established pursuant to this subsection in an amount that does not exceed five hundred dollars ($500.00).~~"

SECTION 14.9.(p) Article 14A of Chapter 113 of the General Statutes is amended by adding a new section to read:

"**§ 113-173.1. North Carolina Commercial Fishing Resource Fund.**

(a) There is hereby established the North Carolina Commercial Fishing Resources Fund as a nonreverting special revenue fund in the office of the State Treasurer. The purpose of the Fund is to provide funding for the development of sustainable commercial fishing in the State. The principal of the Fund shall consist of all of the following:

(1) Two hundred dollars ($200.00) from each Standard Commercial Fishing License issued pursuant to G.S. 113-168.2.

(2) One hundred dollars ($100.00) from each Retired Standard Commercial Fishing License issued pursuant to G.S. 113-168.3.

(3) Twenty-five dollars ($25.00) from each shellfish license issued pursuant to G.S. 113-169.2

(4) Fifty dollars ($50.00) from each fish dealer license issued pursuant to G.S. 113-169.3.

(5) Two hundred dollars ($200.00) from each land or sell license issued pursuant to G.S. 113-169.5.

(6) Thirty-five dollars ($35.00) from each Recreational Commercial Gear License issued pursuant to G.S. 113-173.

(b) The State Treasurer shall hold the North Carolina Commercial Fishing Resources Fund separate and apart from all other moneys, funds, and accounts. The State Treasurer shall invest the assets of the Fund in accordance with the provisions of G.S. 147-69.2, except that interest and other income received on the fund balance shall be treated as set forth in G.S. 147-69.1(d). The State Treasurer shall disburse the principal of the Fund only upon the written direction of both the Marine Fisheries Commission and the Board of Directors of the North Carolina Commercial Fishing

Resource Fund established by subsection (c) of this section. The Marine Fisheries Commission and the Board of Directors of the North Carolina Commercial Fishing Resource Fund may authorize the disbursement of the principal of the North Carolina Commercial Fishing Resource Fund only for projects to develop sustainable commercial fishing in the State or to provide funding for North Carolina's incidental take permits for the commercial fishing industry under the federal Endangered Species Act of 1973 (Public Law 93-205) or the federal Marine Mammal Protection Act of 1972 (Public Law 92-522). The Marine Fisheries Commission and the Board of Directors of the North Carolina Commercial Fishing Resource Fund shall authorize disbursements to fully fund North Carolina's incidental take permits for the commercial fishing industry under the federal Endangered Species Act of 1973 (Public Law 93-205) or the federal Marine Mammal Protection Act of 1972 (Public Law 92-522) prior to authorizing disbursements for any other purpose.

(c) A Board of Directors of the North Carolina Commercial Fishing Resource Fund is established and shall consist of six members. Each of the following commercial fishing organizations shall appoint one member of the Board:

(1) North Carolina Fisheries Association, Inc..
(2) North Carolina Watermen United, Inc.
(3) Ocracoke Working Watermen's Association.
(4) Albemarle Fishermen's Association.
(5) Carteret County Fishermen's Association.
(6) Brunswick County Fishermen's Association."

SECTION 14.9.(q) This section is effective when it becomes law and applies to fees collected on or after July 1, 2014.

House Version

COMMERCIAL FISHING LICENSES

SECTION 14.9.(a) The General Assembly finds that additional funding is necessary to support the Division of Marine Fisheries' At-Sea Observer Program and for the continued viability of the commercial fishing industry in North Carolina.

SECTION 14.9.(b) G.S. 113-168.2 reads as rewritten:

"§ 113-168.2. Standard Commercial Fishing License.

...

(e) Fees. – The annual SCFL fee for a resident of this State shall be ~~two hundred fifty dollars ($250.00).~~ four hundred dollars ($400.00). The annual SCFL fee for a person who is not a resident of this State shall be the amount charged to a resident of this State in the nonresident's state. In no event, however, may the fee be less than ~~two hundred fifty dollars ($250.00).~~ four hundred dollars ($400.00). For purposes of this subsection, a "resident of this State" is a person who is a resident within the meaning of:

(1) Sub-subdivisions a. through d. of G.S. 113-130(4) and who filed a State income tax return as a resident of North Carolina for the previous calendar or tax year, or

(2) G.S. 113-130(4)e.

...."

SECTION 14.9.(c) G.S. 113-168.3(b) reads as rewritten:

"(b) Eligibility; Fees. – Any individual who is 65 years of age or older and who is eligible for a SCFL under G.S. 113-168.2 may apply for either a SCFL or RSCFL. An applicant for a RSCFL shall provide proof of age at the time the application is made. The annual fee for a RSCFL for a resident of this State shall be ~~one hundred twenty-five dollars ($125.00).~~ two hundred dollars ($200.00). The annual fee for a RSCFL for a person who is not a resident of this State shall be ~~one hundred sixty-two dollars and fifty cents ($162.50).~~ two hundred sixty dollars ($260.00). For purposes of this subsection, a "resident of this State" is a person who is a resident within the meaning of:

(1) Sub-subdivisions a. through d. of G.S. 113-130(4) and who filed a State income tax return as a resident of North Carolina for the previous calendar or tax year, or

(2) G.S. 113-130(4)e."

SECTION 14.9.(d) G.S. 113-169.2 reads as rewritten:

"§ 113-169.2. Shellfish license for North Carolina residents without a SCFL.

...

(c) Fees. – Shellfish licenses issued under this section shall be issued annually upon payment of a fee of ~~thirty-one dollars and twenty-five cents ($31.25)~~ fifty dollars ($50.00) upon proof that the license applicant is a North Carolina resident.

...."

SECTION 14.9.(e) G.S. 113-169.3 reads as rewritten:

"§ 113-169.3. Licenses for fish dealers.

...

(e) Application Fee for New Fish Dealers. – An applicant for a new fish dealer license shall pay a nonrefundable application fee of ~~sixty-two dollars and fifty cents ($62.50)~~ one hundred dollars ($100.00) in addition to the license category fees set forth in this section.

(f) License Category Fees. – Every fish dealer subject to licensing requirements shall secure an annual license at each established location for each of the following activities transacted there, upon payment of the fee set out:

(1) Dealing in oysters: ~~$62.50.~~$100.00.

(2) Dealing in scallops: ~~$62.50.~~$100.00.

(3) Dealing in clams: ~~$62.50.~~$100.00.

(4) Dealing in hard or soft crabs: ~~$62.50.~~$100.00.

(5) Dealing in shrimp, including bait: ~~$62.50.~~$100.00.
(6) Dealing in finfish, including bait: ~~$62.50.~~$100.00.
(7) Operating menhaden or other fish-dehydrating or oil-extracting processing plants: ~~$62.50.~~$100.00.
(8) Consolidated license (all categories): ~~$375.00.~~$600.00.

...."

SECTION 14.9.(f) G.S. 113-169.5(b) reads as rewritten:

"(b) The fee for a land or sell license for a vessel not having its primary situs in North Carolina is ~~two hundred fifty dollars ($250.00),~~ four hundred dollars ($400.00), or an amount equal to the nonresident fee charged by the nonresident's state, whichever is greater. Persons aboard vessels having a primary situs in a jurisdiction that would allow North Carolina vessels without restriction to land or sell their catch, taken outside the jurisdiction, may land or sell their catch in the State without complying with this section if the persons are in possession of a valid license from their state of residence."

SECTION 14.9.(g) G.S. 113-173(f) reads as rewritten:

"(f) Duration; Fees. – The RCGL shall be valid for a one-year period from the date of purchase. The fee for a RCGL for a North Carolina resident shall be ~~forty-three dollars and seventy-five cents ($43.75).~~ seventy dollars ($70.00). The fee for a RCGL for an individual who is not a North Carolina resident shall be ~~three hundred twelve dollars and fifty cents ($312.50).~~ five hundred dollars ($500.00)."

SECTION 14.9.(h) G.S. 113-210 reads as rewritten:

"§ 113-210. Under Dock Oyster Culture.

...

~~(l) Fees. – Under Dock Oyster Culture Permit shall be issued annually upon payment of a fee of one hundred dollars ($100.00).~~

(m) Advance Sale of Permits; Permit Revenue. – To ensure an orderly transition from one permit year to the next, the Division may issue a permit prior to July 1 of the permit year for which the permit is valid. Revenue that the Division receives for the issuance of a permit prior to the beginning of a permit year shall not revert at the end of the fiscal year in which the revenue is received and shall be credited and available to the Division for the permit year in which the permit is valid."

SECTION 14.9.(i) G.S. 143B-289.54 reads as rewritten:

"§ 143B-289.54. Marine Fisheries Commission – members; appointment; term; oath; ethical standards; removal; compensation; staff.

...

(g) Ethical Standards. –

(1) Covered persons. – All members of the Commission are covered persons for the purposes of Chapter 138A of the General Statutes and shall comply with the applicable requirements of that Chapter, including mandatory training, the public disclosure of economic interests, provisions for avoidance of conflicts of interest, and ethical standards for covered persons.

~~(1)~~(1a) ~~Disclosure.~~ Additional disclosure statements. – Any person under consideration for appointment to the Commission shall provide ~~both a financial disclosure statement and a potential bias disclosure statement~~ an additional disclosure statement to the ~~Governor. A financial disclosure statement shall include statements of the nominee's financial interests in and related to State fishery resources use, licenses issued by the Division of Marine Fisheries held by the nominee or any business in which the nominee has a financial interest, and uses made by the nominee or by any business in which the nominee has a financial interest of the regulated resources. A potential bias disclosure statement shall include a statement of the nominee's membership or other affiliation with,~~

~~including offices held, in societies, organizations, or advocacy groups pertaining to the management and use of the State's coastal fishery resources.~~ Governor, which shall include the following:

a. The nominee's financial interests in and related to State fishery resources.

b. Licenses issued by the Division of Marine Fisheries and Wildlife Resources Commission held by the nominee or any business in which the nominee has a financial interest.

c. The nominee's membership in, affiliation with, or employment by any organization or group pertaining to the management or use of the State's fisheries or wildlife resources.

Disclosure statements shall be treated as public records under Chapter 132 of the General Statutes and shall be updated on an annual basis.

(2) Voting/conflict of interest. – A member of the Commission shall not vote on any issue before the Commission that would have a "significant and predictable effect" on the member's financial interest. For purposes of this subdivision, "significant and predictable effect" means there is or may be a close causal link between the decision of the Commission and an expected disproportionate financial benefit to the member that is shared only by a minority of persons within the same industry sector or gear group. A member of the Commission shall also abstain from voting on any petition submitted by an advocacy group of which the member is an officer or sits as a member of the advocacy group's board of directors. A member of the Commission shall not use the member's official position as a member of the Commission to secure any special privilege or exemption of substantial value for any person. No member of the Commission shall, by the member's conduct, create an appearance that any person could improperly influence the member in the performance of the member's official duties.

(3) Regular attendance. – It shall be the duty of each member of the Commission to regularly attend meetings of the Commission.

(h) Removal. – The Governor may remove, as provided in G.S. 143B-13, any member of the Commission for misfeasance, malfeasance, or nonfeasance. For purposes of this subsection, malfeasance shall include, but is not limited to, any of the following:

(1) Any criminal conviction of a member for violation of any hunting or fishing laws of the State or rules promulgated by the Marine Fisheries Commission or Wildlife Resources Commission.

(2) Any citation of a member or a company owned, in whole or in part, by the member for violation of any hunting or fishing laws of the State or rules promulgated by the Marine Fisheries Commission or Wildlife Resources Commission.

...."

SECTION 14.9.(j) Fifty percent (50%) of the fees collected under this section for the 2014-2015 and all subsequent fiscal years shall be used to support the At-Sea Observer Program.

SECTION 14.9.(k) It is the intent of the General Assembly to use the increase in fees authorized by this section for support of the At-Sea Observer Program and to study permissible ways to establish a fishing resource fund and entity charged with reviewing and cooperating in the approval of use of moneys from the fund.

SECTION 14.9.(l) Subsections (b), (c), (d), (e), (f), and (g) of this section are effective when they become law and apply to fees collected for the 2015-2016 and all succeeding license years.

Senate Only

ADVANCED SALE OF LICENSES

SECTION 14.10. G.S. 113-168.1 reads as rewritten:

"**§ 113-168.1. General provisions governing licenses and endorsements.**

...

(j) Advance Sale of Licenses, License Revenue. – To ensure an orderly transition from one license year to the next, the Division may issue a license or endorsement prior to 1 July of the license year for which the license or endorsement is valid. Revenue that the Division receives for the issuance of a license or endorsement prior to the beginning of a license year shall not revert at the end of the fiscal year in which the revenue is received and shall be credited and available to the Division only for the license year in which the license or endorsement is valid. Any license revenue carried forward from one fiscal year to the next under this subsection that remains unencumbered and unexpended at the end of the fiscal year in which the license or endorsement is valid shall revert to the General Fund."

Senate and House Differ

Senate Version

NO JOINT ENFORCEMENT AGREEMENTS

SECTION 14.11. G.S. 113-224 reads as rewritten:

"**§ 113-224. Cooperative agreements by Department.**

(a) ~~The~~ Except as otherwise provided in this section, the Department is empowered to enter into cooperative agreements with public and private agencies and individuals respecting the matters governed in this Subchapter. Pursuant to such agreements the Department may expend funds, assign employees to additional duties within or without the State, assume additional responsibilities, and take other actions that may be required by virtue of such agreements, in the overall best interests of the conservation of marine and estuarine resources.

(b) The Department may not enter into a joint enforcement agreement with the National Marine Fisheries Service."

House Version

DIVISION OF MARINE FISHERIES JOINT ENFORCEMENT AGREEMENTS

SECTION 14.11.(a) G.S. 113-224 reads as rewritten:

"**§ 113-224. Cooperative agreements by Department.**

(a) The Department is empowered to enter into cooperative agreements with public and private agencies and individuals respecting the matters governed in this Subchapter. Pursuant to such agreements the Department may expend funds, assign employees to additional duties within or without the State, assume additional responsibilities, and take other actions that may be required by virtue of such agreements, in the overall best interests of the conservation of marine and estuarine resources.

(b) The Fisheries Director or a designee of the Fisheries Director shall enter into an agreement with the National Marine Fisheries Service of the United States Department of Commerce allowing Division of Marine Fisheries inspectors to accept delegation of law enforcement powers over matters within the jurisdiction of the National Marine Fisheries Service."

SECTION 14.11.(b) G.S. 128-1.1 is amended by adding a new subsection to read:

"(c2) Inspectors of the Division of Marine Fisheries of the Department of Environment and Natural Resources may also assume law enforcement powers granted to the National Marine Fisheries Service as set forth in G.S. 113-224(b)."

Senate Only

STUDY COMMERCIAL SHELLFISH LEASING

SECTION 14.12. The Joint Legislative Program Evaluation Oversight Committee shall consider including in the 2015 Work Plan for the Program Evaluation Division of the General Assembly a study of North Carolina's shellfish lease and franchise program, including (i) the regulatory, statutory, and other obstacles faced by the private mariculture industry in establishing or expanding shellfish cultivation operations, (ii) a summary of shellfish leasing and franchising programs in other states and a comparison of the private mariculture industry in North Carolina compared to other states; and (iii) recommendations for best practices to achieve greater opportunities for North Carolina's mariculture industry and greater program efficiencies and outcomes.

House Only

NATURAL HERITAGE PROGRAM ONLINE ACCESS FEES

SECTION 14.13A.(a) Article 9A of Chapter 113A of the General Statutes is amended by adding the following new section to read:

"**§ 113A-164.12. Access to information; fees.**

(a) The Secretary may establish fees to defray the costs associated with any of the following:

(1) Responding to inquiries requiring customized environmental review services or the costs associated with developing, improving, or maintaining technology that supports an online interface for external users to access Natural Heritage Program data. The Secretary may reduce or waive the fee established under this subsection if the Secretary determines that a waiver or reduction of the fee is in the public interest.

(2) Any activity authorized under G.S. 113A-253(8e), including an inventory of natural areas conducted under the Natural Heritage Program, conservation and protection planning, and informational programs for owners of natural areas, as defined in G.S. 113A-164.3.

(b) Fees collected under this section are receipts of the Department of Environment and Natural Resources and shall be deposited in the Clean Water Management Trust Fund for the purpose of supporting the operations of the Natural Heritage Program."

SECTION 14.3A.(b) G.S. 113A-253(c)(8e) reads as rewritten:

"(8e) To authorize expenditures from the Fund not to exceed the sum of seven hundred fifty thousand dollars ($750,000) and any fees collected under G.S. 113A-164.12 to pay for the inventory of natural areas conducted under the Natural Heritage Program established pursuant to the Nature Preserves Act, Article 9A of Chapter 113A of the General Statutes, and to pay for conservation and protection planning and for informational programs for owners of natural areas, as defined in G.S. 113A-164.3."

Senate Only

SHALE GAS FUNDS

SECTION 14.14.(a) The funds appropriated by this act to the Department of Environment and Natural Resources for shale gas development shall be used for the following purposes:

(1) One hundred thousand dollars ($100,000) shall be allocated to the State Energy Office to work jointly with the Department of Commerce to develop marketing materials for parties with an interest in energy exploration, production and development in the State, and for travel and other expenditures by State employees related to the marketing and promotion of the State's shale gas resources. The marketing materials shall include information on energy potential, economic, regulatory, and business climate, locations of natural gas pipelines, transportation infrastructure, and any other pertinent information related to the energy development potential of the State.

(2) Fifty thousand dollars ($50,000) shall be used for the digitization, analysis, or reanalysis of geological data related to shale gas exploration or development opportunities.

(3) Fifty thousand dollars ($50,000) shall be used for chemical analysis of existing natural gas wells in the State's shale basins, including testing for the presence of helium.

(4) Nine hundred seventy-three thousand three hundred twenty-four dollars ($973,324) shall be used to hire a consultant to develop, manage, and execute a comprehensive geological and geophysical analysis, including stratigraphic test wells, of shale gas potential of the following shale basins in priority order from highest to lowest:

a. The Dan River Basin.
b. The Davie Basin.
c. The Cumberland-Marlboro Basin.
d. Those portions of the Deep River Basin located in Anson, Montgomery, and Richmond counties.

The Department may issue a request for information to potential contractors for the analysis required by this subdivision, but any contract for the analysis shall not be subject to Article 3 or Article 8 of Chapter 143 of the General Statutes.

SECTION 14.14.(b) Notwithstanding any other provision of law, stratigraphic testing funded under subdivision (4) of this section shall be allowed on any State-owned land within the priority basins identified by subdivision (4) of this section at the discretion of the Secretary of the Department of Environment and Natural Resources upon a finding by the Secretary that the testing is needed for proper geologic characterization of the shale gas potential of the basin.

Senate Only

WATER INFRASTRUCTURE GRANT PRIORITY

SECTION 14.16. The Department of Environment and Natural Resources, Division of Water Infrastructure, and the State Water Infrastructure Authority shall give priority to loan and grant applications received from any local government meeting the following criteria:

(1) The local government is located in a Tier I county.

(2) The application seeks funding for a project that is required to be completed due to an EPA administrative order.

(3) The application is deemed complete by the Division and meets the minimum requirements for the program from which it is seeking funding.

Senate and House Differ

Senate Version

WATER INFRASTRUCTURE

SECTION 14.17. The Department of Environment and Natural Resources, Division of Water Infrastructure, shall require all local governments applying for loans or grants to certify that no funds received from water or wastewater utility operations have been used to subsidize the local government's General Fund. The prohibition in this section shall not be interpreted to include payments made to the local government related to regular and ongoing operations of the utility such as rent or employee benefits payments.

Technical/Clarifying Change.

House Version

WATER INFRASTRUCTURE

SECTION 14.17. The Department of Environment and Natural Resources, Division of Water Infrastructure, shall require all local governments applying for loans or grants for water or wastewater purposes to certify that no funds received from water or wastewater utility operations have been transferred to the local government's General Fund for the purpose of supplementing the resources of the General Fund. The prohibition in this section shall not be interpreted to include payments made to the local government to reimburse the General Fund for expenses paid from that Fund that are reasonably allocable to the regular and ongoing operations of the utility, including, but not limited to, rent and shared facility costs, engineering and design work, plan review, and shared personnel costs.

House Only

GRANTS TO MUNICIPALITIES IN TIER I AND II COUNTIES FOR WATER AND SEWER INFRASTRUCTURE IMPROVEMENTS

SECTION 14.17A. Of the funds appropriated in this act to the Department of Environment and Natural Resources, the sum of five hundred thousand dollars ($500,000) shall be allocated for grants to municipalities in development tier I and development tier II areas as those tiers are defined in G.S. 143B-437.08 for water and sewer infrastructure development projects. Notwithstanding Chapter 159G or any other provision of law, the grants shall be used for projects that serve a public purpose related to the provision of water and sewer service to local government or educational facilities.

Senate and House Differ

Senate Version

AMEND SHALLOW DRAFT NAVIGATION CHANNEL AND LAKE DREDGING FUNDING

SECTION 14.18.(a) G.S. 105-449.126 reads as rewritten:

"**§ 105-449.126. Distribution of part of Highway Fund allocation to Wildlife Resources Fund and Shallow Draft Navigation Channel and Lake Dredging Fund.**

(a) The Secretary shall credit to the Wildlife Resources Fund one-sixth of one percent (1/6 of 1%) of the amount that is allocated to the Highway Fund under G.S. 105-449.125 and is from the excise tax on motor fuel. Revenue credited to the Wildlife Resources Fund under this section may be used only for the boating and water safety activities described in G.S. 75A-3(c). The Secretary must credit revenue to the Wildlife Resources Fund on ~~an annual~~a quarterly basis. The Secretary must make the distribution within 45 days of the end of each quarter.

(b) The Secretary shall credit to the Shallow Draft Navigation Channel and Lake Dredging Fund one-sixth of one percent (1/6 of 1%) of the amount that is allocated to the Highway Fund under G.S. 105-449.125 and is from the excise tax on motor fuel. Revenue credited to the Shallow Draft Navigation Channel and Lake Dredging Fund under this section may be used only for the dredging activities described in G.S. 143-215.73F. The Secretary shall credit revenue to the Shallow Draft Navigation Channel and Lake Dredging Fund on ~~an annual~~a quarterly basis. The Secretary must make the distribution within 45 days of the end of each quarter."

SECTION 14.18.(b) Notwithstanding G.S. 105-449.125, in addition to the funds credited under G.S. 105-449.126, the Secretary of Revenue shall also credit the sum of one million six hundred seventy-seven thousand one hundred thirty-four dollars ($1,677,134) to the Shallow Draft Navigation Channel and Lake Dredging Fund for the 2014-2015 fiscal year no later than August 15, 2014. The funds distributed shall be from the funds collected under Article 36C of Chapter 105 of the General Statutes from the effective date of this act until August 15, 2014.

SECTION 14.18.(c) Subsection (a) of this section is effective for quarters beginning on or after April 1, 2014.

House Version

AMEND SHALLOW DRAFT NAVIGATION CHANNEL AND LAKE DREDGING FUNDING

SECTION 14.18.(a) G.S. 105-449.126 reads as rewritten:

"**§ 105-449.126. Distribution of part of Highway Fund allocation to Wildlife Resources Fund and Shallow Draft Navigation Channel and Lake Dredging Fund.**

(a) The Secretary shall credit to the Wildlife Resources Fund one-sixth of one percent (1/6 of 1%) of the amount that is allocated to the Highway Fund under G.S. 105-449.125 and is from the excise tax on motor fuel. Revenue credited to the Wildlife Resources Fund under this section may be used only for the boating and water safety activities described in G.S. 75A-3(c). The Secretary must credit revenue to the Wildlife Resources Fund on ~~an annual~~a quarterly basis. The Secretary must make the distribution within 45 days of the end of each quarter.

(b) The Secretary shall credit to the Shallow Draft Navigation Channel and Lake Dredging Fund one-sixth of one percent (1/6 of 1%) of the amount that is allocated to the Highway Fund under G.S. 105-449.125 and is from the excise tax on motor fuel. Revenue credited to the Shallow Draft Navigation Channel and Lake Dredging Fund under this section may be used only for the dredging activities described in G.S. 143-215.73F. The Secretary shall credit revenue to the Shallow Draft Navigation Channel and Lake Dredging Fund on ~~an annual~~a quarterly basis. The Secretary must make the distribution within 45 days of the end of each quarter."

Rewrite of 14.18(b) is technical and requested by finance staff.

SECTION 14.18.(b) Notwithstanding G.S. 105-449.125, the funds credited to the Wildlife Resources Fund and the Shallow Draft Navigation Channel and Lake Dredging Fund for the first quarter of calendar year 2014 shall be distributed August 15, 2014. Notwithstanding G.S. 105-449.125, the funds credited to the Wildlife Resources Fund and the Shallow Draft Navigation Channel and Lake Dredging Fund for the last quarter of calendar year 2014 shall be allocated to the Highway Trust Fund.

SECTION 14.18.(c) Notwithstanding G.S. 105-449.125, in addition to the funds credited under G.S. 105-449.126 the Secretary of Revenue shall also credit the sum of one million six hundred seventy-seven thousand one hundred thirty-four dollars ($1,677,134) to the Shallow Draft Navigation Channel and Lake Dredging Fund for the 2014-2015 fiscal year no later than August 15, 2014. The funds distributed shall be from the funds collected under Article 36C of Chapter 105 of the General Statutes from the effective date of this act until August 15, 2014.

SECTION 14.18.(d) Section 14.18(a) is effective for quarters beginning on or after January 1, 2014. The remainder of this section is effective when it becomes law.

Senate and House Differ

Senate Version

TRANSFER AQUATIC WEED CONTROL PROGRAM TO WRC

SECTION 14.19.(a) The Aquatic Weed Control Program of the Department of Environment and Natural Resources is transferred from the Department to the Wildlife Resources Commission with all the elements of a Type I transfer, as defined by G.S. 143A-6.

SECTION 14.19.(b) Article 15 of Chapter 113A of the General Statutes is recodified as Article 22C of Chapter 113 of the General Statutes, and, accordingly, G.S. 113A-220 through G.S. 113A-227 is recodified as G.S. 113-300.10 through G.S. 113-300.17.

SECTION 14.19.(c) Article 22C of Chapter 113 of the General Statutes, as recodified by subsection (b) of this section, reads as rewritten:

"Article 22C.

"Aquatic Weed Control.

"§ 113-300.10. Short title.

This Article shall be known as the Aquatic Weed Control Act of 1991.

"§ 113-300.11 Definitions.

Unless a different meaning is required by the context, the following definitions shall apply throughout this Article:

(1) ~~"Department" means the Department of Environment and Natural Resources.~~Commission. – The Wildlife Resources Commission.

(2) ~~"Secretary" means the Secretary of Environment and Natural Resources or his~~Director. – The Executive Director of the Wildlife Resources Commission or the Director's designee.

(3) ~~"Noxious aquatic weed" means any~~Noxious aquatic weed. – Any plant organism so designated under this Article.

(4) ~~"Waters of the State" means any~~Waters of the State. – Any surface body or accumulation of water, whether publicly or privately owned and whether naturally occurring or artificially created, which is contained within, flows through, or borders upon any part of this State.

"§ 113-300.12 Designation of noxious aquatic weeds.

(a) The ~~Secretary,~~Director, after consultation with the Director of the North Carolina Agricultural Extension Service, the ~~Wildlife Resources Commission,~~Department of Environment and Natural Resources, and the Marine Fisheries Commission, and with the concurrence of the Commissioner of Agriculture, may designate as a noxious aquatic weed any plant organism which:

(1) Grows in or is closely associated with the aquatic environment, whether floating, emersed, submersed, or ditch-bank species, and including terrestrial phases of any such plant organism;

(2) Exhibits characteristics of obstructive nature and either massive productivity or choking density, and

(3) Is or may become a threat to public health or safety or to existing or new beneficial uses of the waters of the State.

(b) A plant organism may be designated as being a noxious aquatic weed either throughout the State or within specified areas within the State.

(c) The ~~Secretary~~ Director shall designate a plant organism as a noxious aquatic weed by rules adopted pursuant to Chapter 150B of the General Statutes.

(d) The ~~Secretary~~ Director may modify or withdraw any designation of a plant organism as a noxious aquatic weed made previously under this section. Any modification or withdrawal of such designation shall be made following the procedures for designation set out in this section.

"§ 113-300.13 Powers and duties of the ~~Secretary.~~Director.

(a) The ~~Secretary~~ Director shall direct the control, eradication, and regulation of noxious aquatic weeds so as to protect and preserve human health, safety, and the beneficial uses of the waters of the State and to prevent injury to property and beneficial plant and animal life. The ~~Secretary~~ Director shall have the power to:

(1) Conduct research and planning related to the control of noxious aquatic weeds;

(2) Coordinate activities of all public bodies, authorities, agencies, and units of local government in the control and eradication of noxious aquatic weeds;

(3) Delegate to any public body, authority, agency, or unit of local government any power or duty under this Article, except that the ~~Secretary~~ Director may not delegate the designation of noxious aquatic weeds;

(4) Accept donations, grants, and services from both public and private sources;

(5) Enter into contracts or agreements, including cost-sharing agreements, with public or private agencies for research and development of methods of control of noxious aquatic weeds or for the performance of noxious aquatic weed control activities;

(6) Construct, acquire, operate, and maintain facilities and equipment necessary for the control of noxious aquatic weeds; and

(7) Enter upon private property for purposes of conducting investigations and engaging in aquatic weed control activities.

(b) The ~~Secretary~~ Director may control, remove, or destroy any noxious aquatic weed located in the waters of the State or in areas adjacent to such waters wherever such weeds threaten to invade such waters. The ~~Secretary~~ Director may employ any appropriate control technology which is consistent with federal and State law, regulations, and rules. Control technologies may include, but are not limited to drawdown of waters, application of chemicals to shoreline and surface waters, mechanical controls, physical removal from transport mechanisms, quarantine of transport mechanisms, and biological controls. Any biological control technology may be implemented only after the environmental review provisions of the State Environmental Policy Act have been satisfied.

(c) In determining the appropriate strategies and technologies, the ~~Secretary~~ Director shall consider their relative short-term and long-term cost-efficiency and effectiveness, consistent with a margin of safety adequate to protect public health and the resources of the State.

(d) All activities carried out by the ~~Secretary,~~ Director, his designees, and others authorized to perform any function under this Article shall be consistent with all applicable federal and State law, regulations, and rules.

"§ 113-300.14 Powers of the Commissioner of Agriculture.

(a) The Commissioner of Agriculture may regulate the importation, sale, use, culture, collection, transportation, and distribution of a noxious aquatic weed as a plant pest under Article 36 of Chapter 106 of the General Statutes.

(b) This Article shall not be construed to limit any power of the Commissioner of Agriculture, the Department of Agriculture and Consumer Services, or the Board of Agriculture under any other provision of law.

"§ 113-300.15 Responsibilities of other State agencies.

All State agencies shall cooperate with the ~~Secretary~~ Director to assist in the implementation of this Article.

"§ 113-300.16 Enforcement.

(a) Any person who violates this Article or any rule adopted pursuant to this Article shall be guilty of a Class 2 misdemeanor for each offense.

(b) Whenever there exists reasonable cause to believe that any person has violated this Article or rules adopted pursuant to this Article, the ~~Secretary~~ Director may request the Attorney General to institute a civil action for injunctive relief to restrain the violation. The Attorney General may institute such action in the name of the State upon relation of the ~~Department~~ Commission in the superior court of the county in which the violation occurred. Upon a determination by the court that the alleged violation of the provisions of this Article or of rules adopted pursuant to this Article has occurred or is threatened, the court shall grant the relief necessary to prevent or abate the violation or threatened violation. Neither the institution of the action, nor any of the proceedings thereon shall relieve any party to such proceedings from any penalty otherwise prescribed for violations of this Article.

"§ 113-300.17 Adoption of rules.

The ~~Secretary~~ Director may adopt rules necessary to implement the provisions of this Article pursuant to Chapter 150B of the General Statutes."

SECTION 14.19.(d) G.S. 106-421.1 reads as rewritten:

"§ 106-421.1. Authority of Board of Agriculture to regulate plants.

The Board of Agriculture shall have the sole authority to prohibit the planting, cultivation, harvesting, disposal, handling, or movement of plants as defined in G.S. 106-202.12. This section shall not prevent the designation of plants as noxious aquatic weeds pursuant to ~~Article 15 of Chapter 113A~~Article 22C of Chapter 113 of the General Statutes, nor shall it prevent the adoption or enforcement of city or county ordinances regulating the appearance of property or the handling and collection of solid waste."

SECTION 14.19.(e) G.S. 153A-301(e) reads as rewritten:

"(e) The board of commissioners of a county that adjoins or contains a lake, river, or tributary of a river or lake that has an identified noxious aquatic weed problem may define any number of noxious aquatic weed control service districts composed of property that is contiguous to the water or that provides direct access to the water through a shared, certified access site to the water. As used in this subsection, the term "noxious aquatic weed" is any plant organism identified by the ~~Secretary of Environment and Natural Resources under G.S. 113A-222~~ Executive Director of the Wildlife Resources Commission under G.S. 113-300.12 or regulated as a plant pest by the Commissioner of Agriculture under Article 36 of Chapter 106 of the General Statutes."

SECTION 14.19.(f) The Revisor of Statutes may conform names and titles changed by this section, and may correct statutory references as required by this section, throughout the General Statutes. In making the changes authorized by this section, the Revisor may also adjust subject and verb agreement and the placement of conjunctions.

SECTION 14.19.(g) Under the authority granted by G.S. 113-300.17, as recodified by subsection (c) of this section, the Executive Director of the Wildlife Resources Commission may adopt rules necessary to implement the provisions relative to boat washing for aquatic weed prevention measures, including rules relating to monitoring and enforcement.

SECTION 14.19.(h) The transfer under this section becomes effective July 1, 2014.

SECTION 14.19.(i) G.S. 143-215.73F reads as rewritten:

"§ 143-215.73F. Shallow Draft Navigation Channel Dredging and Lake ~~Dredging~~ Maintenance Fund.

The Shallow Draft Navigation Channel Dredging and Lake ~~Dredging~~ Maintenance Fund is established as a special revenue fund. The Fund consists of fees credited to it under G.S. 75A-3, 75A-38, and 105-449.126. Revenue in the Fund may only be used to provide the State's share of the costs associated with any dredging project designed to keep shallow draft navigation channels located in State waters or waters of the state located within lakes navigable and ~~safe.~~safe, or for aquatic weed control projects in waters of the State located within lakes under Article 22C of Chapter 113 of the General Statutes. Funding for aquatic weed control projects is limited to five

hundred thousand dollars ($500,000) in each fiscal year and will be provided to the Wildlife Resources Commission on a reimbursement basis. Any project funded by revenue from the Fund must be cost-shared with non-State dollars on a one-to-one basis. For purposes of this section, "shallow draft navigation channel" means (i) a waterway connection with a maximum depth of 16 feet between the Atlantic Ocean and a bay or the Atlantic Intracoastal Waterway, (ii) a river entrance to the Atlantic Ocean through which tidal and other currents flow, or (iii) other interior coastal waterways. "Shallow draft navigation channel" includes the Atlantic Intracoastal Waterway and its side channels, Beaufort Harbor, Bogue Inlet, Carolina Beach Inlet, the channel from Back Sound to Lookout Back, channels connected to federal navigation channels, Lockwoods Folly River, Manteo/Shallowbag Bay, including Oregon Inlet, Masonboro Inlet, New River, New Topsail Inlet, Rodanthe, Rollinson, Shallotte River, Silver Lake Harbor, and the waterway connecting Pamlico Sound and Beaufort Harbor."

House Version

AQUATIC WEED CONTROL

SECTION 14.19.(a) Under the authority granted by G.S. 113A-227, the Secretary of the Department of Environment and Natural Resources may adopt rules necessary to implement the provisions relative to boat washing for aquatic weed prevention measures, including rules relating to monitoring and enforcement.

SECTION 14.19.(b) G.S. 143-215.73F reads as rewritten:

"**§ 143-215.73F. Shallow Draft Navigation Channel Dredging and Lake ~~Dredging~~ Maintenance Fund.**

The Shallow Draft Navigation Channel Dredging and Lake ~~Dredging~~ Maintenance Fund is established as a special revenue fund. The Fund consists of fees credited to it under G.S. 75A-3, 75A-38, and 105-449.126. Revenue in the Fund may only be used to provide the State's share of the costs associated with any dredging project designed to keep shallow draft navigation channels located in State waters or waters of the state located within lakes navigable and ~~safe.~~ safe, or for aquatic weed control projects in waters of the State located within lakes under Article 22C of Chapter 113 of the General Statutes. Funding for aquatic weed control projects is limited to five hundred thousand dollars ($500,000) in each fiscal year. Any project funded by revenue from the ~~Fund~~ Fund, with the exception of aquatic weed control projects, must be cost-shared with non-State dollars on a one-to-one basis. For purposes of this section, "shallow draft navigation channel" means (i) a waterway connection with a maximum depth of 16 feet between the Atlantic Ocean and a bay or the Atlantic Intracoastal Waterway, (ii) a river entrance to the Atlantic Ocean through which tidal and other currents flow, or (iii) other interior coastal waterways. "Shallow draft navigation channel" includes the Atlantic Intracoastal Waterway and its side channels, Beaufort Harbor, Bogue Inlet, Carolina Beach Inlet, the channel from Back Sound to Lookout Back, channels connected to federal navigation channels, Lockwoods Folly River, Manteo/Shallowbag Bay, including Oregon Inlet, Masonboro Inlet, New River, New Topsail Inlet, Rodanthe, Rollinson, Shallotte River, Silver Lake Harbor, and the waterway connecting Pamlico Sound and Beaufort Harbor."

Senate and House Differ

Senate Version

COAL ASH MANAGEMENT

SECTION 14.20.(a) If S.B. 729, 2013 Regular Session, or substantially similar legislation regulating coal ash does not become law, funds in the amount of one million seven hundred fifty thousand dollars ($1,750,000) appropriated in this act to the Department of Environment and Natural Resources for coal ash management shall revert to the General Fund.

SECTION 14.20.(b) If S.B. 729, 2013 Regular Session, becomes law, of the funds appropriated in this Act to the Department of Environment and Natural Resources for coal ash management, the Department may use up to five hundred ninety-six thousand dollars ($596,000) in lapsed salary and operating funds in fiscal year 2014-2015 to purchase scientific equipment and two new vehicles to support the ongoing surveys and regulatory activities related to coal ash management activities in the State.

House Version

COAL ASH MANAGEMENT

SECTION 14.20. Of the funds appropriated in this act to the Department of Environment and Natural Resources for coal ash management, the Department may use up to five hundred ninety-six thousand dollars ($596,000) in lapsed salary and operating funds in fiscal year 2014-2015 to purchase scientific equipment and two new vehicles to support the ongoing surveys and regulatory activities related to coal ash management activities in the State.

Senate and House Differ

Senate Version

REDIRECT INTEREST ON CERTAIN ENVIRONMENTAL FUNDS

SECTION 14.21.(a) G.S. 143B-289.59 reads as rewritten:

"§ 143B-289.59. Conservation Fund; Commission may accept gifts.

...

(b) The Marine Fisheries Commission is hereby authorized to issue and sell appropriate emblems by which to identify recipients thereof as contributors to a special marine and estuarine resources Conservation Fund that shall be made available to the Marine Fisheries Commission for conservation, protection, enhancement, preservation, and perpetuation of marine and estuarine species that may be endangered or threatened with extinction and for education about these issues. The special Conservation Fund is subject to oversight of the State Auditor pursuant to Article 5A of Chapter 147 of the General ~~Statutes.~~Statutes, except that interest and other income received on the Fund balance shall be treated as set forth in G.S. 147-69.1(d). Emblems of different sizes, shapes, types, or designs may be used to recognize contributions in different amounts, but no emblem shall be issued for a contribution amounting in value to less than five dollars ($5.00)."

SECTION 14.21.(b) G.S. 143-214.12(a) reads as rewritten:

"(a) Ecosystem Restoration Fund. – The Ecosystem Restoration Fund is established as a nonreverting fund within the Department. The Fund shall be treated as a special trust fund ~~and shall be credited with interest by the State Treasurer~~ pursuant to ~~G.S. 147-69.2 and G.S. 147-69.3~~G.S. 147-69.2, except that interest and other income received on the Fund balance shall be treated as set forth in G.S. 147-69.1(d). The Ecosystem Restoration Fund shall provide a repository for monetary contributions and donations or dedications of interests in real property to promote projects for the restoration, enhancement, preservation, or creation of wetlands and riparian areas and for payments made in lieu of compensatory mitigation as described in subsection (b) of this section. No funds shall be expended from this Fund for any purpose other than those directly contributing to the acquisition, perpetual maintenance, enhancement, restoration, or creation of wetlands and riparian areas in accordance with the basinwide plan as described in G.S. 143-214.10. The cost of acquisition includes a payment in lieu of ad valorem taxes required under G.S. 146-22.3 when the Department is the State agency making the acquisition."

SECTION 14.21.(c) G.S. 113A-253 reads as rewritten:

"§ 113A-253. Clean Water Management Trust Fund.

...

(b) Fund Earnings, Assets, and Balances. – The State Treasurer shall hold the Fund separate and apart from all other moneys, funds, and accounts. ~~Investment earnings credited to the assets of the Fund shall become part of the Fund.~~ Any balance remaining in the Fund at the end of any fiscal year shall be carried forward in the Fund for the next succeeding fiscal year. Payments from the Fund shall be made on the warrant of the Chair of the Board of Trustees.

..."

SECTION 14.21.(d) G.S. 143-215.104C reads as rewritten:

"§ 143-215.104C. Dry-Cleaning Solvent Cleanup Fund.

(a) Creation. – The Dry-Cleaning Solvent Cleanup Fund is established as a special revenue fund to be administered by the Commission. Accordingly, revenue in the Fund at the end of a fiscal

year does not ~~revert and interest and other investment income earned by the Fund must be credited to it.~~revert. The Fund is created to provide revenue to implement this Part.

...."

SECTION 14.21.(e) G.S. 113-44.15 reads as rewritten:

"**§ 113-44.15. Parks and Recreation Trust Fund.**

(a) Fund Created. – There is established a Parks and Recreation Trust Fund in the State Treasurer's Office. The Trust Fund shall be a special revenue fund consisting of gifts and grants to the Trust Fund and other monies appropriated to the Trust Fund by the General Assembly. ~~Investment earnings credited to the assets of the Fund shall become part of the Fund.~~

...."

SECTION 14.21.(f) G.S. 87-98 reads as rewritten:

"**§ 87-98. Bernard Allen Memorial Emergency Drinking Water Fund.**

(a) The Bernard Allen Memorial Emergency Drinking Water Fund is established under the control and direction of the Department. The Fund shall be a ~~nonreverting, interest-bearing~~nonreverting fund consisting of monies appropriated by the General Assembly or made available to the Fund from any other ~~source and investment interest credited to the Fund.~~source.

...."

SECTION 14.21.(g) G.S. 113-175.1(b) reads as rewritten:

"**§ 113-175.1. North Carolina Marine Resources Fund.**

...

(b) The State Treasurer shall hold the Marine Resources Fund separate and apart from all other moneys, funds, and accounts. The State Treasurer shall invest the assets of the Marine Resources Fund in accordance with the provisions of G.S. 147-69.2 and ~~G.S. 147-69.3, and all marine resources investment income shall be deposited to the credit of the Marine Resources Fund.~~ G.S. 147-69.3, except that interest and other income received on the Fund balance shall be treated as set forth in G.S. 147-69.1(d). The State Treasurer shall disburse the principal of the Marine Resources Fund and marine resources investment income only upon the written direction of the Marine Fisheries Commission.

...."

SECTION 14.21.(h) G.S. 90A-42 reads as rewritten:

"**§ 90A-42. Fees.**

...

(b) The Water Pollution Control System Account is established as a nonreverting account within the Department. Fees collected under this section shall be credited to the Account and applied to the costs of administering this Article. Interest and other income received on the Fund balance shall be treated as set forth in G.S. 147-69.1(d)."

SECTION 14.21.(i) G.S. 143-215.94B reads as rewritten:

"**§ 143-215.94B. Commercial Leaking Petroleum Underground Storage Tank Cleanup Fund.**

...

(e) The Commercial Fund shall be treated as a special trust fund ~~and shall be credited with interest by the State Treasurer~~ pursuant to G.S. 147-69.2 and ~~G.S. 147-69.3.~~G.S. 147-69.3, except that interest and other income received on the Fund balance shall be treated as set forth in G.S. 147-69.1(d).

...."

SECTION 14.21.(j) G.S. 143-215.94D reads as rewritten:

"**§ 143-215.94D. Noncommercial Leaking Petroleum Underground Storage Tank Cleanup Fund.**

...

(e) The Noncommercial Fund shall be treated as a special trust fund ~~and shall be credited with interest by the State Treasurer~~ pursuant to G.S. 147-69.2 and ~~G.S. 147-69.3.~~ G.S. 147-69.3,

except that interest and other income received on the Fund balance shall be treated as set forth in G.S. 147-69.1(d).

...."

SECTION 14.21.(k) G.S. 130A-310.11 reads as rewritten:

"**§ 130A-310.11. Inactive Hazardous Sites Cleanup Fund created.**

(a) There is established under the control and direction of the Department the Inactive Hazardous Sites Cleanup Fund. This fund shall be a revolving fund consisting of any monies appropriated for such purpose by the General Assembly or available to it from grants, taxes, and other monies paid to it or recovered by or on behalf of the Department. The Inactive Hazardous Sites Cleanup Fund shall be treated as a nonreverting special trust fund ~~and shall be credited with interest by the State Treasurer~~ pursuant to G.S. 147-69.2 and ~~G.S. 147-69.3.~~ G.S. 147-69.3, except that interest and other income received on the Fund balance shall be treated as set forth in G.S. 147-69.1(d).

...."

SECTION 14.21.(l) G.S. 130A-310.38 reads as rewritten:

"**§ 130A-310.38. Brownfields Property Reuse Act Implementation Account.**

The Brownfields Property Reuse Act Implementation Account is created as a nonreverting ~~interest-bearing~~ account in the Office of the State Treasurer. The Account shall consist of fees and interest collected under G.S. 130A-310.39, moneys appropriated to it by the General Assembly, moneys received from the federal government, moneys contributed by private organizations, and moneys received from any other source. Funds in the Account shall be used by the Department to defray the costs of implementing this Part. The Department may contract with a private entity for any services necessary to implement this Part."

House Version

REDIRECT INTEREST ON CERTAIN ENVIRONMENTAL FUNDS

SECTION 14.21.(a) G.S. 143B-289.59 reads as rewritten:

"**§ 143B-289.59. Conservation Fund; Commission may accept gifts.**

...

(b) The Marine Fisheries Commission is hereby authorized to issue and sell appropriate emblems by which to identify recipients thereof as contributors to a special marine and estuarine resources Conservation Fund that shall be made available to the Marine Fisheries Commission for conservation, protection, enhancement, preservation, and perpetuation of marine and estuarine species that may be endangered or threatened with extinction and for education about these issues. The special Conservation Fund is subject to oversight of the State Auditor pursuant to Article 5A of Chapter 147 of the General ~~Statutes.~~Statutes, except that interest and other income received on the Fund balance shall be treated as set forth in G.S. 147-69.1(d). Emblems of different sizes, shapes, types, or designs may be used to recognize contributions in different amounts, but no emblem shall be issued for a contribution amounting in value to less than five dollars ($5.00)."

SECTION 14.21.(b) G.S. 143-215.104C reads as rewritten:

"**§ 143-215.104C. Dry-Cleaning Solvent Cleanup Fund.**

(a) Creation. – The Dry-Cleaning Solvent Cleanup Fund is established as a special revenue fund to be administered by the Commission. Accordingly, revenue in the Fund at the end of a fiscal year does not ~~revert and interest and other investment income earned by the Fund must be credited to it.~~revert. The Fund is created to provide revenue to implement this Part.

...."

SECTION 14.21.(c) G.S. 87-98 reads as rewritten:

"**§ 87-98. Bernard Allen Memorial Emergency Drinking Water Fund.**

(a) The Bernard Allen Memorial Emergency Drinking Water Fund is established under the control and direction of the Department. The Fund shall be a ~~nonreverting, interest-bearing~~nonreverting fund consisting of monies appropriated by the General Assembly or made available to the Fund from any other ~~source and investment interest credited to the Fund.~~source.

...."

SECTION 14.21.(d) G.S. 90A-42 reads as rewritten:

"**§ 90A-42. Fees.**

...

(b) The Water Pollution Control System Account is established as a nonreverting account within the Department. Fees collected under this section shall be credited to the Account and applied to the costs of administering this Article. Interest and other income received on the Fund balance shall be treated as set forth in G.S. 147-69.1(d)."

SECTION 14.21.(e) G.S. 143-215.94B reads as rewritten:

"**§ 143-215.94B. Commercial Leaking Petroleum Underground Storage Tank Cleanup Fund.**

...

(e) The Commercial Fund shall be treated as a special trust fund ~~and shall be credited with interest by the State Treasurer~~ pursuant to G.S. 147-69.2 and ~~G.S. 147-69.3.~~G.S. 147-69.3, except that interest and other income received on the Fund balance shall be treated as set forth in G.S. 147-69.1(d).

...."

SECTION 14.21.(f) G.S. 143-215.94D reads as rewritten:

"**§ 143-215.94D. Noncommercial Leaking Petroleum Underground Storage Tank Cleanup Fund.**

...

(e) The Noncommercial Fund shall be treated as a special trust fund ~~and shall be credited with interest by the State Treasurer~~ pursuant to G.S. 147-69.2 and ~~G.S. 147-69.3.~~ G.S. 147-69.3, except that interest and other income received on the Fund balance shall be treated as set forth in G.S. 147-69.1(d).

...."

SECTION 14.21.(g) G.S. 130A-310.11 reads as rewritten:

"**§ 130A-310.11. Inactive Hazardous Sites Cleanup Fund created.**

(a) There is established under the control and direction of the Department the Inactive Hazardous Sites Cleanup Fund. This fund shall be a revolving fund consisting of any monies appropriated for such purpose by the General Assembly or available to it from grants, taxes, and other monies paid to it or recovered by or on behalf of the Department. The Inactive Hazardous Sites Cleanup Fund shall be treated as a nonreverting special trust fund ~~and shall be credited with interest by the State Treasurer~~ pursuant to G.S. 147-69.2 and ~~G.S. 147-69.3.~~ G.S. 147-69.3, except that interest and other income received on the Fund balance shall be treated as set forth in G.S. 147-69.1(d).

...."

SECTION 14.21.(h) G.S. 130A-310.38 reads as rewritten:

"**§ 130A-310.38. Brownfields Property Reuse Act Implementation Account.**

The Brownfields Property Reuse Act Implementation Account is created as a nonreverting ~~interest-bearing~~ account in the Office of the State Treasurer. The Account shall consist of fees and interest collected under G.S. 130A-310.39, moneys appropriated to it by the General Assembly, moneys received from the federal government, moneys contributed by private organizations, and moneys received from any other source. Funds in the Account shall be used by the Department to defray the costs of implementing this Part. The Department may contract with a private entity for any services necessary to implement this Part."

Senate and House Differ

Senate Version

SOLID WASTE DISPOSAL TAX USES

SECTION 14.24.(a) G.S. 130A-295.9 reads as rewritten:

"**§ 130A-295.9. Solid waste disposal tax; use of proceeds.**

It is the intent that the proceeds of the solid waste disposal tax imposed by Article 5G of Chapter 105 of the General Statutes shall be used only for the following purposes:

(1) Funds credited pursuant to G.S. 105-187.63(1) to the Inactive Hazardous Sites Cleanup Fund shall be used by the Department of Environment and Natural Resources to fund the assessment and remediation of pre-1983 landfills, except up to ~~thirteen percent (13%)~~ twenty-five percent (25%) of the funds credited under this subdivision may be used to fund administrative expenses related to hazardous and solid waste management, as well as the assessment and remediation of pre-1983 landfills and other inactive hazardous waste sites.

~~(2) Funds credited pursuant to G.S. 105-187.63(3) to the Solid Waste Management Trust Fund shall be used by the Department of Environment and Natural Resources to fund grants to State agencies and units of local government to initiate or enhance local recycling programs and to provide for the management of difficult to manage solid waste, including abandoned mobile homes and household hazardous waste. Up to seven percent (7%) of the funds credited under this subdivision may be used by the Department to administer this Part.~~"

SECTION 14.24.(b) This section applies to funds credited to the Inactive Hazardous Sites Cleanup Fund on or after July 1, 2014.

House Version

SOLID WASTE DISPOSAL TAX CONFORMING CHANGE

SECTION 14.24. G.S. 130A-295.9 reads as rewritten:

"**§ 130A-295.9. Solid waste disposal tax; use of proceeds.**

It is the intent that the proceeds of the solid waste disposal tax imposed by Article 5G of Chapter 105 of the General Statutes shall be used only for the following purposes:

...

~~(2) Funds credited pursuant to G.S. 105-187.63(3) to the Solid Waste Management Trust Fund shall be used by the Department of Environment and Natural Resources to fund grants to State agencies and units of local government to initiate or enhance local recycling programs and to provide for the management of difficult to manage solid waste, including abandoned mobile homes and household hazardous waste. Up to seven percent (7%) of the funds credited under this subdivision may be used by the Department to administer this Part.~~"

House Only

ELIMINATE WASTE MANAGEMENT FEE CAP

SECTION 14.24A. G.S. 130A-294.1(c) is repealed.

House Only

DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES MANAGEMENT FLEXIBILITY

SECTION 14.24B.(a) Notwithstanding S.L. 2013-360 and G.S. 143C-6-4, the Department of Environment and Natural Resources may take the two million dollar ($2,000,000) reduction from sources other than efficiencies created by consolidating the Divisions of Water Resources and Water Quality, subject to the following restrictions:

(1) No State attraction proposed for closure in the Appropriations Act of 2014, S.B. 744, 2013 Regular Session, as passed by either the Senate or the House of Representatives but not adopted when the Appropriations Act of 2014 becomes law, may be included in the reduction by the Department.

(2) No program or item expansion funds appropriated for the 2013-2015 fiscal biennium to the Department shall be used to offset the management flexibility reduction under this section.

SECTION 14.24B.(b) The Department shall report on the reductions made as required by this section no later than October 1, 2014, to the chairs of the Senate Appropriations Committee on Natural and Economic Resources, the House of Representatives Appropriations Subcommittee on Natural and Economic Resources, and the Fiscal Research Division.

Senate and House Differ

Senate version omitted, because only difference is drafting error correction.

House Version

WILDLIFE LICENSING CHANGES

SECTION 14.25.(a) G.S. 113-270.3(b)(1b) reads as rewritten:

"(b) The special activity licenses and stamp issued by the Wildlife Resources Commission are as follows:

...

(1b) Bear Management Stamp – $10.00. This electronically generated stamp must be procured before taking any bear within the State. Notwithstanding any other provision of law, a resident or nonresident individual may not take any bear within the State without procuring this stamp; provided, that those persons who have purchased a lifetime license established by G.S. 113-270.1D(b), 113-270.2(c)(2), or 113-351(c)(3) prior to July 1, 2014, and those persons exempt from the license requirements as set forth in ~~G.S. 113-276(c)~~ G.S. 113-276(c), G.S. 113-276(d), and G.S. 113-276(n) shall obtain this stamp free of charge. All of the revenue generated by this stamp shall be dedicated to black bear research and management."

SECTION 14.25.(b) G.S. 113-174.2 reads as rewritten:

"**§ 113-174.2. Coastal Recreational Fishing License.**

...

(c) Types of CRFLs; Fees; Duration. – The Wildlife Resources Commission shall issue the following CRFLs:

(1) Annual Resident CRFL. – $15.00. This license is valid ~~for a period of one year from the date of issuance.~~from the date of issue for a period of 12 months as defined by G.S. 113-270.1B(b) and G.S. 113-270.1B(c). This license shall be issued only to an individual who is a resident of the State.

(1a) Annual Nonresident CRFL. – $30.00. This license is valid ~~for a period of one year from the date of issuance.~~ from the date of issue for a period of 12 months as defined by G.S. 113-270.1B(b) and G.S. 113-270.1B(c). This license shall be issued only to an individual who is not a resident of the State.

(2) Repealed by Session Laws 2005-455, s. 1.4, effective January 1, 2007.

(3) Repealed by Session Laws 2005-455, s. 1.4, effective January 1, 2007.

(4) Ten-Day Resident CRFL. – $5.00. This license is valid for a period of 10 consecutive days, as indicated on the license. This license shall be issued only to an individual who is a resident of the State.

(4a) Ten-Day Nonresident CRFL. – $10.00. This license is valid for a period of 10 consecutive days, as indicated on the license. This license shall be issued only to an individual who is not a resident of the State.

(5) Repealed by Session Laws 2005-455, s. 1.4, effective January 1, 2007.

(6) Lifetime CRFLs. – Except as provided in sub-subdivision j. of this subdivision, CRFLs issued under this subdivision are valid for the lifetime of the licensee.

a. –d. Repealed by Session Laws 2005-455, s. 1.4, effective January 1, 2007.

e. Infant Lifetime CRFL. – $100.00. This license shall be issued only to an individual younger than one year of age.

f. Youth Lifetime CRFL. – $150.00. This license shall be issued only to an individual who is one year of age or older but younger than 12 years of age.

g. **(Effective until August 1, 2014)** Resident Adult Lifetime CRFL. – $250.00. This license shall be issued only to an individual who is 12 years of age or older but younger than 65 years of age and who is a resident of the State.

g. **(Effective August 1, 2014)** Resident Adult Lifetime CRFL. – $250.00. This license shall be issued only to an individual who is 12 years of age or older but younger than 70 years of age and who is a resident of the State.

h. Nonresident Adult Lifetime CRFL. – $500.00. This license shall be issued only to an individual who is 12 years of age or older and who is not a resident of the State.

i. **(Effective until August 1, 2014)** Resident Age 65 Lifetime CRFL. – $15.00. This license shall be issued only to an individual who is 65 years of age or older and who is a resident of the State.

i. **(Effective August 1, 2014)** Resident Age 70 Lifetime CRFL. – $15.00. This license shall be issued only to an individual who is 70 years of age or older and who is a resident of the State.

j. Resident Disabled Veteran CRFL. – $10.00. This license shall be issued only to an individual who is a resident of the State and who is a fifty percent (50%) or more disabled veteran as determined by the United States Department of Veterans ~~Affairs.~~Affairs or as established by G.S. 113-351(c)(3)(f). This license remains valid for the lifetime of the licensee so long as the licensee remains fifty percent (50%) or more disabled.

k. Resident Totally Disabled CRFL. – $10.00. This license shall be issued only to an individual who is a resident of the State and who is totally and permanently disabled as determined by the Social Security ~~Administration.~~Administration or as established by G.S. 113-351(c)(3)(g).

...."

SECTION 14.25.(c) G.S. 113-173 reads as rewritten:

"**§ 113-173. Recreational Commercial Gear License.**

...

(f) Duration; Fees. – The RCGL shall be valid ~~for a one year period from the date of purchase.~~ from the date of issue for a period of 12 months as defined by G.S. 113-270.1B(b) and G.S. 113-270.1B(c). The fee for a RCGL for a North Carolina resident shall be forty-three dollars and seventy-five cents ($43.75). The fee for a RCGL for an individual who is not a North Carolina resident shall be three hundred twelve dollars and fifty cents ($312.50).

...."

SECTION 14.25.(d) G.S. 113-351 reads as rewritten:

"**§ 113-351. Unified hunting and fishing licenses; subsistence license waiver.**

(a) Definitions. – The definitions set out in G.S. 113-174 apply to this Article.

(b) General Provisions Governing Licenses and Waivers. – The general provisions governing licenses set out in G.S. 113-174.1 apply to licenses and waivers issued under this section.

(c) Types of Unified Hunting and Fishing Licenses; Fees; Duration. – The Wildlife Resources Commission shall issue the following Unified Hunting and Fishing Licenses:

(1) Annual Resident Unified Sportsman/Coastal Recreational Fishing License. – $55.00. This license is valid ~~for a period of one year from the date of issuance.~~ from the date of issue for a period of 12 months as defined by G.S. 113-270.1B(b) and G.S. 113-270.1B(c). This license shall be issued only to an individual who is a resident of the State. This license authorizes the licensee to take all wild animals and wild birds, including waterfowl, by all lawful methods in all open seasons, including the use of game lands; to fish with hook and line for all fish in all inland fishing waters and joint fishing waters, including public mountain trout waters; and to engage in recreational fishing in coastal fishing waters.

(2) Annual Resident Unified Inland/Coastal Recreational Fishing License. – $35.00. This license is valid ~~for a period of one year from the date of issuance.~~ from the date of issue for a period of 12 months as defined by G.S. 113-270.1B(b) and G.S. 113-270.1B(c). This license shall be issued only to an individual who is a resident of the State. This license authorizes the licensee to fish with hook and line for all fish in all inland fishing waters and joint fishing waters, including public mountain trout waters, and to engage in recreational fishing in coastal fishing waters.

...."

SECTION 14.25.(e) G.S. 113-270.1D reads as rewritten:

"**§ 113-270.1D. Sportsman licenses.**

(a) Annual Sportsman License – $50.00. This license shall be issued only to an individual resident of the State and entitles the licensee to take all wild animals and wild birds, including waterfowl, by all lawful methods in all open seasons, including the use of game lands, and to fish with hook and line for all fish in all inland and joint fishing waters, including public mountain trout waters. An annual sportsman license issued under this subsection does not entitle the licensee to engage in recreational fishing in coastal fishing waters that are not joint fishing waters.

(b) Lifetime Sportsman Licenses. Except as provided in subdivision (7) of this subsection, lifetime sportsman licenses are valid for the lifetime of the licensees. Lifetime sportsman licenses entitle the licensees to take all wild animals and wild birds by all lawful methods in all open seasons, including the use of game lands, and to fish with hook and line for all fish in all inland and joint fishing waters, including public mountain trout waters. A lifetime sportsman license issued under this subsection does not entitle the licensee to engage in recreational fishing in coastal fishing waters that are not joint fishing waters. Lifetime sportsman licenses issued by the Wildlife Resources Commission are:

...

(3) Adult Resident Lifetime Sportsman License – $500.00. This license shall be issued only to an individual resident of the ~~State.~~State who is 12 years of age or older but younger than 70 years of age.

(4) Nonresident Lifetime Sportsman License – ~~$1,200~~ $1,200. This license shall be issued only to an individual nonresident of the State.

(5) Age 70 Resident Lifetime Sportsman License – $15.00.This license shall be issued only to an individual resident of the State who is at least 70 years of age.

(6) Repealed by Session Laws 2005-455, s. 1.7 effective January 1, 2007.

(7) Resident Disabled Veteran Lifetime Sportsman License – $100.00. This license shall be issued only to an individual who is a resident of the State and who is a fifty percent (50%) or more disabled veteran as determined by the United States Department of Veterans Affairs or as established by rules of the Wildlife Resources Commission. This license remains valid for the lifetime of the licensee so long as the licensee remains fifty percent (50%) or more disabled.

(8) Resident Totally Disabled Lifetime Sportsman License – $100.00. This license shall be issued only to an individual who is a resident of the State and who is totally and permanently disabled as determined by the Social Security Administration or as established by rules of the Wildlife Resources Commission."

SECTION 14.25.(f) Subsections (a) and (e) of this section become effective August 1, 2014.

Senate and House Differ

Senate Version

INTERAGENCY DEER OVERSIGHT REPORT

SECTION 14.26.(a) The Wildlife Resources Commission and the Department of Agriculture and Consumer Services shall jointly study the risks associated with the spread of Chronic Wasting Disease (CWD), also known as transmissible spongiform encephalopathy, due to the importation of cervids from outside the State. The Department shall report no later than January 15, 2015, to the Agriculture and Forestry Awareness Study Commission, the Environmental Review Commission, and the Fiscal Research Division. The report shall include the following:

(1) Proposals and recommendations to minimize the risk exposure and potential cost to the State associated with containment, condemnation, and mitigation costs associated with an outbreak of CWD in the State.

(2) Proposed legislation and regulations necessary to implement the recommendations made in response to subdivision (1) of this subsection and to indemnify the State from any costs of a CWD outbreak associated with importation of infected deer.

(3) Recommendations as to which Department or Commission is most appropriate to oversee and permit the transportation and importation of captive cervids by the State.

SECTION 14.26.(b) No State Department or Commission shall issue a transportation permit for the importation of cervids into the State until the General Assembly has taken final action in response to the recommendations made under this section.

House Version

TRANSFER RESPONSIBILITY FOR DEER OVERSIGHT TO DACS

SECTION 14.26.(a) Article 49H of Chapter 106 of the General Statutes reads as rewritten:

"Article 49H.

"~~Production and Sale~~Production, Sale, Transportation, and Licensing of Fallow Deer and Red Deer.

"**§ 106-549.97. Regulation by Department of Agriculture and Consumer Services of certain cervids produced and sold for commercial purposes; ~~certain authority of North Carolina Wildlife Resources Commission not affected;~~definitions.**

(a) The Department of Agriculture and Consumer Services shall regulate the production and sale of farmed cervids. The Board of Agriculture shall adopt rules for the production and sale of farmed cervids in such a manner as to provide for close supervision of any person, firm, or corporation producing and selling farmed ~~cervids and shall notify any such person, firm, or corporation that the activity is subject to compliance with Wildlife Resources Commission rules pursuant to G.S. 113-272.6.~~cervids.

~~(b) The North Carolina Wildlife Resources Commission shall regulate the possession and transportation, including importation and exportation, of cervids pursuant to G.S. 113-272.6.~~

(c) The following definitions apply in this Article:

(1) Repealed by Session Laws 2003-344, s. 11, effective July 27, 2003.

(2) Repealed by Session Laws 2003-344, s. 11, effective July 27, 2003.

(3) Cervid or Cervidae. – All animals in the Family Cervidae (elk and deer).

(4) Farmed Cervid. – Any member of the Cervidae family, other than white-tailed deer, elk, mule deer, or black-tailed deer, that is bought and sold for commercial purposes.

(5) White-tailed deer. – A member of the species Odocoileus virginianus."

"**§ 106-549.97A. Transportation of cervids and licensing of captive cervid facilities.**

(a) The Department of Agriculture and Consumer Services shall regulate the transportation, including importation and exportation, and possession of cervids. The Board of Agriculture shall adopt rules to implement this section, including requirements for captivity licenses, captivity permits, and transportation permits. The rules adopted pursuant to this section shall establish standards of care for the transportation and possession of cervids, including requirements for fencing, tagging, record keeping, and inspection of captive cervid facilities. Notwithstanding any other provision of law, the Board may charge a fee of up to fifty dollars ($50.00) for the processing of applications for captivity licenses, captivity permits, and transportation permits, and the renewal or modification of those licenses and permits. The fees collected shall be applied to the costs of administering this section.

(b) Every applicant for a transportation permit shall comply with the Department's requirements for transportation pursuant to Article 34 of Chapter 106 of the General Statutes.

(c) Notwithstanding any other provision of law, the Board shall issue captivity licenses, captivity permits, or transportation permits to any person possessing cervids that were held in captivity by that person prior to May 17, 2002, if the Commissioner finds that the applicant has come into compliance with all applicable rules related to the holding of cervids in captivity by January 1, 2004, and that issuance of such license or permit does not pose unreasonable risk to the conservation of wildlife resources.

(d) Any captivity license, captivity permit, or cervids held contrary to the provisions of this section may be subject to forfeiture and disposition in accordance with the provisions of this Article.

(e) The Board shall issue rules requiring that any applicant for a transportation permit indemnify or provide another form of financial assurance acceptable to the Board to protect the State from any costs or liabilities related to the activities authorized by the permit.

...

"**§ 106-549.99. Regulations for control and prevention of diseases and disorders.**

The Commissioner may adopt regulations and procedures for the disposition of cervids infected with diseases or disorders or kept or moved in violation of this Article and pursuant regulations. Such regulations may authorize the Commissioner to quarantine, destroy, confiscate, or otherwise dispose of, eradicate, establish cleanup areas, and require owners to disinfect, fumigate, treat with drugs, or destroy cervids at their own expense or to take measures to eradicate cervid diseases or disorders.

The Commissioner shall have authority to allow, require, or forbid use of drugs in the control of cervid diseases or disorders and may define as infested or infected symptomless carriers of a disease or disorder and consider cervids which have been exposed to a disease or disorder to be infected or infested. The Commissioner may take emergency action pursuant to the provisions in this Article if needed to protect the cervid industry in North Carolina or wild cervid populations. Such action shall remain in force until rescinded by the Commissioner.

"**§ 106-549.100. Designation of persons to administer Article; inspections.**

The Commissioner shall have the authority to designate such employees of the Department or persons collaborating with the Department as may seem expedient to carry out the duties and exercise the powers provided by this Article. The Commissioner is authorized to survey or inspect premises of any person maintaining a population of cervids, inspect cervids for diseases and disorders, and otherwise enforce the provisions of this Article and associated regulations. The Commissioner or his or her designated agent shall have authority to enter upon any premises to inspect any cervids to determine the presence or absence of diseases or disorders.

Such inspections and other activities may be conducted with the permission of the owner or person in charge. If permission is denied the Commissioner or his or her designated agent, the inspections and other activities may be conducted in a reasonable manner, with a warrant, with respect to any premises or vehicles. The warrant shall be issued pursuant to Article 4A of Chapter 15 of the General Statutes. A superior court judge may issue confiscation orders on any cervids for which confiscation is authorized in this Article or pursuant regulations.

"**§ 106-549.101. Penalties.**

The Commissioner may assess a civil penalty of not more than ten thousand dollars ($10,000) against a person who violates this Article or a rule adopted to implement this Article. In determining the amount of the penalty, the Commissioner shall consider the degree and extent of harm caused by the violation. No civil penalty may be assessed under this section unless the person has been given the opportunity for a hearing pursuant to the Administrative Procedure Act, Chapter 150B of the General Statutes. If not paid within 30 days after the effective date of a final decision by the Commissioner, the penalty may be collected by any lawful means for the collection of a debt. The clear proceeds of civil penalties assessed pursuant to this subsection shall be remitted to the Civil Penalty and Forfeiture Fund in accordance with G.S. 115C-457.2."

SECTION 14.26.(b) G.S. 113-272.6 reads as rewritten:

"**§ 113-272.6. ~~Transportation of cervids and licensing of captive cervid facilities.~~Regulation of hunted cervid carcasses.**

~~(a)~~ The Wildlife Resources Commission shall regulate the transportation, including importation and exportation, and possession of ~~cervids, including~~ cervid game carcasses and parts of cervid game carcasses extracted by hunters. The Commission shall adopt rules to implement this ~~section, including requirements for captivity licenses, captivity permits, and transportation permits. The rules adopted pursuant to this section shall establish standards of care for the transportation and possession of cervids, including requirements for fencing, tagging, record keeping, and inspection of captive cervid facilities.~~section. Notwithstanding any other provision of law, the Commission may charge a fee of up to fifty dollars ($50.00) for the ~~processing~~ processing of applications ~~for captivity licenses, captivity permits, and transportation permits, and the renewal or modification of~~

~~those licenses and permits~~ for permits issued under this section and the renewal or modification of those permits. The fees collected shall be applied to the costs of administering this section.

~~(b) The Wildlife Resources Commission shall notify every applicant for a transportation permit that any permit issued is subject to the applicant's compliance with the Department of Agriculture and Consumer Services' requirements for transportation pursuant to Article 34 of Chapter 106 of the General Statutes.~~

~~(c) The Department of Agriculture and Consumer Services shall regulate the production and sale of farmed cervids for commercial purposes pursuant to G.S. 106-549.97.~~

~~(d) Notwithstanding any other provision of law, the North Carolina Wildlife Resources Commission shall issue captivity licenses, captivity permits, or transportation permits to any person possessing cervids that were held in captivity by that person prior to May 17, 2002, if the Executive Director finds that the applicant has come into compliance with all applicable rules related to the holding of cervids in captivity by January 1, 2004, and that issuance of such license or permit does not pose unreasonable risk to the conservation of wildlife resources.~~

~~(e) Any captivity license, captivity permit, or cervids held contrary to the provisions of this section may be subject to forfeiture and disposition in accordance with the provisions of G.S. 113-137 or G.S. 113-276.2."~~

SECTION 14.26.(c) The Department of Agriculture and Consumer Services shall study the risks associated with the spread of Chronic Wasting Disease, also known as transmissible spongiform encephalopathy, due to the importation of cervids from outside the State. The Department shall report no later than February 1, 2015, to the Chairs of the Appropriations Subcommittee on Natural and Economic Resources of the House of Representatives, the Chairs of the Appropriations Committee on Natural and Economic Resources of the Senate, and the Fiscal Research Division with its proposals and recommendations for the best methods of minimizing the potential cost to the State associated with containment, condemnation, and mitigation costs associated with an outbreak of Chronic Wasting Disease in the State.

SECTION 14.26.(d) The Commissioner shall not issue a transportation permit for the importation of cervids into the State prior to July 1, 2015.

House Only

INTERSTATE CHEMICALS CLEARINGHOUSE

SECTION 14.27. The Department of Environment and Natural Resources is authorized to join the Interstate Chemicals Clearinghouse for the purpose of access to key data necessary to enhance safety in the use of toxic substances.

House Only

WATER AND SEWER FUNDS/FOREST CITY

SECTION 14.28. Of the funds appropriated in this act to the Department of Environment and Natural Resources for grants to local governments for critical needs water infrastructure development grants, the sum of seventeen thousand five hundred dollars ($17,500) shall be allocated to the town of Forest City for a water line extension.

Senate Only

ABC COMMISSION/USE OF FUNDS CREDITED TO ABC COMMISSION FUND

SECTION 15.1. G.S. 18B-208 reads as rewritten:

"**§ 18B-208. ABC Commission bonds and funds.**

...

(b) Special Fund. – A special fund in the office of the State Treasurer, the ABC Commission Fund, is created. On and after November 1, 1982, all moneys derived from the collection of bailment charges and bailment surcharges shall be deposited in the ABC Commission Fund for the purpose of carrying out the provisions of this Chapter. The ABC Commission Fund shall be subject to the provisions of the State Budget Act except that no unexpended surplus of this fund shall revert to the General Fund. The Commission shall fix the level of the bailment surcharges at an amount calculated to cover operating expenses of the Commission and the retirement of bonds issued for construction of a Commission warehouse and offices. Upon payment of the bonds issued pursuant to this section, the Commission shall reduce the bailment surcharge to an amount no greater than necessary to pay operating expenses of the Commission as authorized by the General Assembly.

All moneys credited to the ABC Commission Fund shall be used to carry out the intent and purposes of the ABC law in accordance with plans approved by the North Carolina ABC Commission and the Director of the ~~Budget, and all these funds are appropriated, reserved, set aside, and made available until expended for the administration of the ABC law.~~Budget. The moneys in the Fund shall be expended only upon an act of appropriation by the General Assembly."

Senate Only

LOTTERY COMMISSION/LIMITS ON COMPENSATION INCREASES

SECTION 15.2. G.S. 18C-173 reads as rewritten:

"**§ 18C-173. Limits on compensation increases.**

(a) Notwithstanding G.S. 18C-114(a)(11) and G.S. 18C-120(b)(3), the Lottery Commission, during any fiscal year, may not expend funds for merit and performance-based salary increases in excess of the funds that would have been expended had the Lottery Commission employees received the same across-the-board salary increases granted by the General Assembly to State employees subject to the North Carolina Human Resources Act. These merit and performance-based salary increases may be awarded on an aggregated average basis according to rules adopted by the Lottery Commission.

(b) Notwithstanding G.S. 18C-114(a)(11) and G.S. 18C-120(b)(3), the Lottery Commission, during any fiscal year, shall not expend funds for merit- and performance-based salary increases if the General Assembly has provided in the Current Operations Appropriations Act or any other act enacted by the General Assembly for that fiscal year that funds are to be expended for across-the-board salary increases only."

House Only

TRANSFER ABC COMMISSION TO DEPARTMENT OF PUBLIC SAFETY

SECTION 15.2A.(a) The North Carolina Alcoholic Beverage Control Commission is hereby transferred to the Department of Public Safety. This transfer shall have all of the elements of a Type II transfer, as described in G.S. 143A-6.

SECTION 15.2A.(b) G.S. 143B-431(a)(2)a. is repealed.

SECTION 15.2A.(c) G.S. 143B-433(1)a. is repealed.

SECTION 15.2A.(d) G.S. 18B-200(a) reads as rewritten:

"**§ 18B-200. North Carolina Alcoholic Beverage Control Commission.**

(a) Creation of Commission; compensation. – The North Carolina Alcoholic Beverage Control Commission is created to consist of a chairman and two associate members. The Commission shall be administratively located within the Department of Public Safety but shall exercise its powers independently of the Secretary of Public Safety. The chairman shall devote his full time to his official duties and receive a salary fixed by the General Assembly in the Current Operations Appropriations Act. The associate members shall be compensated for per diem, subsistence and travel as provided in Chapter 138 of the General Statutes."

SECTION 15.2A.(e) G.S. 143B-600 reads as rewritten:

"**§ 143B-600. Organization.**

(a) There is established the Department of Public Safety. The head of the Department of Public Safety is the Secretary of Public Safety, who shall be known as the Secretary.

(b) The powers and duties of the deputy secretaries, commissioners, directors, and the divisions of the Department shall be subject to the direction and control of the Secretary of Public ~~Safety.~~Safety, except that the powers and duties of the North Carolina Alcoholic Beverage Control Commission shall be exercised independently of the Secretary, in accordance with G.S. 18B-200."

SECTION 15.2A.(f) This section becomes effective October 1, 2014.

House Only

SET REGULATORY FEE FOR UTILITIES COMMISSION

SECTION 15.2B. Section 15.1(a) of S.L. 2013-360 reads as rewritten:

"**SECTION 15.1.(a)** The percentage rate to be used in calculating the public utility regulatory fee under G.S. 62-302(b)(2) is ~~thirteen one-hundredths of one percent (0.13%)~~ fourteen one-hundredths of one percent (0.14%) for each public utility's North Carolina jurisdictional revenues earned during each quarter that begins ~~on or after July 1, 2013, and~~ on or after July 1, 2014."

Senate Only

CREATION OF COLLABORATION FOR PROSPERITY ZONES

SECTION 15.3A.1. Intent to Create Collaboration for Prosperity Zones. – It is the intent of the General Assembly to establish geographically uniform zones in this State to facilitate collaborative and coordinated planning and use of resources, to improve cooperation with other governmental and nonprofit entities at the local and regional level, to facilitate administrative efficiencies within State government, to receive advice on economic development issues by local entities, and, to the extent feasible, to establish one-stop sources in each region for citizens and businesses seeking State services at a regional level.

SECTION 15.3A.2. Article 1 of Chapter 143B of the General Statutes is amended by adding a new section to read:

"**§ 143B-28.1. Create Collaboration for Prosperity Zones.**

For purposes of enhanced collaboration and cooperation between governmental agencies, planning, use of resources, and improved efficiency at a regional level, the State is hereby divided into eight permanent zones as follows:

(1) Western Region, consisting of Buncombe, Cherokee, Clay, Graham, Haywood, Henderson, Jackson, Macon, Madison, Polk, Rutherford, Swain, and Transylvania Counties.

(2) Northwest Region, consisting of Alleghany, Ashe, Alexander, Avery, Burke, Caldwell, Catawba, McDowell, Mitchell, Watauga, Wilkes, and Yancey Counties.

(3) Southwest Region, consisting of Anson, Cabarrus, Cleveland, Gaston, Iredell, Lincoln, Mecklenburg, Rowan, Stanly, and Union Counties.

(4) Piedmont-Triad (Central) Region, consisting of Alamance, Caswell, Davidson, Davie, Forsyth, Guilford, Randolph, Rockingham, Stokes, Surry, and Yadkin Counties.

(5) North Central Region, consisting of Chatham, Durham, Edgecombe, Franklin, Granville, Harnett, Johnston, Lee, Nash, Orange, Person, Vance, Wake, Warren, and Wilson Counties.

(6) Sandhills (South Central) Region, consisting of Bladen, Columbus, Cumberland, Hoke, Montgomery, Moore, Richmond, Robeson, Sampson, and Scotland Counties.

(7) Northeast Region, consisting of Beaufort, Bertie, Camden, Chowan, Currituck, Dare, Gates, Halifax, Hertford, Hyde, Martin, Northampton, Pasquotank, Perquimans, Pitt, Tyrrell, and Washington Counties.

(8) Southeast Region, consisting of Brunswick, Carteret, Craven, Duplin, Greene, Jones, Lenoir, New Hanover, Onslow, Pamlico, Pender, and Wayne Counties."

SECTION 15.3A.3. Agencies shall, by January 1, 2015, report to the Joint Legislative Commission on Governmental Operations, the Senate Appropriations/Base Budget Committee, and the House Appropriations Committee on how they plan to establish Collaboration for Prosperity Zones as defined by this act.

SECTION 15.3A.4. G.S. 115C-65 reads as rewritten:

"**§ 115C-65. State divided into districts.**

The State of North Carolina shall be divided into eight educational ~~districts embracing the counties herein set forth:~~districts, which shall match the composition of the zones set forth in G.S. 143B-28.1.

~~**FIRST DISTRICT**~~

~~Beaufort, Bertie, Camden, Chowan, Currituck, Dare, Gates, Hertford, Hyde, Martin, Pasquotank, Perquimans, Pitt, Tyrrell, Washington.~~

~~**SECOND DISTRICT**~~

~~Brunswick, Carteret, Craven, Duplin, Greene, Jones, Lenoir, New Hanover, Onslow, Pamlico, Pender, Sampson, Wayne.~~

~~**THIRD DISTRICT**~~

~~Durham, Edgecombe, Franklin, Granville, Halifax, Johnston, Nash, Northampton, Vance, Wake, Warren, Wilson.~~

~~**FOURTH DISTRICT**~~

~~Bladen, Columbus, Cumberland, Harnett, Hoke, Lee, Montgomery, Moore, Richmond, Robeson, Scotland.~~

~~**FIFTH DISTRICT**~~

~~Alamance, Caswell, Chatham, Davidson, Forsyth, Guilford, Orange, Person, Randolph, Rockingham, Stokes.~~

~~**SIXTH DISTRICT**~~

~~Anson, Cabarrus, Cleveland, Gaston, Lincoln, Mecklenburg, Stanly, Union.~~

~~**SEVENTH DISTRICT**~~

~~Alexander, Alleghany, Ashe, Avery, Burke, Caldwell, Catawba, Davie, Iredell, Rowan, Surry, Watauga, Wilkes, Yadkin.~~

~~**EIGHTH DISTRICT**~~

~~Buncombe, Cherokee, Clay, Graham, Haywood, Henderson, Jackson, Macon, Madison, McDowell, Mitchell, Polk, Rutherford, Swain, Transylvania, Yancey.~~"

SECTION 15.3A.5. Section 15.3A.4 of this act becomes effective April 1, 2015. Members of the State Board of Education appointed by the Governor and confirmed by the General Assembly prior to 2015 with terms ending in 2017, 2019, and 2021 shall be designated as the appointees of the following districts for the remainder of the member's current term:

(1) Western Region: Wayne McDevitt
(2) Southwest Region: Gregory Alcorn
(3) Piedmont-Triad (Central) Region: A.L. Collins
(4) Sandhills (South Central) Region: Olivia Oxendine
(5) Northeast Region: Rebecca Taylor
(6) Southeast Region: Reginald Kenan

Senate Only

REQUIRE AT LEAST ONE LIAISON IN EACH COLLABORATION FOR PROSPERITY ZONE

SECTION 15.3B.1. No later than January 1, 2015, the Departments of Commerce, Environment and Natural Resources, and Transportation shall have at least one employee physically located in the same office in each of the Collaboration for Prosperity Zones set out in G.S. 143B-28.1 to serve as that department's liaison with the other departments and with local governments, schools and colleges, planning and development bodies, and businesses in that zone. The departments shall jointly select the office.

No later than January 1, 2015, the Community Colleges System Office shall designate at least one representative from a community college or from the Community Colleges System Office to serve as a liaison in each Collaboration for Prosperity Zone for the community college system, the community colleges in the zone, and other technical colleges and schools within the zone. A liaison may be from a business center located in a community college. These liaisons are not required to be collocated with the liaisons from the Departments of Commerce, Environment and Natural Resources, and Transportation.

No later than January 1, 2015, the State Board of Education shall designate at least one representative from a local school administrative unit or from the Department of Public Instruction to serve as a liaison in each Collaboration for Prosperity Zone for the local school administrative units and other public schools within the zone. These liaisons are not required to be collocated with the liaisons from the Departments of Commerce, Environment and Natural Resources, and Transportation.

SECTION 15.3B.2. In addition to other related tasks assigned by their respective agencies, liaisons in each Collaboration for Prosperity Zone shall work to enhance collaboration and cooperation between their departments and other State agencies, local governmental agencies, and other regional public and nonprofit entities. The liaisons from the Departments of Environment and Natural Resources and Transportation shall work to consolidate and simplify the process for citizens and businesses seeking permits from their respective agencies. The liaisons from the Department of Commerce shall be used to support local economic development efforts, to coordinate such efforts, and to coordinate the Department of Commerce's activities within each Collaboration for Prosperity Zone. The liaisons from the community college system and local school administrative units shall work closely with the Department of Commerce and other State and local governmental agencies and local businesses in the zone to promote job development through career technical education.

SECTION 15.3B.3.(a) The Departments of Transportation and Environment and Natural Resources shall jointly report to the Office of State Budget and Management, the Joint Legislative Commission on Governmental Operations, the Joint Legislative Transportation Oversight Committee, the Environmental Review Commission, the Senate Appropriations/Base Budget Committee, and the House Appropriations Committee, as follows:

(1) No later than January 1, 2015, on the establishment of collocated liaisons within each Collaboration for Prosperity Zone and a description of the activities the liaisons have been assigned to perform.

(2) No later than April 1, 2015, on the activities of the liaisons, specifically any activities undertaken that resulted in enhanced collaboration and coordination with the other department and with other governmental agencies, improved administrative efficiencies, and any steps taken to make services to citizens and businesses within each zone more efficient, economical, and user-friendly.

SECTION 15.3B.3.(b) The Community Colleges System Office and the State Board of Education shall each report to the Office of State Budget and Management, the Joint Legislative

Commission on Governmental Operations, the Joint Legislative Education Oversight Committee, the Senate Appropriations/Base Budget Committee, and the House Appropriations Committee, as follows:

(1) No later than January 1, 2015, on the establishment of liaisons within each Collaboration for Prosperity Zone and a description of the activities the liaisons have been assigned to perform.

(2) No later than April 1, 2015, on the activities of the liaisons, specifically any activities undertaken that resulted in enhanced collaboration and coordination with other governmental agencies, improved planning on use of educational resources, and improved administrative efficiencies.

SECTION 15.3B.3.(c) The Department of Commerce shall report to the Office of State Budget and Management, the Joint Legislative Economic Development and Global Engagement Oversight Committee, the Joint Legislative Commission on Governmental Operations, the Senate Appropriations/Base Budget Committee, and the House Appropriations Committee, as follows:

(1) No later than January 1, 2015, on the establishment of liaisons within each Collaboration for Prosperity Zone and a description of the activities the liaisons have been assigned to perform.

(2) No later than April 1, 2015, on the activities of the liaisons, specifically any activities undertaken that resulted in enhanced collaboration and coordination with other governmental agencies, improved planning on use of economic development resources, and improved administrative efficiencies.

SECTION 15.3B.4. The Departments of Commerce, Environment and Natural Resources, and Transportation, the Community Colleges System Office, and the State Board of Education shall use funds available to carry out the requirements of this section. Nothing in Sections 15.3A.1 through 15.3B.5 of this act shall be construed as an authorization for payment of additional compensation for persons serving as liaisons.

SECTION 15.3B.5. Sections 15.3B.1 through 15.3B.5 expire July 1, 2018.

Senate Only

GENERAL ASSEMBLY REVIEW OF REPORTS

SECTION 15.3C.1.(a) It is the intent of the General Assembly to receive and review the reports required by Section 15.3B.3 of this act concerning the creation of the Collaboration for Prosperity Zones and to use those reports to further address the following topics:

(1) Enhancing collaboration and cooperation between State and other governmental agencies in order to streamline and improve services to citizens and businesses, to make such services more user-friendly, and to implement collaborative and cooperative interagency measures to enhance access to services.

(2) Reducing barriers faced by citizens and businesses in accessing services that are unnecessarily caused by agency specialization, which may produce a "silo mentality."

(3) Additional recommendations regarding liaison personnel, including expanding the requirement to other State departments.

(4) Ways to integrate collaboration between educational institutions in each Collaboration for Prosperity Zone on the one hand and other governmental agencies and local businesses on the other.

(5) Requiring the establishment of interagency one-stop shops in each Collaboration for Prosperity Zone.

(6) Consolidating programs or services.

(7) Cross-training employees.

(8) Identifying offices, equipment, and support services that may be efficiently and economically shared between agencies in each Collaboration for Prosperity Zone.

(9) The grouping of counties within each Collaboration for Prosperity Zone to determine whether there is a better configuration while keeping the same overall number of zones.

SECTION 15.3C.1.(b) This section is effective when it becomes law.

Senate and House Differ

Senate Version

MERGE ACCESS NC & DEMAND DRIVEN DATA DELIVERY SYSTEMS/NC BROADBAND REPORTING REQUIREMENT

SECTION 15.7.(a) Of the funds appropriated in this act to the Department of Commerce, the Department shall use the sum of five hundred thousand dollars ($500,000) in the 2014-2015 fiscal year in nonrecurring funds to merge Access NC and Demand Driven Data Delivery to eliminate the duplication of effort in maintaining multiple economic and labor market data systems. By February 1, 2015, and more frequently as requested, the Department shall report to the Joint Legislative Oversight Committee on Information Technology and the Fiscal Research Division on the progress of the merger, including whether there are improved efficiencies and cost savings.

SECTION 15.7.(b) By February 1, 2015, and more frequently as requested, the Office of the State Chief Information Officer shall report to the Joint Legislative Oversight Committee on Information Technology and the Fiscal Research Division on NC Connect activities, including providing an update on how NC Broadband in the Department of Commerce has been incorporated into NC Connect.

House Version

MERGE ACCESS NC & DEMAND DRIVEN DATA DELIVERY SYSTEMS/NC BROADBAND REPORTING REQUIREMENT

SECTION 15.7.(a) Of the funds appropriated in this act to the Department of Commerce, the Department shall use the sum of two hundred fifty thousand dollars ($250,000) in the 2014-2015 fiscal year in nonrecurring funds to merge Access NC and Demand Driven Data Delivery to eliminate the duplication of effort in maintaining multiple economic and labor market data systems. By February 1, 2015, and more frequently as requested, the Department shall report to the Joint Legislative Oversight Committee on Information Technology and the Fiscal Research Division on the progress of the merger, including whether there are improved efficiencies and cost savings.

SECTION 15.7.(b) By February 1, 2015, and more frequently as requested, the Office of the State Chief Information Officer shall report to the Joint Legislative Oversight Committee on Information Technology and the Fiscal Research Division on NC Connect activities, including providing an update on how NC Broadband in the Department of Commerce has been incorporated into NC Connect.

Senate and House Differ

Senate Version

REPEAL COMPETITIVE GRANT PROGRAM FOR UNDERSERVED AND LIMITED RESOURCE COMMUNITIES

SECTION 15.8. Section 15.10B of S.L. 2013-360 is repealed.

House Version

ECONOMIC DEVELOPMENT COMPETITIVE GRANT PROGRAM FOR UNDERSERVED AND LIMITED RESOURCE COMMUNITIES

SECTION 15.8. Section 15.10B(a) of S.L. 2013-360 reads as rewritten:

"**SECTION 15.10B.(a)** Of the funds appropriated in this act to the Department of Commerce (Department), the sum of ~~two million five hundred forty-three thousand twenty-one dollars ($2,543,021)~~one million two hundred fifty thousand dollars ($1,250,000) for the 2014-2015 fiscal year in recurring funds shall be allocated for the Economic Development Competitive Grant Program for Underserved and Limited Resource Communities. The Department shall establish and implement this Program to provide grants to local governments and/or nonprofit organizations to encourage the development of economic development activities, services, and projects that benefit underserved populations and limited resource communities across the State."

Senate and House Differ

Senate Version

COMMUNITY DEVELOPMENT BLOCK GRANTS/STATE MATCHING FUNDS

SECTION 15.9.(a) Of the funds appropriated in this act to the Department of Commerce, the sum of six hundred thirty-seven thousand five hundred dollars ($637,500) in recurring funds for the 2014-2015 fiscal year shall be used to meet the State matching funds requirement for Community Development Block Grant (CDBG) funds. All or a portion of these funds shall be used to purchase and install a new grants management software program in the 2014-2015 fiscal year, which shall be coordinated with the existing grants management module used by the Department of Transportation.

SECTION 15.9.(b) Effective July 1, 2014, the Secretary of Commerce shall reduce expenditures in the amount of six hundred thirty-seven thousand five hundred dollars ($637,500) in recurring funds for the 2014-2015 fiscal year by eliminating full-time equivalent positions in the Division of Community Assistance and the Office of Urban Development (Fund Code 1620). The recurring reductions provided for in this subsection shall be used to offset the cash-match funds appropriated in subsection (a) of this section.

SECTION 15.9.(c) The Department shall provide the remaining required State match funds in-kind by taking the necessary steps to ensure that positions with salaries equaling the sum of six hundred thirty-seven thousand five hundred dollars ($637,500) in recurring funds for the 2014-2015 fiscal year shall be dedicated full-time to performing duties related to CDBG activities. To satisfy the in-kind requirement provided for in this subsection, the Department may include positions in the Department of Environment and Natural Resources, CDBG-Infrastructure, that are funded by the General Fund.

SECTION 15.9.(d) By February 1, 2015, the Department shall report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division regarding (i) the positions eliminated as provided in this section and associated funding and (ii) the manner in which the State match will be achieved and how it will be reported to the United States Department of Housing and Urban Development, CDBG Administration.

House Version

COMMUNITY DEVELOPMENT BLOCK GRANTS/STATE MATCHING FUNDS

SECTION 15.9.(a) Of the funds appropriated in this act to the Department of Commerce, the sum of six hundred thirty-seven thousand five hundred dollars ($637,500) in recurring funds for the 2014-2015 fiscal year shall be used to meet the State matching funds requirement for Community Development Block Grant (CDBG) funds. All or a portion of these funds shall be used to purchase and install a new grants management software program in the 2014-2015 fiscal year.

SECTION 15.9.(b) Effective July 1, 2014, the Secretary of Commerce shall reduce expenditures in the amount of six hundred thirty-seven thousand five hundred dollars ($637,500) in recurring funds for the 2014-2015 fiscal year for the Rural Economic Development Division. However, the Secretary shall not make reductions as provided in this subsection to any grant programs administered by the Rural Economic Development Division. The recurring reductions provided for in this subsection shall be used to offset the cash-match funds appropriated in subsection (a) of this section.

SECTION 15.9.(c) The Department shall provide the remaining required State match funds in-kind by taking the necessary steps to ensure that positions with salaries equaling the sum of six hundred thirty-seven thousand five hundred dollars ($637,500) in recurring funds for the 2014-2015 fiscal year shall be dedicated full time to performing duties related to CDBG activities. To satisfy the in-kind requirement provided for in this subsection, the Department may include positions in the Department of Environment and Natural Resources, CDBG-Infrastructure, that are funded by the General Fund.

SECTION 15.9.(d) By February 1, 2015, the Department shall report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division regarding (i) the positions eliminated as provided in this section and associated funding and (ii) the manner in which the State match will be achieved and how it will be reported to the United States Department of Housing and Urban Development, CDBG Administration.

House Only

USE OF DEOBLIGATED COMMUNITY DEVELOPMENT BLOCK GRANT FUNDS

SECTION 15.9A. The Department of Commerce may use the sum of five million nine hundred eight thousand four hundred ninety-seven dollars ($5,908,497) in deobligated Community Development Block Grant (CDBG) funds as follows:

(1) Five million dollars ($5,000,000) for providing public services. The category of public services includes providing substance abuse services and employment services, including job training, to homeless and at-risk veterans in rural areas of the State.

(2) Nine hundred eight thousand four hundred ninety-seven dollars ($908,497) for providing training and guidance to local governments relative to the CDBG program, its management, and administration requirements.

Senate and House Differ

Senate Version

Text of Senate version omitted, because only difference between provisions is title.

RURAL DIVISION/LOANS & GRANTS TO LOCAL GOVERNMENTS TO REUSE OR DEMOLISH BUILDINGS AND PROPERTIES

House Version

RURAL ECONOMIC DEVELOPMENT DIVISION/LOANS & GRANTS TO LOCAL GOVERNMENTS TO REUSE OR DEMOLISH BUILDINGS AND PROPERTIES

SECTION 15.10. G.S. 143B-472.127 reads as rewritten:

"**§ 143B-472.127. Programs administered.**

(a) The Rural Economic Development Division shall be responsible for administering the program whereby economic development grants or loans are awarded by the Rural Infrastructure Authority as provided in G.S. 143B-472.128 to local government units. The Rural Infrastructure Authority shall, in awarding economic development grants or loans under the provisions of this subsection, give priority to local government units of the counties that have one of the 80 highest rankings under G.S. 143B-437.08 after the adjustment of that section. The funds available for grants or loans under this program may be used as follows:

...

(2) To provide matching grants or loans to local government units in an economically distressed county that will productively reuse ~~vacant~~ or demolish buildings and properties or construct or expand rural health care ~~facilities~~ facilities, with priority given to towns or communities with populations of less than 5,000. For purposes of this section, the term "economically distressed county" has the same meaning as in G.S. 143B-437.01.

...."

House Only

RURAL ECONOMIC DEVELOPMENT DIVISION/NONRECURRING FUNDS USED FOR GRANTS ONLY

SECTION 15.10A. The Department of Commerce, Rural Economic Development Division, shall use nonrecurring funds appropriated in this act for the 2014-2015 fiscal year only for the purpose of making grants as provided in Part 22 of Article 10 of Chapter 143B of the General Statutes. The Department of Commerce, Rural Economic Development Division, shall not use nonrecurring funds appropriated in this act for the 2014-2015 fiscal year for administrative or any other expenses, but shall use those funds only for the purpose provided for in this section.

House Only

COMMERCE STUDY ADJUSTMENTS TO DEVELOPMENT FACTORS USED IN MAKING DEVELOPMENT TIER DESIGNATIONS

SECTION 15.10B.(a) The Department of Commerce (Department) shall study factors that may be used to make an adjustment to a county's development tier designation regardless of the county's actual development factor assigned under G.S. 143B-437.08(b). The adjustment factors considered shall include, at a minimum, events or occurrences that negatively impact a county's rate of unemployment, median household income, percentage growth in population, and assessed value per capita. The Department shall also consider aligning the State's development tier designations with the U.S. Housing and Urban Development entitlement designations.

SECTION 15.10B.(b) By February 1, 2015, the Department of Commerce shall report the findings of its study to the Joint Legislative Commission on Governmental Operations, the House of Representatives Appropriations Subcommittee on Natural and Economic Resources, the Senate Appropriations Committee on Natural and Economic Resources, and the Fiscal Research Division.

House Only

TRAVEL AND TOURISM BOARD/APPPOINTMENTS

SECTION 15.10C. G.S. 143B-434.1 reads as rewritten:

"**§ 143B-434.1: The North Carolina Travel and Tourism Board – creation, duties, membership.**

...

(c) The Board shall consist of ~~29~~ 31 members as follows:

...

(18) One member designated by the Commissioner of Agriculture, who shall have expertise in agritourism.

(19) One member designated by the Secretary of the Department of Environment and Natural Resources, who shall represent the State Parks System."

...."

Senate Only

NATURE AND HERITAGE TOURISM ADVISORY BOARD

SECTION 15.11. Article 10 of Chapter 143B of the General Statutes is amended by adding a new Part to read as follows:

"Part 2L. Nature and Heritage Tourism Advisory Board.

"**§ 143B-437.110. Nature and Heritage Tourism Advisory Board.**

(a) Creation. – There is created the Nature and Heritage Tourism Advisory Board, hereinafter referred to in this Part as the Advisory Board. The Advisory Board shall be located administratively within the Division of Tourism, Film, and Sports Development of the Department of Commerce but shall exercise its authority independently of the Department.

(b) Membership. – The Advisory Board shall consist of nine members who have knowledge and experience of the nature and heritage tourism industry and who shall be appointed as follows:

(1) Three members appointed by the Governor.

(2) Three members appointed by the Speaker of the House of Representatives.

(3) Three members appointed by the President Pro Tempore of the Senate.

(c) Terms of Office and Vacancies. – Members shall serve four-year terms of office, except as provided in this subsection. Initial terms shall commence on September 1, 2014. A vacancy on the Advisory Board shall be filled in the same manner in which the original appointment was made, and the term of office shall be for the balance of the unexpired term. Vacancies in appointments made by the General Assembly shall be filled in accordance with G.S. 120-122.

In order to provide for staggered terms, one person appointed to the positions designated in subdivision (b)(1) of this section, one person appointed to the positions designated in subdivision (b)(2) of this section, and one person appointed to the positions designated in subdivision (b)(3) of this section shall be appointed for initial terms ending on September 1, 2015. One person appointed to the positions designated in subdivision (b)(1) of this section and one person appointed to the positions designated in subdivision (b)(2) of this section shall be appointed for initial terms ending on September 1, 2016. One person appointed to the positions designated in subdivision (b)(1) of this section and one person appointed to the positions designated in subdivision (b)(3) of this section shall be appointed for initial terms ending on September 1, 2017. One person appointed to the positions designated in subdivision (b)(2) of this section and one person appointed to the positions designated in subdivision (b)(3) of this section shall be appointed for initial terms ending on September 1, 2018.

(d) Chair and Quorum. – The Advisory Board shall annually elect a chair from among its membership. The chair shall preside over the Advisory Board's meetings. A majority of the Advisory Board constitutes a quorum.

(e) Staffing and Expenses. – Staff to the Advisory Board shall be provided by the Department of Commerce. Members of the Advisory Board shall be reimbursed for travel and subsistence expenses at the rates allowed to State officers and employees by G.S. 138-6(a).

(f) Meetings. – Meetings of the Advisory Board shall be held upon the call of the chair.

(g) Powers. – The Advisory Board shall have the power to make recommendations to the Secretary of the Department of Commerce and to the General Assembly with respect to the following:

(1) Methods for increasing nature and heritage tourism to and within the State.

(2) Methods for increasing the level of private investment in the State's nature and heritage tourism industry.

(3) Identification of the nature and heritage tourism potential of State-owned facilities and assets.

(4) Methods of advertising the State's nature and heritage tourism industry.

(5) Improvement of interagency cooperation with respect to enhancing and marketing the State's nature and heritage tourism industry.

(h) Coordination with other entities. – The Advisory Board shall coordinate its efforts under this Part with NORTH CAROLINA TRAVEL AND TOURISM COALITION, INC. and with North Carolina Travel Industry Association, Inc."

Senate and House Differ

Senate Version

LIDAR RESERVE/TOPOGRAPHICAL MAPPING OF THE STATE

SECTION 15.12.(a) Part 1 of Article 3D of Chapter 147 of the General Statutes is amended by adding a new section to read as follows:

"**§ 147-33.73. LiDAR Reserve.**

The "LiDAR Reserve" is established in the Office of the State Chief Information Officer. Funds in the LiDAR Reserve shall only be used for LiDAR topographical mapping of the State."

SECTION 15.12.(b) The Office of State Budget and Management, in conjunction with the Office of the State Controller and the Department of Commerce, shall transfer the cash balances in the following funds as of June 30, 2014, to the LiDAR Reserve in the Office of the State Chief Information Officer:

(1) 24602-2959 – Disaster Relief Fund, Small Business Loans (Hurricane Floyd) – ($122,243).

(2) 24602-2966 – Disaster Relief Fund, Small Business Loans (2005 Disaster Recovery) – ($3,143,914).

House Version

LIDAR RESERVE/TOPOGRAPHICAL MAPPING OF THE STATE

SECTION 15.12.(a) Part 1 of Article 13 of Chapter 143B of the General Statutes is amended by adding a new section to read as follows:

"**§ 143B-603. LiDAR Reserve.**

The "LiDAR Reserve" is established in the Department of Public Safety. Funds in the LiDAR Reserve shall only be used for LiDAR topographical mapping of the State."

SECTION 15.12.(b) The Office of State Budget and Management, in conjunction with the Office of the State Controller and the Department of Commerce, shall transfer the cash balances in the following funds as of June 30, 2014, to the LiDAR Reserve in the Department of Public Safety:

(1) 24602-2959 – Disaster Relief Fund, Small Business Loans (Hurricane Floyd) – ($122,243).

(2) 24602-2966 – Disaster Relief Fund, Small Business Loans (2005 Disaster Recovery) – ($3,097,757).

Senate and House Differ

Senate Version

AGRICULTURE GAS EXPANSION FUND

SECTION 15.13.(a) G.S. 143B-437.020 reads as rewritten:

"§ 143B-437.020. ~~Utilization of economic development incentive programs to support new and expanded natural gas service and to support propane gas service for agricultural projects.~~Natural gas and propane gas for agricultural projects pilot project.

(a) Definitions. –

(1) Agriculture. – Activities defined in G.S. 106-581.1, whether performed on or off the farm.

~~(2) Economic development incentive programs. – All economic development incentives set forth in G.S. 143B-437.07(c).~~

(3) Eligible project. – A discrete and specific economic development project that would expand agricultural production or processing capabilities that requires new or expanded natural gas or propane gas service.

(4) Excess infrastructure costs. – Any project carrying costs incurred by a natural gas local distribution company to provide new or expanded natural gas service to an eligible project that exceed the income the infrastructure generates for the local natural gas distribution company, including any standard rates, special contract rates, minimum margin agreements, and contributions in aid of construction collected by the natural gas local distribution company.

(5) Project carrying costs. – All costs, including depreciation, taxes, operation and maintenance expenses, and, for a natural gas local distribution company, a return on investment equal to the rate of return approved by the Utilities Commission in the natural gas local distribution company's most recent general rate case under G.S. 62-133.

(6) Secretary. – The Secretary of Commerce.

(a1) Establishment. – The Expanded Gas Products Service to Agriculture Fund is established as a special revenue fund in the Department of Commerce.

(b) Facilitation of New and Expanded Natural Gas Service to Agricultural Projects. – ~~Economic development incentive programs may utilize funds for agricultural projects~~ The Secretary may disburse moneys in the Expanded Gas Products Service to Agriculture Fund for the following purposes:

(1) To allow the owner of an eligible project to pay for excess infrastructure costs associated with the eligible project.

(2) To allow the owner of an eligible project to pay for cost-effective alternatives that would reduce excess infrastructure costs, including:

a. Relocating equipment that uses natural gas to a different location on the property nearer existing natural gas lines to reduce or eliminate the project carrying costs.

b. Adding supplemental uses of natural gas to increase annual volume throughput and enhance the feasibility of new natural gas service, including fuel for tractors and equipment, greenhouses, plant or animal production, feed grain drying, and natural gas powered irrigation pumps.

(c) Facilitation of New and Expanded Propane Gas Service to Agricultural Production. – ~~Economic development incentive programs may utilize funds for agricultural projects~~ The Secretary may disburse moneys in the Expanded Gas Products Service to Agriculture Fund to allow the owner of an eligible project to pay for cost-effective alternatives that would do any of the following:

(1) ~~reduce infrastructure costs or~~ Reduce infrastructure costs.

(2) ~~that would increase~~Increase energy efficiency or reduce energy consumption.

(3) ~~by adding supplemental uses of propane gas to increase annual volume throughput, reduce energy consumption, reduce energy costs,~~Reduce energy costs.

(4) ~~or to enhance~~Enhance the feasibility of the project or the provision of propane gas ~~service,~~service by adding supplemental uses of propane gas to increase annual volume throughput, including (i) ~~the conversion or repowering of~~to convert or repower tractors, trucks, vehicles, and mowers to use propane gas, ~~or~~ (ii) to provide propane gas powered tractors, equipment, appliances, irrigation pumps, and dryers to service agricultural production facilities or operations, or (iii) to provide a dispensing station for the project owner's use.

(d) Use of ~~Incentive~~ Funds. – ~~Incentive funds utilized in accordance with subsections~~ Disbursements made pursuant to subsection (b) ~~and~~ or (c) of this section shall be paid directly to the owner of the eligible project.

(e) Termination. – ~~Incentive funds utilized in accordance with~~Disbursements made pursuant to subsection (b) of this section shall terminate when there are no longer excess infrastructure costs.

(f) ~~Reimbursement. The owner of an eligible project who receives incentive funds in accordance with subsections (b) or (c) of this section shall be responsible for reimbursing the incentive funds if, for any reason, the eligible project does not maintain business operations for a period of at least five years from the date of the initial utilization of incentive funds.~~Forfeiture. – An owner of an eligible project who receives a disbursement pursuant to subsection (b) or (c) of this section forfeits the amount disbursed if the owner fails to maintain business operations for a period of at least five years from the date of initial utilization of the disbursement. An owner that forfeits amounts disbursed under this section is liable for the amount disbursed plus interest at the rate established under G.S. 105-241.21, computed from the date of the disbursement.

(g) ~~Limits on Eligible Project Incentive~~ Allocation of Funds. – ~~Total incentive funds for all eligible projects under subsections (b) and (c) of this section shall not cumulatively exceed five million dollars ($5,000,000) per biennium. The managers of economic development incentive programs shall promptly report payments made in accordance with subsections (b) and (c) of this section to the Department of Commerce, and the Department of Commerce shall promptly notify the managers of economic development incentive programs when the limitation provided by this subsection has been reached for the biennium.~~The Secretary shall transfer from the Utility Account to the Expanded Gas Products Service to Agriculture Fund at least five million dollars ($5,000,000) per biennium, as defined in G.S. 143C-1-1. If funds appropriated for a program or fund administered by the Department, other than the Utility Account, remain unexpended and unencumbered at the end of the fiscal year, those funds shall be used to reimburse the Utility Account for transfers made during the fiscal year pursuant to this section, notwithstanding job creation or other statutory requirements otherwise applicable to the programs or funds. Examples of programs or funds from which reimbursement of the Utility Account shall be made include, but are not limited to, the Job Development Investment Grant Program, the Job Maintenance and Capital Development Fund, and the One North Carolina Fund.

(h) Mechanism not Exclusive. – The utilization of ~~incentive~~ funds in accordance with subsections (b) or (c) of this section is intended to supplement other available mechanisms for the extension of service to new or expanding customers and may be used in conjunction with special contract arrangements, minimum margin agreements, and contributions in aid of construction.

(i) Reporting Requirement. – The Secretary shall publish a report each quarter on the program, including a list of the eligible projects that have applied for funding, a list of the eligible projects that have received funding, the amount of funds allocated to the program, and the amount of funds allocated to eligible projects. The Secretary must make the report available to the public and must submit the report to the Joint Legislative Commission on Energy Policy.

(j) The Department of Commerce shall develop guidelines related to the administration of the Expanded Gas Products Service to Agriculture Fund and to the selection of projects to receive allocations from the Fund. At least 20 days before the effective date of any guidelines or nontechnical amendments to guidelines, the Department of Commerce must publish the proposed guidelines on the Department's Web site and provide notice to persons who have requested notice of proposed guidelines. In addition, the Department must accept oral and written comments on the proposed guidelines during the 15 business days beginning on the first day that the Department has completed these notifications. For the purpose of this section, a technical amendment is either of the following:

(1) An amendment that corrects a spelling or grammatical error.

(2) An amendment that makes a clarification based on public comment and could have been anticipated by the public notice that immediately preceded the public comment."

SECTION 15.13.(c) G.S. 150B-1(d) is amended by adding a new subdivision to read:

"(d) Exemptions from Rule Making. – Article 2A of this Chapter does not apply to the following:

...

(18) The Department of Commerce and the Economic Investment Committee in developing criteria and administering the Job Maintenance and Capital Development Fund under G.S. 143B-437.012.

(18a) The Department of Commerce in developing criteria and administering the Expanded Gas Products Service to Agriculture Fund under G.S. 143B-437.020.

..."

SECTION 15.13.(d) This section becomes effective July 1, 2014. The Department of Commerce shall begin developing the guidelines for the administration of the program when this act becomes law.

House Version

AGRICULTURE GAS EXPANSION FUND

SECTION 15.13.(a) G.S. 143B-437.020 is repealed.

SECTION 15.13.(b) This section is effective when it becomes law.

House Only

MAIN STREET SOLUTIONS FUNDING

SECTION 15.14A. Of the funds unexpended and unencumbered in the Industrial Development Fund Utility Account, the sum of one million dollars ($1,000,000) shall be transferred to the Main Street Solutions Fund to supplement the program for the 2014-2015 fiscal year.

Senate and House Differ

Senate Version

APPOINTMENT OF DEPUTY COMMISSIONERS FOR INDUSTRIAL COMMISSION

SECTION 15.16.(a) G.S. 97-79(b) reads as rewritten:

"(b) ~~The Commission may appoint deputies who shall have the same power as members of the Commission pursuant to G.S. 97-80 and the same power to take evidence, and enter orders, opinions, and awards based thereon as is possessed by the members of the Commission. The deputies shall be subject to the State Personnel System.~~The Chair of the Commission may appoint deputy commissioners to serve a term of four years. No person may serve more than two terms as a deputy commissioner. In calculating the number of terms served, a partial term of less than two years shall not be included. Deputy commissioners shall have the same power as members of the Commission pursuant to G.S. 97-80 and the same power to take evidence and enter orders, opinions, and awards based thereon as is possessed by the members of the Commission. Upon the expiration of the initial or subsequent term or terms of any deputy commissioner, the deputy commissioner's employment shall be separated unless the deputy commissioner is reappointed by the Chair of the Commission. Deputy commissioners shall not be subject to the State Personnel System nor to the provisions of G.S. 126-5(d)(7)."

SECTION 15.16.(b) As of August 1, 2014, the terms of all current deputy commissioners are as follows:

(1) The seven deputy commissioners with the least time of service shall each serve a term of six months expiring February 1, 2015.

(2) The seven deputy commissioners with the next least time of service shall each serve a term of 12 months expiring August 1, 2015.

(3) The remaining deputy commissioners not covered under subdivision (1) or (2) of this subsection shall each serve a term of 18 months expiring February 1, 2016.

(4) Time of service shall be calculated beginning with the hire date of the person as a deputy commissioner.

(5) Nothing in this section shall prohibit a current deputy commissioner from being eligible for reappointment to a four-year term, as provided by subsection (a) of this section.

SECTION 15.16.(c) Section 60(b) of S.L. 2013-413 is repealed.

SECTION 15.16.(d) G.S. 97-78(b3) reads as rewritten:

"(b3) The salary of deputy commissioners shall be based upon years of experience as a deputy commissioner as follows:

(1) Seventy-five percent (75%) of the salary of a commissioner, with three years of experience or less.

(2) Seventy-seven percent (77%) of the salary of a commissioner, with more than three but less than ~~seven~~ eight years of experience.

~~(3) Eighty percent (80%) of the salary of a commissioner, with seven or more but less than 10 years of experience.~~

~~(4) Eighty-three percent (83%) of the salary of a commissioner, with 10 or more but less than 12 years of experience.~~

~~(5) Eighty-five percent (85%) of the salary of a commissioner, with 12 or more years experience.~~"

SECTION 15.16.(e) Subsection (d) of this section becomes effective February 1, 2016. Notwithstanding G.S. 97-31.1, the remainder of this section is effective when it becomes law.

House Version

APPOINTMENT OF DEPUTY COMMISSIONERS FOR INDUSTRIAL COMMISSION

SECTION 15.16.(a) G.S. 97-79(b) reads as rewritten:

"(b) ~~The Commission may appoint deputies who shall have the same power as members of the Commission pursuant to G.S. 97-80 and the same power to take evidence, and enter orders, opinions, and awards based thereon as is possessed by the members of the Commission. The deputies shall be subject to the State Personnel System.~~The Chair of the Commission may appoint deputy commissioners to serve a term of eight years. Deputy commissioners shall have the same power as members of the Commission pursuant to G.S. 97-80 and the same power to take evidence and enter orders, opinions, and awards based thereon as is possessed by the members of the Commission. Upon the expiration of the initial or subsequent term or terms of any deputy commissioner, the deputy commissioner's employment shall be separated unless the deputy commissioner is reappointed by the Chair of the Commission. Deputy commissioners shall not be subject to the State Personnel System nor to the provisions of G.S. 126-5(d)(7)."

SECTION 15.16.(b) As of August 1, 2014, the terms of all current deputy commissioners are as follows:

(1) The seven deputy commissioners with the least time of service shall each serve a term of six months expiring February 1, 2015.

(2) The seven deputy commissioners with the next least time of service shall each serve a term of 12 months expiring August 1, 2015.

(3) The remaining deputy commissioners not covered under subdivision (1) or (2) of this subsection shall each serve a term of 18 months expiring February 1, 2016.

(4) Time of service shall be calculated beginning with the hire date of the person as a deputy commissioner.

(5) Nothing in this section shall prohibit a current deputy commissioner from being eligible for reappointment to an eight-year term, as provided by subsection (a) of this section.

SECTION 15.16.(c) Section 60(b) of S.L. 2013-413 is repealed.

SECTION 15.16.(d) Notwithstanding G.S. 97-31.1, this section is effective when it becomes law.

House Only

WORKERS' COMPENSATION/REIMBURSEMENT FOR PRESCRIPTION DRUGS AND PROFESSIONAL PHARMACEUTICAL SERVICES

SECTION 15.16A. Article 1 of Chapter 97 of the General Statutes is amended by adding a new section to read as follows:

"**§ 97-26.2. Reimbursement for prescription drugs and professional pharmaceutical services.**

(a) The reimbursement for prescription drugs and professional pharmaceutical services shall be limited to one hundred five percent (105%) of the average wholesale price (AWP) of the product, calculated on a per-unit basis, as of the date of dispensing.

(b) All of the following shall apply to the reimbursement for prescription drugs and professional pharmaceutical services:

(1) A health care provider seeking reimbursement for drugs dispensed by a physician shall include the original manufacturer's National Drug Code (NDC) number, as assigned by the United States Food and Drug Administration, on the bills and reports required by this section.

(2) In no event may a physician receive reimbursement in excess of one hundred five percent (105%) of the AWP of the drugs dispensed by a physician, as determined by reference to the original manufacturer's NDC number.

(3) A repackaged NDC number may not be used and will not be considered the original manufacturer's NDC number. If a health care provider seeking reimbursement for drugs dispensed by a physician does not include the original manufacturer's NDC number on the bills and reports required by this section, reimbursement shall be limited to one hundred ten percent (110%) of the AWP of the least expensive clinically equivalent drug, calculated on a per-unit basis.

(4) No outpatient provider, other than a licensed pharmacy, may receive reimbursement for narcotics dispensed in excess of an initial five-day supply, commencing upon the employee's initial treatment following injury. Reimbursement under this subdivision shall be made for the five-day supply at the rates provided in this section.

(5) For purposes of this section, the term "clinically equivalent" means a drug has chemical equivalents which, when administered in the same amounts, will provide essentially the same therapeutic effect as measured by the control of a symptom or disease."

House Only

INDUSTRIAL COMMISSION FEES

SECTION 15.16B.(a) G.S. 97-73 reads as rewritten:

"**§ 97-73. Fees.**

(a) Claims. – ~~The~~ Except as provided in subsection (e) of this section, the Industrial Commission may establish by rule a schedule of fees for examinations conducted, reports made, documents filed, and agreements reviewed under this Article. The fees shall be collected in accordance with rules adopted by the Industrial Commission.

(b), (c) Repealed by Session Laws 2003-284, s. 10.33(d), effective July 1, 2003.

(d) Safety. – A fee in the amount set by the Industrial Commission is imposed on an employer for whom the Industrial Commission provides an educational training program on how to prevent or reduce accidents or injuries that result in workers' compensation claims or a person for whom the Industrial Commission provides other educational services. The fees are departmental receipts.

(e) Exceptions. – Notwithstanding subsection (a) of this section, the Industrial Commission may not charge fees for any of the following:

(1) A hearing before a Deputy Commissioner under this Chapter.

(2) A hearing before the full Commission under this Chapter.

(3) Processing of an agreement for compensation of disability, an employer's admission of employee's right to permanent partial disability, or a supplemental agreement as to payment of compensation.".

SECTION 15.16B.(b) This section becomes effective July 1, 2015.

Senate and House Differ

Senate Version

NC BIOTECHNOLOGY CENTER

SECTION 15.17. Section 15.30 of S.L. 2013-360 reads as rewritten:

"**SECTION 15.30.(a)** Of the funds appropriated in this act to the North Carolina Biotechnology Center (hereinafter "Center"), the sum of twelve million six hundred thousand three hundred thirty-eight dollars ($12,600,338) for each fiscal year in the 2013-2015 biennium shall be allocated as follows:

(1) Job Creation: Ag Biotech Initiative, Economic and Industrial Development, and related activities – $2,709,073;

(2) Science and Commercialization: Science and Technology Development, Centers of Innovation, Business and Technology Development, Education and Training, and related activities – $8,165,019; and

(3) Center Operations: Administration, Professional and Technical Assistance and Oversight, Corporate Communications, Human Resource Management, Financial and Grant Administration, Legal, and Accounting – $1,726,246.

"**SECTION 15.30.(a1)** The Center shall prioritize funding and distribution of loans over existing funding and distribution of grants.

"**SECTION 15.30.(b)** Except to provide administrative flexibility, up to ten percent (10%) of each of the allocations in subsection (a) of this section may be reallocated to one or more of the other allocations in subsection (a) of this section if, in the judgment of Center management, the reallocation will advance the mission of the Center.

"**SECTION 15.30.(c)** The Center shall comply with the following reporting requirements:

(1) By September 1 of each year, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division on prior State fiscal year program activities, objectives, and accomplishments and prior State fiscal year itemized expenditures and fund sources.

(2) Provide to the Fiscal Research Division a copy of the Center's annual audited financial statement within 30 days of issuance of the statement."

House Version

NC BIOTECHNOLOGY CENTER

SECTION 15.17. Section 15.30 of S.L. 2013-360 reads as rewritten:

"**SECTION 15.30.(a)** Of the funds appropriated in this act to the North Carolina Biotechnology Center (hereinafter "Center"), the sum of twelve million six hundred thousand three hundred thirty-eight dollars ($12,600,338) for each fiscal year in the 2013-2015 biennium shall be allocated as follows:

(1) Job Creation: Ag Biotech Initiative, Economic and Industrial Development, and related activities – $2,709,073;

(2) Science and Commercialization: Science and Technology Development, Centers of Innovation, Business and Technology Development, Education and Training, and related activities – $8,165,019; and

(3) Center Operations: Administration, Professional and Technical Assistance and Oversight, Corporate Communications, Human Resource Management, Financial and Grant Administration, Legal, and Accounting – $1,726,246.

"SECTION 15.30.(a1) The Center shall prioritize funding and distribution of loans over existing funding and distribution of grants.

"**SECTION 15.30.(b)** Except to provide administrative flexibility, up to ten percent (10%) of each of the allocations in subsection (a) of this section may be reallocated to one or more of the other allocations in subsection (a) of this section if, in the judgment of Center management, the reallocation will advance the mission of the Center.

"**SECTION 15.30.(c)** The Center shall comply with the following reporting requirements:

(1) By September 1 of each year, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division on prior State fiscal year program activities, objectives, and accomplishments and prior State fiscal year itemized expenditures and fund sources.

(2) Provide to the Fiscal Research Division a copy of the Center's annual audited financial statement within 30 days of issuance of the statement.

"SECTION 15.30.(d) Of the funds appropriated in this act to the Center, the sum of three million six hundred thousand dollars ($3,600,000) for the 2014-2015 fiscal year in nonrecurring funds shall be allocated as follows:

(1) Continued efforts growing the Ag Biotech sector – $500,000.

(2) Concentrated attention on biodefense cluster effort – $1,100,000.

(3) New industry/university partnership grant program – $2,000,000."

Senate and House Differ

Senate Version

GRASSROOTS SCIENCE PROGRAM

SECTION 15.19. Section 15.25A of S.L. 2013-360 reads as rewritten:

"**SECTION 15.25A.(a)** Of the funds appropriated in this act to the Department of Commerce for State-Aid, the sum of two million three hundred forty-seven thousand seven hundred eighty-two dollars ($2,347,782) for the 2013-2014 fiscal year and the sum of ~~two million three hundred forty-seven thousand seven hundred eighty-two dollars ($2,347,782)~~ two million three hundred ninety thousand four hundred twenty-nine dollars ($2,390,429) for the 2014-2015 fiscal year are allocated as grants-in-aid for each fiscal year as follows:

	2013-2014	2014-2015
Aurora Fossil Museum	$61,821	~~$61,821~~$60,526
Cape Fear Museum	$85,248	~~$85,248~~$84,340
Carolina Raptor Center	$74,916	~~$74,916~~$76,365
Catawba Science Center	$93,041	~~$93,041~~$93,328
Colburn Earth Science Museum, Inc.	$62,547	~~$62,547~~$62,426
Core Sound Waterfowl Museum	$67,395	~~$67,395~~$66,761
Discovery Place	$261,617	~~$261,617~~$254,746
Eastern NC Regional Science Center	$59,587	~~$59,587~~$59,637
Fascinate-U	$65,616	~~$65,616~~$65,792
Granville County Museum Commission, Inc.–Harris Gallery	$60,651	~~$60,651~~$61,068
Greensboro Children's Museum	$83,575	~~$83,575~~$79,322
HandsOn		$58,000
The Health Adventure Museum of Pack Place Education, Arts and Science Center, Inc.	$73,352	~~$73,352~~$0
Highlands Nature Center	$62,816	~~$62,816~~$62,887
Imagination Station	$67,588	~~$67,588~~$65,349
The Iredell Museums, Inc.	$61,013	~~$61,013~~$60,720
Kidsenses	$65,233	~~$65,233~~$64,967
Marbles		$58,000
Museum of Coastal Carolina	$65,454	~~$65,454~~$66,591
The Natural Science Center of Greensboro, Inc.	$116,532	~~$116,532~~$115,410
North Carolina Estuarium	$58,000	~~$58,000~~$62,359
North Carolina Museum of Life and Science	$203,545	~~$203,545~~$197,983
Pisgah Astronomical Research Institute	$74,925	~~$74,925~~$83,281
Port Discover: Northeastern North Carolina's Center for Hands-On Science, Inc.	$60,610	~~$60,610~~$60,248
Rocky Mount Children's Museum	$66,463	~~$66,463~~$67,464
Schiele Museum of Natural History		

and Planetarium, Inc.	$100,990	~~$100,990~~$107,868
Sci Works Science Center and Environmental Park of Forsyth County	$83,725	~~$83,725~~$84,336
Sylvan Heights Waterfowl Park and Eco-Center	$69,864	~~$69,864~~$68,981
Western North Carolina Nature Center	$74,973	~~$74,973~~$72,400
Wilmington Children's Museum	$66,684	~~$66,684~~$69,274
Total	**$2,347,782**	**~~$2,347,782~~$2,390,429**

...

"~~**SECTION 15.25A.(f)** Each museum listed in subsection (a) of this section shall do the following:~~

~~(1) By September 1 of each year, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division on prior State fiscal year program activities, objectives, and accomplishments and prior State fiscal year itemized expenditures and fund sources.~~

~~(2) Provide to the Fiscal Research Division a copy of the organization's annual audited financial statement within 30 days of issuance of the statement.~~"

House Version

GRASSROOTS SCIENCE PROGRAM

SECTION 15.19. Section 15.25A of S.L. 2013-360 reads as rewritten:

"**SECTION 15.25A.(a)** Of the funds appropriated in this act to the Department of Commerce for State-Aid, the sum of two million three hundred forty-seven thousand seven hundred eighty-two dollars ($2,347,782) for the 2013-2014 fiscal year and the sum of two million three hundred forty-seven thousand seven hundred eighty-two dollars ($2,347,782) for the 2014-2015 fiscal year are allocated as grants-in-aid for each fiscal year as follows:

	2013-2014	**2014-2015**
...		
~~The Health Adventure Museum of Pack Place Education, Arts and Science Center, Inc.~~	~~$73,352~~	~~$73,352~~
...		

"~~**SECTION 15.25A.(f)** Each museum listed in subsection (a) of this section shall do the following:~~

~~(1) By September 1 of each year, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division on prior State fiscal year program activities, objectives, and accomplishments and prior State fiscal year itemized expenditures and fund sources.~~

~~(2) Provide to the Fiscal Research Division a copy of the organization's annual audited financial statement within 30 days of issuance of the statement.~~"

Senate Only

STUDY OF FUTURE USE OF BROUGHTON FACILITIES

SECTION 15.20.(a) Upon the Department of Commerce's raising of the sum of two hundred thousand dollars ($200,000) in non-State funds for the study described in subsection (b) of this section, the Department shall use those funds, together with the sum of two hundred thousand dollars ($200,000) of funds appropriated to the Rural Economic Development Division in Fund Code 1534 for the 2014-2015 fiscal year, to conduct the study described in subsection (b) of this section.

SECTION 15.20.(b) The Department of Commerce shall, in conjunction with the Department of Health and Human Services, the Department of Administration, the City of Morganton, and the County of Burke, use the funds described in subsection (a) of this section to study potential uses for vacated Broughton Hospital facilities and potential development or redevelopment of adjoining State-owned properties to ascertain the economic benefits of use, development, and redevelopment. The study required by this section shall examine all of the following:

(1) Potential uses of vacated Broughton Hospital facilities and development or redevelopment of adjoining State-owned properties.

(2) Benefits to the State, local governments, and the private sector of each potential use identified in the study.

(3) Costs to the State, to the City of Morganton, to the County of Burke, and to the private sector of each potential use identified in the study.

(4) Opportunities to use the properties for public-private partnerships.

(5) Any other matters that the Department of Administration deems relevant to this study of potential economic benefits in the use of vacated Broughton Hospital facilities and properties.

SECTION 15.20.(c) No later than December 31, 2014, the Department of Commerce shall submit an interim report on the study to the chairs of the Joint Legislative Oversight Committee on Health and Human Services, to the chairs of the Joint Legislative Committee on Economic Development and Global Engagement, and to the chairs of the Joint Legislative Commission on Governmental Operations. No later than June 30, 2015, the Department of Administration shall submit a final report on the results of the study to the chairs of the same committees.

SECTION 15.20.(d) The Department of Administration shall cooperate fully with the performance of the study required by this section and shall provide timely information about the facilities and other properties being evaluated as part of the study to the Department of Commerce.

House Only

THE SUPPORT CENTER/FUNDS

SECTION 15.21.(a) Of the funds appropriated in this act to the Department of Commerce, the sum of one million dollars ($1,000,000) for the 2014-2015 fiscal year in nonrecurring funds shall be allocated to The Support Center.

SECTION 15.21.(b) The Support Center shall do the following:

(1) By September 1 of each year, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division on prior State fiscal year program activities, objectives, and accomplishments and prior State fiscal year itemized expenditures and fund sources.

(2) Provide to the Fiscal Research Division a copy of the Center's annual audited financial statement within 30 days of issuance of the statement.

Senate Committee on Appropriations on Natural and Economic Resources

House/Senate Comparison Committee Report – Special Funds



June 17, 2014

Natural and Economic Resources
Special Funds Comparison Report

Budget & Fund Code	Agency	Senate	R/ NR	Page #	House	R/ NR	Page #
	Agriculture and Consumer Services						
23700-2147	Plasticulture Tech Training - Reverts existing cash balance to the General Fund and closes fund code 2147 - Plasticulture Tech Training.	$ (2,697)	NR	H-22	$ (2,697)	NR	H-19
23700-2500	Sleep Products - Reverts existing cash balance to the General Fund and closes fund code 2500 - Sleep Products. The program and associated budget are transferred to the Structural Pest program (1120) administered by the Department.	$ (1,196,785)	NR	H-22			
23700-2500	Sleep Products - Reverts over $1.1 million from existing cash balance to the General Fund.				$ (1,196,785)	NR	H-19
23700-2185	Research Stations NR Fund - Reverts funds in excess of the $1 million cash balance cap on the fund.	$ (11,208)	NR	H-22	$ (11,208)	NR	H-19
23700-2170	Spay and Neuter Program - Transfers the Spay and Neuter Account to the Department of Public Safety				$ (60,612)		H-19
23701-2201	Warehouse Investment Fund - Reverts existing cash balance to the General Fund and closes budget code 23701 - DACS - Warehouse Investment Fund.	$ (32,438)	NR	H-24			
23701-2201	Warehouse Investment Fund - Transfers existing cash balance to the Research Stations Division (13700-1190) to offset General Fund support on a nonrecurring basis.				$ (32,438)	NR	H-21
23704-2730	Swine Waste Fund - Reverts a portion of unencumbered funds appropriated in FY 2007-08 for swine waste management practices due to low demand.	$ (206,552)	NR	H-26			
23704-2730	Swine Waste Fund - Transfers a portion of unencumbered funds appropriated in FY 2007-08 to the Soil and Water Conservation Division (13700-1611) to offset General Fund support on a nonrecurring basis.				$ (206,552)	NR	H-23

Natural and Economic Resources
Special Funds Comparison Report

Budget & Fund Code	Agency	Senate	R/ NR	Page #	House	R/ NR	Page #
	Environment and Natural Resources						
24300-2865	Aquariums Admission Fund - Increases the transfer of admission fee receipts to the aquariums' General Fund budget.	$ (180,000)	R	H-39	$ (180,000)	R	H-25
24300-2392	Advance License Sales - Transfers $3.5 million of the cash balance to the newly created Outer Banks Land Management Fund to be established in the Department of Administration. (Amended on the Senate Floor)	$ (3,500,000)	NR	H-39			
24300-2392	Advance License Sales - Transfers $3.5 million of the cash balance to the Division of Marine Fisheries for the following: Fisheries Information Network, At-Sea Observer Program and Marine Patrol.				$ (3,500,000)	NR	H-25
24300-2182	Shallow Draft Dredging Fund - Transfers up to $500,000 to the Wildlife Resources Commission to support the Aquatic Weed Control program.	$ 500,000	R	H-39			
24300-2338	Inspection & Maintenance Pollution Control - Diverts $3 million of the emissions inspection fee from the I&M Air Pollution Control Account to the General Fund in FY 2014-15.	$ (3,000,000)	NR	H-40	$ (3,000,000)	NR	H-26
24301-2334	Air Quality Fuel Tax - Diverts $1 million of the fuel tax from the Water and Air Account to the General Fund in FY 2014-15.	$ (1,000,000)	NR	H-41			
24301-2334	Air Quality Fuel Tax - Diverts $750,000 of the fuel tax from the Water and Air Account to the General Fund in FY 2014-15.				$ (750,000)	NR	H-27
24303-2990	North Carolina Marine Conservation Fund * - Redirects interest earnings to the General Fund on a permanent basis.	$ (990)	R	H-43	$ (990)	R	H-29
24304-Various	Ecosystem Restoration Fund * - Redirects interest earnings to the General Fund on a permanent basis.	$ (98,110)	R	H-45			
24305-2002	Clean Water Management Trust Fund * - Redirects interest earnings to the General Fund on a permanent basis.	$ (256,590)	R	H-47			

Natural and Economic Resources
Special Funds Comparison Report

Budget & Fund Code	Agency	Senate	R/ NR	Page #	House	R/ NR	Page #
24306-2127	Dry-Cleaning Solvent Cleanup Fund * - Redirects interest earnings to the General Fund on a permanent basis.	$ (46,935)	R	H-49	$ (46,935)	R	H-31
24309-2235	Parks and Recreation Trust Fund * - Redirects interest earnings to the General Fund on a permanent basis.	$ (106,120)	R	H-51			
24318-2054	Bernard Allen Drinking Water Fund * - Redirects interest earnings to the General Fund on a permanent basis.	$ (2,725)	R	H-53	$ (2,725)	R	H-33
24323-Various	Marine Resources Fund * - Redirects interest earnings to the General Fund on a permanent basis.	$ (47,465)	R	H-55			
64301-6342	Water Pollution Control System Account * - Redirects interest earnings to the General Fund on a permanent basis.	$ (2,130)	R	H-57	$ (2,130)	R	H-35
64305-6376	Brownfield Superfund Fund * - Redirects interest earnings to the General Fund on a permanent basis.	$ (3,075)	R	H-60	$ (3,075)	R	H-38
64305-6370	Commercial Leaking Petroleum UST Fund * - Redirects interest earnings to the General Fund on a permanent basis.	$ (179,215)	R	H-60	$ (179,215)	R	H-38
64305-6373	Emergency Response Fund * - Redirects interest earnings to the General Fund on a permanent basis.	$ (2,210)	R	H-61	$ (2,210)	R	H-38
64305-6372	Inactive Hazardous Sites Cleanup Fund (6372) * - Redirects interest earnings to the General Fund on a permanent basis.	$ (23,980)	R	H-61	$ (23,980)	R	H-39
64305-6379	Inactive Hazardous Sites Cleanup Fund - SB 1492 (6379) * - Redirects interest earnings to the General Fund on a permanent basis.	$ (137,445)	R	H-61	$ (137,445)	R	H-39
64305-6371	Noncommercial Leaking Petroleum UST Fund * - Redirects interest earnings to the General Fund on a permanent basis.	$ (2,400)	R	H-61	$ (2,400)	R	H-39
64305-6375	Superfund Cost Share * - Redirects interest earnings to the General Fund on a permanent basis.	$ (29,280)	R	H-61	$ (29,280)	R	H-39

Natural and Economic Resources
Special Funds Comparison Report

Budget & Fund Code	Agency	Senate	R/ NR	Page #	House	R/ NR	Page #
64305-6379	Administrative Funds - Transfers a portion of the solid waste disposal tax allowed for administrative expenses to the Division of Waste Management.	$ (1,000,000)	R	H-60			
64305-6371	Gasoline Inspection Tax - Budgets a portion of the gasoline inspection tax proceeds to support the Noncommercial Leaking Petroleum UST Fund.				$ 3,458,927	R	H-39
64320-6D12	Drinking Water State Revolving Fund - Transfers a portion of the cash balance to the Division of Water Infrastructure to offset General Fund expenditures.	$ (800,000)	NR	H-63	$ (800,000)	NR	H-40
64327-693E	Petroleum Violation Escrow Funds - Transfers a portion of the cash balance to the Division of Energy, Mineral and Land Resources to offset General Fund expenditures.	$ (1,000,000)	NR	H-65	$ (1,000,000)	NR	H-42
	Wildlife Resources Commission						
24352-2314	Boating Safety Account - Transfers $400,000 to the Wildlife Resources Commission to be used for Lake Waccamaw Hydrilla eradication.	$ (400,000)	NR	H-67			

Natural and Economic Resources
Special Funds Comparison Report

Budget & Fund Code	Agency	Senate	R/ NR	Page #	House	R/ NR	Page #
	Commerce						
24602-2959	Commerce - Disaster Relief Fund - Hurricane Floyd - Transfers funds to a reserve in **the Office of the State CIO** for LiDAR topological mapping.	$ (122,243)	NR	H-28			
24602-2959	Commerce - Disaster Relief Fund - Hurricane Floyd - Transfers funds to a reserve in **DPS** for LiDAR topological mapping.				$ (122,243)	NR	H-44
24602-2966	Commerce - Disaster Relief Fund - Disaster Recovery - Transfers funds to a reserve **in the Office of the State CIO** for LiDAR topological mapping.	$ (3,143,914)	NR	H-28			
24602-2966	Commerce - Disaster Relief Fund - Disaster Recovery - Transfers funds to a reserve **in DPS** for LiDAR topological mapping.				$ (3,097,757)	NR	H-44
24609-2584	Commerce - Special Revenue- GF: Economic Development Rsv to Admin Division & closes fund.	$ (49,687)	NR	H-30	$ (49,687)	NR	H-46
24609-2537	Commerce - Special Revenue- GF: Energy Research Grants to Admin Division	$ (3,674)	NR	H-30	$ (3,674)	NR	H-46
24609-2535	Commerce - Special Revenue- GF: NC Green Business Fund to Admin Division	$ (19,018)	NR	H-30	$ (19,018)	NR	H-46
24609-2562	Commerce - Special Revenue- GF: One NC Small Business Fund to Admin Division	$ (172,687)	NR	H-30	$ (172,687)	NR	H-46
24609-TBD	Commerce - Special Revenue- GF: Ag Gas Expansion - Receipts from Utility Account, which provides funding for farmers to pay for excess infrastructure costs for a project requiring new or expanded natural gas or propane gas service.	$ 2,500,000	R	H-30			
24609-TBD	Commerce - Special Revenue- GF: Ag Gas Expansion - Receipts from Utility Account	$ 2,500,000	NR	H-30			
24609-2568	Commerce - Special Revenue- GF: Utility Account transfer for Ag Gas Expansion	$ (2,500,000)	R	H-30			
24609-2568	Commerce - Special Revenue- GF: Utility Account transfer for Ag Gas Expansion	$ (2,500,000)	NR	H-30			

Natural and Economic Resources
Special Funds Comparison Report

Budget & Fund Code	Agency	Senate	R/ NR	Page #	House	R/ NR	Page #
24609-2568	Commerce- Special Revenue- GF: Utility Account transfer for Oregon Inlet, to be used for acquiring land, reimbursing DoA for costs connected to land transaction, dredging the Inlet or paying the costs of private counsel.	$ (3,500,000)	NR	H-31			
24609-2562	Commerce - Special Revenue- GF: One NC Small Bus Fund - Receipts from One NC Fund to provide early-stage support for small, high-growth and high tech businesses.	$ 2,500,000	NR	H-31	$ 2,500,000	NR	H-46
24609-2560	Commerce - Special Revenue- GF: One NC Fund transfer to One NC Small Bus Fund	$ (2,500,000)	NR	H-31	$ (2,500,000)	NR	H-46
24611-2240	Commerce - IT Projects Investigation Mgt System to Industrial Commission & closes fund.	$ (125,000)	NR	H-33	$ (125,000)	NR	H-49
24613-2622	Commerce - Special Revenue: Main Street Solutions Fund to Admin Division	$ (418,773)	NR	H-35	$ (418,773)	NR	H-49
24609-2568	Commerce - Special Revenue: Utility Account transfer to Main Street Solutions Fund to support downtown economic development, small businesses and job creation.				$ (1,000,000)	NR	H-47
24613-2622	Commerce - Special Revenue- GF: Main Street Solutions Fund - Receipts from Utility Account				$ 1,000,000	NR	H-51
54600-5883, 5882, 5881	ABC Commission - Transfers all ABC Commission Special Fund cash balances to the Dept of Public Safety.				$ (4,863,934)	NR	H-53
54600-5883, 5882, 5882	ABC Commission - Transfers all ABC Commission Special Fund operating budgets to the Dept of Public Safety.				$ (13,007,386)		H-53
54600-5881	ABC Commission - Reverts $1 million of the cash balance from fund code 5881 - ABC Commission to the General Fund.	$ (1,000,000)	NR	H-37			
54600-5882	ABC Warehouse - Reverts $2.5 million of the cash balance from fund code 5882 - ABC Warehouse to the General Fund.	$ (2,500,000)	NR	H-37			

* The dollar amount listed on the spreadsheet is the estimated amount of interest earned annually. The dollar amount listed in the columns in the Senate and House Committee Reports is the amount of interest budgeted in each fund.

Box Contents for 2013-2014 Standing Committee Minutes (Item 25894)

Box #	Year Begin	Year End	Chamber	Committee
9	2013	2014	Senate	Appropriations - Transportation
9	2013	2014	Senate	Commerce
9	2013	2014	Senate	Education/Higher Education
9	2013	2013	Senate	Finance (thru June 12, 2013)